

DOCTORAL THESIS

Title **SOCIALLY RESPONSIBLE BUSINESS SCHOOLS:
A PROPOSED MODEL**

Presented by **JANETTE MARTELL SOTOMAYOR**

Centre **ESADE – ESCUELA SUPERIOR DE ADMINISTRACIÓN
Y DIRECCIÓN DE EMPRESAS**

Department **ECONOMICS, SOCIAL SCIENCES AND METHODS**

Directed by **DR. ÁNGEL CASTIÑEIRA FERNÁNDEZ**

To Manuel, without whom, not.

DEDICATION

Having achieved the objective I had set myself of becoming director general of a campus of the Tec de Monterrey, after 16 years of working in different areas of the system I was convinced that the dream I had long ago kept of obtaining a doctoral degree would not likely ever materialise. However, to my great surprise, at a biannual meeting of general directors and rectors, the president of the system, Dr. Rafael Rangel, asked the group of directors who of us would be interested to continue growing professionally in the institution; most of us raised our hands, and he asked only those who had a PhD to maintain their hands raised. He then looked straight into the eyes of those of us who had lowered our hands and said that the institution would decisively back up everyone of us who truly desired to obtain a doctoral degree.

I couldn't possibly let this fantastic opportunity go by; I had already profited from the valuable experience of directing a campus for almost four years, and having achieved significant improvements in its administration and academic areas, I felt I was ready to take a break on behalf of my academic development and intellectual advancement.

The areas of ethics and social responsibility had attracted me for some time, and were subjects of great interest at the Tec with a very promising future. After careful considerations I was fortunate to apply and be admitted at ESADE for pursuing my doctoral studies.

A few days before travelling to Barcelona, I visited Dr. Rangel to express my gratitude and to inform him of my plans for the five years to come; he welcomed me warmly and expressed wonderful thoughts and wishes for my further development. During my doctoral work I remained in touch with Dr. Rangel; he always took the time to reply to my emails. A year ago he announced his decision to retire, after 25 years of an admirable and impeccable performance. All of us who worked with him admired his leadership, human qualities, and capacity for work.

A plaque was unveiled in his honour a few months ago with a very appropriate inscription: "...every Monday you presented a striking educational project; on Tuesday you specified its implementation and followed it through with restless strength until it proved successful."

This thesis is testimony of my never-ending esteem and gratitude to Dr. Rafael Rangel Sostmann.

Barcelona, 14 September 2011

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Janette Martell

Barcelona, 14 September 2011

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THESIS ABSTRACTS

ABSTRACT IN ENGLISH

The purpose of this thesis is to explore and describe what changes are necessary in the management of business schools in order for them to become socially responsible institutions, and how can the needed process of change be implemented. The thesis upholds that education in responsible business does not depend exclusively on curriculum, but should expand its scope to involve the entire institution towards the objective of educating students for becoming responsible and ethical business leaders. Consequently, a model is proposed for the transformation of a business school into a socially responsible institution. The thesis is paper-based, and comprises eight academic contributions; the first one consists in a literature review on **Corporate Social Responsibility** which reveals the profusion of related definitions, theories, approaches, and their development. The second paper contributes to the significance and better understanding of **University Social Responsibility** through a literature review of its origins and evolution. A following article, **Socially Responsible Business Schools: Collective stakeholders' voices demand urgent actions**, addresses key stakeholders' arguments that provide deans with plenty of criteria for change, and stresses the insufficiency of AACSB's accreditation requirements to improve business ethics and social responsibility education. The conclusions of this article prompted a **Virtuous circle for socially responsible business schools**, which is constructed with PRME, the leading accreditation bodies, and the Beyond Grey Pinstripes (BGP) ranking for synergistically impelling the transformation of business schools. Inasmuch as the BGP survey and its Global 100 ranking form part of the proposed virtuous circle, a following article, **Assessing what it takes to earn a Beyond Grey Pinstripes Ranking**, addresses its significance and methodology, since it is the only one that focuses on the curricula and research content of ethics, social responsibility, and sustainability in MBA programmes. The need for the transformation of business schools is thus confirmed, and with this conviction in mind, a paper on **A strategic change at business schools towards business ethics, social responsibility, and sustainability education** ensued. The next article was co-authored on **Responsible business education: Not a question of curriculum but a raison d'être**, which stresses the importance of developing an identity in business schools in relation to ethics and social responsibility. Finally, the contributions of this thesis culminate in a proposal of **A model for the transformation of business schools into socially responsible institutions**, which centres people as the ultimate reason of all school activity, directing all policies and strategies towards a responsible management in which the dimensions of ethics, social responsibility, and sustainability are embedded and integrated in all aspects of the organisation.

RESUMEN EN ESPAÑOL

El propósito de esta tesis es investigar y describir los necesarios cambios en la gestión de las escuelas de negocios para llegar a ser instituciones socialmente responsables, y propone cómo implementar el proceso de cambio. Sustenta que la educación en gestión responsable no es exclusivamente una cuestión curricular, sino que debe involucrarse la institución en su totalidad para que los estudiantes se formen como líderes responsables y éticos, y propone un modelo para la transformación de las escuelas de negocios hacia ese objetivo. La tesis está constituida por ocho artículos; el primero ilustra la abundancia de definiciones, teorías y enfoques relacionados con la **Responsabilidad Social Corporativa**, a través de una revisión de literatura. El segundo artículo contribuye a la comprensión de la importancia de la **Responsabilidad Social Universitaria** mediante una revisión de la literatura sobre sus orígenes y evolución. Un siguiente artículo, titulado **Escuelas de Negocios Socialmente Responsables: Las partes interesadas demandan acciones urgentes**, se refiere a los argumentos con los que las partes interesadas demandan cambios a los decanos, y enfatiza la insuficiencia de los requisitos de acreditación de AACSB para mejorar la formación con principios éticos y de responsabilidad social. Las conclusiones de este artículo llevan a la creación de un círculo virtuoso en **La evaluación de un círculo virtuoso para escuelas de negocios socialmente responsables**, en el que se propone a PRME como centro de unión con las principales acreditadoras y la encuesta/ranking de Beyond Grey Pinstripes (BGP), para impulsar de forma sinérgica la transformación de las escuelas de negocios. El siguiente artículo trata sobre la **Evaluación de requisitos para la clasificación en el ranking BGP** y analiza la metodología de la encuesta, ya que es la única que se centra en los planes de estudio y contenidos de investigación en ética, responsabilidad social y sostenibilidad. Un siguiente artículo propone **Un cambio estratégico en las escuelas de negocios para la educación en ética empresarial, responsabilidad social y sostenibilidad**. El artículo que sigue, escrito en coautoría sobre la **Educación empresarial responsable: No es una cuestión curricular, sino una razón de ser de las escuelas de negocios**, hace hincapié en la importancia de desarrollar una identidad en relación con la ética y responsabilidad social. Por último, todos los aportes culminan en la propuesta de **Un modelo para la transformación de las escuelas de negocios en instituciones socialmente responsables**, que centra a las personas como la razón última de toda actividad escolar, con políticas y estrategias dirigidas hacia una gestión socialmente responsable en que las dimensiones de la ética, responsabilidad social y sostenibilidad son integradas en todos los aspectos de la organización.

RESUM EN CATALÀ

El propòsit d'aquesta tesi és investigar i descriure els necessaris canvis en la gestió de les escoles de negocis per arribar a ser institucions socialment responsables, i proposa com implementar el procés de canvi. Sustenta que l'educació en gestió responsable no és exclusivament una qüestió curricular, sinó que ha d'involucrar la institució en la seva totalitat perquè els estudiants es formin com a líders responsables i ètics, i proposa un model per a la transformació de les escoles de negocis cap a aquest objectiu. Aquesta tesi està constituïda per vuit articles acadèmics sobre aquest tema; el primer il·lustra la profusió de definicions, teories i enfocaments relacionats amb la **Responsabilitat Social Corporativa**. El segon article va contribuir a la millor comprensió de la importància de la **Responsabilitat Social Universitària** a través d'una revisió de la literatura sobre els seus orígens i evolució. En un següent article, titulat **Escoles de Negocis Socialment Responsables: Les parts interessades demanen accions urgents**, es va investigar si les parts interessades retroalimenten als degans amb suficients arguments per al canvi, i si els requisits d'acreditació de l'AACSB són coherents amb la necessària millora en l'educació de l'ètica empresarial i la responsabilitat social. Les conclusions d'aquest article van portar a la creació d'una cercle virtuos en **L'avaluació d'un cercle virtuos per a escoles de negocis socialment responsables**, en el qual es proposa a PRME com a centre d'unió amb les principals acreditadores i enquesta / rànquing del Beyond Grey Pinstripes (BGP), per impulsar de forma sinèrgica la transformació de les escoles de negocis. El següent article tracta sobre **l'avaluació de requisits per a la classificació en el rànquing BGP**, i analitza la metodologia de l'enquesta, ja que és l'única que se centra en els plans d'estudi i continguts de recerca en ètica, responsabilitat social i sostenibilitat de les escoles de negocis. Amb la convicció de la necessària transformació d'aquestes escoles, va seguir un article sobre **Un canvi estratègic en les escoles de negocis per a l'educació en ètica empresarial, responsabilitat social i sostenibilitat**. L'article següent va ser un co-escrit sobre **l'educació empresarial responsable: No una qüestió curricular, sinó una raó de ser de les escoles de negocis**, que ha posat èmfasi en la importància de desenvolupar una identitat en les escoles de negocis en relació amb l'ètica i la responsabilitat social. Finalment, tots les aportacions d'aquesta tesi culminen en la proposta d'**Un model per a la transformació de les escoles de negocis en institucions socialment responsables**, que centra a les persones com la raó última de tota activitat escolar, dirigint totes les polítiques i estratègies cap a una gestió socialment responsable en què les dimensions de l'ètica, responsabilitat social i sostenibilitat són incorporades i integrades en tots els aspectes de l'organització.

ABOUT THE AUTHOR

Janette Martell was born in Mexico D. F. She worked for sixteen years in positions of responsibility and leadership at the Tec de Monterrey, a university system composed of 33 campuses in Mexico. In the Mexico D. F. campus she acted in the Directorate for Institutional Effectiveness as consultant, facilitator, and coordinator of processes of change, within a team that contributed to the strategic planning of the campus, monitoring the planning, performance, evaluation, indicators, and feedback. Her experience was enhanced in the positions of Coordinator of the Center for Quality and Productivity, where she managed projects and consultants for corporations, and provided courses in quality and productivity; Director of the Service Centres for Prospects, Students and Alumni; Director of the Registrar's Office in the campuses of Mexico, D. F. and Guadalajara; Director of Executive Education, Director of the Center for Quality and Productivity, in the Guadalajara campus.

For ten years she combined her work with the teaching of Systems Engineering, Quality Systems, Human Development and Social Commitment, Leadership, and Strategic Planning at the Tec. She culminated her career with her appointment as Director General of Tec, campus Chiapas, where she held the position for almost four years before embarking on her doctoral studies at ESADE.

Janette holds a Master's degree in Organizational Development from the Universidad de Monterrey (México), and a Master's degree in Business Administration from the Tec de Monterrey, campus Guadalajara (México). Her B.S. degree was earned in Industrial Engineering.

She is currently collaborating with the taskforce that was created by ESADE's Director General for the design of the action plan to cross-cut social responsibility throughout the school. Previously, she performed a benchmarking study at ESADE in order to identify the best practices of the Global 100 leading business schools of the Beyond Grey Pinstripes ranking. This work included an internal diagnosis which offered suggestions for improvement. She also participated at ESADE as professor of social responsibility for a group of Erasmus students.

CHAPTER 1
INTRODUCTION

BACKGROUND

For many years, MBA programs enjoyed rising respectability in academia and growing prestige in the business world. Today, however, they face intense criticism for failing to impart useful skills; to prepare responsible leaders, and to instil norms of ethical behaviour. The actual cause of today's crisis in management education is far broader in scope, but before asking how business education should change, we need to examine its evolution (Bennis and O'Toole, 2005).

The first crisis in business education occurred in the late 1950s, when criticisms of management education became intense, and reviews sponsored by the Ford Foundation and the Carnegie Corporation confirmed that the academic quality of this rapidly growing field was uneven and generally too low. The Carnegie study (Pierson, et al, 1959) stated that “a business education should also develop a code of ethics that includes honesty, integrity, and respect for the rights of others”.

According to Khurana (2007) and Mintzberg (2004), the Ford and Carnegie reports confirmed business schools as being more intellectually competitive and developing quick responses to packaged versions of business problems, but at the price of distancing them from frontline practices in the world of business. Khurana also stated that business schools never really taught their students that, like doctors and lawyers, they were part of a profession, and instead of being viewed as long-term economic stewards, managers came to be seen as mainly as the agents of the owners —the shareholders— and responsible for maximizing shareholder wealth (cited in Holland, 2009). “The new logic of shareholder primacy absolved management of any responsibility for anything other than financial results”, affirmed Professor Khurana, and as Mintzberg had stated earlier on the subject, “towards the rapid procurement of profits without ethical concerns”.

These realities inspired reflections that stimulated the present research on the momentous problem of business education, its shortcomings, and need for change. Following Bennis and O'Tool's suggestion, for firstly examining the evolution of business education, this issue is addressed in depth along with the concepts of business ethics, social responsibility, and university social responsibility in the first three articles of this thesis, including the analysis of an extensive bibliography on the subjects. In

order to set a proper stage in this introduction, a brief background of business education follows.

Business education crisis gained urgency in the 1970s and 1980s (e.g., Ashen, 1969; Livingston, 1971; Mintzberg, 1975; Levitt, 1978; Hayes and Abernathy, 1980). Business Forum devoted its entire autumn issue in 1984 to *The Crisis in Business Education*, and the Harvard Business Review followed with a lead article entitled *Are Business Schools Doing Their Job?* In the late 1980s, AACSB examined the root of the problem and sponsored a major project, entitled *The Future of Management Education and Development*, led by McKibbin and Porter, to deal with the inadequacies of the model of professional education to serve the future manager (Cheit, 1985). In 1988, AACSB published results revealing that business school education was too academic, too narrow, and too irrelevant.

In 1999, the Aspen Institute performed a longitudinal survey of MBA students' attitudes about business and society, entitled *Where Will They Lead?* Results showed that MBA programs do, in fact, affect students' attitudes about the role and responsibilities of business: "students identified maximizing shareholder value as the primary responsibility of a company" (www.aspeninstitute.org). A growing concern motivated scholars to critically discuss traditional theories, models, and assumptions—e.g., Agency Theory, Shareholder Value, and Transaction Cost Analysis—under the premises that the focus of management was narrowing and fuelling practices overly concerned with short term results, careerism and inconsideration of the ample societal impact of management decisions (e.g., Adler, 2002; Donaldson, 2002; Ghoshal, 2005; Gioia, 2002; Mitroff, 2004; Pfeffer and Fong, 2004; and Swanson and Frederick, 2003), as well as failing to instil a sense of morality and ethical awareness in their students (Frederick, 2008), in addition to discouraging awareness of ethical behaviour and social responsibility among managers and corporations (Matten and Moon, 2004). Along the same lines, Cabrera (2009) comments: "Some may say that we are not to teach values, but theories; however all theories are loaded with values, and in many cases they are not correct" (cited in Paz Álvarez, 2009, April 4).

As a reaction to the above-mentioned concerns, Pfeffer and Fong (2004) affirm, "People have begun to ask what role business schools played, or didn't play, in creating or encouraging this behaviour", and in this regard a great amount of faculty members raised their voices to emphasize the deficiencies in business education (e.g., Ackoff,

2002; Aspen Institute, 2001, 2003, 2008; Doria, et al., 2003; Giacalone, 2004; Mintzberg and Gosling, 2002; Pfeffer and Fong, 2002).

After the collapse of Enron (fall 2001), provocative articles were published, and a surge of business ethic topics and corporate governance issues were introduced in MBA programmes and included in curriculum reforms (e.g., Cowe, 2000; Etzioni, 2002; Garten, 2005; Holland, 2009; Roger, 2000; and Webber, 2009). The concern of Harvard Business Review (2009) was reflected in a week-long online forum conducted to foster discussion amongst deans, scholars, MBA graduates, writers, HBR readers, business leaders, and the public at large specifically on how to “fix” business schools.

The global financial and economic crises that started in 2007, peaked in 2008 and persisted into 2011 [and the infamous lack of personal and business values that induced much of the crises, as stated in the Virtuous Circle article in this thesis], sparked an international debate on how business education created, and possibly could have prevented, this whole ordeal. Business school curriculum drew scrutiny, admissions standards were criticized, and students signed ethics pledges – all in the hope of clearing the name of the now maligned MBA. But is the current public relations blitz just an exercise in crisis reputation management or will it actually change how business school educates future leaders? (Net Impact, 2009).

The concern for business school values and their impact did not start with economic crises; these accentuated the concern, stimulated a global awareness, and demonstrated that superficial improvements to business school programs, although well-meaning, were no longer enough.

As stated in the Socially Responsible Business Schools article of this thesis, urgent calls to action have been made to academic institutions to deliver socially responsible education, following half a century of discussion and concern among stakeholders who, in different forms of expression and levels of intensity, have raised their voices to emphasise the deficiencies in business education. The principal strategy business schools have followed, in order to respond to this challenge, has been effecting changes mainly in the curricula; however, after this decade of distress, business schools should assume the definite responsibility of their role in society, with a much larger scope and no further delay.

While Khurana (2007) and Pfeffer & Fong (2004) have stressed the need to implement integral changes in depth at business schools, not only in the curricula,

Kliksberg (2008), Lozano (2009) and Vallaeys (2008) go further, stressing the need to transform business schools, explicitly, into socially responsible institutions.

REASONS AND PURPOSE OF RESEARCH

In order to arrive at the definition of the research question, an extensive literature review was previously carried out to explore the current shortcomings of business education in relation to social responsibility and business ethics, and to determine the responsible role of business schools to educate their students not only in management theory and practice, but also in instilling in them principles and convictions of ethics and social responsibility. A need for change in the curriculum, management, mission, policies, and practices of business schools became obvious through the research, as well as the changes they need to effect for meeting the demands of stakeholders and society at large, which imply a process of transformation.

Consequently, the purpose of this thesis developed into the proposal of a comprehensive model, through an integrative and systemic approach, to offer business schools guidance towards becoming ethical, socially responsible, and sustainable institutions, in order for them to provide their students with a responsible business education. Furthermore, this thesis intends to contribute to the field of organisational change, while centring on social responsibility in business schools.

After an intensive literature review and the analysis of over 300 initiatives, it was found that several universities and business schools have developed valuable approaches that contribute to the renewal of business schools in regards to social responsibility¹, but most of them have emerged with only a partial vision of what a socially responsible business school should be, and have centred their criteria on some of the issues or processes that social responsibility entails, without implementing either a holistic vision of their institution or a systemic approach to contemplate the dimensions of ethics, social responsibility and sustainability as inter-related, integrated parts of a whole.

¹ . A conclusion that has been reached as a result of the analysis of literature review; of the Global 100 ranking of the Beyond Grey Pinstripes survey in their 2007-2008 and 2009-2010 editions (www.aspenbe.org), plus the first 50 PRME's Communication on Progress Reports (www.unprme.org), and the first 86 GUNI's Good Practices (www.guni-rmies.net), in addition to reports from other universities whose web pages were consulted.

RESEARCH QUESTION AND RELEVANCE

The examination of the concept of University Social Responsibility and the voices of business school stakeholders, addressed in two articles of this thesis, confirmed the relevance of the research topic and revealed an important gap in the literature: the fact that there are no empirical studies or a comprehensive proposal that refer to a transformation process of a business school through an integrative and systemic approach, towards an ethical, socially responsible and sustainable institution. These considerations led to the definition of the research question, which has been pivotal to this research:

What changes are necessary in the management of business schools in order for them to become socially responsible institutions, and how can the process of change be implemented?

The importance of the present research is confirmed with statements from different scholars, such as Khurana (2007), when he emphasises the need to implement in depth an integral change at business schools; from Starkey and Tempest (2008:389), who state that these schools have “a crucial role to play in the shaping of the future of the university, of business, of society, and of the world we live in”, which entails accepting the commitment to renew from the inside, to “rediscover their roots” (Pfeffer and Fong, 2004:1515), and to build “a new sense of identity and a clear sense of purpose” (Starkey et al., 2008:383). In the view of Lozano, (2009, April 15) “the two main parameters in which the presence of social responsibility should be situated in business schools are management and transmission (actual curriculum and implied curriculum), with management being a point that has scarcely been touched on, and there is no time to waste”.

On the issue of transformation, Pettigrew (1990:269) states that, “studies of transformation are often preoccupied with the intricacies of narrow changes rather than the holistic and dynamic analysis of change”. And Khurana (2009) underscores that “we need to look at the totality of the system of employers, students, faculty, curriculum, faculty-promotion criteria, and rankings as a whole, and think about how we achieve system change if we want profound improvement” (cited by Di Meglio, 2009, May 26).

“There is a need for more research to look into the process of change” at business schools (Van de Ven, 1992, cited in Díez, Calvo and Díez, 2004:2), and Torraco adds that, “a new model of change is needed to better understand and guide the change process in today’s unsettled higher education environment” (2005:308).

METHODOLOGY AND ASSUMPTIONS

This thesis is paper-based, and comprises eight academic contributions that are the result of a qualitative research methodology combining multiple data-collection techniques, such as an intensive literature study, benchmarking, empirical observations, interviews, and extensive analysis of information, all of which address the research topic. According to Pettigrew, “the best way to understand changes in an organisation is through the use of this methodology”, which makes it possible to explore and describe the process of change that constitutes one objective of the present study.

The philosophical assumptions underlying this research derive from the interpretive tradition that implies a subjective epistemology and the ontological belief that “reality is socially constructed” (Berger and Luckman, 1966; Weick, 1979). When little is known about an area of knowledge, the interpretive methodology with a qualitative basis makes it possible to interpret the field of study and thus discover unknown patterns and relations (Eisenhardt, 1989).

University Social Responsibility (USR) is “a new phenomenon” (Eisenhardt, 1989) and the novelty of the topic of Socially Responsible Business Schools (SRBS), on which little has been written, requires in depth comprehensive information to seek a wide understanding of the entire theme. This thesis aims to contribute to the field of organisational change, while centring on the issues of social responsibility in business schools at the three levels: a state of art analysis, an empirical work, and finally a proposed comprehensive model specifically designed for business schools.

I applied adequate research strategies for each of the different stages of my research, such as, content analysis, and provides critical analysis, always looking at their internal validity, as well as gathering as much information as possible, to achieve my objective to explore and describe what changes are necessary in the management of business schools in order for them to become socially responsible institutions, and how can the process of change be implemented.

It is possible that reports and other documents obtained from business schools are not necessarily a representative reflection of business schools' processes and practices with regard to their transformation into socially responsible institutions. Clearly, the documents and websites only reflect what business schools choose to report not what they are actually doing. In order to increase validity and reliability of my study, I have applied a triangulation of data sources to the benchmarking, reports and other documents, approaches and initiatives, interviews, and so on. This triangulation across various techniques of data collection is particularly beneficial because it provides multiple perspectives on an issue, supplies more information, and allows for cross-checking (Glaser and Strauss, 1967; Orlikowski, 1993; Pettigrew, 1990). According to Patton (2002), triangulation is one of the best means of increasing a study's "validity and reliability".

PREVIOUS RESEARCH

Several authors have contributed to the issue of University Social Responsibility, among whom we can mention Vallaey (2008), and Vallaey, Cruz and Sasia (2009), who have contributed to the core functions of education, research, social participation, and management, thus going beyond the curriculum. The AUSJAL² network adds a fifth core function, which is environmental sustainability. For his part, Boyle (2004) proposes the concept of *Business School Citizenship*, which refers to the functions of education, research, management and services.

Emphasis must be placed on the fact that no other empirical studies or proposals for a model have been found in the literature about **the transformation process of a business school to become an ethical, socially responsible and sustainable institution**, in addition to the further contribution of this study, which applies a **comprehensive and systemic approach**.

LIMITATIONS AND SHORTCOMINGS

The limitations of the thesis relate to the novelty of the topic, on which little has been written. Furthermore, the subject is an emerging matter of concern, consequential to the

². Association of Universities Entrusted to the Society of Jesus in Latin America.

ethical, financial, and economic crises of global nature that started ten years ago and persists. Additionally, the subject implies a high degree of complexity due to the process of change that is required.

The model has not been validated in its entirety, but this shortcoming constitutes an opportunity in my future professional pursuits to continue further research into the transformation of business schools.

ORGANISATION OF RESEARCH AND OVERVIEW OF THESIS

This thesis is paper-based and is constituted by eight academic contributions, four of which have been published. References are included at the end of each paper.

The research question is repeated below for analysis, and is divided into three stages.

What changes are necessary in the management of business schools in order for them to become socially responsible institutions, and how can the process of change be implemented?

~ The first stage of the research corresponds to the '*what*' of the question and is comprised of five academic contributions that examine the aspects that should change in the management of business schools for them to provide a socially responsible education. An external to internal empirical research approach was made, firstly analysing the historical crises and inadequacies of business education, and the long-overdue stakeholders' voices; secondly, a literature review of corporate social responsibility allowed understanding the needs for the education of business leaders and their demands to business schools for tackling surging challenges; thirdly, the concept of university social responsibility was analysed to establish its significance, identifying demands and declarations for the renewal of higher education in relation to ethics, social responsibility, and sustainability.

The examination of stakeholders' demands for changes in business schools, led to the assessment of '*why*' an in-depth transformation is needed for the development of socially responsible business schools, and whether the

criteria and standards of the leading accreditation bodies³ and the survey/ranking of Beyond Grey Pinstripes (BGP) have been updated to evaluate business schools in the light of social responsibility. Subsequently, the study of the Principles of Responsible Management Education (PRME) revealed their pivotal role for the transformation of business schools into socially responsible institutions, and inspired the proposal for the synergy of a virtuous circle constructed with PRME, the leading accreditation bodies and BGP. At this stage, it had become clear *what* changes are necessary in the management of business schools in order for them to become socially responsible institutions and *why* they need to change and undergo an in-depth process of transformation.

- ~ The second stage of the research question relates to *how* the process of change can be implemented, and it is investigated through two academic contributions that take us to internal aspects of the schools. Phases of the strategic change are proposed and the elements for a successful implementation of the process are analysed.

A renewed vision and mission, along with a common purpose and a strong sense of urgency would be the drivers for change, constituting additional reasons for the *why*. The importance of developing an identity in business schools, in relation to ethics, social responsibility, and sustainability, and the need to include these principles and values as part of their own core operations, involving their entire organizations, are analyzed systematically through the examination of a business school's value chain.

- ~ At this third stage it became possible to stressed *what* changes are necessary in the management of business schools in order for them to become socially responsible institutions, *why* they need to change, and to propose *how* can the process of change be implemented, through the eighth contribution of the thesis, that consists in a proposed model for the transformation of business schools into socially responsible institutions, where all the articles that contributed to the thesis converge and culminate.

³ Leading accreditation bodies: The Association to Advance Collegiate Schools of Business (AACSB), the Association of MBAs (AMBA), and the European Quality Improvement System (EQUIS).

See Figure 1.

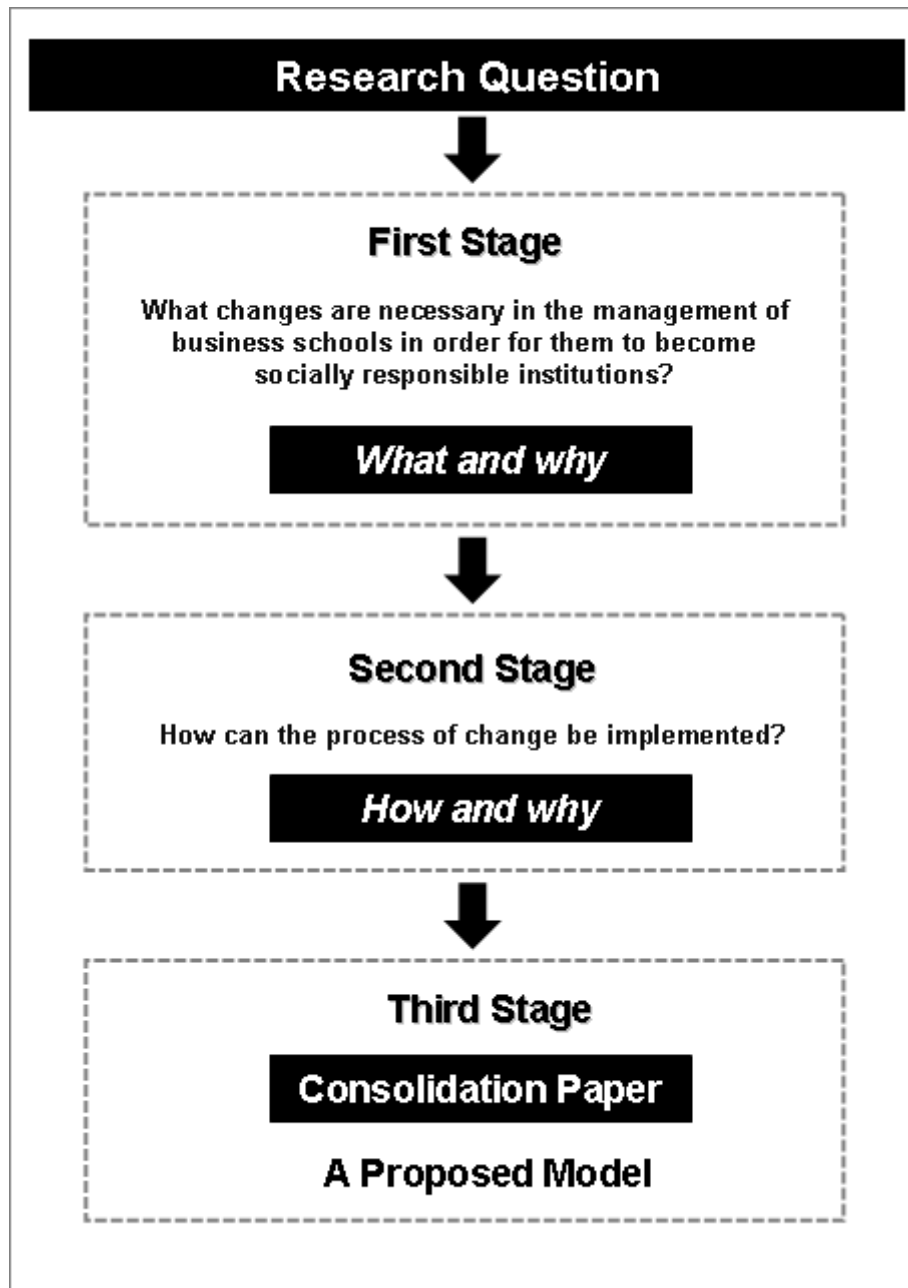


Figure 1. Organization of the Research

Figures 2, 3 and 4 illustrate the overview of the thesis.

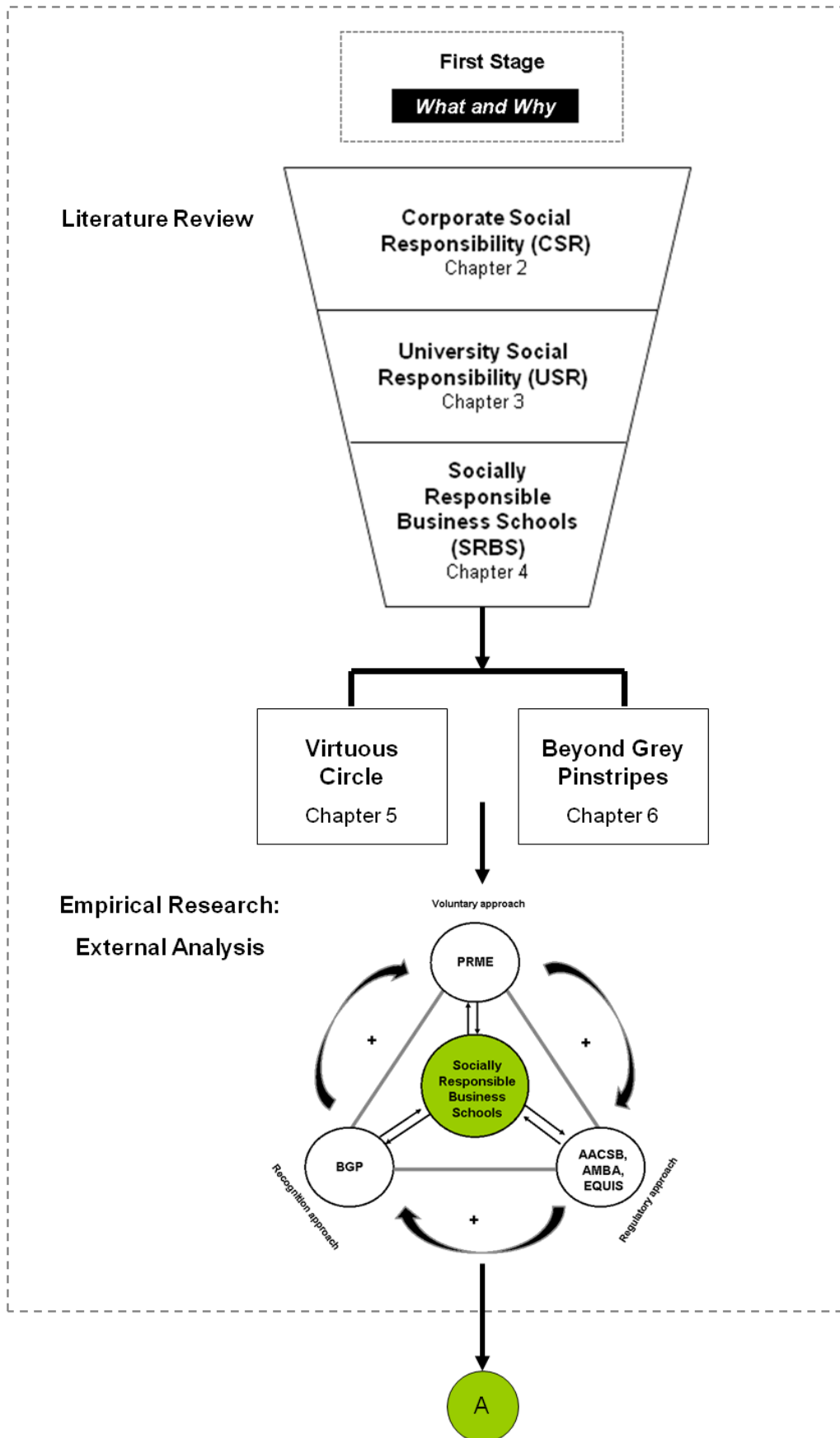


Figure 2. Overview of the Thesis. First Stage

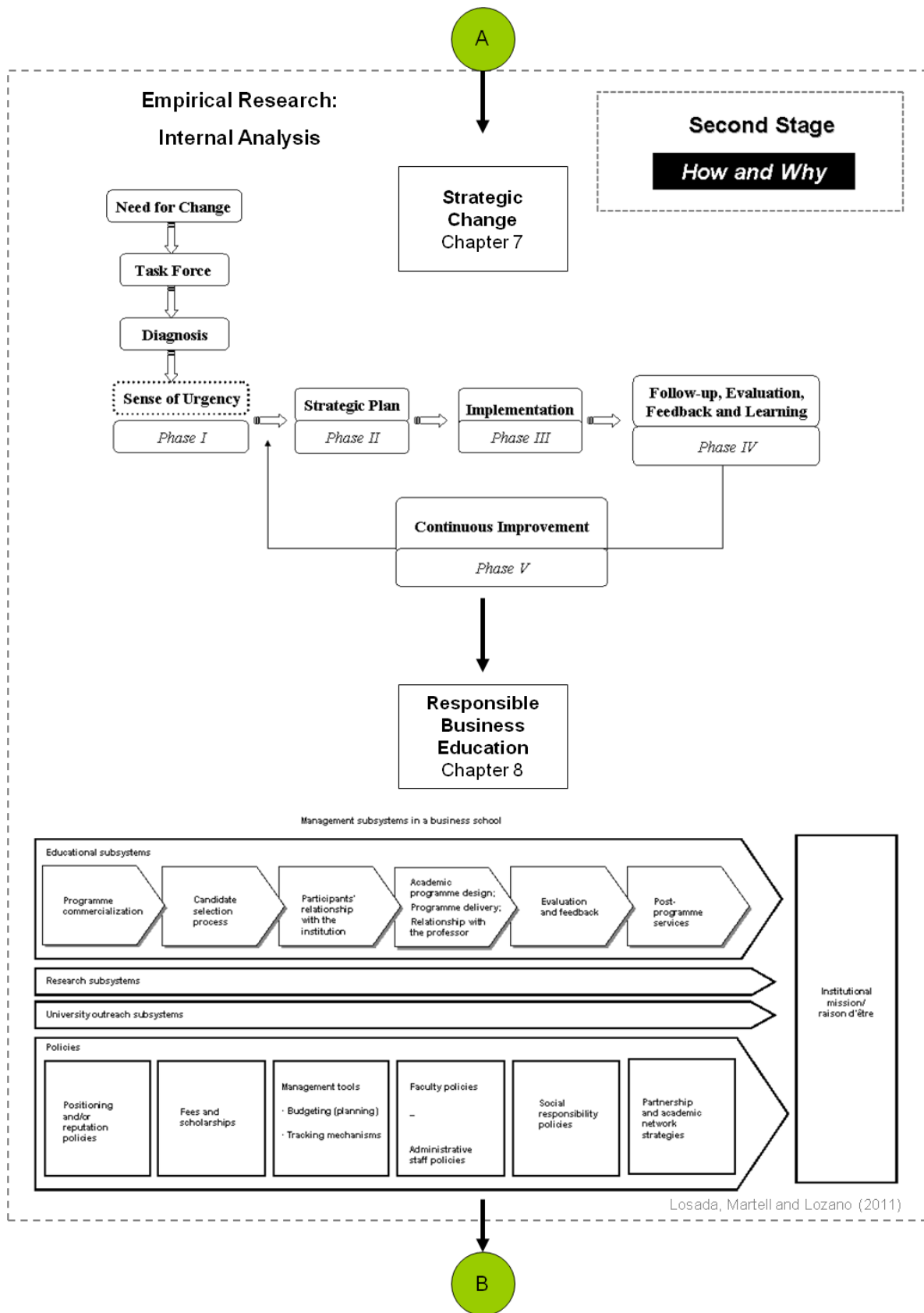


Figure 3. Overview of the Thesis. Second Stage

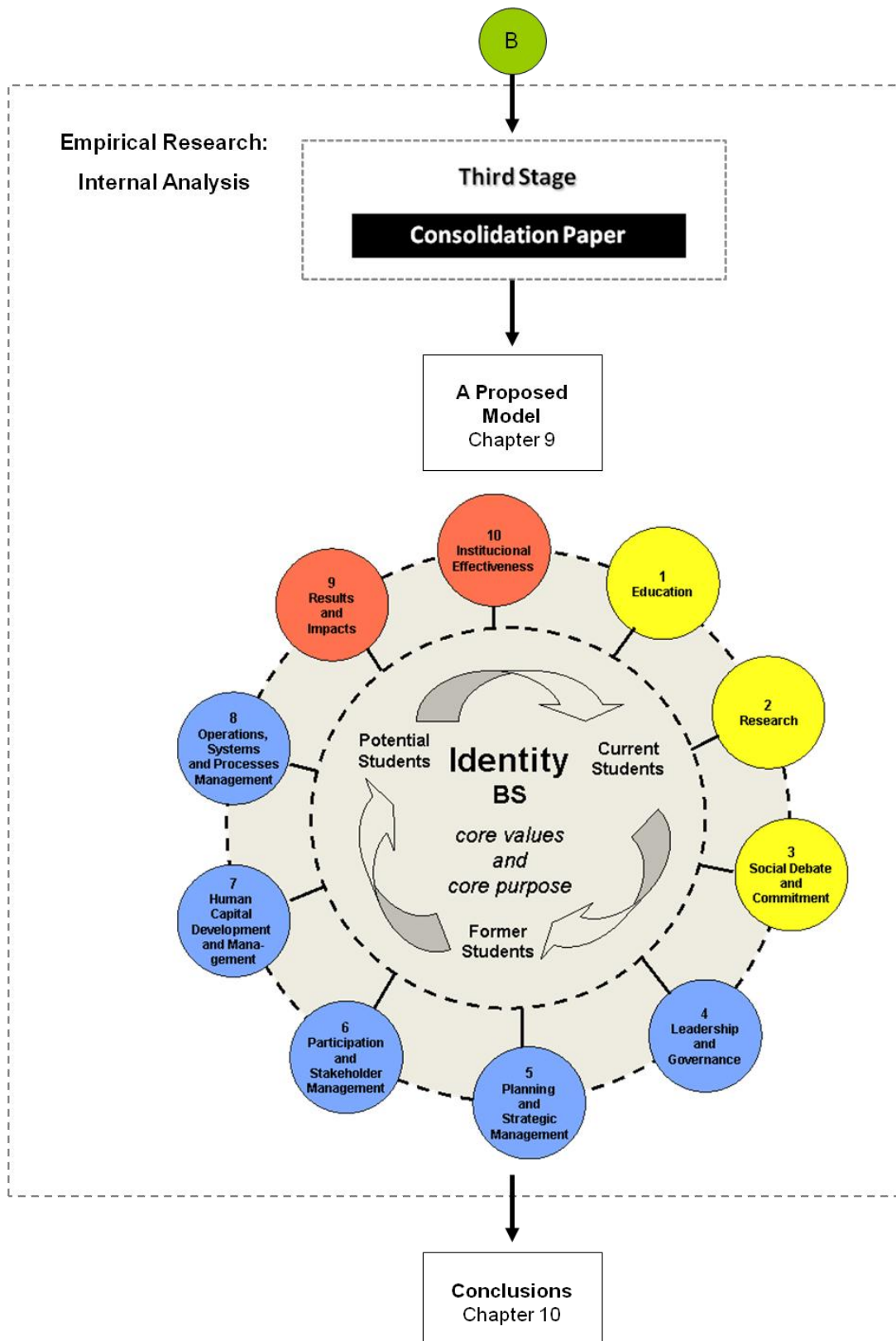


Figure 4. Overview of the Thesis. Third Stage: A Proposed Model

ACADEMIC PUBLICATIONS, WORKING PAPERS AND CONFERENCES

With the purpose of having a comprehensive view of the thesis' contributions, the Table shows the candidate's academic publications, working papers, and academic conferences where they have been presented.

	Paper	Titles	Peer-reviewed	Publications	Academic Conferences
FIRST STAGE: What and Why	1	Corporate Social Responsibility	Peer-reviewed	Literature review, not for publication	
	2	University Social Responsibility	Peer-reviewed	Submitted to: <i>Journal of International Business Education</i>	
	3	Socially Responsible Business Schools: Collective Stakeholder's Voices Demand Urgent Actions	Peer-reviewed	<i>Journal of the World Universities Forum, I</i> (6), 2008, pp. 115-126. ISSN: 1835-2030.	2008 World Universities Forum Davos, Switzerland.
	4	Assessing a Virtuous Circle for Socially Responsible Business Schools	By invitation and peer-reviewed	In Diane L. Swanson and Dann G. Fisher (Ed.). <i>Toward Assessing Business Ethics Education</i> , 2010, pp. 73-100. Charlotte, N.C.: Information Age Publishing. ISBN: 9781617351631.	1) 2009 Annual Conference EBEN-UK, Bristol Business School, UK. 2) 2010 Annual Research Conference EBEN, Tampere, Finland. 3) Accepted to be presented at the 2010 Annual Conference EBEN, Trento, Italy.
SECOND STAGE: How and Why	5	Assessing What it Takes to Earn a Beyond Grey Pinstripes Ranking	By invitation and peer-reviewed	In Diane L. Swanson and Dann G. Fisher (Ed.). <i>Toward Assessing Business Ethics Education</i> , 2010, pp. 101-132. Charlotte, N.C.: Information Age Publishing. ISBN: 9781617351631.	
	6	A Strategic Change at Business Schools Towards Business Ethics, Social Responsibility, and Sustainability Education	Peer-reviewed	Target: <i>Journal of Management Development</i>	2008 EABIS Colloquium Cranfield Business Schools, London.
THIRD STAGE: Conclusion	7	Responsible Business Education: Not a Question of Curriculum but a Reason D'être for Business Schools	By invitation and peer-reviewed	Forthcoming; In Mette Morsing and Alfons Sauquet Rovira (Ed.). <i>Business Schools and their Contribution to Society</i> , Sage Publications Ltd	
	8	A Proposed Model for the Transformation of Business Schools into Socially Responsible Institutions	Peer-reviewed	Selected authors will be invited to submit their paper for publication.	Submitted to be presented at the 1st Annual 2012 EFMD Higher Education Research Conference, Zürich, Switzerland.

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CHAPTER 2
CORPORATE SOCIAL RESPONSIBILITY:
A LITERATURE REVIEW

CORPORATE SOCIAL RESPONSIBILITY: A LITERATURE REVIEW

ABSTRACT

This chapter describes the literature that we have reviewed in order to understand and reflect on the concept of corporate social responsibility, which presents a profusion of definitions and theories that reach beyond the simple meaning of the term and imply actions of enormous significance and most serious commitments. To facilitate the account, a historical overview of the term is submitted from its inception in 1886 with Andrew Carnegie's philanthropic belief, and on through the emergence of business ethics; the profound influence of Milton Friedman and his shareholder value theory; the addition of the stakeholder theory with the claim that corporations are not simply managed in the interests of their shareholders alone, but that instead a whole range of groups have a legitimate interest in the corporation as well. The significance of the United Nations Global Compact is highlighted in its catalytic impact on the corporation, fostering a new era of cooperation within the business community. We also analyze what we believe to be the most important achievement of the social responsibility development, the global consensus reached for the voluntary implementation of principles and practices of social responsibility, embodied in the ISO26000. The conclusions of our review lead us firstly to reflect on the necessary consolidation of what has been developed so far in terms of theories and approaches, because we believe that a much greater cooperation is necessary for the concretion of common meanings, policies, and actions in social responsibility. Secondly, we conclude by pondering on the common grounds that universities share with corporate social responsibility and the many implications thereof.

Keywords: business ethics, corporate citizenship, corporate responsibility infrastructure, corporate social performance, corporate social responsibility, corporate sustainability, Global Reporting Initiative, impacts management, ISO 26000, moral values, philanthropy, shareholder value, stakeholder theory, sustainable company, triple bottom line, United Nations Global Compact, university social responsibility

CORPORATE SOCIAL RESPONSIBILITY: A LITERATURE REVIEW

*We judge companies—and managers—by their actions,
not their pious statements of intent.*

—Sir George Adrian Hayhurst Cadbury, 1987

The field of *corporate social responsibility* (CSR) presents a landscape of theories (Klonoski, 1991; Melé, 2008), a proliferation of approaches (Garriga and Melé, 2004; Windsor, 2006), and different definitions of the concept (Carroll, 1999; Fisher, 2004). According to Matten and Moon (2008), defining CSR is not easy. Firstly, because CSR is an “essentially contested concept”, being “appraisive”, “internally complex”, and having relatively open rules of application (Moon, Crane, and Matten, 2005, 433-34). Secondly, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten and Crane, 2005). Thirdly, it has clearly been a dynamic phenomenon (Carroll, 1999; cited in Matten and Moon, 2008, p. 405). We offer a historical overview of CSR, divided into ten-year periods, to facilitate the account from a thematic point of view⁴.

It is difficult to pinpoint exactly when the concept of social responsibility began to develop. Some date it to the beginning of the 1920s, with the creation of the concept of *venture philanthropy* that related to acts of an individual nature attributable to the owners rather than to internal policies of the company. However, previously in 1889, the industrialist, entrepreneur and philanthropist Andrew Carnegie, a US citizen of Scottish origin, published *The Gospel of Wealth* where he held that the life of an affluent businessman should comprise two parts, the first devoted to gathering and accumulating wealth and the second to the subsequent distribution of that wealth for noble causes. Philanthropy was the way to make life worthwhile (Carnegie, 1986).

In the 1930s, Edward Bernays and Harwood Childs, public relations specialists, forecasted that the issue of social responsibility would become increasingly significant in the future development of corporations. Bernays assured that a public relations advisor should be well informed of social changes and capable of proposing pertinent

⁴ For historical overviews of the development of the construct see, for example, Frederick, 1987, 2006, and Waddock, 2004.

adjustments to organizational policies. Childs, on his part, stressed the analysis of the relations between a corporation and its environment (cited in Palavecino, 2007, p. 18).

Years later, in 1953, in his book *Social Responsibilities of the Businessman*, Howard R. Bowen asked: What responsibility to society may businessmen reasonably be expected to assume? Most scholars agree that Bowen at that time marked the beginning of the modern era of *social responsibility* (SR) (e.g., Carroll, 1979; Garriga and Melé, 2004; Maak, 2008; Marens, 2004; Secchi, 2007; Spencer and Butler, 1987; Tencati, 2004; Wood and Cochran, 1992; and Windsor, 2001).

In the 1960s, there was a shift in terminology from the SR of business to CSR. The notion that powerful organizations have to be accountable to society or else lose their legitimacy is not new. Keith Davis, in 1966, coined the phrase “the iron law of business responsibility” (cited in Williams, 2008, p. 433). A year later, Davis (1967) asserted that “the substance of SR arises from concern for the ethical consequences of one’s acts as they might affect the interest of others”. Reference to ethical principles and ethical values became more frequent after the issue of business ethics started in the late 1970s, and some outstanding scholars, such as William C. Frederick (1960, 1986), expressed their concern over business responsibility and advocated a normative ethical foundation of CSR.

The emergence of business ethics

Business ethics (BE) is one form of applied ethics. It is the application of principles about right and wrong to that range of institutions, technology, transactions, service, dealings and processes which we call ‘business’. BE as we know it today, is largely a creation of the twentieth century, with a quickening of interest and activity in the period 1970-1986. McHugh (1988) traces the history of BE from 1900 to 1986, dividing it into four phases:

- Phase 1. **Business in search of an ethic: 1900–1920.** Criticisms of both liberalism and socialism were frequently conducted in ethical and theological discourse, which meant that the *moral values of economics and business* were brought into the debate. This was one of the ways in which BE became a matter of debate (McHugh, 1988, p. 8).
- Phase 2. **Professionalism and business ethics: 1920–1950.** These three decades mark the *development of codes of ethics and standards of trade*

practice. Two new developments in Western society were beginning to affect the discussion of BE, and indeed, to have a decisive influence on its later form: the growth of the professions and the emergence of management as a distinct occupational grouping. Consciousness of the new separation of ownership and control, and the growing awareness of their distinct occupational identity, stimulated the new managerial class to set up institutes, academic courses, conferences and journals to deal with matters relating to BE (Ibid., p. 9).

- Phase 3. **Business ethics and growing complexity: 1950–1970**. BE was becoming a growth point in academic curricula and the 1960s was a boom period for writers on the subject matter. More important, however, was the improved understanding of *the task of business ethics to analyze the role of business in a changing economic structure*. Although the history of BE from 1900 to 1950 reads largely like a history of American BE, it is evident that from the early 1950s onwards there was a growing European interest in the subject (Ibid., p. 11) [emphasis added].
- Phase 4. **Business ethics imposing some order: 1970 – 1986**. The period has witnessed a growth of interest in ethics coming from the side of industry itself. The same can be said of professional organizations and public bodies (Ibid., p. 13). BE has taken on a new and larger significance in which **the corporation is seen as a moral unit** (French, 1979; Goodpaster and Mathews, 1982; De George, 1987); and with this, the BE agenda is now becoming increasingly concerned with corporations rather than individuals (Mahoney, 1990). According to Lozano (1996), “[t]he shift in focus occurred when people began exploring the morals of managers and suddenly realized that these managers were managing... organizations” (1996, p. 229).

According to De George (1987), the development of BE as a specialty began in the 1970s, and the first half of the 1980s marked the beginning of its consolidation as a disciplinary specialty. Lozano sets forth in his book *Ethics and Organizations* (2000) that from the historical perspective of the formation of BE as a discipline, “*discussion about corporate social responsibility represents, above all, the consolidation of the transition from individual to corporation as the object of ethical reflection,*” even if this transition fundamentally involves thinking about the corporation’s place in society, its

contribution to society, and what legitimizes its existence (Lozano, 2000, p. 49). The author adds that BE can be understood “*as a three-tier ethical reflection: ethics in relation to the economic system, in relation to companies and organizations, and as applied to the actions of individuals in their professional roles and their institutional functions*” (Ibid., p. 23). With the above, he concludes that in BE it is necessary to distinguish three levels in the analysis and treatment of ethical issues: “*the system, the organization and the individual*”; and he notes that “*the objective of the reflection of BE must be the organization*” (Ibid., p. 25).

The need to institutionalize and make operative all this reflection on business practice materialized mainly in the development of codes of ethics and other self-monitoring documents, the fundamental aim of which was to enhance the ethical actions of individuals in the organization, thus generating greater social legitimacy and a coherent corporate culture. Subsequently, Ackerman (1973), Sethi (1975), and others started to pay attention to *corporate responsiveness*, or adaptation of corporate behavior to social needs and demands, even acting in a proactive manner.

Archie Carroll created a model of CSR, and in his four-part conceptualization of CSR, he included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well (Carroll 1979, 1991). More recently, Schwartz and Carroll proposed a new approach based on three core domains: economic, legal, and ethical responsibilities (Schwartz and Carroll, 2003).

In that same decade, Milton Friedman stated that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits” (Friedman, 1970), an approach that is known as *shareholder value oriented*. The shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities do not belong to the domain of organizations but are a major task of governments. This approach can also be interpreted “as business enterprises being concerned with CSR ‘only to the extent that it contributes to the aim of business, which is the creation of long-term value for the owners of the business’ (Foley, 2000)” (cited in Marrewijk, 2003, p. 96). As a consequence, a great debate took place between, on the one hand, Friedman and those who defended the business enterprise as being responsible only for making as much profit as possible, always in compliance with the law, and on the other, several leading scholars who argued that corporations have much power, and power entails

responsibility; consequently, corporations have responsibilities beyond the economic and the legal (e.g., Bowie, 1991; Frederick, 1994; Gallagher, 2005; Grant, 1991; Lee and McKenzie, 1994; Litzinger and Schaefer, 1987; Lozano, 1999; McAleer, 2003; Mulligan, 1986; and Ostas, 2001).

In the 1980s, the CSR debate focused more on research applied to business practices, enriching it with an orientation towards organizational processes. According to Frederick (2008), beginning around 1980, CSR took on a new meaning that went beyond philanthropy and social activism. A company could be recognized by the quality of its corporate culture, the type of ethical climate it displays, and the normative principles that guide the company's policies, strategies, and decisions. The author adds, "Companies that explicitly and consciously make ethical principles an integral part of their culture and organizational climate, move well beyond to become normatively focused CSR Corporations" (Frederick, 2008, p. 526). Continuity is provided by the articulation of CSR with business ethics.

In 1984, R. Edward Freeman developed the *stakeholder theory approach* as a new conceptual framework for management. The main starting point is the claim that corporations are not simply managed in the interests of their shareholders alone but that instead a whole range of groups have a legitimate interest in the corporation as well. Freeman defined the term as follows: "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46). Throughout the 1980s and 1990s, Freeman and other scholars shaped this vocabulary to address three interconnected problems relating to business: understanding how value is created and traded, connecting ethics and capitalism, and helping managers think about management. Recently, Freeman and Velamuri (2006) have suggested that the main goal of CSR is to create value for stakeholders by fulfilling the firm's responsibilities to them, without separating business from ethics. According to Stark (1994), the stakeholder theory of the firm is probably the most popular and influential theory to emerge in the CSR area.

From corporate social performance to corporate citizenship

The *corporate social performance* (CSP) theory has evolved from previous notions and approaches. In 1979, Archie B. Carroll introduced the conceptual model of CSP, which related the definition of SR to a list of relevant social issues and a philosophy of responsiveness. According to Montiel (2008), since Carroll's (1979)

watershed conceptualization of CSP, most scholars have recognized that both CSR and CSP include an economic responsibility dimension (e.g., responsibilities toward shareholders), not just social or environmental aspects (2008, p. 257). Later on, Wartick and Cochran (1985) reiterated that the CSP model relies on an expanded vision of SR, which integrates economic and public policy responsibility into the definition of SR. The CSP model presented by Wood (1991) is probably one of the most representative within this theory. In terms of her model, CSP can be observed as, “the principles of CSR, expressed on three levels: institutional, organizational, and individual; the processes of social responsiveness; and the outcomes of corporate behavior,” including impacts, policies, and programs (cited in Matten, 2006, p. 20). Later on, Diane L. Swanson (1995) reoriented the CSP model by integrating the business ethics perspective, including four broad research topics: CSR macro principles (institutional and organizational level); CSR micro principles (executive decision-making, ethics, and personal values); corporate culture and normative processes; and social impacts.

Donaldson and Dunfee (1994, 1995) offered their integrated *social contracting theory of economic ethics* as a ‘pluralist’ approach to resolving ethical dilemmas, thereby avoiding both the inflexibility of ethical absolutism and the normative nihilism of ethical relativism. According to Calton (2001), the innovative approach to consultative governance developed by Donaldson and Dunfee would seem to echo Swanson’s (1999) call for a ‘value attuned⁵’ approach to improve CSP by enabling a ‘communicative ethic’ among corporate managers and stakeholders. Donaldson and Dunfee conclude that micro-social norms arise not only from explicit laws but also from implicit agreements among groups (Calton, 2001, p. 223).

In the 1990s, the concept of *corporate citizenship* (CC) became prominent, incorporating into CSP a global approach and the specific proposals of stakeholder theory. Waddock (2004) states that CC is “the strategies and operating practices a company develops in operationalizing its relationships and impacts on, and with, stakeholders and the natural environment” (2004, p. 9). According to Logsdon and Wood (2002), the term contains a profound change in normative understanding of how business organizations should act in respect to stakeholders. For Waddock and Smith (2000), being a good corporate global citizen, is basically, “respect for others. This

⁵ *Attunement* denotes the possibility that organizations can select and recall many values for learned responses to their environments (Swanson, 1999, p. 516).

involves building good relationships with stakeholders and that such citizenship is the very same thing as doing business well” (2000, p. 59).

Matten and Chapple (2003) presented an extended view of CC derived from the fact that, in some places, corporations enter the arena of citizenship at the point of government failure to protect citizenship. Then, business fulfils a role similar to that of government in solving social problems. Domènec Melé highlights that, without forgetting the basic economic responsibility of business, “the notion of CC emphasizes the social and ethical dimensions of business, and its role in respecting and defending human rights, as well as contributing to social welfare and human development within society” (Melé, 2008, p. 73). For the World Economic Forum (WEF), global CC will include elements of: “Good corporate governance and ethics, responsibility for people, responsibility for environmental impacts, and broader contribution to development” (WEF, 2002, p. 6).

Corporate sustainability

According to Montiel (2008), there are two different ways of defining and conceptualizing *corporate sustainability* (CS). One approach uses the term *ecological sustainability* to identify CS primarily with the environmental dimension of business (Shrivastava, 1995; Starik and Rands, 1995). Other scholars follow the World Commission on Environment and Development⁶ definition in a broader sense, identifying CS as a three-dimensional construct that includes environmental, economic, and social dimensions (Bansal, 2005; Gladwin and Kennelly, 1995). Other CSR researchers argue that environmental issues are a subset of social issues (e.g., Agle, Mitchell and Sonnenfeld, 1999; Graves and Waddock, 1994; Turban and Greening, 1997) (cited in Montiel, 2008, p. 257). The framing of sustainability as a goal for business is encapsulated most completely in the notion of a *triple bottom line*⁷ (TBL), a term coined by John Elkington (1998). Corporations are increasingly expected to produce sustainability or TBL reports to be more transparent in their activities, to live

⁶ Probably the most common usage of sustainability is in relation to *sustainable development*, which is defined as “paths of progress which meet the needs and aspirations of the present generation without compromising the ability of future generations to meet their needs” (World Commission on Environment and Development, 1987, p. 4).

⁷ The “triple bottom line” or “people, planet, profit”, refers to a situation where companies harmonize their efforts in order to be economically viable, environmentally sound and socially responsible (Elkington, 1998).

up to principles and standards depending on their industry, and engage with a range of stakeholders in dialogue, partnerships, and action (Waddock, 2008, p. 105).

The concept of a *sustainable company*, in terms of a responsible company, is one “that channel its activities from the perspective of contributing to the sustainable development of the society in which it operates. It is the company, therefore, that incorporates the values of sustainable development (economic prosperity, environmental quality, and social justice) into its corporate vision and its criteria for action” (Lozano, 2010, p. 51). In this way, sustainability becomes the strategic objective of socio-economic systems and responsible companies, which aim to pursue long-term economic development, consistent with promoting social needs and protecting the environment (Margolis and Walsh, 2003; Walsh, Weber and Margolis, 2003).

Infrastructure for corporate responsibility

In the absence of a global governance structure, to ensure that corporations are accountable, responsible, transparent, and ecologically sustainable, a largely voluntary *corporate responsibility infrastructure* has emerged that is reshaping companies’ responses to these issues and fostering wholly new practices and behaviors (see Waddock, 2008). The TBL approach and the first attempts in the field of sustainability accounting were born in 1994, but a fundamental driver of their growth trend was the *Global Reporting Initiative* (GRI) established in 1997 (Perrini, Pogutz and Tencati, 2006). The appearance of GRI, in which the United Nations collaborate, has provided a standard framework for organizations, who obtain principles and indicators that they can use to measure and publicize their social, economic and environmental actions.

The International Organization for Standardization (ISO) was invited to participate in the Earth Summit organized in 1992 by the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil. As a result, ISO committed itself to creating international environmental standards, and as of 1996 launched the ISO 14000 series of standards, which offers specifications of how to set up and implement corporate environmental management systems. At the end of 2010, ISO published the first international standard concerning social responsibility, ISO 26000. At the same time, GRI published a document linked to the standard, titled *GRI and ISO 26000: How to use the GRI Guidelines in conjunction with ISO 26000*, in an attempt to enrich sustainability reporting. In the document it is stated that “[b]y using the GRI framework in conjunction with the new ISO guidance, reporters will have a practical set

of tools to measure and report on their social responsibility policies and practices” (GRI, 2010, November 1, p. 4).

The first decade of the century

As of the beginning of the 21st century grave events and crises awakened an urgent need for change: deterioration of the environment, human rights abuses, millionaire financial frauds, market globalization, poverty, and health crises. The criticism of business was more far-reaching than ever before. According to Craig, this was in part because, with globalization, business itself was more pervasive and more powerful (2003, p. 55). Other events have disconcerted the conscience of society, such as the recent global crisis, affecting people all over the world. The insights that global markets must be embedded in a social consensus of shared values; that markets need an underpinning of laws and rules that go beyond the imperative of economic efficiency; and that liberalization, itself the outcome of deliberate policy choices, must have social legitimacy to be sustainable over time, all provided useful points of reference. And so long as governments remained local while markets went global, there was a real gap in global governance, which, if left unattended, could be exploited by narrow interests at the expense of many.

The idea that the United Nations (UN) could assert itself as a stabilizing force, while placing emphasis on market inclusion, seemed both fitting with the mission of the organization and timely in light of the ongoing lack of leadership around trade, business and social issues. These macro arguments gained further momentum as social priorities became, once again, a lightning rod in trade negotiations. The world was witnessing changing perceptions about the role of business in society, and companies were under pressure to adopt proactive social and environmental policies to maintain their operating licenses. Social and environmental responsibility is a core business issue (Orlitzky, Schmidt and Rynes, 2003; Walsh et al., 2003). In this context, the universal legitimacy of the Global Compact principles provided the UN with an institutional advantage in dealing with the burgeoning debate around CSR (Kell, 2005, p. 71).

The *UN Global Compact* (UNGC) was launched on July 2000, with the support and participation of multinational companies, global trade unions and civil society

organizations⁸. The UNGC is about integration of the ten principles in the areas of human rights, labor, the environment, and anti-corruption in business operations, and also about company engagement in the development of the poor parts of the world (see www.unglobalcompact.org). From an institutional viewpoint, the UNGC's greatest significance may be its catalytic impact on the organization, fostering a new era of cooperation with the business community (Kell, 2005). In May 2010, the UNGC and GRI announced a new collaboration. The agreement is intended to provide companies in the UNGC with a clear set of reporting principles and indicators to meet the initiative's compulsory annual disclosure requirement, also known as the Communication on Progress (CoP). This new collaboration offers a unique opportunity to provide a clear roadmap to sustainability and change business practices on a global scale (csr-news.net). The UNGC offers internationally recognized principles on *what to do*, and the GRI on *how to measure and report* what is done. This collaboration could help to reduce the number of businesses removed for failure to meet the UNGC's mandatory annual CoP⁹.

In 2001, the Commission of the European Communities (CEC) produced the *Green Paper: Promoting a European framework for corporate social responsibility*, which has served to develop the code of governance for sustainable business, with a view to demanding an ethical commitment from managers. In a long-term view, the document stresses economic growth on the one hand, and social cohesion and environmental protection on the other; both must move forward in parallel.

CSR after six decades

The field of corporate social responsibility (CSR) has grown significantly and today contains an abundance of theories, approaches, and terminologies. Furthermore, some theories combine different approaches and use the same terminology with different meanings (Garriga and Melé, 2004, p. 51). Until now, it has no generally accepted common framework; however, most agree that one of its main characteristics is that it is a policy that has to do with the organization's voluntary interest in undertaking a commitment with society. In order to facilitate its incorporation, a largely

⁸ The UNGC is the world's largest corporate citizenship and sustainability initiative, with 6,500 signatories—5,000 from business and 1,500 from civil society and other non-business organizations—based in over 135 countries (UNGC, 2008 Annual Review).

⁹ According to the UNGC's web site the total number of expelled participants stands at 2,095. Retrieved 23 February 2011 from www.unglobalcompact.org/COP/analyzing_progress/expelled_participants.html

voluntary corporate responsibility infrastructure has been created, including, among others: business principles; business-related standard setting; accreditation and certification organizations; corporate responsibility consulting organizations; business membership organizations with sustainability and responsibility orientation; industry-specific initiatives; business-related corporate responsibility institutions; and stock indexes with responsibility orientation (see Waddock, 2008).

Several scholars have offered a number of classifications of the concept; here we will mention Frederick (1987, 1998), and Garriga and Melé (2004). Frederick (1987, 1998) presents the evolution of CSR based on a conceptual transition and classifies it in four chronological phases: CSR₁ is “corporate social stewardship”, which is philanthropic and voluntarily assumed approach to CSR. CSR₂ is “corporate social responsiveness”; corporations were expected to go beyond the first phase and take practical steps to help solve society’s problems. CSR₃ is “corporate business ethics”; a company could be recognized by the quality of its corporate culture and the normative principles that guide its policies, strategies, and decisions. This phase refers to a ‘social contract’ (Donaldson and Dunfee, 1999) between business and society that embodies universal human rights principles vital to society, while granting economic enterprises the degree of flexibility and practicality needed for successful market operations. Finally, CSR₄ is “corporate social citizenship”; companies are truly corporate global citizens.

For their part, Garriga and Melé (2004) present a classification that considers each theory from the perspective of how the interaction phenomena between business and society are focused: Instrumental theories, focusing on achieving economic objectives through social activities; political theories, focusing on a responsible use of business power in the political arena; integrative theories, focusing on the integration of social demands; and ethical theories, focusing on the right thing to achieve a good society (see Garriga and Melé, 2004).

As we have seen, over six decades the field of CSR has developed several approaches, each within its own theoretical framework. Which theory is the best? It depends on what you are looking for, states Melé (2008), adding that each theory comes from a different field of knowledge: CSP is related to sociology, shareholder value to economic theory, stakeholder theory is rooted in several ethical theories, while CC comes from the political concept of citizenship (Melé, 2008).

Figure 1 shows the various theories and approaches to CSR that we have introduced in the course of this historical account.

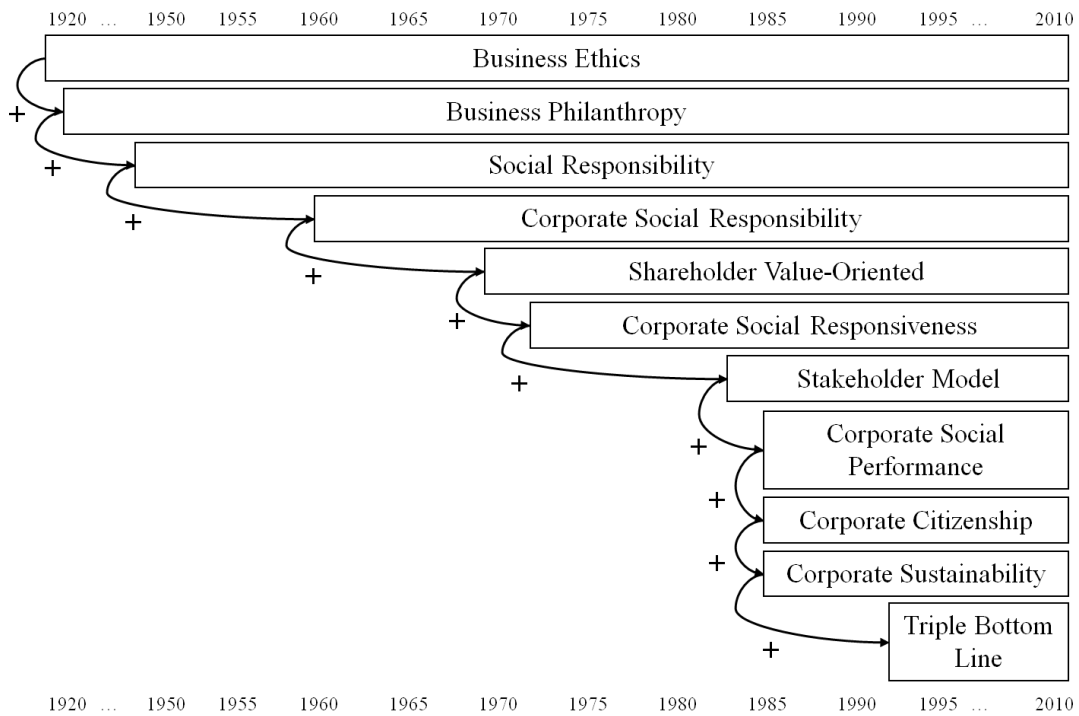


Figure 1. Corporate social responsibility (CSR): theories and approaches

The curved arrows and the plus signs used in Figure 1 are intended to emphasize that the emergence of every new theory and approach has contributed to the enrichment of CSR and the awareness and comprehension of the issue. The many theories that have emerged strive for common goals, and one of them could be the consolidation of what has been developed so far in terms of approaches. We would certainly wish to see a much greater cooperation among proponents of theories and approaches for the concretion of common meanings, policies, and actions.

We agree with Waddock (2008) that a “holistic approach may be exactly what is needed if the goal of sustainability—ecological, societal, and organizational—is to be achieved” (2008, p. 107). In this respect, we would expect a holistic approach to SR, to have as its fundamental components the dimensions of ethics, social responsibility and sustainability. We believe that a great achievement has been reached: the recent publication of the international standard on social responsibility, ISO26000:2011, which presents a definition of social responsibility as a result of a consensus at an international

level. This achievement has generated efforts to link ISO 26000 to GRI, and a subsequent, additional achievement, has been the collaboration agreement between GRI and the UNGC.

In 2004, the International Standards Organisation (ISO) took up the challenge to work in participation on the creation of the *Social Responsibility Guidance Standard*, ISO 26000¹⁰; a standard aimed at providing harmonized, globally relevant guidelines to make social responsibility (SR) operative. The standard is valid for any kind of organization, bringing together industry, government, labor, consumers, non-governmental organizations, and universities; in addition to geographical and gender-based balance. Eighty-three countries have played an active role in creating this standard. It has been used to establish the basis for an international consensus on the definition of SR.

It was created with the aim of encouraging voluntary commitment to SR and will lead to common guidance on concepts, definitions and methods of evaluation (see www.iso.org/iso/home.html). ISO 26000 will distil a globally relevant understanding of what SR is. The standard defines **social responsibility** in the following manner:

[R]esponsibility of an **organization** for the impacts of its decisions and activities (products, services and processes) on society and the **environment**, through transparent and **ethical behavior** that:

- Contributes to **sustainable development**, including healthcare and the welfare of society.
- Takes into account the expectations of **stakeholders**.
- Is in compliance with applicable law and consistent with international norms of **behavior**.
- Is integrated throughout the **organization** and practiced in its relationships. (ISO 26000, 2010, p. 4)

In general, SR can be described as a new model of organizational management, focused on the management of the impacts a company generates in the short and long

¹⁰ The work is intended to add value to, and not replace, existing inter-governmental agreements with relevance to SR, such as the UN Universal Declaration of Human Rights, and those adopted by the International Labour Organisation (ILO). The standard should be usable for organizations of all types and sizes, in both public and private sectors, in developed and developing countries, as well as in economies in transition.

term, on society and the environment, and which affect countless stakeholders inside and outside the company.

According to François Vallaëys (2008), in this definition the management of impacts stands out clearly as SR's basic dimension, the participation of interest groups as the means, and sustainable development (SD) and social welfare as the goal. He also emphasizes the importance of each organization complying with recognized international standards in all their activities, including the organization's indirect area of influence, such as its supply chain, for example. The latter is an extremely important aspect of SR – *it should apply to all organizations*. As established, it is clear that SR is applicable to all types of organization, which naturally includes universities and business schools.

CONCLUDING REMARKS

As we have shown through the development of this article, the concept of corporate social responsibility presents a profusion of terms, definitions, theories, and approaches that reach beyond the simple meaning of the term, and although most of them have contributed to enrich and widen the concept, and its great significance, we believe the time has come for the proponents of theories and approaches to unify their criteria and acceptance of an encompassing term to include the fundamental aspects of social responsibility, such as the social and ethical dimensions of business, the acknowledgement of stakeholders interests, the respect for human rights, the contribution to social welfare and human development, the responsibility for environmental impacts, among others. We would propose the consolidation of all these responsibilities under the very simple term of *social responsibility*.

After having reviewed the historical context of corporate social responsibility, and reflected on the different approaches that have dominated the discourse, we ask ourselves: Are there any common grounds between universities and corporate social responsibility? What are universities responsible for, socially? If we delve deeper into these and other questions, and consider the enormous challenges of our time for the world, such as globalization and its impact on different areas of science, technology and economy; business ethics; issues related to human rights and the values of democracy; climate change, renewable energies, among many other, then further questions would be consequently raised to universities: What are universities responsible for and what kind

of people and professionals must they form for the world? What about *university* social responsibility?

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CHAPTER 3

UNIVERSITY SOCIAL RESPONSIBILITY: ORIGINS, SCOPE AND POTENTIAL FUTURE

UNIVERSITY SOCIAL RESPONSIBILITY: ORIGINS, SCOPE AND POTENTIAL FUTURE

ABSTRACT

Purpose – The purpose of this paper is to offer an overview of the origins and scope of University Social Responsibility (USR), and to identify the main promoters, approaches, and initiatives that have contributed to its evolution.

Methodology – A qualitative research methodology is applied through a literature review on primary sources, such as books and publications, and electronic documents retrieved directly from their websites.

Findings – The United Nations, as well as the UNESCO, are the fundamental promoters of USR which impels universities to reflect on their mission, and to bring about the necessary changes for instilling in their students ethical, socially responsible, and sustainable principles. Many worthwhile endeavours are contributing to the transformation of universities for that objective; however, the great majority refer partially to what USR essentially is, without taking into account a holistic vision of the university.

Research limitations and future research – The sources that were examined provide a gateway to the subject, considering its relative novelty, which therefore deserves a greater level of research into its implications, and into the approaches and initiatives being developed worldwide, as well as proposals for implementing its policies and practices. A possible future of USR is envisaged, in which the pivotal role of the Principles for Responsible Management Education (PRME) is highlighted.

Practical implications – Our research implies a challenge to educate students, future leaders, well beyond the curriculum, with ethical standards and convictions of social responsibility and sustainability.

Originality/value – We have identified the necessary transformation of universities into ethical, socially responsible and sustainable institutions, which requires a comprehensive vision and a systemic approach.

Keywords: ethics, PRME, responsible education, social responsibility, sustainability, transformation, UNESCO, United Nations, university social responsibility

OVERVIEW OF THE ORIGINS OF USR

How can we educate new generations of business leaders and managers so that they naturally and effectively set up companies that are responsible with their workers, respectful of their consumers, promote the conservation of the environment, and do not have a double moral standard?

Bernardo Kliksberg, 2007

The examination of the origins and development of the concept of USR, and the assessment of its scope, are fundamental for the understanding and appreciation of the valuable potential of this ethical theory, essential today for the educational framework of universities.

A list of the consulted websites is included in Appendix 1.

The United Nations (UN) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), through their conferences, programmes, declarations and initiatives have been the true creators, with their commitment and determination, of what is known today as University Social Responsibility (USR). In convening the First World Conference on Higher Education, the objective of the UNESCO was “to lay down the fundamental principles for the in-depth reform of higher education systems throughout the world” (Paris, 1998, p. 7).

The proposed principles set the requirement for a close partnership amongst all stakeholders¹¹ for the renewal of higher education (p. 2), and universities¹² are to educate students who can think critically, analyze and look for solutions to the problems of society, applying them, and accepting their social responsibilities (p. 23).

It is established in the conference, that the starting point for re-thinking higher education is in the definition of its basic mission, which must centre on the need for it to be widened beyond the traditional functions of teaching, training, research and study, all of which remain fundamental, but asserting the importance of the additional mission of

¹¹. According to UNESCO, the stakeholders are: National and institutional policy-makers, governments and parliaments, the media, teaching and related staff, researchers, students and their families, the world of work, and community groups (1998, p. 2).

¹². For the sake of simplifying language, we use the term “universities” when referring to the wide range of higher education institutions, ranging from specialized research centers to technical institutes, to colleges and to large, complex universities.

promoting the development of the whole person, and training responsible, informed citizens, committed to working for the future of a better society (p. 4).

UNESCO later highlights the explicit recognition of social responsibility in higher education, stressing that it should contribute to educating ethically-committed citizens (Paris, 2009, p. 2). Similarly, UNESCO insists on the need to support the incorporation of sustainable development (SD) issues using an integrated and systemic approach in formal and non-formal education (Germany, 2009, p. 2).

For the 1998 World Conference to be held, many prior events, fundamental for our subject of study, took place from the 1960s onwards. The following review of the main conferences and their declarations is essential because of the significance to appraise the important petition made to universities at that time, to carry out “the most radical **change and renewal [they have] ever been required** to undertake” (UNESCO, 1998, p. 20), which provided the elements for the USR concept to emerge.

The historical precedent of USR is clearly found in environmental issues and can be traced back to 1968 and the concern of the Club of Rome to commission a team of researchers from the Massachusetts Institute of Technology (MIT) to find practical solutions to rising global problems. The report entitled *Limits to Growth* (Meadows, Meadows, Randers, and Behrens, 1972) is the first important study that shows the ecological dangers of the unprecedented economic growth that the world was experiencing, and proclaims that on a finite planet, the dynamics of exponential growth are not sustainable.

In 1972, the United Nations Conference on the Human Environment was held, to address human activities in relationship to the environment. The conference produced a set of principles in the Stockholm Declaration (1972) and led to the founding of the United Nations Environment Program (UNEP). Later on, the Tbilisi Declaration (1977) stated that environmental education should be provided to people of all ages, at all levels of education.

In 1984, the International Conference on Environment and Economics, held by the Organization for Economic Co-operation and Development (OECD), concludes that environment and economics should be mutually reinforcing. The Conference helps shape the report entitled *Our Common Future*, known as the Brundtland Report¹³

¹³. This report contains important observations, such as: “Never before in our history have we had similar capacities--knowledge, technology, ingenuity and resources. What we need is new concepts, new values and to mobilize will. We need a new global ethic”. (WCED, 1987, p. 3)

(1987), as a result of the World Commission on Environment and Development (WCED), in which the term “sustainable development”¹⁴ (SD) is used for the first time.

In 1992, the UN Conference on Environment and Development (UNCED) was held. As a result, the Agenda 21 was published, establishing that efforts on multiple fronts are needed to create a more sustainable world. Years later, in 1997, the UNESCO held the Conference on Environment and Society: Education and Public Awareness, and the resultant Thessaloniki Declaration recognized that sustainability initiatives must take place at all levels of society and must be interdisciplinary in nature. With regard to formal education, it affirmed that all subject disciplines must address issues related to the environment and SD, and that the university curriculum must be reoriented towards a holistic approach to education.

The Earth Summit (Rio de Janeiro, 1992) addressed the significant objective of stabilising greenhouse gas concentrations. An important achievement was an agreement on the Climate Change Convention, which in turn led to the Kyoto Protocol (1997) that entered into force in 2005. As of 2010, almost 200 states have signed and ratified the protocol committing themselves to a reduction of four greenhouse gases produced by gas emissions.

The Johannesburg Declaration (2002) reaffirms the commitment of the UN to sustainable development and to building a humane, equitable and caring global society, cognisant of the need for human dignity for all. It builds on earlier declarations made at the UN Conference on the Human Environment (Stockholm, 1972), and the Earth Summit in Rio de Janeiro in 1992. The World Summit on Sustainable Development (SD), sometimes referred to as Earth Summit Rio+10 (2002), adopted it, committing the nations of the world to SD including a substantial mention of multilateralism¹⁵ as the path forward. The agreement focuses particularly on the worldwide conditions that pose severe threats to the sustainable development of people. After that, the UN General Assembly adopted a resolution to implement a Decade of Education for Sustainable Development (DESD)¹⁶ that would span from 2005 to 2014, seeking to integrate the values, objectives, and practises of SD into all aspects of education and learning. In 2004, UNESCO initiated the “Ethics Education Program” in which the

¹⁴. “Paths of progress which meet the needs and aspirations of the present generation without compromising the ability of future generations to meet their needs” (WCED, 1987, p. 5).

¹⁵. Multiple countries working in concert on a given issue.

¹⁶. The founding value of DESD is respect. Respect for others and respect for the planet and what it provides us with: resources, fauna and flora.

overall objective is to reinforce and increase the capacities of member states in the area of ethics education, mindful of the long-term that the objective implies.

The Earth Charter Initiative (2000) was an important influence on the implementation plan for the DESD. It is a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century, to promote the transition to sustainable ways of living and a global society founded on a shared ethical framework that includes respect and care for the community of life, ecological integrity, universal human rights, respect for diversity, economic justice, democracy, and a culture of peace.

A few years after, a new initiative emerged from the UN: the Principles for Responsible Management Education (PRME, 2007), gaining special relevance because it is a global call for universities, business schools and management-related institutions worldwide to integrate ethics, social responsibility, and sustainability in a gradual but systemic manner. Due to its significance, this initiative will be re-examined later.

In 2009, the Bonn Declaration was published as a result of the World Conference on Education for Sustainable Development (UNESCO, Germany, 2009), where emphasis is given to “education for sustainable development” (p. 5).

That same year, the Second World Conference on Higher Education (UNESCO, Paris, 2009) was held, in which the future of education and the new challenges were analysed, and the Global University Network for Innovation (GUNI)¹⁷ stressed the need for higher education institutions to “strengthen their role of social leadership in the current times of global transformation, in order to re-invent an innovative and socially-committed response” (GUNI, 2009).

The above-mentioned findings sustain that the UN and the UNESCO have promoted since 1998, the need for the transformation of universities and impelled a renewal that goes beyond the curriculum with a stress on the four core functions of universities: education, research, social commitment, and management, maintaining a permanent dialogue with stakeholders, “especially teachers and students”, and providing “a clear and transparent accountability to the government, students and the wider society” (UNESCO, 1998, p. 27), as well as observing the principles of social

¹⁷. Created in 1999, in response to the need for networking and cooperation among universities in order to follow up on the agreements of the World Conference on Higher Education (UNESCO, Paris, 1998) and facilitate their implementation.

responsibility at universities, which should materialise in specific policies with an institutional backing.

Enhancing the Sustainability Dimension of USR with an Ethical Dimension

Today, perhaps more than ever before, Martínez, Buxarrais and Esteban (2002) states, “society needs people and professionals responsible with the professions they practise and with the implications their actions have, which involves defending an educational model focused on responsibility” (p. 32). To do so, the ideal would be to facilitate a cross-cutting approach¹⁸ to teaching applied ethics, working on the ethical issues specific to each area, and in all of them¹⁹.

According to the authors, “the pedagogical approach to ethics in the university environment is not only a question of modifying the curriculum or incorporating a new subject” (Martínez, et al., 2002, p. 21). In other words, educating in ethics, values, morals, and citizenship goes beyond the curriculum. If we want students to develop a social commitment, it is of the utmost importance that universities become living examples of this kind of actions. To this effect, Dalton (2006) adds that “there are at least *three* ways in which university experiences have an impact on students’ moral development: intentional, unintentional, and accidental” (p. 1); and Lozano (2009) affirms that, “not only is it a challenge for the curriculum, but it is also, and above all, an ideological challenge and a challenge of identity” (p. 1).

Vallaey (2006) maintains that to understand and make social responsibility work, ethics based on sustainability is needed. He calls this ethics a third-generation global ethics and justifies that in the present day, a third distinction should be added to the perspectives of Good and Justice: Sustainable/Unsustainable. Thus, the rationale for the third-generation global ethics wins its definition and its challenge: to be an ethical approach that does not ignore the contributions of the previous ones, but knows

¹⁸. With the term “cross-cutting”, we refer to the location or space that certain contents aim to occupy within the curriculum framework for each year or level. These contents are conceived as axes that cut across the curriculum longitudinally and horizontally in such a way that subjects from different areas of education are organised around them. (Oraisón, 2000, p. 1)

¹⁹. Many opinions have favoured stand-alone required ethics courses: e.g., Block and Cwik 2007, Crane 2004, Etzioni 2002, Evans and Marcal 2005, Giacalone and Thompson 2006, Ozar 2001, Swanson 2004, 2005, Swanson and Frederick 2003a, 2003b, 2005, and Windsor 2002. Some authors in favour of embedding ethics issues across the curriculum: e.g., Aspen Institute BGP 2001, 2003, 2005, 2007, 2009, Lacy and Salazar 2005, Gandz and Hayes 1988, Kolb, LeClair, et al., 2005, Piper, Gentile and Parks 1993, Russell 2006, Samuelson 2006, and Woo 2003.

how to accept them in more complex, responsible and harmonious conditions. This is why, Vallaeys adds, we should combine the triple approach: to be good, fair and sustainable, if we want to measure up to the challenges we have to take on (2006, p. 1).

From *Corporate Social Responsibility* to *University Social Responsibility*

Incorporating social responsibility to the dimensions of sustainability and ethics in USR is essential to the comprehensive concept of USR and for the understanding of its origins.

It is difficult to pinpoint exactly when the concept of social responsibility (SR) began to develop. Some date it to the beginning of the 1920s, with the creation of the concept of venture philanthropy in business, that related to acts of an individual nature attributable to the owners rather than to internal policies of a company. However, previously in 1889, Andrew Carnegie had published *The Gospel of Wealth* where he held that the life of an affluent businessman should comprise two parts, the first devoted to gathering and accumulating wealth and the second to the subsequent distribution of that wealth for noble causes. Philanthropy was the way to make life worthwhile (Carnegie, 1986).

In the 1930s, Bernays and Childs, public relations specialists, forecasted that the issue of social responsibility (SR) would become increasingly significant in the future development of corporations. Childs stressed the analysis of the relations between a corporation and its environment (cited in Palavecino, 2007, p. 18).

Years later, in 1953, in his book *Social Responsibilities of the Businessman*, Howard R. Bowen asked: What responsibility to society may businessmen reasonably be expected to assume? Most scholars agree that Bowen at that time marked the beginning of the modern era of SR (e.g., Carroll, 1979; Garriga and Melé, 2004; Maak, 2008; and Windsor, 2001).

In the 1960s, there was a shift in terminology from the SR of business to Corporate Social Responsibility (CSR). The notion that powerful organizations have to be accountable to society or else lose their legitimacy is not new. Keith Davis, in 1966, coined the phrase “the iron law of business responsibility” (cited in Williams, 2008, p. 433). A year later, Davis (1967) asserted that the substance of SR arises from concern for the ethical consequences of one’s acts as they might affect the interest of others. Reference to ethical principles and ethical values became more frequent after the issue

of business ethics started in the late 1970s, and some outstanding scholars, such as Frederick (1960, 1986), expressed their concern over business responsibility and advocated a normative ethical foundation of CSR.

The field of social responsibility (CSR) presents a landscape of theories (Klonoski, 1991; Melé, 2008), a proliferation of approaches (Garriga and Melé, 2004; Windsor, 2006), and different definitions of the concept (Carroll, 1999; Fisher, 2004). According to Matten and Moon (2008), defining CSR is not easy; firstly, because CSR is an essentially contested concept, and having relatively open rules of application. Secondly, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations. Thirdly, it has clearly been a dynamic phenomenon (p. 405).

Archie Carroll (1979, 1991) created a model of CSR, and in his four-part conceptualization of CSR, he included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well. In that same decade, Milton Friedman (1970) stated that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits” (p. 6), an approach that is known as shareholder value oriented. The shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities do not belong to the domain of organizations but are a major task of governments. This approach can also be interpreted “as business enterprises being concerned with CSR ‘only to the extent that it contributes to the aim of business, which is the creation of long-term value for the owners of the business’ (Foley, 2000)” (cited in Marrewijk, 2003, p. 96). As a consequence, a great debate took place between, on the one hand, Friedman and those who defended the business enterprise as being responsible only for making as much profit as possible, always in compliance with the law, and on the other, several leading scholars who argued that corporations have much power, and power entails responsibility; consequently, corporations have responsibilities beyond the economic and the legal (e.g., Bowie, 1991; Frederick, 1994; Grant, 1991; Litzinger and Schaefer, 1987; Lozano, 1999; and Ostas, 2001).

In 1984, R. Edward Freeman developed the stakeholder theory approach as a new conceptual framework for management, which claims that corporations are not simply managed in the interests of their shareholders alone but that instead, a whole range of groups have a legitimate interest in the corporation as well.

In 2004, the International Standards Organization (ISO) took up the challenge to work on the creation of the Social Responsibility Guidance Standard, ISO 26000²⁰; a standard aimed at providing harmonized, globally relevant guidelines to make social responsibility (SR) operative. The standard is valid for any kind of organization, bringing together industry, government, labor, consumers, non-governmental organizations, and universities. The standard defines **social responsibility** in the following manner:

Responsibility of an **organization** for the impacts of its decisions and activities (products, services and processes) on society and the environment, through transparent and **ethical behavior** that:

- Contributes to **sustainable development**, including healthcare and the welfare of society.
- Takes into account the expectations of **stakeholders**.
- Is in compliance with applicable law and consistent with international norms of **behavior**.
- Is integrated throughout the **organization** and practiced in its relationships. (ISO 26000, 2010, p. 4)

Studying the literature on USR in depth, necessarily leads us to the significant contributions made to this concept by François Vallaey, who has become an essential reference when approaching the subject of USR²¹. In the analysis that he makes of the Standard ISO 26000 and its definition of social responsibility, he highlights that “the core of the definition is focused on the accountability through impacts, placing stakeholders’ expectations as a sub-issue”. This is fundamental, Vallaey (2008a) underlines, and adds that “responding to stakeholders’ expectations is a **means** to an **end**, which is ethical management of impacts for sustainable development and social well-being” (p. 1). The key factor therefore, is undoubtedly the ethical management of

²⁰. The work is intended to add value to, and not replace, existing inter-governmental agreements with relevance to SR, such as the UN Universal Declaration of Human Rights, and those adopted by the International Labour Organisation (ILO). The standard should be usable for organizations of all types and sizes, in both public and private sectors, in developed and developing countries, as well as in economies in transition.

²¹. e.g., De la Calle 2010, Díaz 2008, Gil 2007, Jiménez 2007a, Jiménez 2007b, University Builds Country 2006, and Palavecino 2007.

impacts, so as to ensure the sustainable development of our world on a social and environmental level.

According to Vallaey (2008b), the USR construct originated in Latin America as a result of different initiatives, such as the Chilean network University Builds Country, in 2001; the Inter-American Project for Ethics, Social Capital and Development, created in 2002, at the request of the Inter-American Development Bank; and the Association of Universities Entrusted to the Society of Jesus in Latin America (AUSJAL), in 2007, among others (p. 1). The USR notion is currently attracting growing support in the English-speaking countries and Europe, and several other initiatives have emerged with different proposals, which will be addressed later in this article.

After having reviewed the concept and scope of corporate social responsibility, and considering the different approaches that have dominated the discourse, we ask ourselves: What about *university* social responsibility? What is the meaning of social responsibility at universities? Are universities supposed to be socially responsible? What are the new competencies that management educators must develop to meet the demands of social responsibility? If we delve deeper into these questions and reflect upon the issues that constitute the enormous challenges of our time, such as globalization, economic crises, human rights, social justice, business ethics and the need for a renewal of social values, climate change, among many others, still further questions are consequently raised to universities: What new professional and personal competencies are to be developed in university students and graduates? What are the values that universities advocate and seek to instil? What is their *raison d'être*?

The literature we have reviewed and explained above, addresses these questions in various ways, and leads us to the understanding and appreciation of the meaning, value, and scope of USR. Furthermore, it discloses the building blocks of USR, namely its constituent dimensions of ethics, social responsibility and sustainability.

BRIEF POINTS

ON THE EVOLUTION AND IMPLEMENTATION OF USR

Our study has led us to envisage a more powerful, effective, and responsible education with the adoption and implementation of the objectives pursued by USR, and it is

therefore important to examine the initiatives that universities have produced, and their actions that have contributed to the evolution of USR.

Declarations

Universities have produced significant declarations in regards to the objectives put forward by UNESCO; some are listed below that have enhanced the concept of USR, taking it beyond the curriculum to encompass institutional management and services.

- Halifax Declaration, 1981. Proposes educating in sustainability as an ethical obligation and enhancing the capacity of the university to teach and practise SD principles.
- Talloires Declaration, 1990. Encourages interdisciplinary environmental research and establishes programmes in all major disciplines to teach about environment, population, and SD.
- Swansea Declaration, 1993. Establishes a clearer understanding of SD.
- Kyoto Declaration, 1993. Calls for a vision of how to achieve sustainability within universities.
- University Charter for Sustainable Development, 1993. Gives SD a prominent position in curricula, institutional management, and services.
- Lünenburg Declaration, 2001. Promotes a better understanding and strategies for the incorporation of SD in universities.
- Sapporo Sustainability Declaration, 2008. Calls for a powerful relationship between universities and governments, and an expanded definition of SD for the interdependencies between the environment and human activities.

Wright (2002) examines the impact the declarations have had on universities and how some of them have been implemented, and surprisingly concludes that “many universities were found to have signed international declarations and not worked at all towards sustainability” (p. 207).

Approaches

We have identified three basic approaches for the implementation of social responsibility at universities (USR) which enhance the concept:

- 1) **Management by impacts.** In 2003, the Association of Universities Entrusted to the Society of Jesus in Latin America (AUSJAL), made up of 31 universities, defined the term University Social Responsibility in AUSJAL, as follows:

The capacity and effectiveness of the University to respond to the needs of transformation of the society, by means of the practise of its fundamental functions: teaching, research, extension and internal management. These functions should be inspired by the search to promote justice, solidarity and social equity, through the construction of successful answers to meet the challenges that promoting sustainable human development entails. (AUSJAL, 2009, p. 18)

AUSJAL established from the outset that USR should be the transverse axis of the day-to-day at their universities network. Organizing policies that guide action were established, as well as indicators that allow the results achieved in USR to be assessed. This is how AUSJAL have developed their information system made up of two tools: institutional indicators and a perception survey of the different public sectors affected by university management. The Association has developed a model after six years working on the subject, and they have managed to create the first university network in Latin America with an identity, shared leadership and common strategy for the educational and social transformation of the area (see AUSJAL, 2009).

- 2) **Management by values.** In 2001, the Project “University Builds Country” (UBC) was founded in Chile, initially made up of 13 Chilean universities. Unlike the impact management approach, UBC has put emphasis on university processes and not on the impacts generated by the university,

defining the principles and values that it aims to embody on carrying out its basic functions, and it has constructed its own interpretation of USR:

The University's capacity to diffuse and put into practise a set of principles and values by means of four key processes at universities: management, teaching, research and university extension; thus responding socially to the university community itself and the country it forms a part of. (UBC, 2006, p. 50)

The principles and values that guide the new university identity are divided into three categories:

- On a personal level: Dignity, freedom, integrity.
- On a social level: The common good and social equity, sustainable development and the environment, sociability and solidarity for coexistence, acceptance and appreciation of diversity, citizenship, democracy and participation.
- On the university level: Commitment to truth, excellence, interdependence and cross-disciplinarity. (pp. 53-57)

The subsequent objective consists of making the principles and values operational. To do so, a questionnaire with 66 indicators is drawn up that enables social responsibility inside the university to be observed and a self-diagnosis of its behaviour to be made (see UBC, 2006, pp. 60-77).

- a) **Management by objectives.** We have chosen the case of Spain as an example of this approach, because it is a country where the subject of USR has gained great importance.

The antecedents²² of University Strategy 2015 (US2015) have been a source of motivation for Spain. The US2015 is aimed at modernizing Spanish

²². The Sorbonne Declaration (1998) and the Bologna Declaration (1999) lay the foundations for building a European Higher Education Area, aimed at developing a process of convergence and reinforcement of higher education in Europe. The need for the greater involvement of universities in their environments and

universities by coordinating the corresponding regional university systems and developing a modern Spanish university system. The US2015 is organized in four areas: missions, people, strengthening of skills and setting, each of which is divided into strategic axes and these, in turn, into courses of action. Summing up, the aim of the US2015 is for social responsibility and sustainability to become the hallmarks of Spanish universities, incorporating them in all their activities, internal management, and their projection to the outside world in a cross-cutting way. The Social Council of Public Universities of Andalusia, composed of nine universities, has made significant progress in this respect, setting itself the goal of promoting a social responsibility model in universities in Andalusia. Another significant example is the Responsible Universities Network, created by the University of Zaragoza and the University of Aragón to promote a model of social responsibility at the University of Zaragoza.

Initiatives

Many initiatives have been produced in universities that deal with issues related to ethics, citizenship, civic roles and engagement, community service, social responsibility, the environment, or sustainability that offer different proposals. Projects in developed countries are mainly focused on the concepts of citizenship, civic rights and values, caring for the environment and sustainability. In Europe, the central issue is for universities to initiate a process of transparency and accountability. In contrast, projects in Latin America are focused on the problems of poverty and social

a greater accountability to society, were made clear in the last mentioned Declarations and in the Lisbon European Council (2000), also in the Gothenburg European Council (2001), and were reinforced in the Barcelona European Council (2002) and in the European Commission (2003, 2005, 2006). The declarations of the European University Association, Salamanca (2001), Graz (2003) and Glasgow (2005), stress the need to have “strong universities” with solid academic and social values reflected in their contributions to society, “for a strong Europe”; with a governance structure that contributes to rigorous internal quality control, accountability and transparency. The White Book on Environmental Education in Spain (1999) was published, aimed at promoting environmental education both in administrative actions and in the educational system. In turn, in 2009 the Conference of Rectors of Spanish Universities created the working group for Environmental Quality, Sustainable Development and Risk Prevention, which compiled the universities’ experience on their environmental management and risk prevention, with the aim of fostering cooperation among universities in issues related to sustainability.

inequalities, distinguishing features of that geographical area, with priority given to promoting learning based on social projects.

After the analysis of over 300 initiatives, as well as declarations and research, valuable approaches are found that contribute to the renewal of universities in regards to social responsibility²³, but most of them have been developed with only a partial vision of what USR should be, and have centred their criteria on some of the issues or processes that it entails, without implementing a holistic vision of their institution to integrate the dimensions of ethics, social responsibility and sustainability throughout the university.

A representative sample of different initiatives that contribute to the subject of USR with global, international, and national scopes is given in Table I.

Publications and Research

Articles in different journals that refer to USR are identified. Such is the case of Boyle (2004) who introduces the concept of Business School Citizenship, as a response to the legitimacy pressures created by competing corporate and university interests in the US management-education context. For his part, Paul-Hill (2004) presents the case of the University of South Florida St. Petersburg. In 2004, Muijen introduces the case of the Vrije Universiteit of Amsterdam, maintaining that the incorporation of CSR needs to be supplemented by a strategy aimed at stimulating a transformation process on the corporate culture level. Atkinson and Gilleland (2006) write in relation to the Scope of Social Responsibility in the University Research Environment, in which they approach the subject of the research administrator's responsibility for the impact of his or her decisions on the system. Atakan and Eker (2007) describe a Turkish Higher Education Institution's SR altruistic initiative, concluding that philanthropy is one of the main elements of Istanbul Bilgi University's corporate identity program. A final example: Vasilescu, Barna, Epure and Baicu (2010) developed a USR model in the context of globalization that considers the challenges of the Romanian higher education system.

²³. A conclusion that has been reached as a result of the analysis of literature review; of the Global 100 ranking of the Beyond Grey Pinstripes survey in their 2007-2008 and 2009-2010 editions (www.aspenbe.org), plus the first 50 PRME's Communication on Progress Reports (www.unprme.org), and the first 86 GUNI's Good Practices (www.guni-rmies.net), in addition to reports from other universities whose web pages were consulted.

Significantly, the *International Journal of Sustainability in Higher Education*, initially published in 2000, is the first scholarly publication to specifically focus on the subject of sustainability and sustainable development at universities.

Master's and Doctoral theses are also identified with subjects related to USR; their analysis has been limited to reading the abstracts, and other studies have been found on developing citizenship and promoting social awareness, social responsibility, and civic responsibility, through subjects centred on education: De la Calle Maldonado (2010); Díaz de Iparraguirre (2008); Lightstone (2008); Palavecino (2007); and Wray-Lake (2010); on community service, service-learning, and action research intervention: Fuller (2008); Gasiorski (2009); Hopkins, (2000); Price (1995); Smist (2006); and Thomas (2006); on socially responsible leadership: Humphreys (2007); Page (2010); and Rosch (2007); and on administrative policies and curricular activities: Brothers (1992). Theses found in relation to environment and sustainability on an organizational level Agans, (2008); Hardman, (2009); James, (2009); and Moore, (2004).

ENVISAGING A POTENTIAL FUTURE

Preconditions for a successful implementation of USR in universities

Our findings regarding the renewal of universities reveal the need of a process of change for their transformation into socially responsible institutions, demanding their taking a leading role in the creation of an SR culture in society through the direct example of their teaching and practises. They should develop strategies that make the presence of “ethics, social responsibility and sustainability” be discerned in all their services offered inside and outside the classroom. In addition to acting responsibly towards their stakeholders, universities are also required to incorporate SR in their four core functions which, according to Vallaeys (2008c) are:

- 1) The ethical and environmental management of the university.
- 2) The education of responsible, caring citizens.
- 3) The production and dissemination of socially-appropriate knowledge.
- 4) The social participation in a more human and sustainable development. (p. 1)

It has become clear that USR is a multidimensional concept that embraces all the functions and activities of the university and for its implementation, universities are required to carry out a profound reflection on, and a renewal of, their mission (see Palmer and Zajonc, 2010)²⁴, vision, and values in collaboration with their internal and external stakeholders.

USR has a most promising future in the educational objectives of academic institutions for the benefit of their students and society and large. However, in order to successfully implement the principles and objectives of USR, there are significant preconditions that demand conviction, commitment, team-work, planning, and a process of change. USR can be implemented by universities individually, independently from each other; however, isolated actions may likely continue producing partial, fragmented, and unconnected results, and as is currently happening, progress ends up having limited impact. Actions of this nature are insufficient, inconsistent, and can hardly attain results of excellence.

USR poses as a global need that requires global initiatives with a global scope to ensure the transformation of universities. In order to attain this goal, an effective coordination of regional, national, and global associations is required for a connection among them to exist and create a solid alliance, so that each member can contribute their strong points to achieving the common goal. Such is the case of the Ministries of Education, and the National²⁵ and International²⁶ Higher Education Organisations.

Based on a systemic approach, the participation of other organizations will be essential in order to go forward effectively; among them: the Accreditation Boards²⁷ whose updating of standards and criteria need an approach towards USR; the college and university rankings²⁸, where their assessment criteria, from salary to ethical, social, and environmental value, need to be updated towards a USR approach. And, it goes

²⁴. The authors are two of the major voices in the growing movement to re-engage institutions in fulfilling higher education's original mission to educate the whole person by integrating cognitive, emotional, and spiritual learning into the student experience.

²⁵. e.g., Association of Universities and Colleges of Canada (AUCC), Association of Indian Universities, Association of Private Universities of Japan, National Association of Universities and Institutions of Higher Education (ANUIES) in Mexico, Conference of Rectors of Spanish Universities (CRUE), and the Association of American Colleges and Universities (AAC&U).

²⁶. e.g., Association of African Universities (AAU), Association of Commonwealth Universities (ACU), European University Association (EUA), International Association of Universities (IAU), and the Network of Macro Universities of Latin America and the Caribbean.

²⁷. e.g., Accreditation Board for Engineering and Technology (ABET), Association to Advance Collegiate Schools of Business (AACSB) International, European Quality Improvement System (EQUIS), and the Southern Association of Colleges and Schools (SACS) Commission on Colleges.

²⁸. e.g., Academic Ranking of World Universities, elaborated by the University Jiao Tong in Shanghai, China; QS World University Rankings; and US News College Rankings.

without saying, the participation and commitment of university presidents, rectors, and deans are vital.

The Pivotal Role of the Principles for Responsible Management Education

The UN Principles for Responsible Management Education (PRME), launched in 2007, is a promising global initiative that was inspired by internationally accepted values such as the principles of the UN Global Compact. PRME seeks to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century (PRME, 2008 March, p. 6). Academic signatories commit themselves voluntarily to developing the capabilities of students to be future generators of sustainable value for business and society; to incorporating values of global social responsibility in their curricula; and to aligning their missions, strategies, and core competencies with UN values regarding human rights, labour, environment, and anti-corruption, as embodied in the six Principles. It is evident that signing on to PRME implies a responsibility.

PRME was co-convened by prestigious organisations such as, the Association to Advance Collegiate Schools of Business (AACSB); Aspen Institute Business and Society Program; European Foundation for Management Development (EFMD); Globally Responsible Leadership Initiative (GRLI); Net Impact; and UN Global Compact. Almost 400 important signatories, among which are universities, business schools, and different organisations have joined over time, and are committed to supporting the initiative²⁹.

The objectives of PRME and USR are perfectly compatible with each other, and therefore it would be determinant for the implementation of USR if the universities that contributed with valuable declarations on USR at Talloires, Halifax, Kyoto, Swansea, etc., were to commit to the PRME Initiative. The adherence of those universities to

²⁹. Such is the case of the Association of African Business Schools (AABS), Association of Asia-Pacific Business Schools (AAPBS), Association of MBAs (AMBA), Central and Eastern European Management Development Association (CEEMAN), Latin American Council of Management Schools (CLADEA), which have been integrated into the group of co-conveners (www.unprme.org). Other signatories include: Community of European Management Schools (CEMS), Dutch Network for Sustainable Higher Education (DHO), European Business Ethics Network (EBEN) UK, Helsinki España Human Dimension (NGO), International Association of Jesuit Business Schools, Oikos Foundation, Oikos International (NGO) (PRME Participants, last accessed on July 2011).

PRME would be of immense consequence to the decisive development and successful implementation of USR.

It would also be greatly advantageous that the Ministries of Education, globally, and the National and International Higher Education Organisations, fully supported the PRME initiative, endorsing it and promoting the implementation of its Principles. Their backing would constitute a categorical impulse for uniting efforts towards the common goal of achieving the renewal of higher education institutions.

CONCLUSIONS AND FUTURE RESEARCH

Two final conclusions are reached from this review: (1) the confirmation of the significance and potential benefits of implementing the objectives of University Social Responsibility in the educational framework of academic institutions, on behalf of their students and society at large, and (2) the complexity of implementing the principles and objectives of USR, due to the indispensable preconditions for its successful implementation and lasting benefits, which demand quite a few fundamental elements; among them: the decisive involvement of top management, conviction, commitment, sense of urgency, enthusiasm, planning, team-work, a process of change, training, mindsets, control, evaluation, communication, persistence, and continuous improvement. When preconditions are enumerated and put forward, many enthusiasts desist before embarking on the project.

The support of alliances, associations, organisations, and networks are of decisive value in the implementation process and in the persistence of the project.

It must be highlighted that in all of our research we have found no article that addresses the origins and development of USR, or identifies the UN and UNESCO as the creators of USR, or refers to USR as a concept that comprises the objectives of ethics, social responsibility and sustainability as fundamental components in the renewal of university education, or refers to the necessary transformation of the university towards an ethical, socially responsible and sustainable institution, through a comprehensive vision.

Considering the relative novelty of the subject, it deserves further research into its development and implementation. The subject of University Social Responsibility opens up a wide field of theoretical study and empirical evidence.

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APPENDIX 1

Agenda 21	http://www.eoearth.org/article/United_Nations_Conference_on_Environment_and_Development_(UNCED),_Rio_de_Janeiro,_Brazil
Barcelona European Council	http://www.consilium.europa.eu/uedocs/cms_data/docs/pressData/es/ec/70829.pdf
Bologna Declaration	http://www.eees.es/es/documentacion
Bonn Declaration	http://www.esd-world-conference-2009.org/fileadmin/download/ESD2009_BonnDeclaration080409.pdf
Brundtland Report	http://worldinbalance.net/intagrements/1987-brundtland.php
Conference of Rectors of Spanish Universities	http://www.crue.org/Sostenibilidad/
Decade of Education for Sustainable Development	http://www.unesco.org/en/esd/
Earth Charter Initiative	http://www.earthcharterinaction.org/content/
Earth Summit Rio+10	http://www.earthsummit2002.org/
Glasgow Declaration	http://www.eua.be/eua/jsp/en/upload/Glasgow_Declaration.1114612714258.pdf
Gothenburg European Council	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0264:FIN:EN:PDF
Graz Declaration	http://www.eua.be/eua/jsp/en/upload/COM_PUB_Graz_publication_final.1069326105539.pdf
Halifax Declaration	http://www.iisd.org/educate/declarat/halifax.htm
Johannesburg Declaration	http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POI_PD.htm
Kyoto Declaration	http://www.iau-aiu.net/sd/sd_dkyoto.html
Kyoto Protocol	http://unfccc.int/kyoto_protocol/items/2830.php
Lisbon European Council	http://www.europarl.europa.eu/summits/lis1_en.htm
Lünenburg Declaration	http://portal.unesco.org/education/en/files/37585/11038209883LuneburgDeclaration.pdf/LuneburgDeclaration.pdf
Principles for Responsible Management Education	http://www.unprme.org/
Responsible Universities Network, University of Zaragoza	http://www.unizar.es/universidadesresponsables/unires.htm
Salamanca Declaration	http://www.eua.be/eua/jsp/en/upload/SALAMANCA_final.1069342668187.pdf
Sapporo Sustainability Declaration	http://g8u-summit.jp/english/index.html
Social Responsibility Report of the Andalusian University System, Social Council of the Andalusian Public Universities	http://www.consejosandalucia.org/documentos/libro_completo.pdf
Sorbonne Declaration	http://www.eees.es/es/documentacion
Stockholm Declaration	http://www.unep.org/Documents.Multilingual/Default.asp?documentid=97&articleid=1503
Swansea Declaration	http://www.iisd.org/educate/declarat/swansea.htm
Talloires Declaration	http://www.ulsf.org/programs_talloires_report.html
Tbilisi Declaration	http://unesdoc.unesco.org/images/0003/000327/032763eo.pdf
Thessaloniki Declaration	http://portal.unesco.org/education/es/file_download.php/d400258bf583e49cd49ab70d6e7992f6Thessaloniki+declaration.doc
University Charter for Sustainable Development	http://www.unece.org/env/esd/information/COPERNICUS%20Guidelines.pdf
University Strategy 2015	http://www.educacion.es/eu2015/la-eu2015/que-es.html
White Book on Environmental Education in Spain	http://www.oei.es/salactsi/blanco.pdf

Table I. USR's guidance, reporting, ranking, initiatives, research, university and student networks

Guidance on Social Responsibility and Reporting			
Acronym	Name / Website	Scope	Characteristics
ISO 26000	Guidance on social responsibility www.iso.org/iso/social_responsibility	Global	Is a voluntary guidance standard that is not to be used for certification.
GRI	Global Reporting Initiative www.globalreporting.org/Home	Global	It sets a framework for the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
STARS	Sustainability Tracking, Assessment & Rating System https://stars.aashe.org/	Regional US and Canada	Sets a transparent self-reporting framework for universities to gauge relative progress toward sustainability.
Ranking			
Acronym	Name / Website	Scope	Characteristics
BGP	Beyond Grey Pinstripes www.beyondgreypinstripes.org/index.cfm	Global	A global survey that identifies schools that are doing the best job of preparing future business leaders for the environmental, social and ethical complexities of modern-day business.
United Nations Initiatives			
Acronym	Name / Website	Scope	Characteristics
UNGC	United Nations Global Compact www.unglobalcompact.org/	Global	A strategic policy initiative for organisations that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.
UN PRME	United Nations Principles for Responsible Management Education www.unprme.org/	Global	Calls universities and business schools globally, to develop students' capabilities to become future generators of sustainable value for business and society; to incorporate values of global social responsibility in their curricula; to align their missions, strategies, and core competencies with United Nations' values; to report annually to stakeholders on the progress they have attained, and to exchange effective practices.
GRLI	Globally Responsible Leadership Initiative www.grii.org/	Global	United Nations and the European Foundation for Management Development (EFMD) are the founding partners. GRLI's mission is to develop a next generation of responsible leaders through collective and individual actions.
GUNI	Global University Network for Innovation www.guni-rmies.net/	Global	GUNI was set up by UNESCO, the United Nations University (UNU) and the Technical University of Catalonia (UPC) after UNESCO's World Conference on Higher Education of 1998, to give continuity to and facilitate the implementation of its main decisions.
Research			
Acronym	Name / Website	Scope	Characteristics
EABIS	European Academy of Business in Society www.eabis.org/	Global	A unique alliance of companies, business schools and other academic institutions which, with the support of the European Commission, is committed to integrating business-in-society issues into the heart of business theory and practice in Europe.
SEKN	Social Enterprise Knowledge Network www.sekn.org/	Regional Iberoamerica	An association of leading business schools in Iberoamerica, Harvard Business School and the support of Avina Foundation, with the objective of promoting quality education and reasearch on social entrepreneurship and CSR.

Universities Networks			
Acronym	Name / Website	Scope	Characteristics
ACU	Association of Commonwealth Universities www.acu.ac.uk/	Global	The oldest and one of the largest inter-university networks in the world. The ACU's key strengths are its capacity to provide a wide range of services for its members, e.g. assessing institutional management and strategic issues on major international issues such as climate change and sustainable development.
AASHE	Association for the Advancement of Sustainability in Higher Education www.aashe.org/	Global	Their mission is to empower higher education to lead the sustainability transformation.
GHEPS	Global Higher Education Partnership for Sustainability webapps01.un.org/dsd/partnerships/public/partnerships/71.html	Global	To promote better understanding and more effective implementation of strategies for the incorporation of SD in universities.
USR	University Social Responsibility www.usralliance.org/	Global	An organization who wants to strengthen awareness of SR at the university level and who wants to make universities better places and to ensure that students graduate with the ideas of sustainable SR in mind.
RCE - ESD	Regional Centres of Expertise on Education for Sustainable Development www.ias.unu.edu/sub_page.aspx?catID=108&ddIID=183	Global	Network of existing formal, non-formal and informal education and learning-related institutions that are mobilised to promote ESD at regional and local levels. RCEs aspire to achieve the goals of the United Nations Decade of ESD by translating its global objectives into the context of regional-local areas in which they operate.
Earth Charter	The Earth Charter Initiative www.earthcharterinaction.org/content/	Global	Is a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century. Seeks to collaborate with the efforts of the UN-DESD.
Talioires	Talioires Network www.tufts.edu/talioiresnetwork/	Global	Is an international association of institutions committed to strengthening the civic roles and social responsibilities of higher education.
ULSF	University Leaders for a Sustainable Future www.ulsf.org/	Global	To support sustainability as a critical focus of teaching, research, operations and outreach at colleges and universities worldwide.
IAU	International Association of Universities www.iau-aiu.net/sd/index.html	International	IAU has developed projects, taken part in international or regional initiatives in order to promote and facilitate universities' responsibility with regard to sustainability.
ISCN	International Sustainable Campus Network www.international-sustainable-campus-network.org/index.php?id=93	International	The ISCN and its members commit to continuous improvement through learning and innovation on all aspects of sustainability on campus.
COPERNICUS	Cooperation Programme in Europe for Research on Nature and Industry through Cooperated University Studies http://portal.unesco.org/education/en/ev.php-URL_ID=34756&URL_DO=DO_TOPIC&URL_SECTION=201.html	Regional Europe	To stimulate the discussion on ways and means by which Universities can contribute to SD, in particular to the implementation of chapter 36 of Agenda 21. The target is to involve committed European universities into this European network to share the knowledge and expertise in the field of SD.
AUSJAL	Association of Universities Entrusted to the Society of Jesus in Latin America www.ausjal.org/sitios/rsu/	Regional Latin America	With an integral vision of USR, the Association has developed its own model and created the first University network in Latin America with an unique identity, a shared leadership, and a common strategy for the social and educational transformation of the region.

Universities Networks			
Acronym	Name / Website	Scope	Characteristics
RUN	Responsible Universities Network www.universidades-responsables.org/rsu/	Regional Iberoamerica	It is an interactive space that combines various collaborative tools, as well as proposals in the sense of working together from different Iberoamerican Universities the development and implementation of methodologies that promote socially responsible universities.
REDUNIRSE	Iberoamerican Network of Universities for Corporate Social Responsibility www.redunirse.org/	Regional Iberoamerica	A network between universities which aims to foster social capital in Latin America, contributing to the generation of a socially responsible community, promoting ethical human development, among others.
UNIVERSIA	UNIVERSIA http://universidades.universia.es/especial.jsp?idEspecial=240&title=RESPONSABILIDAD-SOCIAL-UNIVERSITARIA-FUERZA-TERCERA-MISION	Regional Iberoamerica	Iberoamerican network of universities working to provide a forum for the exchange of knowledge and cooperation through training, research, and collaboration with companies, thus contributing to the SD of society.
AUA	Alternative University Appraisal www.sustain.hokudai.ac.jp/aua/	Regional Asia-Pacific	To create a learning community among universities in Asia-Pacific region that are engaging in ESD.
EAUC	Environmental Association for Universities and Colleges www.eauc.org.uk/utc	National UK	Its Index on Environmental and Social Responsibility (ESR) focuses on integration, how strategy is embedded into behavior and practice, and how each of the four pillars of ESR are managed –Environment, Community, Workplace and Marketplace (students and suppliers).
CC	Campus Compact www.compact.org/	National US	Is a national coalition of more than 1,100 colleges and universities, dedicated to promoting community service, civic engagement, and service-learning in higher education.
UBC	University Builds Country www.construyepais.cl	National Chile	University Network was created to expand the concept and practice of the USR in the Chilean university system.
Andalusian Universities	Social Council of the Andalusian Public Universities www.consejosandalucia.org/documentos/1ibro_completo.pdf	Regional Andalucia	To promote a model of USR and to improve the quality of Andalusian public universities through its implementation and development. One of its main projects is the creation of the Social Responsibility Report of the Andalusian University System, published in 2009.
Student Networks			
Acronym	Name / Website	Scope	Characteristics
AIESEC	Association Internationale des Etudiants en Sciences Economiques et Commerciales www.aiesec.org	Global	Is the world's largest student-run organisation. Focused on providing a platform for youth leadership development, AIESEC offers young people the opportunity to be global citizens, to change the world, and to get experience and skills that matter today.
Net Impact	Net Impact www.netimpact.org/	Global	Its members make up one of the most influential networks currently seen as emerging leaders in CSR, environmental sustainability, social entrepreneurship, non-profit management and international development.
OIKOS	International Student Organisation for Sustainable Economics and Management www.oikos-international.org/	International	Is the international student organisation for sustainable economics and management and a leading reference point for the promotion of sustainability change agents.

GLOSSARY

AACSB	Association to Advance Collegiate Schools of Business
AUSJAL	Association of Universities Entrusted to the Society of Jesus in Latin America
CoP	Communication on Progress
COPERNICUS	CO-operation Program in Europe for Research on Nature and Industry through Coordinated University Studies
CSR	Corporate social responsibility
DESD	Decade of Education for Sustainable Development
EFMD	European Foundation for Management Development
GHESP	Global Higher Education Partnership for Sustainability
GRI	Global Reporting Initiative
GRLI	Globally Responsible Leadership Initiative
GUNI	Global University Network for Innovation
IADB	Inter-American Development Bank
IAU	International Association of Universities
ISO	International Organization for Standardization
MDGs	Millennium Development Goals
OECD	Organization for Economic Co-operation and Development
PRME	Principles for Responsible Management Education
SD	Sustainable Development
SR	Social Responsibility
ULSF	University Leaders for a Sustainable Future
UN	United Nations
UNCED	United Nations Conference on Environmental and Development
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGC	United Nations Global Compact
USR	University Social Responsibility
WEF	World Economic Forum
WCED	World Commission on Environment and Development

CHAPTER 4

SOCIALLY RESPONSIBLE BUSINESS SCHOOLS: COLLECTIVE STAKEHOLDER'S VOICES DEMAND URGENT ACTIONS

**SOCIALLY RESPONSIBLE BUSINESS SCHOOLS:
COLLECTIVE STAKEHOLDERS' VOICES
DEMAND URGENT ACTIONS**

Janette Martell

ESADE Business School

ABSTRACT

For as long as forty-nine years, demands from stakeholders and society at large have been addressed to business schools for accomplishing a responsible management education. The purpose of this paper is to understand the nature of these demands and their recommendations for business ethics and social responsibility education. Accordingly, the following questions will be addressed: (1) Is the feedback from stakeholders' demands, regarding education in business ethics and social responsibility, providing deans with sufficient evidence to develop criteria for change? (2) Are AACSB's accreditation requirements congruent with the current trends, challenges and vocalized need for the improvement of business ethics and social responsibility education in business schools? A great amount of declarations, demands, publications, and surveys, serve as evidence that the majority of business school stakeholders have been insisting on the integration of business ethics and social responsibility education in the curricula. The nature and abundance of the feedback that has been gathered from stakeholders, undoubtedly provides deans with sufficient evidence for the need to effect the necessary changes for the transformation of the curricula, and although some adjustments are in process, much still needs to be accomplished by business schools, where debate is primarily centering on the form of implementing changes in the curricula. Furthermore, the support of faculty, their moral leadership and commitment, are essential for embedding the principles and objectives of business ethics and social responsibility in curricula and research. On the other hand, our findings indicate that AACSB's standards are not responding adequately to the current trends and demands for business ethics and social responsibility education in business schools, and it is therefore necessary that their accreditation policies be modified for the benefit of students and society, because of the decisive impacts that this influential accreditor is in the position to exert on business schools programs.

Keywords: AACSB, accreditation standards, business ethics, business schools, change, curricula, deans, research, social responsibility, stakeholders

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Janette Martell

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Socially Responsible Business Schools: Collective Stakeholder Voices Demand Urgent Actions

Janette Martell, ESADE Business School, SPAIN

Abstract: During forty-nine years, urgent calls to action have been addressed to business schools for accomplishing a socially responsible management education. The purpose of this paper is to understand the nature of these demands and what they recommend for business ethics and social responsibility education. Therefore, the following questions will be addressed: (1) Is the feedback from stakeholders, regarding education in business ethics and social responsibility, persuading deans to develop criteria for change? (2) Are the accreditation requirements of AACSB an adequate response to the current trends, challenges and vocalized need for improved business ethics and social responsibility education in business schools? Findings indicate that the great amount of declarations, demands, publications, and surveys, evidence that the majority of stakeholders are insisting on the integration of business ethics and social responsibility education in the curricula. Debate resides only on the form of implementation, but the amount of feedback that has been generated does undoubtedly enable Deans to decide positively on the changes that are necessary for the transformation of the curricula. The voices of faculty, their moral leadership and commitment are essential to transform curricula, include a course in conceptual foundations of business ethics, and embed business ethics and social responsibility in the curricula and research. Additional findings indicate that the AACSB's standards are not responding adequately to the current trends, challenges and demands of business ethics and social responsibility in business schools, and it is fundamental that their accreditation policies be modified because it is the most capable institution for influencing business schools. The implications of these findings are discussed.

Keywords: Business Schools, Social Responsibility, Business Ethics, Stakeholders, Leadership, Change, Accreditation Standards

THE CHALLENGE TO develop ethical and socially responsible persons through education, may be achieved only if substantial efforts and solutions are implemented through integral teaching, starting at the early stages of primary school, when convictions of civic responsibility, ethical behavior, social responsibility, and sustainability should be instilled, and continuing through high school, college, undergraduate and master studies, as well as continuing education, and PhD pursuits. While education at all these levels is of utmost importance, this article focuses on the need to transform the curricula at the MBA level.

In order to form *ethical and socially responsible business leaders* it is essential, as I intend to demonstrate, that the Association to Advance Collegiate Schools of Business International (AACSB) and the European Foundation for Management Development (EFMD) modernize their standards, and demand as prerequisites for accreditation and reaccreditation, the inclusion of a course in conceptual foundations of business ethics as well as the embedment of business ethics and social responsibility topics in curricula and research.

Such prerequisites would encourage deans of business schools to implement a planned process of change which would entail, among other strategies, instilling in students a conviction that business ethics

and social responsibility do matter, while transforming curricula within a global perspective to focus on multidisciplinary and integrative problem solving, experiential learning, and soft-skill development. The analysis of ethical and social responsibility dilemmas in decision-making must be exercised and strengthened, and the ability to reason ethically, developed.

It is crucial that business schools top officers, led by the presidents of universities and deans of business schools create the culture of listening to their stakeholder voices, and “maintain an awareness of and act on the current and future needs of their students and other stakeholders” (Hammond, Webster, and Harmon, 2006). As Slater and Narver (1998) remark, “Market-oriented organizations seek to understand not only customers’ expressed needs, but also their latent needs” (cited in Julian and Ofori-Dankwa, 2006).

The number of demands, declarations, publications and survey results, part of which are referenced in this paper, evidence that business schools’ stakeholders are insisting on the inclusion of business ethics and social responsibility in the curricula, and have undoubtedly provided university officials with powerful reasons to respond to these requests for socially responsible education and to identify criteria for change and action.



Debate hinges on the form of implementation, but the public feedback that has been generated does undoubtedly point deans to the need to decide positively on the inclusion of business ethics and social responsibility in curricula and research.

Ethics and social responsibility are obviously transcendental educational concerns, and therefore I question why they remain voluntary and flexible in terms of inclusion in business schools curricula and research instead of becoming, without difficulty, required coursework for AACSB's accreditation and reaccreditation standards.

To the point, the various corporate scandals and crises in top management buttress stakeholder calls for urgent action from business schools in terms of delivering socially responsible education. The purpose of this paper is to understand the nature of these demands and what they recommend for business ethics and social responsibility education. Therefore, the following questions will be addressed:

1. Is the feedback from stakeholders, regarding education in business ethics and social responsibility, persuading deans to develop criteria for change?
2. Are the accreditation requirements of AACSB an adequate response to the current trends, challenges and vocalized need for improved business ethics and social responsibility education in business schools?

For the purpose of this article, "stakeholders of business schools" are those key groups that are affected by the education of the world's future business leaders. According to the Baldrige Education Criteria for Performance Excellence, the term includes: faculty, administrators, collaborators, parents, alumni, employers, governing boards, other schools, regulatory bodies, funding entities, taxpayers, policy makers, suppliers, partners, local and professional communities, and local community. For reasons of emphasis and clarity, Baldrige refers to students and stakeholders separately.

Future leaders must necessarily understand the impacts of their decisions on society and the natural environment. Given the stakes, their education should include a study of business ethics, corporate social responsibility, sustainability, fair trade, community relations, and triple bottom line accounting.

The corporate social responsibility (CSR) field presents a landscape of theories, a proliferation of approaches (Garriga and Melé, 2004), and different definitions of the term (Fisher, 2004). For the purpose of this paper, CSR is the voluntary commitment of businesses to take responsibility for a positive impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, and a sustainable economic develop-

ment, integrating social, ethical, and environmental concerns together with the interests of profit, and legal obligation. Other areas, according to Matten and Moon (2004), are corporate citizenship, corporate governance, environmental and ecological management.

All these imperatives challenge universities and business schools in terms of provision of graduates with CSR skills [and passion], specialized CSR education and research to advance knowledge in CSR (op. cit., 2004) [information added].

In the past, the main drivers of CSR have been individual faculty members, but in the future there will be a need for *more institutionalized champions*, particularly from the business sector, and the program accreditation and ranking agencies (op. cit., 2004).

Historical Background

The first crisis in business education occurred in the late 1950s, when criticism of management education was intense. As a consequence, the Ford Foundation and the Carnegie Corporation sponsored comprehensive reviews of the entire field. Results of the reviews confirmed that the academic quality of this rapidly growing field was uneven and generally too low, and diverse ways to raise standards were recommended.

In the Ford Foundation review, entitled "Higher Education for Business", Gordon and Howell (1959) affirm that "business schools have an obligation to do whatever they can to develop a sense of social responsibility and a high standard of business ethics in their graduates. Accordingly, business education must be concerned not only with competence but also with responsibility, not only with skills but also with the attitudes of businessmen".

In the Carnegie study, entitled "Education of American Businessmen", Pierson, et al., (1959) declare that a business education should also develop in a student an inquiring, analytical and searching mind, and a code of ethics including honesty, integrity and an uncompromising respect for the rights of others.

The concerns for ethics and social responsibility were already a priority at the time, as both studies so confirm. Yet, forty-nine years later, *urgent calls to action* are still being addressed to business schools for delivering socially responsible management education. In other words, the subject of this paper has been under discussion for the past 49 years, culminating in a half of a century of concern from stakeholders who, with different forms of expression and intensity, have called for ethics and social responsibility in business education (Ashen, 1969; Livingston, 1971; Mintzberg, 1975; Levitt, 1978; Hayes and Abernathy, 1980).

The crisis took on more urgency in 1983, when Business Forum devoted its entire fall issue to “The Crisis in Business Education”, and in 1984 when the Harvard Business Review followed with a lead article entitled “Are Business Schools Doing Their Job?”

AACSB Examines the Crisis

In the late 1980s, AACSB examined the root of the problem, in order to define actions that would ensure a far-reaching change in education, and sponsored a major project to deal with the inadequacies of the model of professional education to serve the future manager (Cheit, 1985). The project was entitled “The Future of Management Education and Development”, lead by McKibbin and Porter. In 1988, AACSB published results evidencing that business school education was too academic, too narrow, and too irrelevant.

In a seemingly contradictory move in 1991, AACSB adopted more flexible accreditation standards, resulting with a substantial alteration in the requirement that teaching faculty be *academically qualified*. According to Casile and Davis-Blake (2002), the change was due to the fact that more than half of the 1991 AACSB membership was made up of institutions that did not qualify for accreditation under the pre-1991 standards and these groups subsequently engaged in collective efforts to pressure the AACSB to make accreditation more accessible.

The more flexible approach to the teaching of business ethics that resulted, met with the disapproval of many business and ethics faculty members across the United States (Miller, 2003).

AACSB’s accreditation standards of the early 1970s, whatever the defects of rigidity they had, at least plainly pointed business schools in the direction of some kind of required ethics courses in business and society. The subsequent change in accreditation standards devalued coursework in this area and led over the years to a slow deterioration in the role of business and society in MBA curricula in favor of functional fields, strategic management, and field experience courses (Windsor, 2002).

In similar vein, in their “Campaign AACSB”, Swanson and Frederick (2003) commented on shocking corporate corruption and quoted President Bush as saying: “...*Our schools of business must be principled teachers of right and wrong, and not surrender to moral confusion and relativism.*” It was at that time that they issued *A Call for Business School Responsibility* to business school faculty members in the U.S. and abroad, urging business school ethicists to take concerted actions and express their concerns. The response was overwhelming.

Shortly after Swanson and Frederick issued *The Call*, Professor Duane Windsor of Rice University wrote an *Open Letter on Business School Responsib-*

ility to top accrediting officials in AACSB, proposing that the accrediting organization mandate a stand-alone course in business ethics as a condition of accreditation. Subsequently, hundreds of management professors, ethics experts, business practitioners, and other interested citizens responded to the call by flooding AACSB offices with e-mail endorsements of Professor Windsor’s *Open Letter* (Swanson and Frederick, 2002; 2004).

In the end, AACSB officials shut the campaign voices out of their annual conference and voted for accrediting standards that did not include the requirement of a stand-alone ethics course (Swanson, 2004). This left business education with the *status quo* that only one third of accredited business schools required an ethics course (Derocher, 2004; Willen, 2004), a percentage that has remained virtually unchanged since 1988 (Stewart, 2004) (cited in Swanson and Frederick, 2004). As Kelly (2003) claims, a slow, drip-by-drip erosion of business ethics teaching has been going on in MBA programs throughout the 1990s, and it seems to be getting worse.

This situation can perhaps be explained by the fact that the majority of the Board of Directors and Members of the Executive Committee of AACSB are deans of business schools who, according to Pfeffer and Fong (2002), act to maintain the *status quo*. Giacalone and Thompson (2006) refer to AACSB’s focus as “myopic”. Frederick (2008) refers to them as “the Dean’s Club”, and Navarro (2008) remarks that it has become more of “a group of foxes guarding the MBA henhouses than a beacon of leadership and force, for catalytic change.” Swanson and Frederick (2004) declare that by not requiring an ethics course, “these deans can maintain curricular space for other courses and not upset the vested interests of faculty members who teach them.”

Theoretical Influences

In his “Open Letter to the Deans and the Faculties of American Business Schools”, Mitroff (2004) stated, “For the most part the theories of business that we have developed and therefore teach, are based upon the narrowest and the basest of human motives. For instance, two of the most prominent theories of business: Transaction Cost Analysis and Agency Theory, assume at their core that humans are completely and entirely ruthless, purely selfish, and motivated solely by greed.”

The above statement leads us to recall the significant influence on economics and management philosophy that Nobel Prize Milton Friedman (1912-2006) exerted, and his transcendental effect in business and education through his definition of social responsibility: “*There is one and only one social responsibility of business: to use its resources to engage in activit-*

ies designed to increase its profits so long as it engages in open and free competition without deception or fraud” (1970).

Brought into a current context, and according to the modern concept of CSR, Friedman’s definition downplays the interests of society and the responsibility for the impact of corporations’ activities on customers, employees and shareholders, communities and the environment, in their operations.

By adopting Friedman’s liberalism, with its marginalization of social concerns and business ethics, and its assumption of self-interest as the basis for human behavior, management easily becomes a deterministic command and control model for squeezing efficiencies from reluctant workers while sharpening management’s incentives to align them more closely with shareholders’ interests (Caulkin, *The Observer*, December 3, 2006).

Because of the influence of this kind of thinking, one of the main criticisms of business school education is that the socially irresponsible and ethically dubious concepts dominate the curriculum and discourage awareness of CSR and ethical behavior among managers and corporations. The allegation is that teaching an exclusive emphasis on an Anglo-American style of thinking that emphasizes shareholder-value in the governance of organizations in capitalistic economies, particularly in the core of MBA programs, is anti-ethical to CSR (Matten and Moon, 2004).

The stakes are raised because the end of last century and the beginning of the current one were marked by events that generated society’s anxiety over ethical and social responsibility issues, such as terrorism, millionaire financial frauds, environmental crises, food pandemics, labor exploitation, corporate abuse and lack of citizenship practices. These developments, among others, have awakened the need for global ethical business practices among key stakeholders of business schools.

As a reaction to the above-mentioned concerns, Pfeffer and Fong (2004) affirm, “People have begun to ask what role business schools played, or didn’t

play, in creating or encouraging this behavior”, and in this regard a great amount of faculty members raised their voices to emphasize the “deficiencies in business management education” (Ackoff, 2002; Bennis and O’Toole, 2005; Doria, *et al.*, 2003; Goshal, 2005; Mintzberg and Gosling, 2002; Mitroff, 2004; Pfeffer and Fong, 2002).

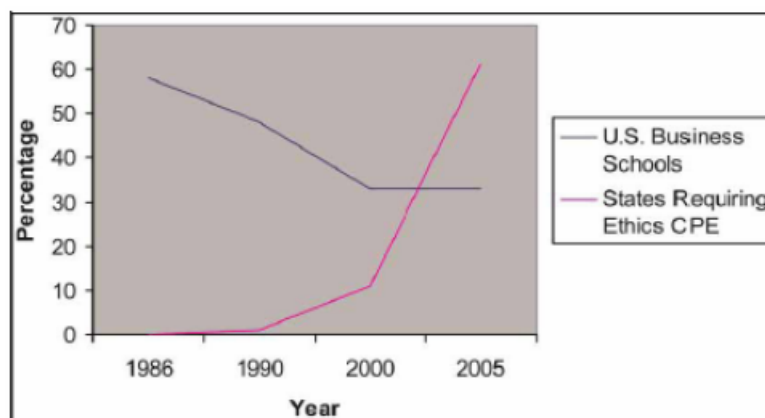
Confronting the situation, the past president of Texas A & M, Robert Gates, claimed that the university’s responsibility in a post-Enron culture is obvious, and he observed that, “*All of these liars and cheats and thieves are graduates of our universities. The university community cannot avert its eyes and proclaim that is not our problem, that there is nothing we can do, or that these behaviors are an aberration from the norm*” (cited in Swanson, 2004).

As an example of Gates’ statement we may cite the cases of Jeff Skilling, who was convicted of masterminding a massive accounting fraud at Enron, and Kirk Shelton, the former vice chairman of Cendant, who was found guilty of fabricating earnings at the company, both former titans of the new economy who had in common, besides being snared by U.S. federal investigations into securities fraud, MBA degrees from Harvard Business School (Greg Farrell, *USA Today*, September 27, 2006).

Reaction of the Accounting Profession

Largely in response to the 2002 business scandals, the majority of states (in the U.S.) now require ethics continuing Professional Education (CPE) for accounting professionals, although the time devoted to ethics remains modest. Currently, 63% of the state boards enforce an ethics requirement as a condition of license renewal (Fisher, Swanson, and Schmidt, 2007).

Notwithstanding CPE requirements in ethics, and ethics courses that are obligatory at some U.S. business schools, the trends of these programs are moving in opposite directions. That is, the number of required ethics CPE curve is increasing while the required ethics coursework in business schools is decreasing, as the following graph illustrates.



Comparative Analysis of Ethics in CPE Programs and Business Schools: General Trend Lines. Graph Extracted from the Article "Accounting Education Lags CPE Ethics Requirements: Implications for the Profession and a Call to Action", written by Fisher, D. G., Swanson, D. L. and Schmidt, J. J. (2007)

The CPE requirement for accountants suggests that stand-alone ethics courses should also be required in the business schools where future accountants are being taught. Otherwise, the CPE coursework does not build upon university-delivered education, as intended (Fisher, Swanson and Schmidt, 2007).

Research Approach and Methodology

The historical context given so far points the need to understand the lack of advances in business ethics education. In this section I address this issue by examining the stakeholders' voices that have expressed *urgent calls for action* on the part of business schools and demanding, in different ways, that participation and commitment to business ethics and social responsibility be increased.

In order to analyze the stakeholders' voices, boundaries were placed on the research population, taking into consideration that opinions from MBA students, recruiters, corporations, and faculty represent the key stakeholders of business education.

To reflect **students' voices** I analyzed the Net Impact MBA surveys 2006 and 2007, their undergraduate survey 2007, and the Aspen Institute 2003 and 2008 MBA surveys on business and society, entitled "Where Will They Lead?"

Voices from **recruiters** and **corporations** were analyzed in *The Wall Street Journal* MBA full-time annual rankings.

For the analysis of **faculty's voices**, I reviewed a significant number of articles that express concerns, claims and recommendations regarding business ethics and social responsibility education, which also constitute my primary source of information for this paper.

Additional sources were analyzed by consulting documents from three *leading academic institutions*: The Aspen Institute, AACSB, and EFMD, discussed next.

The **Aspen Institute** manages the Beyond Grey Pinstripes (BGP) bi-yearly survey of MBA programs, which analyzes the level of integration of social and environmental issues in the 100 top MBA programs that are ranked (www.beyondgreypinstripes.org). Its objective is to create business leaders for the 21st century, equipped with the vision and knowledge necessary to integrate corporate profitability with social value, and to promote and celebrate innovation in business education (www.aspeninstitute.org). In other words, this institute challenges business schools to incorporate social and environmental impact management topics into their curricula.

AACSB is the world's first and largest accrediting organization for undergraduate, master and doctoral degree programs in business; this U.S. based accreditation agency, which celebrated its 92nd anniversary in 2008, represents the highest standard of achievement for business schools, worldwide (www.aacsb.edu).

Lastly, **EFMD** is a globally recognized accreditation body of quality in management education for business schools programs, corporate universities and technology-enhanced learning programs with a head office in Brussels and another in Shanghai. EFMD developed the European Quality Improvement System (EQUIS) for the assessment of European business schools, which is recognized worldwide (www.efmd.org).

Findings and Implications

The Pivotal Role of AACSB

Given the historical context illustrated above, I believe that business education is currently experiencing a new crisis centered on the debate of how to best deliver business ethics and social responsibility education for the benefit of society.

In this regard, Evans, Treviño, and Weaver (2006) state that the institutional actor most capable of influencing business schools would appear to be AACSB, which grants accreditation to schools meeting specific criteria.

The decisive influence of AACSB in business schools curricula is unquestionable. In 2004 AACSB issued a report that acknowledged the embarrassment felt throughout the business school community following the exposure of accounting frauds at Enron, et al., urging business schools to do more to teach ethics in the classroom. This mandate increased “an appetite for ethics courses” (Greg Farrell, USA Today, September 27, 2006).

However, AACSB has not been willing to require a compulsory ethics course, and its embedment in business degree programs as an overall accreditation standard. Windsor (2002) affirms that AACSB is the only organization that can effectively enforce the teaching of ethics, and he believes that it should be done through the accreditation process. “AACSB has responded to this criticism in part by setting up an ethics education website” (Evans and Weiss, 2008) and an Ethics Education Task Force meant to address the issue of ethics education at business schools. Yet, accreditation standards have remained unchanged.

The ethics requirements set by AACSB are vague at best, says Etzioni (2002), who affirms that “no MBA student should graduate without having taken at least one full-term course in a class aimed at heightening students’ ethical standards”, and he supports the embedment of business ethics and social responsibility in the curricula.

The Voices of MBA Students

Listening to customers’ voices has always been a fundamental strategy in the culture of quality; it grants a competitive advantage to organizations that make use of it, and the education sector should not be an exception. At the outset of the 21st century it is no longer valid to conceive a school that lacks a robust system that incorporates students’ voices, because it is not intelligent to disregard customer’s voices. Donald P. Jacobs, Dean Emeritus at the Kellogg School of Management said in 1970, referring to their students’ voices, “...they want a great educational experience, and they have some very good ideas for how the school can provide that” (www.kellogg.northwestern.edu).

The Baldrige Criteria for Performance Excellence, which analyses student, stakeholder and market interests, refers to “the voice of the customer” and remarks that the focus should be on features that affect students and stakeholders’ preferences, which include curricula focus (www.baldrige.nist.gov).

In 1999, the Aspen Institute performed a longitudinal survey of MBA students’ attitudes about business and society, entitled: “Where Will They Lead?” Results showed that MBA programs do, in fact, affect students’ attitudes about the role and responsibilities of business: students identified *maximizing shareholder value* as the primary responsibility of a company (www.aspenbe.org). Immediately after, several members of the faculty expressed that results were not surprising, considering the theories of business content in the curricula (Ghoshal, 2003; Gioia, 2002; Pfeffer and Fong, 2004; and Mitroff, 2004).

Interestingly enough, the same survey was applied three years later on MBA students and revealed that the events of the past two years, such as terrorist attacks, a sharp economic downturn, and continuing revelations about corporate misconduct, had had a significant impact on MBA students’ thoughts on business, their careers, and the content and structure of their MBA programs. Maximizing shareholders’ value was no longer the first concern, which fell behind “satisfying customer needs” that rose to the first position. Students were rethinking their responsibilities as future business leaders and placing greater emphasis on *personal values* (www.aspenbe.org).

The results, that should be valued by business schools’ top officers, were that MBA students are thinking more broadly about the relationship of business and society, and want more content and discussion of *business ethics and corporate responsibility* in core courses. They are concerned about how well their business schools are preparing them to manage values conflicts. One out of five respondents felt they are not being prepared at all (Aspen Institute, 2003). John Russell mentioned that “students at top schools can still complete their degree without ever contemplating the notion of corporate social responsibility” (Ethical Corporation, 2006).

In 2006 and 2007, Net Impact applied surveys to undergraduate and MBA students to analyze their perspectives on the relationship between *business and social environmental* concerns. Results revealed that 73% of undergraduates, compared with 78% of MBA students, agree that the subject of CSR should be integrated into required classes in college business/management programs; 74% of undergraduates, compared with 70% of MBA students, believe that universities should place more emphasis on training socially and environmentally responsible individuals than they currently do; 49% of undergraduates, compared with 60% of MBA students, agree that CSR makes good business sense because it leads to financial profits; and 78% of undergraduate, compared with 82% of MBA students, believe that CSR is the right thing for companies to do (www.netimpact.org).

It is important to mention that the Net Impact Survey of MBA Students Opinions (2007) concluded that, “Across all demographics, the majority of students tell us that social and environmental issues should be important considerations for business schools, career goals, and the private sector in general.”

Notwithstanding, students’ voices have not been listened to. In the 2008 results of the Aspen’s survey “Where Will They Lead?” Nancy McGaw, Deputy Director, states: “As they progress through their business school education, students feel less prepared to manage the values conflicts they anticipate facing in the workplace” (www.aspeninstitute.org). The results of this survey should lead to responsible consideration from business schools on actions that are not being implemented, in order to satisfy the demands and expectations from MBA students.

The Aspen Institute and Net Impact surveys confirm that students have indeed raised their voices and provided valid criteria to deans in regards to the integration of business ethics and social responsibility in the curricula.

The Voices of Recruiters and Corporations

Recruiters, who are particularly influential to business schools and students, have their criteria directed by the interests of the businesses they serve. The result is not only that, schools are moving away from their genuine objectives, but also that students are narrowing and focusing on the expected immediate skills. A reflection must be made on the influence of corporations on the process of “deprofessionalization” of business education, as they typically focus on the short term and on the indicators of financial performance, putting pressure on schools to move the curriculum away from theory, abstraction and general knowledge, toward a narrow focus on the immediate skills needed for first jobs (Safón, 2007; Trank and Rynes, 2003).

The *Wall Street Journal/Harris Interactive* (WSJ/HI) survey, in questionnaires to recruiters, rates each business school on 21 student and school attributes, among which three of them ranked as the most important ones: communication and interpersonal skills (89% of recruiters), ability to work well within a team (87%), and personal ethics and integrity (85%). It is noteworthy to observe that the WSJ/HI survey does include in questionnaires, three attributes related to CSR: commitment to corporate social responsibility, such as community service and environmental protection; personal ethics and integrity, and work ethic. Some recruiters highly value and praise a number of schools for their ethical and hard-working MBA graduates (Alsop, WSJ Online, September 2005).

Numerous corporate executives are emphatic in demanding that their companies want managers with a broad range of stewardship skills in addition to high-level technical competencies, yet many MBA programs do not prepare graduates to manage complex environmental and societal issues, and most businesses do not actively recruit for stewardship skills. Clearly, a double disconnect is at play; a disconnect between the skills businesses say they need, the skills MBAs are being taught, and the skills businesses look for in campus recruiting efforts (www.aspeninstitute.org).

Alsop (WSJ, March 21, 2006) comments that “CEOs aren’t the only ones being held to higher standards of integrity these days. So are MBA applicants and graduates. They are being scrutinized more closely than ever by both business school admissions officers and corporate recruiters.”

The prominent interest of WSJ/HI surveys in ethics, and the valuable opinions expressed by the majority of recruiters, who value the importance of personal integrity and knowledge of work ethics, should be a priority to be acted upon by the deans of all business schools, globally. They must become conscious of the necessity of integrating ethics and social responsibility specifically and throughout the curriculum. Deans will have to do this, sooner or later, in response to the demands of corporations and their recruiters.

The Influence of Rankings

Ever since *Business Week* introduced its ranking of full time MBA programs in 1988, there has been an explosion of rankings from business publications around the world. Today, there are rankings by *Financial Times*, *The Wall Street Journal*, *U.S. News & World Report*, *Forbes Magazine*, *The Economist*, *Asia Inc.*, *South China Post*, and *The National Post*, among others. No two surveys are alike and none of them capture the complexity of business education.

MBA rankings of business schools, published yearly by prestigious periodicals, are of utmost influence to universities, MBA candidates, corporations and recruiters (Peters, 2007; Policano, 2007). For most universities, their position in selected rankings is synonymous of quality, achievement and pride, or an indication of the need of change or further exertion. For students, rankings have become an unavoidable reference when deciding for the application to a business school. However, some universities such as Harvard are counterexamples of ranking concern; they are self-assured in their academic quality and pursuits, and are not interested in being ranked by periodicals or ranking institutions.

Wharton recently announced initiatives to improve their already excellent MBA program in spite of the

fact that these changes would probably hurt their student satisfaction rating and damage their ranking. *Quality over rankings: a very bold step* (Policano, 2007).

Milton Blood (AACSB International) believes that ratings, for the most part, are harmful and they become important for recruiting and reputation purposes thus distorting the priorities of schools, sometimes causing the misuse of resources by moving away from important educational needs towards activities that will enhance ratings (Thompson, 2004).

Schools are run to better their scores, which do not properly represent the quality of their educational product (Spender, 2007), and Gioia and Corley in 2002 state that “business schools stand accused of being pandering to the ratings” (cited in Pfeffer and Fong, 2004). It probably is perturbing to business schools deans that GMAC’s 2001 Global MBA Survey, and subsequent surveys, concluded that 95 per cent of graduating MBAs said that school rankings had more influence on their decision-making process than any other media source (Tyson, 2001, cited in Peters, 2007).

In the future, deans will have to act in accordance with their strategic objectives based on their stakeholders’ expectations, independently from the restraining influence of media rankings. As far as business ethics and social responsibility curricular integration is concerned, they will have to possess strong convictions in order to transform their curricula, even if the ranking institutions do not evaluate business ethics and social responsibility education in their ratings.

The Voices of Faculty

Faculty members constitute a vital influence and, beyond the assertions that have been made in respect to their “apathy” (Evans and Marcal, 2005), “lack of interest” (McDonald and Donleavy, 1995), “difficulty of gaining broad support and involvement” (Piper, et al., 1993), and that “curriculum change isn’t the hard part, faculty change is the toughest” (Cohen, 2003), I believe, nevertheless, that it is first and foremost with the faculty that the change must begin and be impelled. They are the successful key factor that is required in business schools; they have the “greater power” (Evans, Treviño and Weaver, 2006), and the “primary responsibility for curriculum” (Evans and Marcal, 2005).

Numerous members of the faculty, however, agree with the importance of integrating business ethics and social responsibility in the curricula, but discrepancies exist in the form of implementation.

Some faculty members debate whether ethics can in fact be taught (Kohlberg and Hersh, 2001; Weber

and Wasieleski, 2001; Trevino and Brown, 2004) and if so, who should teach it and how it should be taught (Beggs and Dean, 2006). Others, like Miller (2003), suggest that a “special and renewed attention to matters of business ethics curricula” is necessary. Block and Cwik (2007) add that it is “imperative that business ethics be taught at undergraduate and MBA programs”.

Back in 1988, Grandz and Hayes considered a “moral obligation of business schools” to contribute to the ethical development of students, and ever since, several opinions have favored stand-alone required ethics courses taught by qualified ethicists (Klein, 1998; Raisner, 1997; Giacalone and Knouse, 1997; Frederick, 1998; Park, 1998; Wilcox, 1999; Swanson and Frederick 2002, 2003, 2005; Swanson, 2004, 2005).

Other opinions advocate embedding ethics issues across the curriculum (Dunfee and Robertson, 1988; Gandz and Hayes, 1988; Jakobsen, 2005; Kolb, Le-Clair, et al., 2005; Piper, et al., 1993; Woo, 2003), and still another stance endorses the electiveness of courses. The elective approach is inoperative because “if the only course in which business ethics is taught is an elective, then an impression is conveyed that to be ethical or not is optional, or at least, not particularly important” (Gandz and Hayes, 1988).

Amitai Etzioni (2002), a professor who taught ethics at Harvard during the years that many of the Enron era corporate officers were in training, states that ethics education “should move from its supplemental, separate status into all parts of the curriculum, and it should be required of all students rather than merely being an elective”. In his research of U.S corporations and the difficulties that are faced in corporate ethics, Arenas (2002) emphasizes the reticence of boards of directors to comply with ethical questions, which is the first reason why business schools should insist on this subject, and adds that “in a course on corporate ethics it is necessary to promote reflections on the values and convictions of every one”.

“It’s been unbelievable” says Timothy Fort, a professor at George Washington University, “when I started teaching an ethics class in 1994, the first third of the class was spent convincing students it was worth taking. I had to do a lot of singing and dancing; now, the class size has quadrupled” (cited by Greg Farrell, USA Today, September 27, 2006).

The Special Role of Deans

Deans can claim that ethics is already incorporated into curriculum overall, and that faculty from different disciplines integrate ethics topics in their courses. In reality, however, according to Swanson and Frederick (2003), “these professors find it burdensome”,

and for obvious reasons “they prefer to teach their own areas of expertise, first and foremost”.

It is opportune to reflect on what Judith Samuelson, Executive Director, Aspen Institute Business and Society Program stated at the AACSB International Deans Conference in 2003: “If you think you are integrating Social Impact Management issues into your core curriculum, as the vast majority of you believe, I say, *take another look*. Our data and experience reinforce the importance of integration and suggest that *it is not happening to the degree that many of us would like to think*” (Samuelson and Gentile, 2005).

Based on my experience, the dean must be the most interested player in ensuring that the curricula and research of the business school under his responsibility, respond to the requirements of stakeholders. The dean is responsible for the faculty to be “aware of these pressures and the consequences of ignoring them” (Evans and Weiss, 2008). The dean must dedicate most of his time to academic matters; they must be his priority, which implies that the current, time-consuming activity of generating strategic funds through “external fundraising” (*op cit.*, 2008; Thomas, 2007) or other activities that are consuming his time, must change and become delegated.

Many faculty members recognize the importance and urgency of transforming the curricula and embedding business ethics and social responsibility in research and the curricula, and express transcendental opinions for the achievement of such goals. Several books have been published by university professors with an interdisciplinary focus, translating ethics research into effective teaching methodologies. A recent book, entitled “Advancing Business Ethics Education”, edited by Diane L. Swanson and Dann G. Fisher (2008), publishes the writings of more than 20 distinguished scholars from different universities and disciplines, on improving business ethics education, proposing methods for incorporating ethics in various subjects including accounting, corporate governance, environmentalism, global business, managerial decision making, and human resource management.

Even though discrepancies exist on how business ethics and social responsibility should be taught, it is clear that a critical interest in the integral teaching of these topics is ever-present among the faculty, and their expressions of concern should be taken advantage of by the business schools deans.

However, as Valles (2008) states, “many deans are not serving the interests of students and society”, which raises the question: What interests are they serving?

The Roles of Leading Academic Institutions

Initiatives and reports that are generated by leading academic institutions, such as United Nations, EABIS, Aspen Institute, Net Impact, AACSB International, and EFMD, generate a sense of urgency to transform curricula and embed business ethics and social responsibility in curricula and research. They represent the stakeholders’ voices, and are encouraging and supporting, *but* also demand changes from business schools and universities worldwide “to develop in their graduates a sense of social responsibility and a high standard of business ethics” (www.globallyresponsibleleaders.net).

A few representative examples of the initiatives and reports are the AACSB Task Force group reports, the AACSB and EFMD joint report entitled “Global Management Education Landscape: Shaping the Future of Business Schools” and the EFMD “Globally Responsible Leadership Initiative”. With the support of the United Nations Global Compact, the initiative is focused on hands-on action in learning institutions and companies to support the development of a next generation of globally responsible leaders. One of the specific action targets, fundamental for this paper, consists in “making global responsibility a foundational requirement within the accreditation systems for business schools” (Matthew Wood, EFMD, May 2006).

The leading academic institutions created in 2007 a global initiative: *The Principles for Responsible Management Education* (PRME), as a global call to encourage and facilitate large-scale progress of business schools and universities worldwide, in regards to ethics and social responsibility. This initiative could be the platform for impelling change in business schools.

Conclusion

The great amount of declarations, demands, publications, and surveys, part of which have been referenced in this paper, evidence that the majority of business schools stakeholders are insisting on the integration of business ethics and social responsibility education in the curricula. Debate resides only on the form of implementation, but the amount of feedback that has been generated **should certainly persuade deans** to develop criteria for the changes that are necessary for the transformation of the curricula.

Faculty members play a vital role to transform curricula. The voices of faculty, their moral leadership and commitment are essential, and I adhere to the opinions that power is in their hands to influence deans and generate their support to transform curricula, to include a course in conceptual foundations

of business ethics, and to embed business ethics and social responsibility in the curricula and research.

In order to implement an effective and sustainable change, three basic requirements must be met; if one is lacking, change will not transcend and will remain as a mere good intention: A president and a dean with leadership are essential; a committed faculty possessing the necessary competencies and a well developed, solid strategic plan, are required. If these three requirements are satisfied, a successful process of change will be viable.

As has been validated in the findings mentioned above, AACSB's standards **are not responding adequately** to the current trends, challenges and demands of business ethics and social responsibility in business schools, and it is fundamental that their accreditation policies be modified because it is unquestionably the pivotal institution for influencing curricular changes in business schools. The decision by AACSB to modernize its accreditation and reaccreditation standards would ensure a transformation in the education of *ethical and socially responsible leaders*.

If AACSB and EFMD institute as accreditation and reaccreditation requirements, a course in conceptual foundations of business ethics, and the embedment of business ethics and social responsibility in the curricula and research of business schools, the immediate consequence would benefit AACSB's 1100 member institutions, of which 554 business schools are accredited, and EFMD's 686 member organizations of which 113 schools have been accredited by EQUIS.

It is pertinent to note that now that all the leading academic institutions have consolidated in a common

discourse and, better yet, in a common purpose under the PRME initiative, it is the propitious moment to support it and promote that all of AACSB and EFMD members adhere to it, bringing together a very significant number of academic institutions.

Limitations and the Need for Future Research

This paper has the limitation of being primarily concerned with the analysis of business schools and their stakeholders in the United States. It would be of value in the future, to investigate all the business schools, globally, that have adhered to the PRME, and to identify their progress in terms of the achievement of the initiative's objectives, in the short and long term, as well as their best practices and strategies.

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About the Author

Janette Martell

PhD Candidate in Management Sciences at ESADE Business School in Barcelona, Spain. Her research interest includes business ethics and social responsibility education, institutional effectiveness, and organizational development and change. She holds a BS in Industrial Engineering and a MBA from Tecnológico de Monterrey in Mexico, and a second Master in Organizational Development from Universidad de Monterrey in Mexico. Lecturer in Quality, Leadership and Strategic Planning. Fifteen years experience at Tecnológico de Monterrey, Mexico, a multi-campus university system. Before moving to Barcelona for her PhD studies, she was director general for the Chiapas campus; and previously, she held several positions as director for different areas at the Guadalajara and Mexico City campuses.



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CHAPTER 5

**ASSESSING A VIRTUOUS CIRCLE FOR
SOCIALY RESPONSIBLE BUSINESS SCHOOLS**

ASSESSING A VIRTUOUS CIRCLE FOR SOCIALY RESPONSIBLE BUSINESS SCHOOLS

Janette Martell and Ángel Castiñeira

ESADE Business School

ABSTRACT

The transformation of business schools into socially responsible institutions is proposed in this article, because of the need for fundamental changes in the nature of business education. In order for schools to educate and train socially responsible and ethical professionals, they must be conscious of their obligation to deliver an education in responsible business which became even more evident in the recent financial and economic crisis that was induced by the lack of personal and business values. Therefore, a model for the transformation of business schools is proposed in this article in the form of a virtuous circle, with the Principles for Responsible Management Education (PRME) as a central component that joins together the three most influential accreditation bodies: the Association to Advance Collegiate Schools of Business (AACSB), the Association of MBAs (AMBA), and the European Quality Improvement System (EQUIS), along with the Beyond Grey Pinstripes (BGP) ranking, as determinant factors to offer a global solution to this momentous and complex objective. Our proposal envisages a comprehensive transformation of business schools through substantial changes in their social commitment, management, education and research objectives, as well as their engagement in a change process that includes the mindsets of their members to institutionalize social responsibility. Through this article we aim to persuade the above-mentioned accreditors and the BGP ranking, to join together within a virtuous circle with PRME, and synergically impel the transformation of business schools.

Key words: AACSB, AMBA, BGP, change process, business ethics, EQUIS, PRME, responsible education, socially responsible business schools, sustainability, synergy, transformation, virtuous circle model

CHAPTER 6

ASSESSING A VIRTUOUS CIRCLE FOR SOCIALY RESPONSIBLE BUSINESS SCHOOLS

Janette Martell and Ángel Castiñeira

INTRODUCTION

You see things; and you say, "Why?"

But I dream things that never were; and I say, "Why not?"

—George Bernard Shaw, *Back to Methuselah* (1921, part 1, act 1)

The infamous lack of personal and business values that induced the recent financial market chaos and the global economic crisis has strengthened the need for immediate and decisive changes in business education. Consequently, global initiatives for business education with the capabilities of the Principles for Responsible Management Education (PRME) have become essential, as well as the adoption of more congruent standards by the leading accreditation bodies: the Association to Advance Col-

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legiate Schools of Business (AACSB), the Association of MBAs (AMBA), and the European Quality Improvement System (EQUIS). Such specifically revised standards, along with an extension of the Beyond Grey Pinstripes (BGP) survey, sponsored by The Aspen Institute (2009), to include new criteria for the evaluation of social responsibility at the organizational level, can impel business schools to become socially responsible institutions.

In response to this concern we are proposing the model of a virtuous circle for the development of socially responsible business schools, with the participation and roles that PRME, AACSB, AMBA, EQUIS, and BGP would play concurrently in a process of transformation toward socially responsible business education. Since PRME may be a coalescing factor in the virtuous circle, we additionally examine the response and commitment this initiative has had from the business schools accredited by AACSB, AMBA, and EQUIS as well as the ones ranked in the BGP 2009-2010 Global 100.

Related to the transformation of academic institutions, François Valaëys (2008) defines university social responsibility as follows:

It is a policy of continuous improvement of the university towards the effective fulfillment of its social mission through four processes: ethical and environmental management of the institution, training of responsible and socially committed citizens, production and dissemination of socially relevant knowledge, and social participation in the promotion of a more human and sustainable development. (p. 209)

Responsible business education implies much more than the transmission of knowledge; it means working with people in terms of their behavior, mindfulness, motivations, emotions, and values (Losada, 2009). Referencing John Elkington's book *Cannibals with Forks: The Triple Bottom Line of 20th Century Business*, Lozano (2009a) states:

The current crisis also causes business schools to question whether their function is simply to teach people to eat with a fork, and to question whether their job is only to improve the instruments that are used, the capacities and skills that are acquired, the technologies that are applied, and the concepts that are learnt. It is obvious that instruments, capacities, skills, technologies, and concepts are fundamental, and the more developed and refined they are the better. However, mixed in with these elements there is also an ideological and evaluative debate which asks them, and will ask them in an increasingly frequent manner what enterprise model and, above all, which successful business model do they transmit in all of their messages and activities, both educational and non-educational. (p. 1)

Lozano's words strengthen our argument for the need to transform business schools thoroughly into becoming socially responsible institutions. Transformation means to shift the educational *weltanschauung* (Payne, 2000, cited in Giacalone & Thompson, 2006, p. 266) and train persons with a transcendent education (see Giacalone, 2004). Our proposal refers to a comprehensive transformation, as suggested by Valaëys (2008), making substantial changes in business schools' management, education, research, and extension (social participation). Transformation involves the introduction of new types of behavior which inevitably lead to cultural change. Vidaver-Cohen (2008, p. 68) considers it to be "like building a culture of ethics and professional responsibility within the business school," and it means integrating social responsibility into the strategy and competitiveness model (Lozano, 2009b, p. 1). Transformation also requires a new definition of the mission, vision and values of the schools and universities, along with the creation of a strategic plan that will ensure the alignment of objectives towards a common purpose: to offer responsible business education. In the transformation process the conviction and commitment of presidents, deans, and faculty are certainly essential, and also essential that their actions and rhetoric become impregnated with a purposeful meaning of social responsibility.

Barely 9 days after being sworn in as President of the United States of America, Barack Obama stated: "We must have the courage and commitment to change.... Year after year, decade after decade, we've chosen delay over decisive action" (Hechtkopf, 2009). His words underscore the reality at academic institutions. For the past 50 years urgent calls to action have been made to academic institutions to deliver responsible business education: a half century of discussion and concern among stakeholders who, in different forms of expression and levels of intensity, have called for ethics, social responsibility, and sustainability in business education (Martell, 2008). For this reason we must have the courage and commitment to implement a process of change, with the aim of transforming business schools to ensure a socially responsible education.

We propose the following reflection: What kind of additional or greater crises, distressing events, and billionaire rescues will society and corporations have to endure in the future, in order for business leaders, business schools, and accreditation bodies to finally accept their ethical responsibilities and undertake decisive actions for a responsible business education, and strive for the inculcation of ethical convictions in students through the transformation of business schools into socially responsible institutions?

THE VIRTUOUS CIRCLE MODEL AND ITS INSTITUTIONAL FACTORS

We propose a model that can generate a virtuous circle for the transformation of business schools. By “virtuous circle” we mean a set of self-reinforcing, interconnected relationships among different entities which produces a beneficial effect beyond the ability of any single one of the entities acting independently. The synergic coordination of PRME, AACSB, AMBA, EQUIS, and BGP is suggested through the implementation of common objectives, congruent standards and criteria. Figure 6.1 represents our model of the virtuous circle.

We suggest that the component institutions of our proposed virtuous circle coordinate and share common objectives for

- Achieving the renovation of AACSB, AMBA, and EQUIS’s accreditation standards to evaluate ethics, social responsibility, and sus-

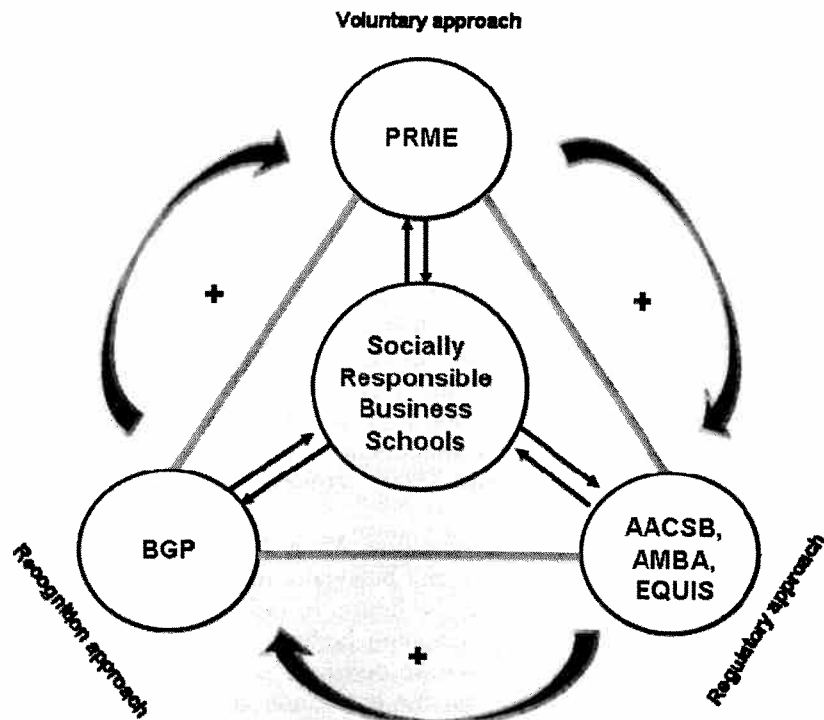


Figure 6.1. The virtuous circle for socially responsible business schools.

tainability as basic requirements in business schools’ essential processes: management, education, research, and extension (social participation).

- Attaining BGP’s inclusion of the fundamental aspects of socially responsible business schools into its ranking methodology.
- Motivating business schools to adhere to PRME by adopting and implementing its principles.
- Developing a collective synergy to promote a planned process for transforming business schools into socially responsible institutions.
- Facilitating the submission of a single comprehensive annual report from each of the PRME signatories, including accredited and ranked schools, on their transformation progress, in order to fulfill transparency and accountability requirements.
- Achieving an equitable balance between voluntary, regulatory, and ranking-recognition approaches.

We will now examine each of the five institutional components of the proposed virtuous circle—PRME, AACSB, AMBA, EQUIS, and BGP—as the key factors in the transformation process.

Principles for Responsible Management Education (PRME)

We have faith in PRME and in its enormous potential for becoming the coalescing factor of business schools around the world, to join together in a common purpose for transforming themselves into socially responsible institutions, capable of instilling in their students a high standard of business ethics and a conviction in terms of social responsibility and sustainability.

PRME was conceived in October 2006, in Cleveland, Ohio by the Academy of Management, the UN Global Compact Office (UNGC), and the Case Weatherhead School of Management. The principles were drafted thereafter by six coconvening institutions: AACSB International, Aspen Institute Business and Society Program (BSP), European Foundation for Management Development (EFMD), Globally Responsible Leadership Initiative (GRLI), and Net Impact, together with the United Nations Global Compact (UNGC). The significant collaboration of an international taskforce of almost 60 deans, university presidents, and official representatives of leading academic institutions from 29 countries, contributed successfully to the creation of the initiative. It is currently led by a steering committee made up of the six original coconveners, three of whom are institutional components of our proposed model; the fourth

component of our virtuous circle is AMBA, which adhered to PRME on June 30, 2009. The six PRME principles are transcribed in the Appendix.

The mission of PRME, presented at the United Nations in 2007, is to inspire and champion responsible business education, research, and thought leadership globally. PRME signatories commit themselves voluntarily to developing the capabilities of students to be future generators of sustainable value for business and society; to incorporating values of global social responsibility in their curricula; and to aligning their missions, strategies, and core competencies with United Nations' values regarding human rights, labor, environment, and anticorruption, as embodied in the principles. Signatories also commit themselves to reporting annually to stakeholders on the progress they have attained, and to exchanging effective practices with other academic institutions (see www.unprme.org). It is evident that signing on to PRME implies a responsibility (Martell & Castiñeira, 2009).

One of the most significant merits of PRME is that it is a global initiative. As United Nations Secretary-General Ban Ki-moon (2008, p. 4) stated: "PRME has the capacity to take the case for universal values into classrooms on every continent" (www.unprme.org). Basing itself on the Global Compact experience, PRME offers platforms to discuss issues related to the development and implementation of social responsibility, and it may induce learning processes through interaction and cooperation (Runhaar & Lafferty, 2009). It fosters the creation of local and worldwide networks to develop new practices, such as disseminating information through web pages, newsletters, scientific papers, and best practice studies, as well as bringing them together for meetings, conferences, and seminars (Cetindamar & Husoy, 2007), and it encourages the implementation of more transparent social responsibility systems and responsible accountability. We believe that PRME's greatest asset may be its catalytic impact on academic institutions by promoting, as Kell (2005, p. 70) declares, "a new era of cooperation [with the academic community], thus constituting a platform for the need of dialogue, learning, and action."

However, we find that PRME lacks an important element that refers to guidance on how to implement the six principles, and we are concerned that the implementation process has been left too open and discretionary for academic institutions. This laxness may generate the pursuit of diverse isolated actions and ineffective activities without first reflecting on, and sharing the meaning of, fundamental aspects. Some examples: What does it mean to be a socially responsible business school? What is our purpose? What are our day-to-day values for faculty, students, and staff members? How should we live a culture of social responsibility? What type of professionals and persons do we intend to

form? What do we expect from our alumni after they graduate? What practices must we implement for the socially responsible management of our school?

When these reflections begin to be defined and fathomed, we may say that the transformation process has started, and then we may be able to attain the PRME principles effectively within a purposeful process of change.

We recently attended an academic conference in the United Kingdom where in a session focused on PRME a concern was expressed about the apparent emptiness of the six principles. It was said they left their materialization practically open to the interpretation of their readers, thus giving rise to two possibilities. First, they may lead to the desired transformation if they are clearly interpreted with a definition of objectives, strategies, goals, action plans, and performance indicators for each principle. The second possibility, however, if the principles are not clearly interpreted, is that they may only produce actions with a rhetorical label of social responsibility but no consequence of substantial change, turning out to be window dressing.

We further believe that the absence of guidelines might curb the participation of academic institutions who may conclude that they are not prepared to commit themselves to the principles. However, we infer the possibility of positive amendments in the future from PRME's announcement on December 3, 2009, by which the steering committee has changed the introduction to the foundational document "in order to dispel misunderstandings by potential signatories." It will henceforth read:

As institutions of higher education involved in the development of current and future managers, we declare our willingness to progress in the implementation, within our institution, of the following Principles starting with those that are more relevant to our capacities and mission. We will report on progress to all our stakeholders and exchange effective practices related to these principles with other academic institutions. (PRME communication, 2009)

It is opportune to mention, however, that GRLI has developed a Community of Responsible Action (CoRA) around PRME with five important categories whose objective is to stimulate an ongoing discussion about the many different ways that academic institutions can create a stronger focus on responsible management education in different contexts around the world (see Aspling & Thiesgaard, 2009). These categories are:

- Getting started with PRME;
- Implementing PRME in management education;

- Implementing PRME in management research;
- Developing partnerships with business organizations; and
- Creating a broad-based dialogue about PRME.

Finally, we believe that along with the social and environmental responsibilities, which are fundamental concepts expressed in the principles, the precept of business ethics education should be recurrently stated in a precise and emphatic manner in order not to take such an essential component for granted.

Leading Accreditation Bodies

Julio Urgel (2007, p. 77), director of the Quality Services Department at the European Foundation for Management Development (EFMD), notes that the value added by accreditation systems stems from three main interrelated areas: assessment of the quality of the school based on several criteria, enhanced brand recognition from being granted a distinctive accreditation label, and contribution to the actual improvement of the school. Other factors that underpin the importance of accreditation are the increasingly competitive global market for the most promising business students, and an ever-increasing number of business programs that deliver management education (Trapnell, 2007, p. 67). Accreditation is of strategic importance inasmuch as accreditation processes help business schools gain clarity about the markets they serve and the services they offer (Zammuto, 2008, p. 256).

According to John J. Fernandes (2008), president and chief executive officer, AACSB International, his research staff has estimated a total of 11,767 business schools in over 200 countries, although no one knows the exact number of schools offering higher education degrees in business. AACSB and EQUIS accredit only about 5% of them, which means that 95% of the world's business schools are operating without recognized quality assurance and continuous improvement. We do emphasize, however, that the minute 5% encompasses most of the leading and prestigious business schools in the world that are accredited by AACSB and/or EQUIS, a fact which, we believe, underlines the significance of accreditation.

We have included a third accreditor in our proposed virtuous circle, AMBA, because along with AACSB and EQUIS, they constitute the three major management education accreditation bodies well known internationally as the Triple Crown accreditation for outstanding research, education, and career-building qualities.

AACSB International

AACSB is the world's oldest and largest accrediting organization for undergraduate, master, and doctoral degree programs in business; their accreditation represents the highest standard of achievement for business schools worldwide. Founded in 1916 by a consortium of 16 business schools including Columbia University, Dartmouth College, Harvard University, New York University, Northwestern University, Ohio State University, Tulane University, University of California at Berkeley, University of Chicago, University of Illinois, University of Nebraska, University of Pennsylvania, University of Pittsburgh, University of Texas, University of Wisconsin-Madison, and Yale University (www.aacsb.edu), AACSB celebrates its 94th anniversary in 2010.

Analyzing AACSB's eligibility procedures and accreditation standards for business accreditation, which were revised on July 1, 2009, we find two criteria that contribute to the virtuous circle's objectives: "The mission driven philosophy, by which the viewpoint of the school's stakeholders is required for the definition and review of its mission statement" (AACSB, 2009, p. 16), and the stipulation that "the institution must establish expectations for ethical behavior by administrators, faculty, and students, which is paramount to the delivery of business education" (p. 13). However, among the AACSB's standards that are fundamental for a socially responsible education we have unfortunately identified the following, related to core learning goals and course-embedded measurement, that barely contribute to our objectives:

- The general knowledge and skills goals, while not management specific, relate to knowledge and abilities graduates will carry with them into their careers. Such learning areas as communications abilities, problem-solving abilities, and ethical reasoning skills ... are the types of general knowledge and abilities that schools might define as part of the core learning goals. (p. 62)
- A school with learning goals that require students to integrate knowledge across business functional areas, or to incorporate ethical considerations into decision making, may embed the measurement of accomplishment on those goals into a capstone business-strategy course. (p. 66)

The above standards unfortunately leave their application entirely to the discretion of the school by employing words such as "might define" or "may embed." Various authors have qualified these and other requirements set by AACSB as vague (Etzioni, 2002), and flexible (Casile & Davis-Blake, 2002; Navarro, 2008; Swanson & Frederick, 2003; Vidaver-

Cohen, 2008; Windsor, 2002), which are not therefore impelling the transformation of business schools into socially responsible institutions.

AACSB standards repeatedly refer to recommendations and examples of ethics issues to be included as components in courses, learning goals, demonstrations of achievement, and curricula management, but in none of the topics are those issues mentioned as specific subjects or requirements for assessment purposes, remaining at the level of recommendations, and leaving to the schools' discretion their incorporation as core or embedded courses. The standards refer to every aspect of business education in detail, but they omit ethics and social responsibility as basic requirements in business education which is regrettable for students' formation and the protection of society, and certainly, for the materialization of our proposed virtuous circle. Furthermore, the many paragraphs devoted in the Standards to the analysis, definition, and requirements of the mission statement do not include the concepts of ethics or social responsibility at all, even though they are fundamental to the schools' strategic management. We earnestly wish that AACSB will include the requirement for these concepts in future revisions of their standards, thus contributing with their prestige and influence to the successful transformation of business schools and the materialization of the virtuous circle.

The vision of AACSB board chair 2008-2009, Richard Cosier, significantly expresses one of the most frequently called for changes in the accrediting body's standards. Cosier (2008) states that:

It is more vital than ever that AACSB and its members incorporate ethics and integrity into business school curricula. It is equally important to emphasize to our new AACSB members, regardless of geographic location, that our students, faculty, and administrators be held to the highest standards of ethical conduct.... We must ensure that our high standards of management education are upheld, without exception. (p. 56)

Transferring Cosier's vision to AACSB's accreditation standards would ensure that business schools generate substantial changes in their organizational culture.

Through its history, performance, and influence, AACSB has been acknowledged as the institutional actor most capable of influencing business schools (Evans, Treviño & Weaver, 2006, p. 288). The participation of AACSB in the virtuous circle model would therefore be absolutely indispensable and determinant for its synergic success. However, AACSB would have to believe in the transcendence of transforming business schools into socially responsible institutions through the decisive influence of its accreditation standards.

AMBA

AMBA was organized in 1967 as a global accreditation institution for masters of business administration (MBA), masters in business and management (MBM) programs, and doctorates in business administration (DBA). In 2009, according to its webpage, its vision was updated in order to be recognized internationally as the authoritative voice in postgraduate management education. It is the only worldwide professional membership organization for MBA students and graduates; and it provides support and services to prospective and current students and graduates, as well as business schools and MBA employers, in a network of 9,000 members in 88 countries (see www.mbaworld.com).

We were very pleased to learn that on July 30, 2009, AMBA officially declared its participation in, and support for PRME which, according to the PRME Secretariat, adds a new powerful partner in terms of global outreach and international inclusiveness (www.unprme.org).

In its MBA accreditation criteria, dated August 2007, AMBA requires all programs to ensure that candidates acquire a firm understanding of the major areas of knowledge that support general management, such as ethical, social, economic, and technological change issues, as well as globalization and sustainability, including the impact of environmental forces on organizations (p. 4). This accrediting institution specifically requests the inclusion of ethics, social, environmental and sustainability issues in its standards, at the institutional strategy level and across the curricula, and therefore contributes effectively to the objectives set out in our proposed model. Its contribution to the virtuous circle would be significantly valuable because of the importance it attributes to social responsibility, and the number of business schools that it accredits in 72 countries.

EQUIS

EQUIS has gained prestige and recognition worldwide since it was founded in 1997 by a mandate of EFMD members, with the support of top business schools in Europe: Bocconi, HEC Paris, Helsinki School of Economics, IESE, IMD, INSEAD, Instituto de Empresa, London Business School, and Rotterdam School of Management (see www.efmd.org). EQUIS is EFMD's international system of quality assessment, improvement, and accreditation of higher education institutions in management and business administration. At the time of its creation there were no international accreditation systems established in the field of management (Urgel, 2007, p. 73) and therefore, the need became evident to develop an accreditation system targeted at those business schools around the world that were trying to make an impact beyond their domestic frontiers. Miles, Hazeldine and Munilla (2004, p. 29) suggest that as a strate-

gic response to EQUIS and other emerging accreditation bodies, and because of a more global, diverse, and technology-driven environment, AACSB revised its accreditation standards and transformed its reaffirmation framework. It is possible that EQUIS' international scope stimulated AACSB's international expansion.

In 2005, EFMD launched the Globally Responsible Leadership Initiative (GRLI), with support from the UNGC, to promote understanding of globally responsible leadership and develop its practice. Anders Aspling, EFMD board member and chair of the initiative (2005, p. 1), explains that their aim is to establish the norms and expectations of business behavior for the twenty-first century and ensure that the emerging generations of business leaders live by them. He stresses the need to overhaul business education worldwide to provide a foundation of global responsibility in every area of learning. GRLI's specific action targets include making global responsibility a foundational requirement within the accreditation systems for business schools, and piloting new best practice approaches to learning within leading business schools and companies so that business leaders not only know what is expected of them, but also practice it.

Since both EQUIS and GRLI stem from EFMD, their principles strengthen EQUIS' accreditation standards which in their latest revision, in January 2009, evaluate an institution's compliance with the following criteria:

- The school's clear understanding of its core values and the inclusion of an explicit commitment to ethical and socially responsible behavior in the management profession, as well as the broad acceptance of those values and the adherence to them across the school (EQUIS, 2009, p. 11).
- The process by which the mission, vision, values, and strategic objectives are converted into strategic and operational plans (p. 11).
- The extent to which programs integrate the main challenges in business and society, such as global responsibility and sustainable development (p. 21).
- The means by which issues relating to business ethics and corporate social responsibility are integrated into personal development, giving special importance to the processes by which the school helps students to develop both personally and professionally, along with the key personal skills that the school aims to develop in individuals (p. 29).

We believe that EQUIS is reaching a position of leadership in the accreditation requirements related to fostering socially responsible business schools, and we therefore hope they will generate influence and example to be followed by AACSB and AMBA in the near future. Jointly, with a common conviction, the three accreditation bodies will ideally turn the proposed virtuous circle into a successful reality.

Beyond Grey Pinstripes (BGP) Project

In a different chapter of this book we describe the BGP project and its contribution to the assessment of socially responsible business education. The integration of BGP, as the fifth component of our virtuous circle, creates a perfect balance among voluntary (PRME), regulatory (AACSB, AMBA, EQUIS), and ranking-recognition (BGP) approaches to the integration of social responsibility in business schools.

Presently, BGP focuses exclusively on coursework and faculty research (see www.beyondgreypinstripes.org). However, the issue of business school responsibility cannot be limited to asking what curriculum is offered. Social responsibility certainly includes curriculum but does not end there. Socially responsible business education must transmit a culture of responsibility as an essential part of the identity of the business school itself; therefore, the fundamental question is not about the curriculum but about the business school's identity/raison d'être (Losada, Martell, & Lozano, in press).

Being ranked in BGP is certainly a matter of pride for the selected business schools, but we deem that distinction should also entail the responsibility of living up to the values for which those schools are ranked. We believe that BGP and PRME share common ideals in challenging business schools to form ethical and socially responsible business leaders for the twenty-first century. As a result, it is intensely hoped that all the business schools that are ranked in the BGP Global 100 will adhere to PRME and be distinguished, additionally, as leading promoters of change.

In our proposed virtuous circle we have stressed the necessary contributions of PRME, AACSB, AMBA, EQUIS, and BGP to promote the transformation process leading to socially responsible business schools. We believe that PRME can be the coalescing factor in the virtuous circle, provided that AACSB, AMBA, EQUIS, and BGP act jointly with a common conviction, establishing requirements in their respective standards and criteria to ensure that academic institutions transform their essential processes to become socially responsible.

ASSESSMENT OF PRME'S DEVELOPMENT AND ITS INFLUENCE ON THE VIRTUOUS CIRCLE

The transcendence of PRME as a global initiative with the mission to inspire and champion responsible management education, and its potential catalytic effect, merits a detailed analysis of its evolution with regard to the response from the business schools accredited by AACSB, AMBA and EQUIS, as well as by the schools ranked in the BGP 2009-2010 Global 100. This assessment allows us to ascertain the level of commitment of business schools in regards to their transformation into socially responsible institutions. Considering the pivotal position that we have attributed to PRME in the virtuous circle, it is pertinent to mention that this initiative is currently led by a Steering Committee of eight internationally prestigious members, three of whom are proposed components of our virtuous circle.

We have examined the evolution of the total number of PRME signatories, starting from the launch of the initiative in July 2007, in order to assess their potential level of commitment to drive forward their transformation process, and their contribution to the realization of the virtuous circle. The academic institutions' decisive and committed participation in PRME will support the success of the synergic coordination of the virtuous circle components.

Development of PRME Signatories

In his speech at PRME's First Global Forum, on December 4, 2008, Manuel Escudero, head of academic initiatives and executive director of the Research Center for the Global Compact, stated that the goals that had been set on September 8, 2007 at the first meeting of the PRME Steering Committee, to recruit 150 academic participants, had been successfully reached. In January 13, 2010, PRME counts a total of 280 signatories of whom 72% are business schools and 19% are universities. Figure 6.2 shows the development of PRME signatories.

The voluntary endorsement of PRME by 280 academic institutions in two and a half years attests to the significant concern for ethics and social responsibility, and suggests the potential of PRME. We nonetheless consider that the initiative deserves a greater recruitment dynamism and support, and feel that the number of signatories should have reached a higher level by the date mentioned above. However, it is appropriate to indicate that applications from some institutions were rejected because their nature did not fulfill PRME's basic screening criteria; that is, to be recognized publicly and to be degree-granting institutions. On the other hand, applications were accepted from several supporting organizations that can contribute a new outreach capacity to the Steering Committee's efforts.

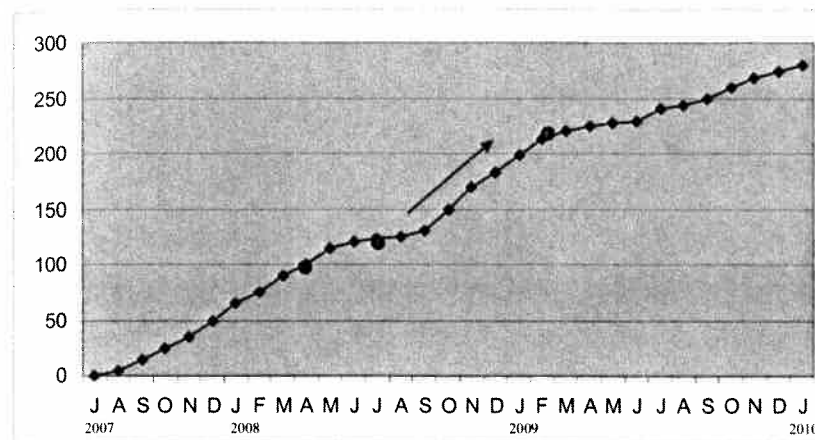


Figure 6.2. Development of PRME signatories. January 13, 2010.

Surprisingly, many prestigious business schools have not signed up, and even the First Global Forum was not as well attended as PRME merited. The representative of the U.S. region, Carolyn Woo, dean of Mendoza College of Business, expressed disappointment at seeing only 27 deans of U.S. schools in attendance, noting that of the top 20 business schools, only one dean was present at the forum (2008, p. 2).

We analyzed the 280 signatories up to January 13, 2010 (www.unprme.org/participants/index.php); Figure 6.3 shows their distribution in 61 countries on that date.

As the map shows, PRME has signatories in 61 nations of which eight concentrate almost 60% of all signatory institutions: United States 73, United Kingdom 25, France 16, Spain 13, Germany 13, Canada 10, China 8, and India 7.

Our findings regarding the commitment of accredited and ranked business schools to PRME reveal an important growth potential in relation to other components of the virtuous circle:

- AACSB has granted accreditations to 570 schools in business programs as of September 2009, according to its website (www.aacsb.edu/accreditation/accreditedmembers.asp). Only 87 of those schools (15%) have signed on to PRME while 483 (85%) have not, as yet. Of the 280 signatories counted on January 13, 2010, 87 schools (32%) were accredited by AACSB. It is important to note that only two of the 16 prestigious universities that founded AACSB

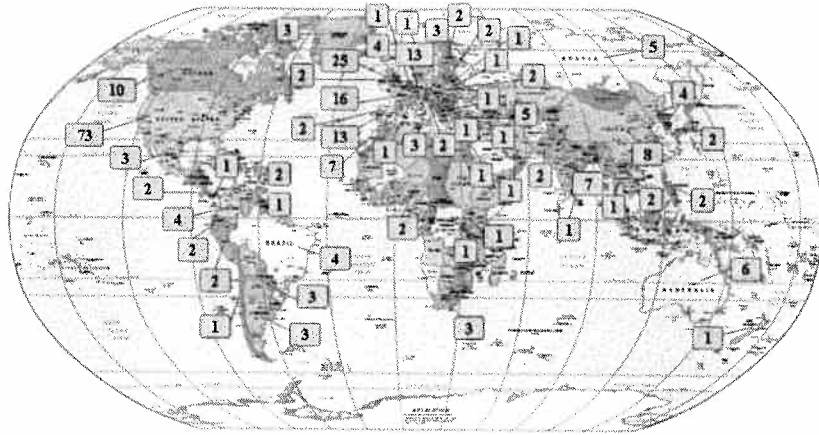


Figure 6.3. PRME signatory institutions in the world (January 13, 2010).

in 1916 (Ohio State University and University of Pittsburgh) have signed on to PRME.

- By December 2009, AMBA had accredited a total of 161 business schools. We found that of these, 47 (29%) had signed, while 114 (71%) had not. Of all 280 PRME signatories, 17% are schools accredited by AMBA.
- According to EFMD's website, by November 2009, 122 business schools had been awarded accreditations by this institution (www.efmd.org/index.php/accreditation/equis/accredited-schools). Of those schools, 48 (39%) are PRME signatories and 74 (61%) are not, while 17% of all 280 signatories hold EQUIS' accreditations.
- Our analysis of the BGP 2009-2010 Global 100 ranking indicates that 48 of the ranked business schools have signed on to PRME, while 52 have not. Only 18% of PRME signatories are BGP ranked.

Figure 6.4 illustrates the degree of adhesion and commitment to PRME from accredited and ranked schools.

Notwithstanding the low commitment levels of schools accredited by AACSB, AMBA and EQUIS, or the ranked schools in the BGP Global 100, this should not be seen as a bad sign for PRME's future. Instead, it should be regarded as the outset of the most promising initiative ever conceived for the integration of social responsibility in academic institutions, and as a great opportunity for them, as Lozano asserts, "to define and declare the values they defend" (2009a, p. 1).

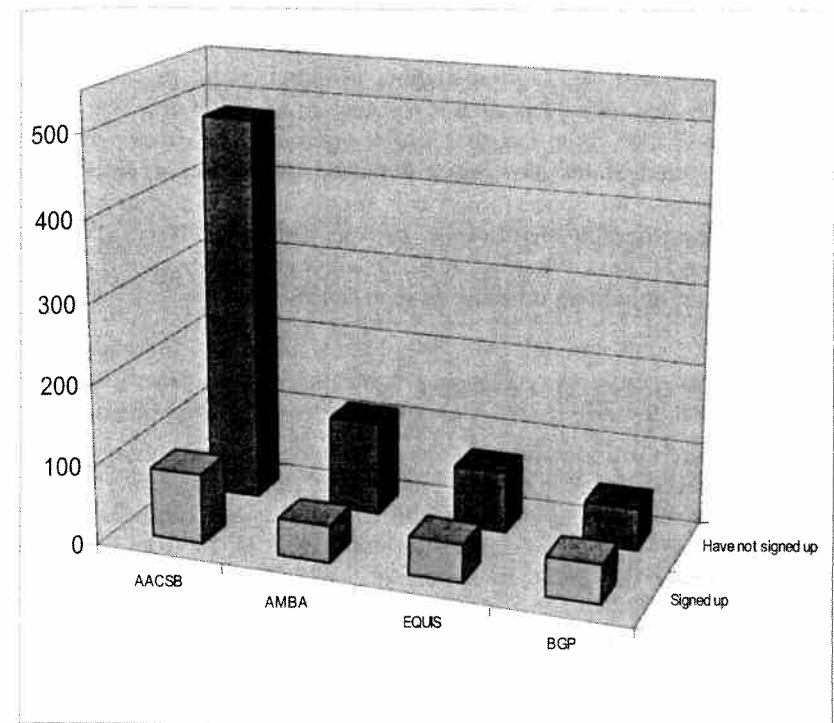


Figure 6.4. Accredited and ranked business schools that have and have not signed PRME (January 13, 2010).

It is important to acknowledge the continuous efforts of the co-convening organizations that have been using their communication channels to advocate PRME, including a joint campaign where AACSB, EABIS, EFMD, GRLI, Net Impact and UNGC presented PRME to their respective constituents (Escudero, 2008), and it is worthy of mention that the BGP 2009-2010 survey included a pertinent question that probably prompted several schools to adopt the initiative thereafter: "Has your business school signed up for PRME?"

The international taskforce that drafted PRME was made up of almost 60 deans, university presidents, and official delegates representing 51 leading academic institutions and two nonacademic institutions from 29 countries (<http://www.unprme.org/resources-docs/PRME.pdf>). We would have expected to find all 51 academic institutions of the taskforce to be PRME signatories. However, this was not the case: only 32 of them, 63%

of the total, committed themselves to this initiative whereas 19 academic institutions, 37% of the taskforce members, did not.

The country with the highest number of members in the taskforce is the United States, with 12 academic institutions of which only five (42%) signed on to PRME. The fact that a high number of taskforce members from the United States have not committed themselves to upholding PRME is a cause for concern, and it is surprising to find that business schools of considerable significance, such as Columbia, Harvard, Haas, MIT, Stephen M. Ross, Wharton, and Yale who were members of the Taskforce have not upheld an initiative of such significance.

Reasons for Opting Out of PRME

Our research was expanded in order to understand the reasons why 37% of the taskforce members had not adopted the initiative, and we personally contacted several of them who voluntarily and candidly shared their opinions with us. The reasons were of various kinds, from basic and simple, to others more elaborate; some not too supportive, but many others very favorable.

Several direct comments merit mention, but we shall maintain the identity of the respondents in confidence:

- We have not signed up for two reasons, none of which reflects negatively on PRME. First, I had some other policies to accomplish, namely getting ethics required in the MBA program. That has taken me over a year, and I plan now to introduce the dean to PRME after the New Year. The second reason, and probably why not everyone has signed up, is the onerous task of reporting every year. There are so many things to report about that this just seems like overkill. However, there are probably ways around that and I am working on that (personal communication, December 15, 2008).
- The universities I have worked at, in [name of country withheld], tend to react very slowly to initiatives of this nature, but I believe that in the long term they will adhere to PRME. One reason that now prevents universities in my country from signing up is probably the socially responsible support to labor rights that the UN Global Compact strongly upholds. The universities I refer to strongly depend on the corporate sector which is reluctant to support unions in their companies. It is hoped that our corporations will change their position on this issue, and thereafter, universities

will have less reticence to adhere to the initiative (personal communication, December 15, 2008).

- My assistance in the formulation of the principles was given in my individual capacity and not as a formal assignment from [name withheld] business school or its dean (personal communication, December 15, 2008).
- I stepped down as dean a year and a half ago. I'm copying my successor, who may not know what PRME is (personal communication, December 16, 2008).
- The PRME has the potential to influence the development of management education. It has highlighted the importance and urgency of the need for, in your own words, a "common purpose of forming ethical and socially responsible persons." There will be many ways of going about that but the PRME recognizes the importance of education in the formative years of a management professional's education. The PRME encourages learning institutions to commit to that process. I don't think you have overvalued the PRME initiative. It is, however, important that PRME be evaluated in substance. We should not be overly concerned with bean-counting the number of signatories. Many signatories of the UN Global Compact are not necessarily model companies. The main thing is that business schools are increasingly mindful of the type of graduates they produce. The KPIs (key performance indicators) for the UNGC office vis-à-vis the PRME are different from the KPIs of the universities. Nevertheless, the PRME is a catalyst in the common purpose you talked about (personal communication, December 17, 2008).
- PRME represents a useful initiative in enriching and broadening the purpose of management education. It reinforces the larger shift in management practice toward adding social value generation to the traditional business role of economic value generation. Any international initiative to set forth and then have adopted universal principles faces a multitude of challenges that you are undoubtedly aware of, and in the process of discovering in your research. Whether or not an individual institution adopts the principles is not necessarily an indicator of the degree of agreement with or support for them. Every business school has its particular organizational culture, policies, and politics that might impede adoption on process rather than substantive grounds. In fact, it might be valuable to ascertain to what extent organizations adopting or not adopting actually differ in their practices relative to the principles. There may even be some non-adopters that are more congruent

with the principles or even exceed them than adopters (personal communication, December 19, 2008).

- Even though I was interested in adhering to PRME in my capacity as dean, with the desire to implement positive changes, I encountered resistance from officials in my university involved in issues of social responsibility, who objected my recommendation alleging that the network of (name withheld) universities, to which we belong, was considering other alternatives (personal communication, December 20, 2008).
- Although (name withheld) university has not signed up to the PRME, it does not mean that we do not subscribe to the principles and values of the PRME. At the heart of every undergraduate degree program is the university core curriculum. The core curriculum includes analytical skills and creative thinking, leadership and team building, ethics and social responsibility, business, government and society, and technology and world change. The courses underline the importance of these subjects as part of the overall education in [name withheld] University. In addition, students have to complete 60 hours of community service as part of their degree program. In short, business ethics and social responsibility are integral part of the core courses in the curriculum. The amount of faculty resources devoted to the teaching of the courses is a representation of the university's commitment to a holistic education. At (name withheld) university, ethics and social responsibility are managed and taught by faculty from the school of law. At the MBA level, all students have to take an exam in the course of managing ethical dilemmas and corporate governance. I suppose the way forward is for the school of law to work with the other five schools, especially the school of business, to achieve buy-in for the PRME. As the law school's remit is not management education, there are internal channels to navigate to have (name withheld) university sign on to the PRME. Nevertheless, we are doing as much as many of the PRME signatories in promoting and sensitizing students on the importance of ethical and responsible conduct in the business realm (personal communication, January 2, 2009).
- I recall that I helped (name withheld) draft and edit some text for the development of these principles. I was involved in the Global Compact at the beginning but I did not think that it was doing anything; rather, it simply put on a series of big show conferences where very little substance/change was taking place. As a result, I stopped attending and have focused my work on the research and

meetings I have been organizing/doing around the (name withheld) project (personal communication, January 8, 2009).

Regional Initiatives Beyond PRME

The foregoing comments we received regarding other alternatives to PRME, such as the network of universities engaged in a project of their own, led us to research other developing initiatives for socially responsible universities:

- A network of 14 Chilean universities launched in 2001 a socially responsible university project named Universidad Construye País [Universities Build a Country], to expand the concept and practice of social responsibility through jointly coordinated actions across the entire Chilean university system.
- The Iberoamerican Network of Universities for Corporate Social Responsibility (REDUNIRSE) was launched in 2006. It constitutes an area for exchange between Iberoamerican universities which, with the support of institutions promoting social responsibility such as the Agencia Española de Cooperación Internacional (Spanish Agency for International Cooperation) (AECI) and the United Nations Development Program (UNDP), aims to link up the different social actors involved in social responsibility. The objective is to promote social capital in Iberoamerica and help create a socially responsible community, promote ethical human development, spread information, and raise awareness about social responsibility, as well as encouraging training, research and extension (social participation) in this area.
- The Association of Universities Entrusted to the Society of Jesus in Latin America (AUSJAL), created in 2007, has brought together 31 universities located in 15 Latin American countries; its main objective is to create the first university network in Latin America with an identity, shared leadership and common strategy, in order to carry out educational and social reform in that region.

The projects mentioned above are worthy of enthusiastic praise for their initiatives and efforts to create socially responsible universities. There are other laudable projects in action, but they all are either regional or belong to one university or to a network of several universities. On the one hand, PRME is an initiative which does not exclude other constructive projects but is, by its origin, nature and principles, a project that can unite schools towards common ideals and purposes. Isolated

efforts disperse and weaken overall objectives. Contrariwise, PRME fosters the creation of local and worldwide networks to develop a new era of cooperation within the academic community and the constitution of a shared platform for dialogue, learning and action. Additionally, the exceptional support and formal recognition that the United Nations has granted to the PRME initiative deserves endorsement—with conviction and commitment—from business schools (PRME News, 2009).

We know that taking the decision to implement changes in academic institutions has never been easy (see Cohen, 2003); planned change, affecting the entire system is unusual (Burke, 2008, p. 1) and takes much longer than expected. However, current challenges are demanding immediate and decisive action and, paraphrasing President Barack Obama's words, "We [that is, the business schools] must have the courage and commitment to change."

A suitable recommendation for all academic institutions that have not yet adhered to the commitment of implementing PRME is Judith Samuelson's statement, made in 2003, which is quite pertinent to our proposal:

Build on your school's strengths, whether that means key faculty, or research, or an innovative approach to curriculum, or close ties to the community, or global reach, or something else. You don't have to start with a full-blown program, you can start where the energy and ability already exists and build from there. (Gentile & Samuelson, 2005, p. 504)

Taking the first step is the fundamental action: Signing on to PRME and becoming committed to implementing the principles for a process of change towards the transformation of business schools into socially responsible institutions.

CONCLUDING REMARKS

Greed and lack of values contributed to the recent financial chaos and the global economic crisis, which revealed a lack of ethics for the business executives involved. Many of them, skillful business practitioners, graduated from prestigious business schools with the goal of attaining prominent positions in the corporate world. However, they did not seem to be equipped with the ethical compass that such positions require. We call for business schools to fill this void and encourage their students, society's future managers, to attend to ethics in their decision making. We believe that such effort to deliver socially responsible business education and inculcate a conviction for ethical professionalism in students can have positive repercussions for society.

In short, we advocate that business schools integrate social responsibility into their curricula as an essential philosophy. We realize that this process is a complex one, and attempting it in an individual, isolated manner is difficult. Hence, it is timely that PRME was created over two and a half years ago as a global initiative with the capability of joining business schools together in a common purpose through a set of principles and common ideals that emphasize the fundamental normative connections between business, the environment, and society.

To further this initiative, we have proposed a virtuous circle, integrated by PRME as the central component in conjunction with three accreditation institutions, AACSB, EQUIS and AMBA, and the BGP ranking project as the fifth component. These prestigious institutions, as founders and supporters of PRME, conscious of their responsibility and influence, are in positions to synergistically encourage all the business schools that they accredit or rank to sign up to PRME and engage thereafter in a process of change aimed at delivering socially responsible education.

ACKNOWLEDGMENTS

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APPENDIX

Principles for Responsible Management Education (PRME)

- 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.
- 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.
- Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
- Research: We will engage in conceptual and empirical research that advances our understanding of the role, dynamics and impact of corporations in the creation of sustainable social, environmental and economic value.
- 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.

- Dialogue: We will facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability (Source: PRME A Global Initiative—A Global Agenda, UNGC, <http://www.unprme.org>).

Glossary

- AACSB: Association to Advance Collegiate Schools of Business
- AECI: Spanish Agency for International Cooperation
- AMBA: Association of MBAs
- AUSJAL: Association of Universities Entrusted to the Society of Jesus in Latin America
- BGP: Beyond Grey Pinstripes
- BSP: Business and Society Program
- DBA: Doctorates in Business Administration
- EABIS: European Academy of Business in Society
- EFMD: European Foundation for Management Development
- EQUIS: European Quality Improvement System
- GMAC: Graduate Management Admission Council
- GRLI: Globally Responsible Leadership Initiative
- KPI: Key performance indicators
- MBA: Masters of Business Administration
- MBM: Masters in Business and Management
- PRME: Principles for Responsible Management Education
- REDUNIRSE Ibero-American Network of Universities for Corporate Social Responsibility
- UNDP: United Nations Development Program
- UNESCO: United Nations Educational, Scientific and Cultural Organization
- UNGC: United Nations Global Compact

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CHAPTER 6

ASSESSING WHAT IT TAKES TO EARN A BEYOND GREY PINSTripES RANKING

ASSEESING WHAT IT TAKES TO EARN A BEYOND GREY PINSTRIPES RANKING

Janette Martell and Ángel Castiñeira
ESADE Business School

ABSTRACT

The purpose of this article is to assess the merits and objectives of the Beyond Grey Pinstripes (BGP) survey, its contribution to responsible business education and, mainly, what it takes to earn recognition by the survey's Global 100 ranking, which we also analyze in detail. BGP, a program of the prestigious Aspen Institute, is the only ranking survey to focus solely on the curricula and research content of ethics, social responsibility, and sustainability in MBA programs. We comprehensively describe the BGP survey and ranking methodology, and offer recommendations for fulfilling BGP's ranking requirements, based on its methodology. The 2009-2010 ranking is analyzed and, to conclude, reflections and comments are made on various elements of BGP's methodology. Finally, because both BGP and PRME pursue common ideals in encouraging business schools to deliver high quality education in ethics, social responsibility, and environmental stewardship, we urge all the business schools that are ranked in the Global 100 to sign up to PRME and, by committing to its principles, become joint promoters of a responsible business education.

Key words: BGP project, business ethics, Global 100, MBA programs, PRME, ranking, social responsibility, responsible business education, sustainability

CHAPTER 7

ASSESSING WHAT IT TAKES TO EARN A BEYOND GREY PINSTripES RANKING

Janette Martell and Ángel Castiñeira

INTRODUCTION

If the next generation of business leaders is to excel at managing enterprises of greater competitiveness, then they will need the knowledge and skills to tackle not only the financial but also the ethical, social, and sustainability challenges faced by today's corporations. The scope and reach of business education demand that business schools understand the significance of these concepts and how to introduce them to students. The Beyond Grey Pinstripes¹ survey and alternative ranking seeks to identify the business schools that have taken the greatest strides to prepare their students to manage the complex social, environmental, and ethical issues they will face in their business careers as entrepreneurs and innovators. The aim is for future business leaders to be conscious of the social impacts of their decisions and keep ethical principles "at the center of their thoughts, words and deeds" (Globally Responsible Leadership Initiative, 2004, p. 2).

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Ever since *Business Week* introduced its ranking of full-time MBA programs in 1988, there has been an explosion of other rankings from business publications around the world. MBA rankings of business schools, published yearly by prestigious periodicals, have become of utmost importance to universities, MBA candidates, corporations, and recruiters (Peters, 2007; Policano, 2007). Although these rankings do not necessarily capture the complexity of business education, most business schools view their position in these rankings as synonymous with quality and achievement. In this way, the rankings may encourage schools to strive to excel in the merits for which they are ranked.

The diverse rankings are compiled on many different bases: graduates' salaries, recruiters' perceptions, faculty research, students' satisfaction, opportunity cost, return on investment, and the potential to network, among others. Our interest in assessing the Beyond Grey Pinstripes (BGP) survey and ranking is because it focuses solely on the curricula and research content of ethics, social responsibility, and sustainability. No other ranking survey considers these areas as priorities. The distinction associated with being ranked in the BGP Global 100 is indeed a matter of pride for the selected business schools and contributes to efforts to improve MBA education around the world. It may also be a factor in attracting prospective students, since rankings are viewed as an important criterion for choosing a business school.

We are ever mindful of those presidents, deans, and faculty members who have the conviction and earnest desire to influence a new generation of responsible business leaders. Those who have a particular interest in the BGP survey will find this chapter to be an assessment of it from the standpoint of methodology, requirements, and qualities.

HELPING LEADERS REFLECT AND ACT ON IDEAS AND VALUES

Sixty years ago, Chicago businessman and philanthropist Walter Paepcke created in Aspen, Colorado "a place where the human spirit can flourish" (Aspen Institute, 2009, p. 3). Known today as The Aspen Institute, this organization has provided a platform for leaders from around the globe in many disciplines to discuss contemporary issues. The vision and reach of the Aspen Institute extend today far beyond its original roots, but in all of its work since inception, it has remained committed to the power of thoughtful dialogue about enduring human values. The many events, seminars, programs, networks, and leadership initiatives that the Institute delivers around the world have attracted statesmen, Nobel laureates, businesspersons, intellectuals, scientists, scholars, technology pioneers, and other leaders. All these participants seek to resolve dilemmas, advance

policy solutions, examine the social and moral values underlying human problems, and strengthen their capacity for self-knowledge and mutual understanding (p. 3).

The Aspen Institute's mission is to foster values-based leadership and provide a neutral and balanced venue for discussing and acting on critical social issues (www.aspeninstitute.org). The institute enacts this mission in four ways.

- Seminars are aimed at helping leaders reflect on what makes a good society. Among them, the Aspen Seminar (formerly the Executive Seminar) challenges leaders in every field to think more critically and deeply about leadership. The Socrates Society is another program that has provided a forum for emerging leaders.
- Young-leader fellowships around the globe bring together a select group of proven leaders for an intense multiyear program.
- Policy programs serve as nonpartisan forums for analysis, consensus building, and problem-solving on a wide variety of issues, among which the Business and Society Program creates opportunities for executives and educators to explore new routes to business sustainability and values-based leadership.
- Public conferences and events provide a common forum for people to share ideas about the values that help create a good society.

THE ASPEN BUSINESS AND SOCIETY PROGRAM

Given its premise "change the way you educate people and you can change the world" (Aspen Institute, 2009, p. 29), the Aspen Business and Society Program (BSP)² creates opportunities for executives and educators to explore new routes to business sustainability and values-based leadership through dialogue, research, and curriculum development. For this program, the goal is to develop leaders for a sustainable global society. Judith Samuelson is the executive director of the Aspen BSP (www.aspeninstitute.org/policy-work/business-society).

Center for Business Education

As part of the Aspen BSP program, the Center for Business Education (CBE) works with business schools to serve as a source for innovative curricula. It equips students, the future business leaders, with a new management paradigm: the vision and knowledge to integrate corporate

profitability and social value with the goal of radically reorienting the MBA degree to embrace the principles of corporate citizenship and sustainability. The CBE, under the directorship of Rich Leinsider, offers a range of programs, resources and initiatives in three areas.

- Business and faculty networks that cultivate new curriculum and emerging research agendas.
- Academic resources aimed at introducing new ideas about social and environmental issues in the classroom.
- Awards programs that recognize exceptional teaching, research, and thought leadership in MBA programs (www.aspenbce.org).

In the past 9 years, the CBE has surveyed MBA students three times about their attitudes toward the relationship between business and society. The results have revealed that MBA programs definitely influence the way students think about the role of business and its relationship to society, once they become managers and leaders.

A unique program of the CBE is Beyond Grey Pinstripes (BGP), a survey and ranking of business schools that integrate social and environmental stewardship into curricula and research. Our purpose is to assess the merits and objectives of the BGP survey, its contribution to socially responsible education and, mainly, what it takes to earn recognition in the survey's Global 100 ranking. We will deliver this material in four parts. First, we give a detailed description of the BGP survey and ranking methodology. Second, we offer recommendations for fulfilling BGP ranking requirements. Third, we analyze the 2009-2010 ranking and the programs that earned six top business schools their positions. Finally, we reflect on BGP methodology.

BEYOND GREY PINSTripES

Overview

In 1998, the World Resources Institute (WRI) created Grey Pinstripes with Green Ties, a report that examined the inclusion of environmental management topics in 37 MBA programs. In 1999, WRI partnered with the Aspen Institute Business and Society Program (BSP) to balance the WRI report by examining MBA programs for the teaching of social impact management.³ This led to the creation of Beyond Grey Pinstripes (BGP), a survey and consequent ranking of business schools that spotlight innovative full-time MBA programs that encourage the integration of social and environmental stewardship into curricula and research. The

ranked schools are thus distinguished for preparing students for the reality of tomorrow's markets and for equipping them with the social, environmental, and economic perspectives required for business success in a competitive and fast-changing world. In 2007, the Aspen BSP took over the management of the survey and the business school ranking.

MBA rankings are a controversial topic in business education. Although they are typically popular among schools, alumni, corporations, recruiters, and prospective students, they can also contribute to a myopic view of what makes a business school "the best." Additionally, the rankings "may sometimes be based on unsound research and can lead to a misallocation of student interest and alumni funding, and faculty and administrator attention" (Aspen Institute Center for Business Education, 2009, p. 1).

The primary difference between the BGP Global 100 and other business school rankings is one of perspective. It is the only survey and ranking to focus directly on courses and research at each school with the aim of ensuring that MBA programs are preparing future business leaders to identify the opportunities, and mitigate the costs, of business' relationship with society and the environment. BGP's specific goals are as follows.

- To promote and celebrate innovation in business education.
- To inform prospective students about environmental and social impact management programs.
- To raise the bar by challenging business schools to incorporate social and environmental impact management topics into their curricula.
- To inform corporate recruiters of business schools that provide training in social and environmental skills as part of business decision making.
- To disseminate best programs in teaching, research, and extracurricular activities.
- To facilitate conversations about social issues among students, faculty, administrators, and business leaders.

BGP casts a broad net in an effort to promote and support schools and faculty. Prospective students, current students, alumni, faculty, administrators, corporate recruiters, business executives, and the media can use the information and ideas available via Aspen's website to highlight the goal of integrating social and environmental issues into business practice.

The survey and Global 100 ranking provides several unique benefits to business schools and their stakeholders.

- It allows public recognition of the faculty, departments, and schools that are doing excellent work in the ranked areas.
- It signifies a matter of pride for those schools recognized for fulfilling the social mission of educating society's future leaders in responsible management practices.
- It can augment the public relations and marketing efforts of ranked schools.
- It provides a detailed map of what is currently taught, so that schools can be benchmarked and best programs from around the world identified.
- It provides information for benchmarking schools in terms of extracurricular activities related to the social and environmental impacts of business.
- It can be used to inform alumni about how their schools rank on social and environmental issue coverage.

The BGP survey and ranking is conducted and published every 2 years, after 18 months of rigorous research on how well MBA programs incorporate social, environmental, and ethical issues into their curricula. What follows is a summary of BGP's research methodology (see also www.beyonddgreyinstripes.org).

Research Methodology

Outreach

Working with the Association to Advance Collegiate Schools of Business (AACSB), the European Foundation for Management Development (EFMD) and other international MBA accrediting bodies, the BGP team assembles a roster of approximately 600 accredited full-time MBA programs throughout the world to whom initial invitations are sent to participate in the survey. All schools in the United States must have AACSB accreditation. To be ranked by BGP, schools that meet a certain set of qualifying criteria can opt into the process and submit data, and those that subsequently become eligible can access the online survey site, generally starting in October and ending in mid-December. Aspen CBE staff members offer participating schools two online tutorials at the beginning of the survey period and continue support services throughout the data collection period. Survey questions are refined every 2 years, with the last update occurring in 2008, in consultation with an advisory group of 30 business school faculty members. This last survey incorporated ethical components not previously included.

The survey, which is managed by the Aspen CBE, tracks only information about accredited full-time, in-person MBA programs. In some cases, information is accepted from part-time programs that have a significant full-time enrollment, but only numbers associated with full-time students are included in the survey. Articles written by professors who are not teaching at the MBA level may not be included; however, articles written by researchers working in centers housed in the business school may be included. The 2009-2010 Global 100 ranking was determined by the scores obtained from data submitted by 149 business schools in 24 countries, of which 63% are located in the United States. The remaining 37% were from 23 other countries. Most of the final report is available on the BGP website.

Data Collection/Survey

The survey data are collected in three broad categories, as explained below.

- *MBA Coursework.* This category focuses on core and elective courses that include social, environmental, or ethical topics for which Aspen uses the umbrella term "social impact management." The survey asks schools for data from the two academic years preceding the survey, including the department, instructor, number of MBA students enrolled in each course, credit hours for each course, and total school enrollment. Schools must indicate the percentage of pertinent content in each course, although such information is not validated. Submissions of course descriptions, supporting syllabi, or a uniform resource locator (URL) link are required, with syllabi preferred.
- *Faculty Research.* Schools are asked to submit a spreadsheet containing all scholarly articles written by faculty members that address social, environmental, or ethical topics in any peer-reviewed business journal during the previous two calendar years, as well as journal details.
- *Institutional Support.* Schools are asked to report exemplary noncurricular activities and programs that specifically address social and environmental impact management. Information is requested about external speakers, internships and consulting programs, student clubs, career development services, university institutes and centers, joint degrees, specializations, and other such activities.

The data on institutional support are not used for ranking calculations. The same applies to the 500-word narrative from each school on how it prepares students for environmental and social stewardship. This infor-

mation is published on the Aspen CBE and BGP websites, which get one million visits each year. It is also published in the CBE Closer Look series of white papers for faculty. Notably, the school's profile and pertinent information are featured in the Aspen guidebook, *The Sustainable MBA: The 2010-2011 Guide to Socially Responsible MBA Programs*.

Data Cleaning

Attempts are made to clean all data for obvious errors. If necessary, Aspen CBE contacts schools for corrections and clarification. Except for obvious errors, CBE does not attempt to assess the validity of self-reported data. However, the transparency and accuracy of data reporting are supported in the following ways.

1. An online signature is required from the reporter, pledging honesty and accuracy.
2. All reported data are made publicly available so that peer schools, students, and alumni can review them.

Data Not Evaluated

Although extracurricular activities can make a difference in a student's experience, data on these activities are not considered in the ranking. Again, in an effort to make comparisons consistent, the BGP methodology focuses exclusively on coursework and research. Information on extracurricular activities of all participating schools is available on the Aspen CBE website. Student opinions regarding their education are also not used in ranking calculations.

Scoring/Ranking Calculations

The Aspen ranking focuses on the following four areas of scoring and ranking calculations.

1. Availability of relevant courses;
2. Student exposure;
3. Relevant courses on for-profit impact; and
4. Faculty research.

The ranking is tabulated directly from the self-reported survey data, and researchers at Aspen evaluate the responses using a rigorous evaluation protocol. Some survey metrics are calculated directly from the data reported, while others require a subjective review.

Availability of Relevant Courses counts the number of courses offered with ethical, social, and/or environmental content. An evaluative question is asked: How much opportunity do students have to take courses with this content?

Student Exposure measures teaching hours and student enrollment in these courses. The evaluative question is: To what extent are students actually exposed to such content? The formula for each course is: [(percent of course time dedicated to such issues) \times (course credits/total degree credits) \times (course enrollment / total school enrollment)]. This formula adjusts for the size of the student body, length of courses, enrollments in courses, and whether the courses are required or elective.

Relevant Courses on For-Profit Impact is a simple count of the number of courses that specifically address the intersection of social and environmental issues with mainstream, for-profit business. The evaluative question is: Do any of the courses being taught on campus explicitly discuss how business can be an engine for improving social and environmental conditions? This metric measures an MBA program's possible impact on business's role in society, which is the central focus of Aspen CBE.

Faculty Research counts the number of scholarly publications by faculty in peer-reviewed journals containing some degree of ethical, social, or environmental material. The evaluative question is: To what extent do professors on campus explore these issues in their own research? The CBE Research Fellows, whose characteristics and responsibilities are explained below, review all articles and abstracts using criteria similar to that applied to relevant coursework.

Final Computation

The various raw score metrics are then adjusted by using a statistical smoothing process called square-root standard deviation about the mean, which produces numerical values that represent how well a school has done relative to the other schools in the survey. Each of the above-mentioned values, or z scores, are weighted at 25% and then summed to arrive at an overall point total. The final ranking is an ordinal list of the Global 100 schools by total points received.

For subjective reviews, Aspen CBE uses a team of 12 PhD and PhD candidates as research fellows selected in a competitive process from leading institutions around the world. Research fellows are trained carefully on the survey protocol, and in any review by them scoring is done blindly—without school or faculty names associated with data—and in pairs to obtain inter-rater reliability, consistency, and minimize possible biases.

In mid-February 2009, CBE announced the 2009 class of research fellows who reviewed the coursework and research for scoring calculations of the 2009-2010 Global 100 ranking. They came from Alberta, Darden, ESADE, Fuqua, Interpolitecnica, McGill, New York, North Carolina, Schulich, Washington State, Wharton, and Zurich business schools.

RECOMMENDATIONS FOR FULFILLING BGP REQUIREMENTS

The following suggestions are directed to the presidents, deans, faculty, students, and administrative members of business schools who are committed to a process of transforming their schools into socially responsible institutions.⁴ That is, we are addressing those members of academic communities who strive to inculcate social responsibility into every aspect of their schools.

The process described in Figure 7.1 suggests four avenues of analysis that schools should undertake in order to implement actions that lead to successful BGP ranking.

1. The first box in Figure 7.1 indicates that schools striving for BGP recognition should review the most recent Global 100 information in the areas of coursework, faculty research, and extracurricular activities. This information can be useful in striving to meet benchmark standards in these areas.
2. The second box in Figure 7.1 shows that analyzing the projects and initiatives of key international organizations can also inform implementation. These organizations include AACSB, Aspen Institute, European Academy of Business in Society (EABIS), EFMD, Globally Responsible Leadership Initiative (GRLI), Principles for Responsible Management Education (PRME), and United Nations Global Compact (UNGC).
3. The third box in Figure 7.1 illustrates that schools need to analyze their own coursework, research output, and extracurricular activities, especially in light of the information gleaned from the above two steps. Such analysis should entail a deep look into the business school's culture and the commitment to ethics and environmental responsibility on the part of faculty, students, administrators, and alumni. These constituents will need to be involved in the process of change and be committed to it. The internal diagnosis should also include an evaluation of systems and procedures with the goal of ensuring that they can provide the necessary support to comply

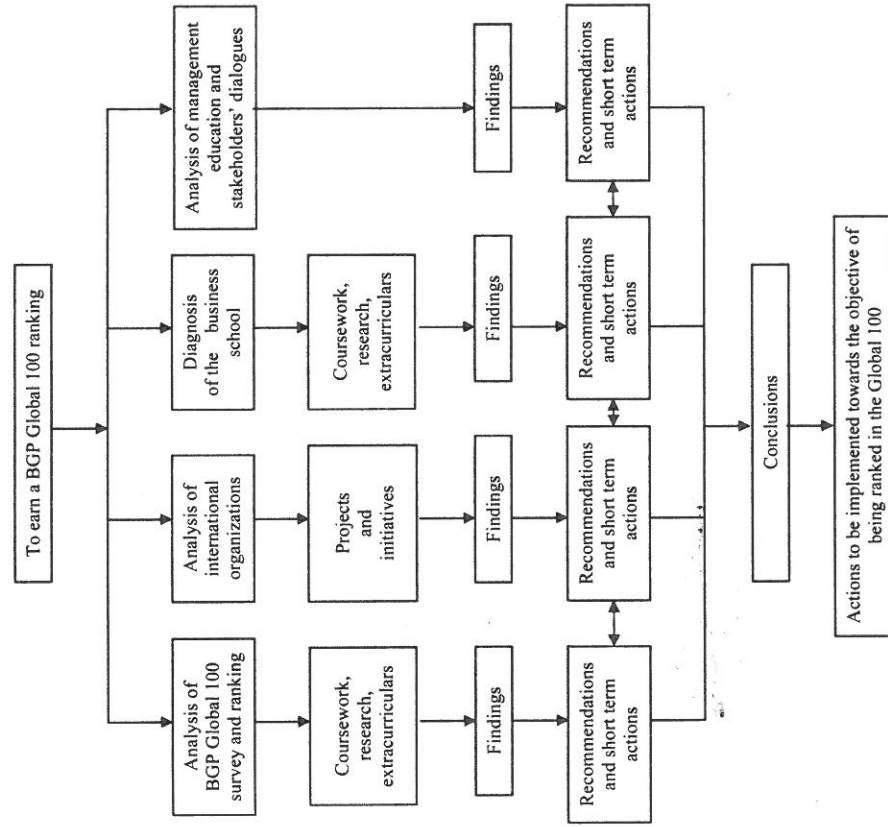


Figure 7.1. Process of analysis for the implementation of actions.

with the mission of training socially responsible business leaders in line with the school's vision, mission, values, and strategies.

4. The fourth box in Figure 7.1 indicates that schools need to engage continuously in open-ended dialogue with internal and external stakeholders about what constitutes socially responsible management education in light of emerging social trends and challenges.

It is necessary to bear in mind that the fundamental areas for the BGP ranking are ethics, social responsibility, and environmental sustainability. Therefore the following aims are indispensable.

- To have these concepts fully integrated in the curricula in a transversal manner.
- To achieve an enrollment of the highest possible number of students in elective courses with a high content of these concepts.
- To encourage faculty to consistently publish peer-reviewed journal articles in these areas.

Additional Resource Analysis

Related to the second step given above, the following resources can be useful in achieving the desired benchmark.

- Case studies related to ethics, social responsibility, and sustainability can be obtained from CasePlace.org (Aspen CBE), EABIS, and the European Case Clearing House (ECCH).
- Ideas for the integration of new courses can be found at Giving Voices to Values (www.aspenbe.org) and Peace Through Commerce Program (www.aacsb.edu/resource_centers/peace/default.asp).
- For program transformation and redesign, it would be beneficial to refer to the experiences of other institutions that have radically redesigned their MBA programs. These include HEC Paris, Stanford Graduate School of Business, Yale School of Management, the College of Business at Washington State University, and the Daniels College of Business at the University of Denver.
- Detailed examples of courses, extracurriculars, and university centers can be found at beyondgreypinstripes.org, the world largest MBA database.

Suggestions for Implementation Actions

Figure 7.1 shows that the analysis undertaken by business schools should culminate in implementation actions. An important aspect of implementation is to communicate to faculty and staff the decision to participate in the BGP survey, the benefits that the institution will derive, and the objectives and goals of the ranking project. The participation and engagement of these internal constituents will be necessary for a successful outcome. Administrators should keep in mind that successful change involves generating trust, forging new organizational capabilities, gaining emotional commitments, and fostering motivation through inspiration (Wheatley, 2003). In short, leadership matters. We suggest that a task

force that includes faculty, administrators, and students use the steps indicated in Figure 7.1 to identify short term actions for enhancing coursework, research, and extracurriculars. Subsequently, this task force should pull together all findings and recommendations to formulate an action plan for pursuing BGP ranking. Since leadership is important to a successful outcome, the dean should attend all informative meetings and take part in the decision processes.

ANALYSIS OF THE 2009-2010 GLOBAL 100

The 2009-2010 Global 100 ranking is composed of business schools from 17 different countries. Sixty-eight schools are located in the United States; seven are in Canada, six in the United Kingdom, three in Spain, three in France, and two in Australia. The remaining 11 schools are in 11 different countries.

Table 7.1 shows the 100 ranked schools, the countries in which they are located, the rankings reports published in 2009, 2007, 2005, 2003, and 2001, and the bodies that accredited these schools in 2009.

The Global 100 incorporates the scores obtained by the schools in each of four areas in accordance with established calculations (www.beyondgreypinstripes.org/rankings/index.cfm). Listed below are the schools that obtained first, second, and third position in each of the categories in the 2009-2010 edition.

1. Availability of Relevant Courses: 1st York, 2nd Stanford, 3rd Yale.
2. Student Exposure: 1st IE Business School, 2nd Simmons, 3rd RSM Erasmus.
3. Relevant Courses on For-Profit Impact: 1st Michigan, 2nd Stanford, 2nd U. of North Carolina.
4. Faculty Research: 1st York, 2nd Michigan, 3rd Notre Dame.

York University (Schulich) was ranked number one in the most recent Global 100, displacing Stanford's primacy in the past two editions. The only business school that has been steadily ranked among the world's top three in each ranking period is York University. Otherwise, the top rankings change constantly from year to year with only 12 schools indicated in the past five editions. Of those schools, nine are in the United States, one in Canada, one in Finland, and one in Mexico.

The five consecutive evaluations of the Global 100 reveal the first-place business schools in five Top 10 categories:

Table 7.1. BGP 2009-2010 Global 100 Business Schools

Business School	Location	Aspen's Evaluation of MBA Programs					Accreditations 2009			
		2009(5)	2007(4)	2005(3)	2003(2)	2001(1)	✓ Accredited	* Not accredited		
							AACSB	AMBA	EFMD	
1	York (Schulich)	Canada	1	3	3	Distinction	Distinction	*	*	*
2	U. of Michigan (Ross)	USA	2	2	7	Distinction	Distinction	✓	*	*
3	Yale School of Management	USA	3	9	21	Distinction	Distinction	✓	*	*
4	Stanford Graduate School of Business	USA	4	1	1	Distinction	Distinction	✓	*	*
5	Notre Dame (Mendoza)	USA	5	5	5	Distinction	-	✓	*	*
6	UC Berkeley (Haas)	USA	6	4	11	Distinction	Distinction	✓	*	*
7	RSM Erasmus	Netherlands	7	15	16	Distinction	-	✓	✓	✓
8	NYU (Stern)	USA	8	11	-	-	-	✓	*	*
9	IE Business School	Spain	9	10	-	-	-	✓	✓	✓
10	Columbia Business School	USA	10	6	-	-	-	✓	*	*
11	U. of Virginia (Darden)	USA	11	24	13	Distinction	-	✓	*	*
12	Cornell (Johnson)	USA	12	7	9	Distinction	-	✓	*	*
13	George Washington School of Business	USA	13	13	6	Distinction	Distinction	✓	*	*
14	U. of North Carolina (Kenan-Flagler)	USA	14	12	8	Distinction	Distinction	✓	*	*
15	Simmons School of Management	USA	15	32	-	-	-	✓	*	*
16	Duke (Fuqua)	USA	16	26	-	-	-	✓	*	*
17	Wisconsin School of Business (Madison)	USA	17	33	28	-	-	✓	*	*
18	Duquesne (Donahue)	USA	18	8	-	-	-	✓	*	*
19	U. of New Mexico (Anderson)	USA	19	18	18	Distinction	Distinction	✓	*	*
20	U. of Denver (Daniels)	USA	20	47	-	-	-	✓	*	*
21	U. of San Diego SOB Administration	USA	21	36	-	-	-	✓	*	*
22	Loyola U. Chicago Graduate SOB	USA	22	62	-	-	-	✓	*	*
23	Nottingham U. Business School	UK	23	28	12	-	-	*	✓	*

Business School	Location	Aspen's Evaluation of MBA Programs					Accreditations 2009			
		2009(5)	2007(4)	2005(3)	2003(2)	2001(1)	✓ Accredited	* Not accredited		
							AACSB	AMBA	EFMD	
24	Ohio State (Fisher)	USA	24	-	-	-	-	✓	*	*
25	Portland State U. SOB Administration	USA	25	22	20	-	-	✓	*	*
26	Babson (Olin)	USA	26	31	-	-	-	✓	*	✓
27	Griffith Business School	Australia	27	-	-	-	-	✓	*	*
28	INSEAD	France	28	43	24	Distinction	-	✓	✓	✓
29	San Francisco State U. College of Business	USA	29	37	-	-	-	✓	*	*
30	UC Davis Graduate School of Management	USA	30	29	-	-	-	✓	*	*
31	McGill (Desautels)	Canada	31	45	22	Distinction	-	*	*	*
32	ESADE Business School	Spain	32	14	2	Distinction	-	✓	✓	✓
33	Case Western Reserve (Weatherhead)	USA	33	57	23	Distinction	Distinction	✓	*	*
34	Concordia (John Molson)	Canada	34	59	-	-	-	✓	*	*
35	Georgetown (McDonough)	USA	35	73	30	-	-	✓	*	*
36	U. South Florida St. Petesburg COB	USA	36	34	-	-	-	✓	*	*
37	U. of Colorado at Boulder (Leeds)	USA	37	20	17	Distinction	-	✓	*	*
38	Monterey Institute of Int. Studies	USA	38	40	-	-	-	✓	*	*
39	U. of Stellenbosch Business School	South Africa	39	70	-	-	-	*	✓	✓
40	U. of Oregon (Lundquist)	USA	40	-	-	-	-	✓	*	*
41	U. of Navarra (IESE)	Spain	41	66	27	Distinction	-	*	✓	✓
42	U. of South Carolina (Moore)	USA	42	51	-	-	-	✓	*	*
43	Wake Forest (Babcock)	USA	43	30	10	Distinction	Distinction	✓	*	*
44	Dartmouth (Tuck)	USA	44	25	24	Distinction	-	✓	*	*
45	Brandeis (Heller)	USA	45	19	-	-	-	✓	*	*
46	HEC Genève	Switzerland	46	61	-	-	-	*	✓	*
47	Willamette (Atkinson)	USA	47	58	-	-	-	✓	*	*
48	U. of Jyväskylä SOB and Economics	Finland	48	35	26	Distinction	Distinction	*	*	*

Business School	Location	Aspen's Evaluation of MBA Programs					Accreditations 2009			
		2009(5)	2007(4)	2005(3)	2003(2)	2001(1)	✓ Accredited	* Not accredited	EFMD	
49	U. of British Columbia (Sauder)	Canada	49	23	-	-	-	✓	*	✓
50	Carnegie Mellon (Tepper)	USA	50	27	-	-	-	✓	*	*
51	U. of Calgary (Haskayne)	Canada	51	16	25	Distinction	-	✓	*	*
52	Boston University - School of Management	USA	52	54	-	Distinction	-	✓	*	*
53	U. of Western Ontario (Ivey)	Canada	53	21	14	-	-	*	*	✓
54	Northwestern (Kellogg)	USA	54	-	-	Distinction	-	✓	*	*
55	Villanova U. School of Business	USA	55	-	-	-	-	✓	*	*
56	Wright State (Raj Sooin)	USA	56	-	-	-	-	✓	*	*
57	Arizona State (W.P. Carey)	USA	57	-	-	-	-	✓	*	*
58	Michigan Tech. SOB and Economics	USA	58	94	-	-	-	✓	*	*
59	Thunderbird School of Global Management	USA	59	44	-	-	-	✓	*	*
60	IESA	Venezuela	60	75	-	-	-	✓	✓	✓
61	U. of Southern California (Marshall)	USA	61	-	-	-	-	✓	*	*
62	Pepperdine (Graziadio)	USA	62	50	-	-	-	✓	*	*
63	Copenhagen Business School	Denmark	63	41	-	-	-	*	✓	✓
64	UT Dallas School of Management	USA	64	-	-	-	-	✓	*	*
65	CUNY, Baruch College (Zicklin)	USA	65	82	-	-	-	✓	*	*
66	U. of Colorado at Denver Business School	USA	66	-	-	-	-	✓	*	*
67	Bentley (McCallum)	USA	67	55	-	-	-	✓	*	✓
68	Lamar University College of Business	USA	68	85	-	-	-	✓	*	*
69	U. of Vermont SOB Administration	USA	69	78	-	-	-	✓	*	*
70	Vlerick Leuven Gent Management School	Belgium	70	-	-	-	-	✓	✓	✓
71	University of Glasgow Business School	UK	71	-	-	-	-	✓	✓	*
72	Western Washington U. CBE	USA	72	87	-	-	-	✓	*	*

Business School	Location	Aspen's Evaluation of MBA Programs					Accreditations 2009			
		2009(5)	2007(4)	2005(3)	2003(2)	2001(1)	✓ Accredited	* Not accredited	EFMD	
73	Boston College (Carroll)	USA	73	46	15	Distinction	-	✓	*	*
74	Vanderbilt (Owen)	USA	74	49	-	Distinction	Distinction	✓	*	*
75	U. Mass Boston College of Management	USA	75	-	-	-	-	✓	*	*
76	Saint Joseph's University (Haub)	USA	76	-	-	-	-	✓	*	*
77	Kansas State U. COB Administration	USA	77	-	-	-	-	✓	*	*
78	University of South Australia IGSB	Australia	78	-	-	-	-	*	*	✓
79	HEC Paris	France	79	64	-	-	-	✓	✓	✓
80	Dalhousie SBA	Canada	80	39	-	-	-	✓	*	*
81	Cranfield School of Management	UK	81	56	-	-	-	✓	✓	✓
82	Massachusetts Institute of Tech. (Sloan)	USA	82	71	-	-	-	✓	*	*
83	U. of Bath School of Management	UK	83	60	-	-	-	*	✓	✓
84	EGADE Tecnológico de Monterrey	Mexico	84	17	4	Distinction	Distinction	✓	✓	✓
85	Georgia State University (Robinson)	USA	85	-	-	-	-	✓	*	*
86	Tulane (Freeman)	USA	86	74	-	-	-	✓	*	*
87	Oregon State U. College of Business	USA	87	89	-	-	-	✓	*	*
88	Ashridge Business School	UK	88	84	-	-	-	✓	✓	✓
89	Claremont Graduate U. (Drucker)	USA	89	-	-	-	-	✓	*	*
90	Washington State U. College of Business	USA	90	76	-	-	-	✓	*	*
91	U. of Arkansas (Walton)	USA	91	-	-	-	-	✓	*	*
92	IEDC (Bled)	Slovenia	92	-	-	-	-	*	✓	*
93	U. of Maryland (Smith)	USA	93	-	-	-	-	✓	*	*
94	Illinois Institute of Technology (Stuart)	USA	94	48	-	Distinction	Distinction	✓	*	*
95	London Business School	UK	95	-	-	-	-	✓	✓	✓
96	Audencia Nantes School of Management	France	96	90	-	-	-	✓	✓	✓

	Business School	Location	Aspen's Evaluation of MBA Programs					Accreditations 2009			
			2009(5)	2007(4)	2005(3)	2003(2)	2001(1)	✓ Accredited	* Not accredited		
97	Asian Institute of Management	Philippines	97	42	19	Distinction	-	2001(1)	AACSB	AMBA	EFMD
98	Baylor University (Hankamer)	USA	98	-	-	-	-	-	✓	✓	✓
99	North Carolina State U. (Jenkins)	USA	99	68	-	-	-	-	✓	✓	✓
100	aSSIST	South Korea	100	-	-	-	-	-	✓	✓	✓

Notes:

1 The Aspen and World Resource Institute 2001 Leading MBA Programs Report was the first attempt, preceding BGP, to survey how environmental and social issues intersect and merge with one another and with traditional management concepts in the business curriculum. The report spotlighted 21 business schools and faculty at the forefront of incorporating social and environmental stewardship issues into the fabric of their MBA programs.

2 The Aspen and World Resource Institute 2003 Leading MBA Programs Report was the second attempt, preceding BGP, that emphasized the importance of preparing students for a more comprehensive approach to social and environmental stewardship. The report compared 36 business schools on the basis of their accomplishments across both domains, rather than excellence in one or the other.

3 The Aspen and World Resource Institute 2005 Ranking of MBA Programs. The first biennial ranking of the Top 30 business schools, preceding the BGP Global 100, spotlighted innovative full-time MBA programs and faculty that lead the way in integrating issues of social and environmental stewardship into business school curricula and research.

4 Beyond Grey Pinstripes 2007-2008 - The Global 100, Aspen's first research survey and alternative ranking of business schools, spotlights innovative full-time MBA programs leading the way in curricular integration of issues concerning social and environmental stewardship.

5 Aspen's Global 100 - Beyond Grey Pinstripes 2009-2010. The most recent biennial survey and alternative ranking of business schools. Its mission is to spotlight innovative full-time MBA programs that are integrating issues of social and environmental stewardship into curricula and research.

- United States Schools: 1st place, University of Michigan (Ross).
- International Schools: 1st place, York University (Schulich).
- Coursework (Availability of Relevant Courses, Student Exposure, Relevant Courses on For-Profit Impact): 1st place, Yale School of Management.
- Faculty Research: 1st place, York University (Schulich).
- Small Schools: 1st place, Simmons School of Management.

Analysis of Accreditations

Considering the importance for business schools to be accredited, not only to be eligible to participate in the BGP survey, but also fundamentally because accreditation promotes reputational quality in education, we analyzed the bodies that accredited the schools ranked in the 2009-2010 Global 100.

- All U.S.-based schools (68) are accredited by AACSB, fulfilling the eligibility requirement.
- The Global 100 indicates that 12 schools have the designation of Triple Crown, meaning that they are accredited by AACSB, the Association of MBAs (AMBA), and EFMD. According to Table 7.1, the criteria for obtaining all three accreditations are recognition for outstanding research, education and career-building qualities. The Triple Crown schools are Ashridge, UK; Audencia Nantes, France; Cranfield, UK; EGADE Tec de Monterrey, Mexico; ESADE, Spain; HEC Paris, France; IESA, Venezuela; INSEAD, France; IE Business School, Spain; London Business School, UK; RSM Erasmus, Netherlands; and Vlerick Leuven Gent, Belgium.
- The Global 100 includes 87 schools accredited by AACSB, 20 by AMBA, and 21 by EFMD.
- Besides the 12 schools accredited by all three bodies, another school is accredited by both AACSB and AMBA, three schools are accredited by AACSB and EFMD, and four by both AMBA and EFMD.
- Seventy-one schools are accredited exclusively by AACSB, three by only AMBA, and two by only EFMD.
- It is notable that four ranked schools do not have their MBA programs accredited by AACSB, AMBA or EFMD. These are Schulich, Canada; McGill, Canada; Jyväskylä, Finland; and aSSIST, South

Korea. Of these schools, only Schulich offers a reason on its webpage, as follows.

In Canada, education is the responsibility of the provinces, not of the federal government. All degree programs in business or management must meet the quality-control criteria of their respective provincial governments. There is no separate accreditation body for university degree programs in business or most other disciplines. Universities in the province of Ontario offer one third of all Canadian MBA programs and enroll one half of the country's MBA students. Before a new program is established in Ontario, it must be approved by a special council, the Ontario Council for Graduate Studies (OCGS). Then, to ensure that quality is maintained, the program must be reassessed every seven years by the OCGS. In 1998, the Schulich School of Business graduate degree programs: Master of Business Administration (MBA), Master of Public Administration (MPA), International Master of Business Administration (IMBA), and Joint and Dual Programs, were reappraised by the OCGS. Each was awarded the Council's highest level of quality (www.schulich.yorku.ca).

An Analysis of Six Top Ranked Business Schools

We selected six top business schools from the ranking and four areas of the Global 100 in order to identify the most relevant programs. Table 7.2 provides general information about those schools. Readers may benchmark additional criteria from other select schools, according to disciplines.

Table 7.3 lists the scores obtained by the six selected schools in the disciplines which fulfill BGP's requirements. These schools are scored for ranking in three coursework categories: relevant courses, student exposure, and relevant courses on for-profit impact. The faculty research scores, which represent the number of published articles from each school, are included in the table.

Our analysis of coursework with social, ethical, and environmental coverage suggests that the most popular vehicle for this coverage is not Corporate Social Responsibility or Business Ethics courses. Instead, the following courses were indicated, listed in order of the highest to lowest frequency of coverage.

1. Finance
2. Management

Table 7.2. General Information About the Selected Top Schools (February 20, 2010)

Global 100 Rank	Business School	Location	Full-Time MBA Enrollment	Core and Elective Courses(*)	Relevant Courses Rank	Student Exposure Rank	For-Profit Impact Rank	Faculty Research Rank	Leading Rank	Website
1	York (Schulich)	Canada	412	162	1	40	10	1	Relevant Courses and Faculty Research	www.schulich.yorku.ca/
2	U. of Michigan (Ross)	USA	843	80	8	23	1	2	For-Profit Impact	www.bus.umich.edu
3	Yale School of Management	USA	382	110	3	4	4	16	Coursework	www.mba.yale.edu
4	Stanford Graduate SOB	USA	740	121	2	14	2	18	-	www.gsb.stanford.edu
5	Notre Dame (Mendoza)	USA	313	96	4	5	14	3	-	www.nd.edu/~cba/
9	IE Business School	Spain	500	73	9	1	14	59	Student Exposure	www.ie.edu

Note: *Courses with social, environmental, or ethical content.

Table 7.3. Coursework by Discipline and Faculty Research With a Content of Business in Society (February 20, 2010)

Disciplines	Coursework and Faculty Research, BGP 2009-2010						
	York (Schulich)	Michigan (Ross)	Yale School of Management	Stanford Graduate School of Business	Notre Dame (Mendoza)	IE Business School	
Accounting	15	6	8	8	5	5	
Business and Government	4	0	3	7	0	1	
Business Law	10	5	2	1	3	6	
CSR/Business Ethics	6	1	5	2	17	2	
Economics	7	7	9	7	2	5	
Entrepreneurship	4	8	4	2	4	7	
Environmental Management	3	0	10	6	3	0	
Finance	23	4	14	14	14	6	
Human Resource Management	0	0	1	1	1	6	
Inf. Technology and Systems	4	3	0	0	4	2	
International Management	14	1	4	3	8	0	
Management	16	16	11	5	12	6	
Marketing	16	3	11	7	11	10	
Organizational Behavior	13	0	6	22	1	1	
Production and Operations Mgmt	3	4	4	19	2	6	
Public and Non-Profit Management	14	2	6	3	4	0	
Quantitative Methods	3	0	1	0	1	0	
Strategy	7	20	11	14	4	10	
Total Coursework	162	80	110	121	96	73	
Total Faculty Research	52	38	16	15	34	10	

3. Strategy
4. Marketing

Relevant programs and outstanding qualities of the six selected schools were identified on their webpages, in addition to the information about them on the BGP webpage. Our review of this self-reported information substantiates that the ranking of schools in the Global 100 is determined by the provision of courses and faculty research with ethics, social, and environmental content. The following paragraphs summarize the public profiles of the six select schools.

- *The Schulich School of Business at York University* (Toronto, Ontario, Canada) has been an early pioneer of integrating social impact management and environmental management into core course and across the curriculum. Schulich provides students with the opportunity to select a significant number of courses from the more than 100 business ethics and business and sustainability electives it offers in 18 cutting-edge specializations. In addition to courses, the school has a number of in-house research institutes and centers, including Transparency International Canada, Inc., a business corruption watchdog organization; the York Centre for Applied Sustainability; and the Centre for Practical Ethics. The Erivan K. Haub Program in Business and Sustainability at Schulich is at the cutting edge of current best practices in executive education.
- *The Stephen M. Ross School of Business at the University of Michigan* (Ann Arbor, MI) features social and environmental responsibility as a cornerstone of broad-based management education. Its MBA program prepares students to address fundamental issues of social responsibility and environmentally sustainable business whether they work in the public, private, or nonprofit sector. The schools' commitment to responsible business is woven organically into the core curriculum. All students are required to complete a course dedicated to ethics and governance, as well as a course on the world economy that addresses the civic and cultural landscape of global business. Many electives focus on environmental and social responsibility, including corporate environmental strategy, finance for sustainable enterprise, sustainable manufacturing, and systems thinking for sustainable enterprise. Ross is also a leader in addressing the relationships between development and poverty alleviation.

The Frederick and Barbara Erb Institute offers a dual degree: an MBA from Ross and a Master of Science (MS) from the School of Natural Resources & Environment (SNRE), which focuses on Global Sustainable Enterprise. The Nonprofit and Public Management Center, a partnership with the schools of Public Policy and Social Work, is dedicated to providing expertise for public, private, and nonprofit management. The Ross School also shares many resources with the William Davidson Institute, which has a mission to improve social welfare and facilitate economic transition in developing countries.

- *The Yale School of Management* (New Haven, CT) has a mission to educate leaders for business and society. For more than 30 years this program has been known for its commitment to social and environmental issues and ethical leadership. These areas are included in the majority of courses in the integrated MBA curriculum, developed in 2006, as part of an effort to move away from the typical "siloes" teaching approach. As part of this effort, the Case Research Department produced the first web-based, multimedia case study, opening up pedagogical opportunities consistent with the new integrated curriculum. The Center for Business and the Environment joins the strengths of two world-renowned institutions, the Yale School of Management and the Yale School of Forestry and Environmental Studies, two schools that have been at the forefront of addressing the business environment for more than a quarter of a century. Yale has also partnered with The Aspen Institute to develop Giving Voice to Values, an innovative curriculum for developing the skills, knowledge, and commitment required to implement values-based leadership.

- *The Stanford Graduate School of Business* (Stanford, CA) has a new curriculum that is hailed as representing a revolutionary change in management education. Introduced in 2007, four key elements characterize this educational model: a customized program, a more engaging intellectual experience, a more global curriculum, and expanded leadership and communication development. At Stanford, issues and cases related to corporate responsibility and social impacts are integrated throughout the required curriculum as well as in electives. One of the hallmarks of this curriculum is a course in critical analytical thinking for all first-year students. The School of Business also continues to develop courses that recognize the role of public policy and management knowledge for nonprofit and for-profit organizations. The Center for Social Innovation provides critical support to sustain research, course development, and executive education in these areas. The Leadership in Focus Video Case

Series at the Center for Leadership Development and Research houses a collection of 170 cases used at 427 colleges in 41 countries, and is now available for corporate training.

- *The Mendoza College of Business at Notre Dame University* (Notre Dame, IN) has long served as an advocate for the United Nations Global Compact (UNGC). A sustained emphasis on corporate social responsibility and business ethics in teaching and research lead to support for the Principles for Responsible Management Education (PRME) among students, faculty, and administrators. A new MBA curriculum, launched in 2005, focuses on problem-solving opportunities related to ethics, organizational effectiveness, and the greater good. All 14 required courses and 93 electives integrate social, ethical, or environmental issues in their coverage of topics. Two new courses, issues in sustainability and ethics in investment, are dedicated to examining the importance of ethical, social, and governance (ESG) investment criteria. Through these courses, Mendoza seeks to sensitize its students to the ethical dimensions of professional responsibilities, domestically and globally. The Mendoza Institute for Ethical Business Worldwide assists the academic community by providing business ethics material in Accountancy, Finance, Management, and Marketing.

- *The IE Business School* (Madrid, Spain), one of the 12 schools with the distinctive Triple Crown accreditation, covers social and environmental issues in more than 60 core and elective graduate courses. In the area of entrepreneurship, IE offers a social entrepreneurship track to promote the creation of social companies. All MBA students are required to prepare a business plan that includes an analysis of the social and environmental impact of their project. IE's initiatives include a chair in ethics funded by the IE Business School Alumni Association, The Corporate Governance Centre, and The Eco-Intelligent Management Centre. The PwC & IE Center for Corporate Responsibility is a joint initiative of IE and PricewaterhouseCoopers focused on disseminating material that advances responsible governance, environmental sustainability, and diversity.

REFLECTIONS ON BEYOND GREY PINSTRIPES METHODOLOGY

Our aim in this section is to reflect briefly on the BGP survey and ranking methodology in terms of several criteria.

Eligibility

The following eligibility criteria were extracted from the Aspen website, specifically the methodology and frequently asked questions sections. We also used questionnaire material that Aspen provided prior to survey applications.

1. Eligible schools must confer MBA degrees.
2. Only accredited MBA programs are eligible.
3. Only in-person MBA programs are eligible.
4. The MBA program must have full-time enrollment.
5. United States-based schools must have AACSB accreditation in order to participate.

We suggest specifying this qualifying criteria in the CBE *Our Closer Look at Business Education* series (Aspen CBE, 2009), with exact reference to the accreditation agencies. Sometimes AACSB or EFMD are noted but, at other times, AACSB is simply implied. To further complicate matters, unnamed international accrediting associations or programs are also implied. Finally, a prestigious accreditor, AMBA, is not mentioned at all; yet, 20 schools were accredited by this body in 2009.

Accreditation

In analyzing the Global 100, we found that four non-U.S. schools were ranked without fulfilling the eligibility requirement of accreditation: two in Canada, one in Finland, and one in South Korea. This data is surprising, considering that out of the 32 non-U.S.-based ranked schools, 28 do fulfill the requirement. Furthermore, the arguments that Canadian business schools are subject to accreditation by their provincial governments, or that there is no separate accreditation body for degree programs in business, should not exempt the two mentioned schools from being accredited by AACSB or EFMD (or AMBA, if accepted) because there are five other ranked Canadian schools accredited by these bodies. It is also worth mentioning that, although AMBA is not explicitly accepted as an accreditor, three schools in the Global 100 are exclusively accredited by this body in the United Kingdom, Switzerland, and Slovenia (as shown in Table 7.1).

Data Transparency, Accuracy, and Feedback

We believe that certain reporting practices may undermine the fairness of the ranking process. Notably, the data submitted for coursework would be more accurate and reliable if syllabi and course URLs were required,

thus eliminating the option for course descriptions. The latter may inaccurately inflate course content and encourage other schools to follow suit. We make the same observation for the self-reported course content percentage, which may lead to an imprecise calculation of student exposure to social, ethical, and environmental coverage. Self-evaluations of for-profit impact courses, based on unrestricted descriptions, may also be inaccurate. Finally, we suggest that the Aspen Institute provide all participating schools with postsurvey feedback so that the schools can identify areas for improvement.

Faculty Research

In the most recent ranking, published research in any peer-reviewed business journal was allowed. Yet for the previous survey, only 80 leading academic journals were acceptable. This expanded range of journals allows schools to include a larger number of articles, which may dilute the legitimate recognition of publications that contribute more directly to advancing ethics, social, and environmental issues in research. At the same time, non-peer-reviewed works are not allowed, even though some have attained a reputation for quality, the most notable being *Harvard Business Review* (which relies an editorial review process). This state of affairs has prompted Adler and Harzing (2009, p. 75) to ask: "Why only journal articles?" A more encompassing diversity of publications, including books and book chapters, would certainly be worthy of consideration in scoring.

Principles for Responsible Management Education (PRME)

We believe that BGP and Principles for Responsible Management Education (PRME) represent common ideals that challenge business schools to advance ethical and socially responsible business leadership. The 2009-2010 survey poses a question regarding PRME: "Has your business school signed the PRME?" However, no data regarding this question is provided in the post survey period. We recommend that all the business schools ranked in the Global 100 sign up to PRME and, by committing to its principles, be distinguished as leading promoters of socially responsible education.

CONCLUDING REMARKS

The Beyond Grey Pinstripes ranking is uniquely significant because it encourages business schools to deliver high quality education in ethics, social responsibility, and environmental stewardship. And it recognizes

those that do so. The process we have suggested for becoming ranked requires that schools follow a number of steps, including an objective benchmarking of their courses, research, and extracurriculars. This process, led by committed faculty and administrators, should ideally result in a school's transformation into a socially responsible educational enterprise. In this way, being ranked in the Global 100 is not only a matter of pride for selected schools, but also an incentive to strive continuously for excellence in the targeted areas.

NOTES

1. The texts in this chapter that pertain to the Aspen Institute, Aspen Business and Society Program, Aspen Center for Business Education, Beyond Grey Pinstripes survey and ranking methodology, as well as all information related to these subjects, were extracted from the Aspen Institute's webpage. The texts were transcribed, condensed, and paraphrased while the highest possible degree of exactness was observed. Any error or omission in the information is involuntary and the absolute responsibility of the authors. A list of the consulted websites is included in the Appendix.
2. Instead of business *and* society, we favor the expression business *in* society. Instead of business intersecting with society, we believe that business is a full member of society and exists to create value for it.
3. Social impact management focuses on the complex interdependencies between business needs and wider societal concerns. If these interdependencies are not understood well and managed intelligently, neither business nor the society in which it operates can thrive (Gentile, 2002).
4. How can business schools be responsible? Through reflective processes of management, teaching, research, and social participation that can guide business schools to respond thoughtfully to social contingencies. In this way, business school responsibility is not an extracurricular activity; it is part and parcel of the university's essence, ethos, and way of being (see <http://web.guni2005.upc.es/news/detail.php?chlang=en&id=1135>).

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APPENDIX

AACSB Accredited Members	www.aacsb.edu/accreditation/AccreditedMembers.asp
AMBA Accredited Academic Institutions	www.mbaworld.com/index.php?option=com_content&view=article&id=474&Itemid=132 www.aspeninstitute.org/about www.beyondgreyinstripes.org/index.cfm
Aspen Institute	www.aspeninstitute.org/policy-work/business-society
Beyond Grey Pinstripes	www.aspenbe.org/teaching/caseplace.html www.aspenbe.org/ www.aspenbe.org/about/library.html#closerlooks www.beyondgreyinstripes.org/search/search_coursework.cfm www.eabis.org/index.php?id=119 www.efmd.org/index.php/accreditation-/equis/accredited-schools
Business and Society Program	www.ecch.com/about/Cases.cfm www.beyondgreyinstripes.org/search/search_activities.cfm www.aspenbe.org/teaching/gvv/index.html
CasePlace.org	www.aspenbe.org/teaching/MBA_Guide.html www.aacsb.edu/resource_centers/peace/about.asp www.beyondgreyinstripes.org/search/search_faculty.cfm www.aspenbe.org/teaching/Student_Attitudes.html www.beyondgreyinstripes.org/rankings/index.cfm www.beyondgreyinstripes.org/rankings/topten.cfm
Center for Business Education Closer Look Series	
Coursework Search	
EABIS Case Studies	
EQUIS Accredited Schools	
European Case Clearing House	
Extracurricular Activities Search	
Giving Voice to Values	
Guide to Socially Responsible MBA Programs	
Peace Through Commerce	
Research Search	
Students Attitudes Survey	
The Global 100	
Top Ten Lists	

Glossary

- AACSB: Association to Advance Collegiate Schools of Business
- AMBA: Association of MBAs
- BGP: Beyond Grey Pinstripes
- BSP: Business and Society Program
- CBE: Center for Business Education
- CSR: Corporate Social Responsibility
- EABIS: European Academy of Business in Society
- ECCH: European Case Clearing House
- EFMD: European Foundation for Management Development
- EQUIS: European Quality Improvement System
- ESG: Ethical, Social, and Governance
- FAQs: Frequently Asked Questions
- GRLI: Globally Responsible Leadership Initiative
- IMBA: International Master of Business Administration
- MBA: Master of Business Administration
- MPA: Master of Public Administration
- MS: Master of Science
- OCGS: Ontario Council for Graduate Studies
- PRME: Principles for Responsible Management Education
- PwC: PricewaterhouseCoopers
- SNRE: School of Natural Resources & Environment
- UNGC: United Nations Global Compact
- URL: Uniform Resource Locator
- WRI: World Resources Institute

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CHAPTER 7

A STRATEGIC CHANGE AT BUSINESS SCHOOLS TOWARDS BUSINESS ETHICS, SOCIAL RESPONSIBILITY AND SUSTAINABILITY EDUCATION

A STRATEGIC CHANGE AT BUSINESS SCHOOLS TOWARDS BUSINESS ETHICS, SOCIAL RESPONSIBILITY AND SUSTAINABILITY EDUCATION

ABSTRACT

Purpose – The purpose of this paper is to ascertain how deans of business schools should lead a process of change in mindsets, practices, and curricula, in order to develop in their graduates a high standard of business ethics and convictions of social responsibility and sustainability.

Methodology – A qualitative research methodology is applied through a literature review on primary sources, such as books and publications, and electronic documents retrieved directly from their websites. It includes the study of the principal initiatives and reports from leading academic institutions regarding best practices, as well as empirical evidence based on our experience.

Findings –The strategy and implementation of a process of change includes short-, medium- and long-term actions, and purposeful commitments which should be gradually implemented. The process should begin at the school's core functions, with the embedment of business ethics, social responsibility and sustainability across the curricula and research. A renewed vision and mission, along with a strong sense of urgency and a common purpose, would be the drivers for change. The change promoter must be thoroughly convinced of the necessary transformation and have a strong sense of urgency to be developed with the faculty and the key stakeholders.

Research limitations and future research – The best practice reports that have been selected illustrate a limited number of cases, but the subject merits delving further into case studies and the aspects of organisational change and development, in order to consolidate a successful process for the transformation of business schools.

Practical implications – Our research implies the business schools' acceptance of the challenge to educate students well beyond the curriculum, with ethical standards and convictions of social responsibility and sustainability, and the commitment of deans and task forces to impel and implement a process of change in their schools.

Originality/value – The transformation of business schools into ethical, socially responsible and sustainable institutions is necessary, and requires a process of change through a comprehensive vision and a systemic approach, in order to gradually achieve it. This paper proposes and describes such process of change.

Keywords: business ethics, institutional effectiveness, organisation development, PRME, responsible education, social responsibility, socially responsible business schools, strategic planning, sustainability, transformation

A STRATEGIC CHANGE AT BUSINESS SCHOOLS TOWARDS BUSINESS ETHICS, SOCIAL RESPONSIBILITY AND SUSTAINABILITY EDUCATION

INTRODUCTION

The integration of business ethics, social responsibility and sustainability in business schools curricula, has been a subject of great importance, concern and discussion for the past fifty years. During this period, it has become clearly necessary to “reform the educational process, with a reform in the thought process, viewing thought as a means to provoke debate and cultivate an individual, reflective position” (Morin, 1999).

The challenge to educate persons in business ethics, social responsibility and sustainability may be achieved only if substantial efforts and solutions are implemented through integral teaching, complementing, ideally, their initial education within the family, beginning at the early stage of primary school, when convictions of civic responsibility and ethical behavior should be instilled, and continued throughout high school, baccalaureate, college, undergraduate and graduate studies. While all these levels of education are important, this article focuses on the need for responsible education at the MBA level.

Our proposal is aimed to implementing a planned process of change that entails, among other strategies, the transformation of the curricula and the embedment of business ethics, social responsibility and sustainability across the curricula and research. The process of change encompasses the entire organization, and the drivers for change will be the mission, vision, values and a strong sense of urgency. The scope of our proposal focuses on the school’s core functions: education and research, as the best strategy to initiate the process of transformation.

Fulfilling the mission of educating persons with a deep conviction of social responsibility requires much more than skills training. The transformation of the curricula is envisioned within a global perspective to be focused on experiential learning, multidisciplinary and integrative problem solving, and softer skills of two types: behavioural and societal. Behavioural skills include the ability to work with others, to communicate effectively, to display multicultural awareness, and to exhibit some entrepreneurial and leadership qualities. The term “societal skills” or, more

precisely, “societal values”, refer to the ability to make business decisions that are ethical and which take into account corporate social responsibility and sustainable development (Hawawini, 2008).

For the sake of simplification, throughout the paper the term ‘social responsibility’ will refer inclusively to the three fields of our concern: business ethics, social responsibility, and sustainability.

Responsible leaders in the pursuit of economic and societal progress and sustainable development, will require vision and courage to place decision-making and management practice in a global context; they should think critically, “holistically” (Swanson and Frederick, 2005:225) and reflectively, placing ethics conviction at the centre of their thoughts, words and deeds (www.globallyresponsibleleaders.net). The European Foundation of Management Development (EFMD) demands “a whole-person learning approach”, which must be integrated within the strategy of transforming the curricula. This condition will require significant changes, including “the mindset of many faculty members” (GRLI, 2008:37).

It is important to emphasize the commitment and leadership that is required from the ethics faculty. They will perform a strategic role all along the process of change, especially in regards to the strategies defined in our proposal. As Samuelson (2006:364) notes, “...to consider new frameworks, ask new questions, to listen to new voices and specially to build bridges across disciplines.”

The current lack of an education in ethics causes students to frequently set aside social commitments from their career or profession. For this reason, Smith (2006), Ozar (2001), and Bok (2001) agree that it is important to include in the curricula “specific, obligatory courses in ethics, and use the content to pose the conceptual side of the subject, including topics and dilemmas in courses that require analysis in an ethical context” (cited in Tecnológico de Monterrey’s QEP, 2008:37).

A stand-alone course sends the proper signal to students and society in general: ethics matters. It mitigates amoral business education, providing students with the conceptual building blocks that will allow advanced learning to occur throughout the curriculum and beyond. Furthermore, “creating ethically sensitive students could have the added benefit of encouraging cross-fertilization of ideas across the curriculum” (Swanson and Fisher, 2008:16).

We intend to make it a point that our proposals are in agreement with the objectives pursued by the Principles for Responsible Management Education (PRME), and that the adherence to those principles is fundamental.

RESEARCH APPROACH AND METHODOLOGY

We wish to encourage leaders of business schools, presidents, general directors, and deans specifically, to assume their responsibility as leaders of change³⁰, capable of facilitating the process that will enable their faculty and stakeholders to generate new dialogues, new ideas and innovation, to define “what types of strategy will now take the business schools to the forefront” (Lorange, 2005:787).

The research question that we address in this paper is: How should deans of business schools lead a process of change in mindsets, practices, and curricula, in order to develop in their graduates a high standard of business ethics and a conviction of social responsibility and sustainability?

Our contribution to responsible business education, in this paper, consists of a planned process of strategic change to answer our research question. The applied research method is centred on literature review and web-based best practices, both of which constitute our primary source of information. We will also mention some of the best practices of the leading business schools, as well as empirical evidence based on our experience.

Our research approach is divided into two main stages. The first one consists in a literature review and the study of the principal initiatives and reports of the leading academic institutions. The results of this stage allow us to have an integral vision of the principal challenges in regards to social responsibility education (which includes, as mentioned above, the issues of business ethics and sustainability), in addition to the identification of the “stakeholders’ voices” (Martell, 2008), with the intention of generating a sense of urgency in the implementation of a process of change.

The second and last stage comprises our main contribution, which consists in the proposal to implement a planned process of change with a whole-system approach, where the change promoter must have a strong sense of urgency to be developed with the faculty and the representatives from all parts of the system. Once the sense of urgency is created, it is then shared for the purpose of creating a meaning that will be

³⁰ . We believe that the dean should be the leader of the process of change; however the detonator of the project should certainly be the highest officer of the institution.

embraced by everyone involved for generating trust, conviction, and enthusiasm. The complete process of change is lead by the dean and a task force, integrated by key faculty, trustees, prominent alumni, student leaders and outstanding administrators.

FIRST STAGE: CHALLENGES IN SOCIAL RESPONSIBILITY EDUCATION

The end of last century and the beginning of the current one were marked by events that generated society's anxiety over social responsibility issues. Various crises awakened the urgent need for a change in education: deterioration of the environment, human rights abuses, millionaire financial frauds, market globalization, poverty, health crises and other events that disconcerted the conscience of society, like the recent global crisis, as a consequence of the imbalances in three key areas: the financial world, the housing sector, and the commodity markets that affected people all over the world.

Several important articles, relating these crises with education, were timely published in the press: Amitai Etzioni, in his report *When It Comes to Ethics, B-Schools Get an F*, says that the type of behaviour at the heart of recent scandals is roundly condemned, which is a sound reason why business schools should teach that these actions and others like them are unacceptable (The Washington Post, 2002).

Roger Cowe, in 2002, wrote an article in The Guardian, entitled *Black hole in the MBA curriculum*, in which he stated that tomorrow's business leaders are getting virtually no exposure to the issues of sustainability, or environmental protection and social equity, which is likely to be one of the most complex and significant challenges they will face, whereas John Russell in *Ethical Corporation Magazine*, mentioned in 2006 that "students at top schools can still complete their degree without ever contemplating the notion of social responsibility".

The grave consequence of not educating students in principles of social responsibility, is that when they become business leaders their decisions will have a tremendous impact on shareholders, employees, customers, suppliers, communities, and the broader economy, as Yale professor Jeffrey E. Garten, wrote in his article *Business Schools: Only a C+ in Ethics*, adding that "enhancing their ethical education at a formative stage is arguably the highest priority that business schools should have, and although many are working at it, none has yet fully raised to that challenge" (*Business Week*, September 5, 2005).

Harvard professor Rakesh Khurana, author of *From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled*

Promise of Management as a Profession, says that in the first half of the 20th century America's business schools preached a standard of socially responsible management, but in the last two decades the schools abandoned that prerogative to be mere agents of shareholders, pressured to make decisions, based on higher returns and not a higher purpose. It is essential to train students to become business leaders with a conviction that social responsibility must be integrated with business strategies, and that integrating corporate profitability with social value is feasible and urgently demanded by society.

Increasing complexity and interdependence require new approaches. Companies need integrative management tools that help embed environmental and social concerns into their strategic thinking and daily operations. They need support as they internalize and integrate these issues into the core of business, engage in dialogue with stakeholders and report their conduct. They require talented and ethical leaders who can not only advance organizational goals and fulfil legal and fiduciary obligations to shareholders, but who are also prepared to deal with the broader impact and potential of business as a positive global force in society (www.gfme.org). Recently, many companies have begun to discover that social responsibility practices “are integral to the long-term profitability and health of the organization” (Porter and Kramer, 2006:78).

Any meaningful and lasting change in the conduct of corporations toward social responsibility must involve the institutions that most directly act as drivers of business behaviour, especially academia. Academic institutions help shape the attitudes and behaviour of business leaders through business education, research, management development programs, training, and other pervasive, but less tangible, activities, such as the spread and advocacy of new values and ideas. Through these means, academic institutions have the potential to generate a wave of positive change, thereby helping to ensure a world where both enterprises and societies can flourish. “We recognize that management education cannot be separated from business and society. Their interests are aligned, and they depend upon one another for success” (www.gfme.org).

The concern for environmental sustainability³¹, included in our concept of social responsibility, requires the development of a fundamental conviction. Indeed, most people want to sustain human life and the capabilities that the natural environment has to maintain the living conditions for human beings and other species; the aspects of the

³¹ Probably the most common usage of sustainability is in relation to *sustainable development*, which is defined as “paths of progress which meet the needs and aspirations of the present generation without compromising the ability of future generations to meet their needs” (World Commission on Environment and Development, 1987, p. 4).

environment that produce renewable resources; the functioning of society; the quality of life and the liveability and beauty of the environment. There is a great risk that these conditions will not be maintained, and it is therefore essential that future leaders be educated with a serious concern for them and a deep conviction for the necessary respect and safeguard of life.

The lack of leadership and commitment

Abundant international declarations and institutional policies have been formulated in regards to environmental sustainability. Wright (2002) examines the impact they have had on universities and how some of them have been implemented. He leads us in a chronological journey through nine of the declarations from 1972 to 1997, beginning with the Stockholm Declaration on the Human Environment (UNESCO, 1972) and the Kyoto Declaration (International Association of Universities, 1993), among others. Declarations were replete with abundant rhetoric that expressed challenges for the university community to provide leadership and support to mobilize internal and external resources so that their institutions respond to this urgent challenge (1990); to re-think and re-construct their environmental policies and practices (1991); to create specific plans of action (1993); to review their physical operations (1993); to address issues related to the environment and sustainable development; to reorient the university curricula towards a holistic approach to education... and even more.

Many universities were found to have signed those international declarations and not worked at all towards their implicit engagement. The conclusion reveals a acute problem: the lack of commitment, which reminds us what Muhammad Yunus expressed in the framework of the dialogue on Poverty, Microcredit and Development, held in Barcelona in 2000: “I am concerned, thinking about the future, that the Millennium Development Goals [with a deadline established for 2015], will suffer the same non-fulfilment that the commitments for 2000. If 2015 is repeated in history, we will have lost all credibility.”

When asked why the universities had not yet honoured their commitments, Romero (2001) stated, “because nobody wants to pay for it”, and Wright (2002:207) on the same subject, declared that “the major challenges and barriers to the implementation are listed as a lack of leadership, and a lack of accountability mechanisms”, adding that many universities were found to have signed international declarations and not worked at all towards sustainability.

Surveys and studies performed on MBA students

The number of business schools positioning social responsibility at the core of their curriculum remains stalled, and the research remains even more marginal. The consequence of the business schools' apathy is acknowledged by many members of the faculty, and demonstrated by surveys that have been applied to MBA students. The results of the Aspen Institute's 2008 MBA survey, entitled "Where Will They Lead?" show that business schools have not taken the students' concerns, or their responsibility in relation to them, seriously. Nancy McGaw, deputy director of the Aspen Institute Business and Society Program (BSP), concluded in her analysis of this survey that, "environmental issues are not very important to a majority of students and, as they progress through their business school education, they feel less prepared to manage the values conflicts they anticipate facing in the workplace". Five years elapsed since the previous survey of "Where Will They Lead?" 2003, whose results reported, that "students are concerned about possible values conflicts and unsure that their business schools are adequately preparing them to deal with such conflicts. One out of five students said their schools are not preparing them at all" (www.aspeninstitute.org). These two surveys obviously tell us that business schools are not implementing adequate programs to satisfy students' concerns in these issues.

Recently, Angel Cabrera, President of Thunderbird School of Global Management and Chairman of the PRME Task Force, emphasized: "We want to make it clear: your very mission as an educational institution must ensure that [future] business leaders understand their social responsibilities. You must be committed to integrate that kind of thinking into your subjects: MBA, undergrad, research..." (*Business Week*, April 4, 2007).

Students' concern in ethical dilemmas is factual, and business schools must acknowledge that in their curricula. Peterson and Albaum (2005:124) sampled 3,034 undergraduate business students from 60 different colleges and universities, and they found that a substantial majority of them believe that "all business students should take a formal course in business ethics" (cited in Swanson and Fisher, 2008:18). In 2006, the study performed by Orlitzky, et al. in an executive MBA program, showed that as the students' progress, they develop an ethical myopia (cited in Swanson and Fisher, 2008:18) due to the lack of training in ethical problem-solving. A consequence of their disbelief in the education of business ethics, is that "not enough resources have been

devoted [by business schools] to preparing students to face ethical dilemmas, because institutions assume that solely with professional education they will be able to think and act ethically, as well as confront new challenges” (Eberhardt, 2006:2).

In a significant study carried out in 1993, Piper, Gentile, and Parks interviewed Harvard Business students on the relevance of ethics to business curricula. The students suggested that if ethics didn’t come up in regular business classes, “it must not be important in the broader business world,” and they concluded that the most effective way to convey business ethics is to build a bridge from ethics classes to business decision models taught in the core curriculum (Samuelson, 2002:2).

The analysis of different surveys, articles, and recommendations show evidence of the urgent need to educate students in social responsibility. We believe that the time has come, as Samuelson (2002:3) expressed it, “to get serious about the ethical training of our future leaders”. Insofar as isolated actions continue to be implemented without a responsible awareness of a sense of urgency, and as long as the decision to implement a comprehensive process of change is not declared, we can only conclude that the problem lies in not realizing the urgent need there is for change, and in the lack of interest and responsible leadership, and that the necessary change can only be effected when a leader in charge possesses the vision and passion required to carry through a planned strategy to change, and create a school with responsible business education objectives.

It is regrettable that for the past 50 years, education in social responsibility has been a serious matter of discussion (Martell, 2008), but surveys, opinions and studies continue being produced, with small and slow consequences. Different initiatives, proposals, and reports have surged to confront rising social responsibility challenges, revealing a need to rethink the identity, role and responsibilities of business schools in relation to their students, their business constituencies and the wider community with the potential to make them more competitive, more receptive and more effective as institutions where knowledge is developed, and not just reflected (Gardiner and Lacy, 2005:183).

Business schools that take advantage of these challenges, and change and respond to the needs and expectations of their stakeholders will have an enormous opportunity to gain advantageous positioning, image, prestige, and finally “built to last” (Porras and Collins, 1994) in a competitive global market.

Richard A. Cosier, Chair and Member of the Executive Committee, AACSB 2008-2009 Board of Directors states, “no discussion of management education would be complete without talk of the need for ethics... AACSB International’s new board chair believes that an unrelenting focus on ethics and adaptability will galvanize the association as it tackles important initiatives” (2008:52). Later on Cosier adds, that “it is more vital than ever that AACSB and its members integrate ethics and integrity into business school curricula. It is equally important to emphasize to our new AACSB members, regardless of geographic location, that our students, faculty, and administrators be held to the highest standards of ethical conduct” (2008:56).

SECOND STAGE: A PLANNED PROCESS OF CHANGE

As we have mentioned above, the process of change encompasses the entire organization and implies a long-term process. The changes that will be effected in the core functions will inevitably impact other areas with consequential changes, thus causing the positive involvement of the whole organization. This strategy will ensure involving the faculty from the start, engaging them throughout the process of change.

Cohen (2003) emphasizes that “making significant change in academic institutions has never been easy” (2003:165), and it becomes even more difficult when changes in the curricula are required. To undertake such a challenge, it becomes necessary to design a strategic plan on the basis of the different motives for curricular transformation. According to Risi, in her thesis dissertation entitled “The MBA in Transition: Factors Driving Curricular Change”, various authors prove that curricular changes to MBA programs occur in response to many different interests: “Accreditation requirements, critical feedback from industry, alumni and students, competitive rankings, program innovation and improvement, globalization of the MBA market, technological advances in business, internal resource and structure issues, and the preservation of a competitive market share from both traditional and non-traditional competition” (2005:30).

The above identified areas constitute a platform for action to ensure a successful change, but we would establish three essential prerequisites, concerning human talent, that must be fulfilled:

- (1) Leadership is critical. The *change leader*, dean of the business school, must possess several fundamental characteristics. He or she must be visionary,

passionate, strategic, effective, value driven, with ability to listen to stakeholders and act in consequence.

- (2) He or she must surround himself by capable, committed and supporting people, as Glavin expresses, “change at Babson would not have happened without a top management team whose members all understood the importance of what we were doing to their and the college’s future” (cited in Cohen, 2003:169).
- (3) A *faculty* that possess a critical mass of three types of competencies, as Allen states: broad-based business experience to design the architecture of the curriculum; deep experience in their own disciplines, and team members strongly concerned with managerial relevance of what and how they propose to teach in their core courses, adding that “motivation to change is very important, but absent sufficient competencies, it will result in building the road to hell” (cited in Cohen, 2003:174).

Faculty members play a vital role and, beyond certain statements that have been made with regards to them, such as “apathy” (Evans and Marcal, 2005), “opposition” (GRLI, 2008:34), “lack of interest” (McDonald and Donleavy, 1995) “difficulty of gaining broad support and involvement” (Piper, et al., 1993), “committed to things as they are” (Frederick, 2008:39), “curriculum change isn't the hard part, it's faculty change the toughest” (Cohen, 2005:180), we believe it is first and foremost with the faculty that the planned change must begin and be impelled throughout. They are the key factor that is required for change in business schools, because they have the “primary responsibility for curriculum” (Evans and Marcal, 2005).

It is necessary also, that deans take an active role in curricular development and it is therefore essential to break with the idea that “the dean’s influence over the curriculum is fairly limited” (Evans and Marcal, 2005), or that “the professionalization of academic administration has reduced the curricular role of the dean” (Evans and Weiss, 2008:64) or, furthermore, that “in an academic setting, vision is problematic in part because of the collective ownership by the faculty of curriculum matters” (Cohen, 2003:160).

According to our experience, the dean must be the most interested actor for ensuring that the curricula and research of the business school under his responsibility respond to the demands of stakeholders. The dean, from his position, can be attentive to the needs and expectations of the various stakeholders, and to the opportunities, threats,

challenges and trends of globalization. He or she is also responsible for the faculty to be “aware of these pressures and the consequences of ignoring them” (Evans and Weiss, 2008:64). The dean must dedicate most of his/her time to academic matters; they must be his priority, which implies that the current, time-consuming activity of “external fundraising” (Ibid., p, 61, Thomas, 2007:37) or other activities that are consuming his time must change and become delegated.

Organizational Development and a Planned Process of Change

Organizational Development (OD) is a distinct area within the field of organizational science that focuses on the planned and controlled change of organizations in desired directions. OD has contributed to a systematic approach to organizational change with emphasis on the total system, phases of organization, and an underlying set of humanistic values to guide the entire process (Burke, 2008:47). Appelbaum, St-Pierre and Glavas concluded, that “it is critical to depict strategic organizational change as an integrative process, and all organizational elements; the soft, human resources; and the hard, systems and technologies, need to be considered for successful change to occur” (1998:300).

In relation to leadership, considerations are made by Tushman, Newman and Nadler (1988), as they emphasize three key roles for executive leadership on processes of change:

- **Envisioning.** Executives must articulate a clear and credible vision of the new strategic orientation. They also must set new and difficult standards for performance, and generate pride in past accomplishments and enthusiasm for the new strategy.
- **Energizing.** Executives must personally demonstrate excitement for the change and model the behaviours that are expected of others. They must communicate examples of early success to mobilize energy for change.
- **Enabling.** Executives must provide the resources necessary for undertaking significant changes and use rewards to reinforce new behaviours. Leaders must also build an effective top-management team to manage the new organization and develop management practices to support the change process” (cited in Cummings and Worley, 1997:478).

We considered in our model a multifaceted approach to achieving organizational change. In this regard, Porras and Berg (1978) observed that the most common OD techniques, such as team building and survey feedback, were reported to have positive effects. OD efforts that used four or more techniques, the eclectic approach, were likely to produce more meaningful change (cited in Appelbaum, et al., 1998:298).

Our proposal to implement a planned process of change at business schools is based on John Kotter's (1995) model for change, with emphasis on a strong sense of urgency. According to Cummings and Worley, the proposed model would be classified as a strategic intervention, adapting it as an integrated strategic change and a transformational change (1997:452).

An integrated strategic change suggests that business strategies and organizational systems must be changed together in response to external and internal disruptions. Organizational environments consist of everything outside of organizations that can affect, either directly or indirectly, their performance and outcomes, such as stakeholders, as well as the cultural, environmental, political, and economic forces in the wider societal and global context. The integrated strategic change characterizes to be a highly participative process, being the relevant unit of analysis and the organization's strategic orientation. Individuals and groups throughout the organization are integrated into all the steps and phases to create a more achievable plan, accompanied with higher levels of shared ownership and commitment (Cummings and Worley, 1997:462-3).

Moreover, transformational change is distinguished by its attention to the people side of the organization. The features of the new paradigm include leaner, more flexible structures, information and decision making pushed down to the lowest levels, decentralized teams and business units accountable for specific products, services, or customers; in addition to participative management and teamwork. A key feature of organizational transformation is the active role of senior executives and line managers in all phases of the change process (Ibid, p. 477-8).

The planned process of change involves five phases, which are illustrated in Figure 1.

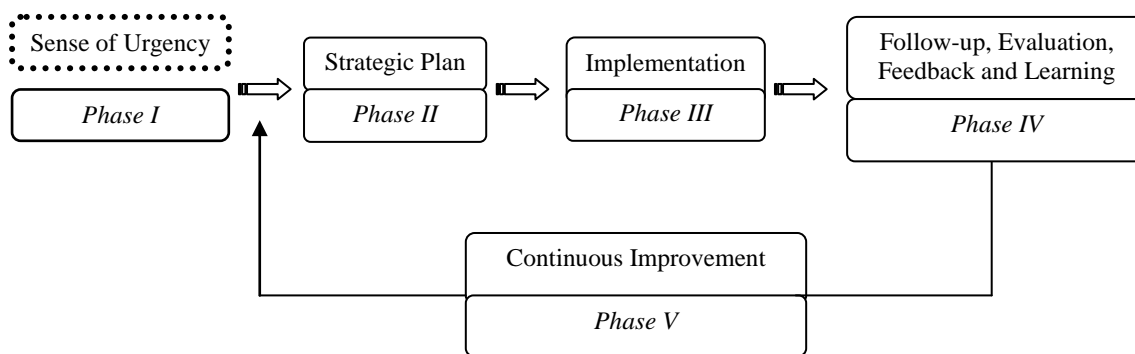


Figure 1 – A Planned Process of Change

Factors for success in a planned process of change

The implementation of a successful process of change demands ensuring several key elements: first and foremost, a sense of urgency; the involvement of a convinced, enthusiastic and leading dean; the creation and integration of a task force based on trust and mutual respect; the development of a shared meaning and the connection of meaning with action; the implementation of a permanent communication program; the awareness of people’s natural symptoms of resistance to change, and a whole-system approach in the process.

It is fundamental that the dean share his sense of urgency with the top management and the task force. Sharing the sense of urgency will stimulate the group to be within the same context and create the same interpretation from the beginning, and this is one of the first actions to be pursued in the creation of a team. Further actions include giving freedom to the group to express their concerns, doubts, or worries, which contribute to building trust. Of special importance will be a free and open contribution of ideas, comments, and suggestions, because they create a sense of ownership.

The task force, lead by the dean, will implement the process of change. It constitutes a team that is integrated by key faculty champions, trustees, prominent alumni, student leaders, and key administrators, all of whom are respected and trusted by the rest of the members of the institution.

According to Weick (1995), the creation of meaning plays an important role in the shaping of change processes in organizations. In regard to this comment, Wheatley adds that “change becomes much easier when we focus first on creating a meaning for the work that can embrace us all, when we start listening to people’s aspirations... then

we are all ready to talk about change” and, as the author says, “a successful process of change also generates trust, new organizational capabilities, emotional commitment, and motivation through inspiration” (2003:510).

In a process of change, it must be also clear, that when a change is effected in any area of the system, the whole entity will be affected. We may elucidate this principle with the experience lived at Babson College, where “the radical new MBA curriculum, required massive changes in many separate departments and almost every part of the college was affected” (Cohen, 2003:162). With this experience in mind, it certainly is confirmed that in a process of change, the whole system must be involved. According to Block (1999), it is crucial to ascertain “representatives from all parts of a system in the room”. Taking into account the whole system contributes in a relevant manner to facilitate the progressive acceptance of change.

In this regard, Boyatzis (2005), in his theory of intentional change, says that “changes that are significant do not happen by chance; they do happen only when people become conscious of the need for change.” People gradually develop “a collective frame of reference by sharing meaning with each other. The sharing of meaning takes place through acting” (Cramer, et al., 2006:383). People need to explore an issue sufficiently to decide whether new meaning is available and desirable. They will change only if they believe that a new insight, a new idea, or a new form, helps them become more of who they are. If we recognize a shared sense, a common dream, magical things happen to people; we will have found something important to work on, and, because we want to make a difference, we figure out how to do the work together (Wheatley, 2003:508-510).

Miles and Huberman (1984) assert that people are meaning-finders. People start the process as sense makers, based upon their own vision, using different means such as language and small activities in order to connect meaning with action (Cramer, et al., 2006:384). These new connections develop greater capacity and the system becomes healthier and ready for change. Change also requires challenge, motivation and “the honest intention to change” (Dionne and Reig, 1994). To this end it is essential that task force members invest time in knowing each other, “inter and intra-personally” (Michel, 2000), and throughout this process, build a team based on “trust” (Solomon and Flores, 2001). Trust and mutual respect are required for the effectiveness and productivity of the team, and they allow the surge of a commitment to performance and results. According to Olalla, “achieving a change in the organization requires undertaking

simultaneously a personal transformation of its members, and a coordination of actions focused on the achievement of results and values, which involves a transit from the ethics of fulfilment to the ethics of commitment” (www.newfield.cl).

Katzenbach and Smith (1993) define a team as “people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable”. It is recommended that one of the first actions of team building be a session designed to reflect upon the mission, where each participant shares personal visions. Porras and Berg (1978) observed that team building has positive effects, and once the momentum is generated, the objective will be for the task force to define their own values and game rules, and create their own “ideal at the group level and become the motivational driver for change and development across time” (Akrivou, Boyatzis, et al., 2006).

It is also indispensable, from the very beginning of the change process, to implement a permanent communication program, designed in accordance with the different stakeholders and the broad public. “Effective communication is essential, particularly being honest [in its nature], direct, creating realistic expectations and displaying integrity throughout the change” (Auster, Wylie, and Valente, 2005); otherwise, genuine change cannot move forward. With the communication program we will ensure that the whole-system becomes part of the process of change since the beginning, as if they were literally involved in all the activities and decisions. The power of the whole-system approach lies in the high engagement and involvement of the entire organization.

In regard to the resistance to change, it is always possible to reduce it to an acceptable level. It is an absolutely natural symptom, and a leader promoting change must know that “ignorance of the intimate nature of our resistance to change is what kills change, not resistance in itself” (Smith, 1997). As Senge (1999) emphasizes, “If leaders don’t understand the forces that keep significant change from taking root and growing, all their entreaties, strategies, and change programs will produce more frustration than real results”. This is why supporting the emotional transition is such an important piece of the change process. It is essential to remember that everyone reacts differently to change. The dean and task force must understand how differently people feel about change and then support and respect those feelings. The effectiveness of the communication program contributes to diminish in great scale the critical phases that

members of the organization experience and, rather than pushing people to accept change, it is best to determine where people need to be for change to be successful.

There must be a comprehension of why people may experience negative emotions about a change, followed by an exploration of the action steps that will help support transition to the future. The way in which emotions are supported, affects not only the success of change, but also the receptivity to future changes (Auster, Wylie, and Valente, 2005). Katzenbach (1996) confirms that leaders must connect with the minds and hearts of their people, find the simple words that calm the anxiety, instil courage, and maintain the trust needed to bring about lasting change.

Phase I – Building a Strong Sense of Urgency

Figure 2 shows the process for constructing a strong sense of urgency, which constitutes *Phase I* of the planned change that is being proposed.

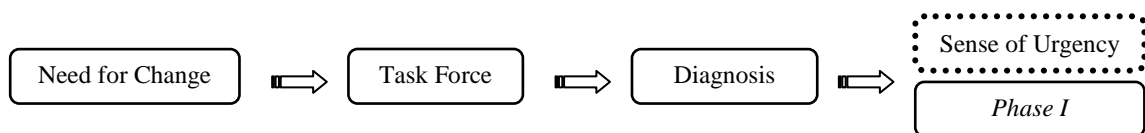


Figure 2. The process for creating a strong sense of urgency

Building upon our assumption that the dean possesses a knowledge of the educational community, and that he is well aware of the stakeholders' voices, as well as of the global context in which he is immersed, he or she should recognize the need for change and develop a sense of urgency, which is important to share with the task force and the top management.

Stanford GSB

“At my request, Professor Garth Saloner led a task force of 11 faculty, alumni, and staff members to review the MBA Program. Four key elements characterize the new educational model: a customized program; a deeper, more engaging intellectual experience; a more global curriculum; and expanded leadership and communication development.”

Robert L. Joss, Dean (1999-2009). August 2006.

<http://www.gsb.stanford.edu/news/bmag/sbsm0608/dean.html>

An internal and external diagnosis: Where are we now?

A comprehensive diagnosis is suggested to identify what is happening internally and externally. We recommend a SWOT analysis “to build on the strengths, shore up the weaknesses, capitalize on the opportunities, and recognize the threats” (Andrews, 1971).

Various actions must be executed with the SWOT analysis to ensure a solid strategic plan. During the diagnosis progress it will be important to “cultivate the imagination, initiative, and creativity” (Hamel, 2007) of the whole-system’s components: president, trustees, dean, faculty, administrative personnel, service staff, alumni, as well as directors of human resources, recruiters, employers, students, local and foreign business schools’ deans, corporate CEOs, public sector personalities, among others; their relevant contributions are critical. Our recommendation is reinforced by Cohen (2003:159), when he states that “the presence of certain stakeholders brought the relevant elements of the outside world into the college, and the impact was stunning; the use of external forces to raise important questions about the appropriateness of maintaining the status quo.”

The task force will be responsible to lead and execute the diagnosis and activities derived from its objectives, which will ensure the consolidation of their strong sense of urgency. In the different actions that will be performed, it will be strategically convenient to involve other faculty members in order to integrate them from the start, because their participation, commitment and input are fundamental. Other stakeholders must be convened so that the whole system is well represented, and new relations and coordination be created for participants to share a common purpose and meaning, thus

building trust and mutual respect among them. It is important to emphasize how relevant it is to make sure that every person involved in the diagnosis adopts the role of an allied spokesman for change. There are different methods to stimulate the voices of stakeholders according to the objectives that are to be achieved. The most common and effective ones are the focus groups, interviews, surveys, and meetings. A practice to be highlighted is to hold a plenary session where different types of participants are convened. These gatherings constitute opportunities for various purposes, such as generating discussions for producing ideas, integrating people, and receiving feedback. The wealth of information that is produced in these events is quite valuable.

In order to change, the system needs to learn more about itself from itself, because the whole system must eventually be involved (Wheatley, 2003:506). Through the internal diagnosis, the capabilities of the organization will be evaluated, identifying different aspects, such as its strengths and weaknesses, leadership, organizational climate, structure, human resources, systems, policies and procedures.

In regards to elements in the development of the external diagnosis, as well as “challenges and opportunities” (see Cornuel, 2007; Ghemawat, 2008; Hawawini, 2005; Iñiguez de Onzoño and Carmona, 2007; Lorange, 2005) related to a responsible business education, we suggest referring to the report entitled *The Global Management Education Landscape: Shaping the Future of Business Schools*, jointly written by AACSB and EFMD (see www.gfme.org).

At the conclusion of the diagnosis, the task force will have constructed a common interpretation of the business school’s current position; they will possess the knowledge of what is happening internally and externally. It is then that they will become able to answer, with facts and more objectivity, their strategic plan’s question: *Where are we now?* The knowledge that is acquired in this phase will have reinforced the need to implement a process of change enabling the task force with full information “to provide a focus” (Graetz, 2000:553), to create a strong sense of urgency, and create the new mission, vision, values, and strategies of the business school.

The task force recognizes and assumes the imperative need to instil a strong sense of urgency in the whole system, involving the president, trustees, faculty, alumni, students, and also the administrative and service personnel. As Wheatley (2003:508) states, “If we want to influence any change, anywhere, we need to understand that all changes result from a change in meaning. We change only if we decide that the change is meaningful to whom we are.”

It is recommended that when the final diagnosis is completed, and before initiating Phase II of the process, the task force makes a pause to celebrate what has been achieved in Phase I. A celebration is important to stimulate the team with a renewed momentum and strengthen their commitment, motivation and passion, and furthermore, to unify them through feedback, dialogue and trust.

Phase II – Development of the Strategic Plan

Figure 3 shows the process for the development of the strategic plan, which constitutes Phase II of the process of change.

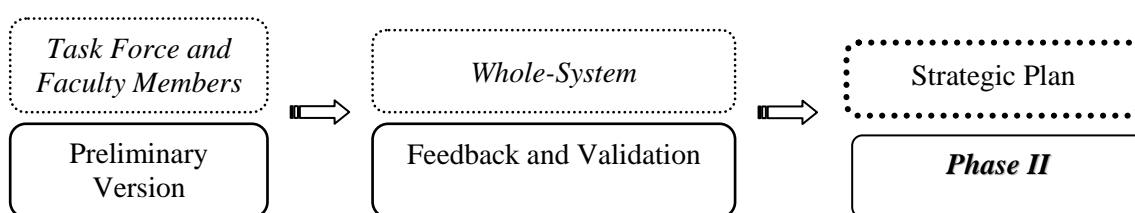


Figure 3. The process for the development of the strategic plan

Imagining the future in a prospective sense making: Where do we want to go?

The task force will construct a shared meaning in key matters; they will be able to offer a common answer to questions such as: Why change? Why transform the curricula? What is social responsibility? Why adopt the PRME? And so on.

It is important that the task force allow the necessary time for reflection, discussion, learning and growth, and it will be essential to involve the faculty in the whole process. Babson’s experience shows that “only when a number of respected faculty embraces the vision, it will become acceptable and a force for change” (Cohen, 2003:160). The intention is that they all together become able to imagine and to aspire meaningful future opportunities. Gioia and Mehra (1996) call these actions “prospective sense making”, which imply the projection of aspirations and idealistic symbols for “making sense of a desired future” (cited in Pater and van Lierop 2006:346).

As Senge (1999) asserts, “a shared vision occurs when the vision is no longer seen by the team members as separate from the self”. At this point not only would the task force be in alignment, but also would the president, the dean, the faculty members, and everybody who participated in the diagnosis. Follow-up sessions must occur during the development of the diagnosis, in the light of a “shared diagnostic process” (Beer and

Walton, 1990), thus attracting more allies for change. The communication program will continue to be essential. The task force will be prepared for any negative reaction that might arise because, as O'Connor affirms, "negative reactions can lead to constructive information about the change; by entering into non-emotional debate with resisters, they can discover ways to improve the change project; only through discussion can mutual understanding will be developed" (1993:31). These events will offer the opportunity for the dean and the task force to apply their abilities and demonstrate the need for change, through their enthusiasm, passion, vision and conviction. Emotion has a supreme power and, as Kotter (1996) affirms, to effect changes in an organization "reason and emotion" are equally important.

The Vision and Mission of the business school must be defined, and a proved procedure suggests listening to stakeholders and applying the whole-system approach. The Tecnológico de Monterrey, a multi-campus university system in Mexico, with academic centres in different regions of the country, was successful in the definition of their vision and mission towards the year 2015, thanks to the exhaustive process of reflection and consultation in which 15,000 stakeholders participated, among whom were the president, trustees, dean, faculty, management team, alumni, students, parents, administrative personnel, service staff, employers, corporate CEOs, public sector personalities, local and foreign universities' presidents, and local and foreign business schools' deans. We suggest that a similar process be spurred into action, taking all stakeholders into account and making use of the different practices: focus groups, interviews, electronic surveys, meetings, and plenary sessions to gather different, valuable opinions.

Tecnológico de Monterrey

“... much was discussed about the road to follow for starting a reflection on what the vision, mission and strategies for the next 10 years should be (...) during a whole year, meetings took place (...) a laborious process of electronic consultations were made in each one of the campuses (...) personal interviews were held (...) with the input of all the different sectors it was possible to determine the bases for our vision and mission towards the year 2015.”

Dr. Rafael Rangel Sostmann, President (1985-2011).

May, 2005.
www.itesm.edu

To refer to the document that contains the Vision, Mission, Strategies and Principles of the Tecnológico de Monterrey, visit: <http://www.itesm.mx/2015/english/index.html>.

At the end of the consultation, and during the analysis and consolidation of the information, the dean and the task force, jointly with faculty members, will carry out planning sessions to address essential matters for the future of the business school, such as: how to transform the curricula in order that it contributes to the achievement of the school's fundamental purpose: how to develop in graduates a high standard of business ethics and a conviction of social responsibility and sustainability; how to embed ethics, social responsibility and sustainability in the curricula and research; what characteristics should the future academic program have; what other fields should be worked on in order to achieve the main purpose in an integral and systemic manner; which will be the competitive advantage that will differentiate our business school from others; what alliances are to be established for the internationalization of curricula, and for offering students a multi-cultural environment and international experiences; how to internationalize and globalize the faculty; what training and development do faculty need to respond favourably to change; what type of incentives and rewards may be offered to the faculty that react effectively to change; what changes in the hard and soft systems are to be made to facilitate and ensure change; what will be the financial plan for the implementation of the strategic change; how to incorporate the six principles of PRME.

As result of the planning sessions the dean, the task force and the faculty members will develop the preliminary version of the strategic plan, which comprises the

vision, mission, values, strategies, programs, projects, and financial plan that will be presented to the university president for approval. Once refined and approved, the president will in turn present it to the trustees. The presentation of the plan to the president and trustees will develop in that group a shared vision-driven change, and their approval will answer the second question of the strategic plan: *Where do we want to go?*

At this point, the communication program becomes powerful again; it is highly recommended that communication strategies and materials be then designed, in order to transmit to the different stakeholders the renewed vision, mission, values, strategies, programs and projects of the school. It will be important to arrange explanatory meetings with alumni, students, administrative and staff personnel, the press, and recruiters, and it would be of significance that members of the faculty accompany the dean during those meetings.

Specific actions: How shall we get there?

Different objectives, indicators and goals have at this point been defined for every strategy, as well as the projects and programs that will contribute to the achievement of the business school's vision and mission, which will guide our aspirations to act towards a common purpose. Now, it will be necessary to appoint the responsible project/program leaders and the definition of specific actions of each project and program. The leaders will have detected for their qualities and convictions by the task force members, thus enabling their appointment. In order to enrich the strategic plan and its implementation, we recommend carrying out and taking advantage of plenary sessions as defined above, thus strengthening the whole-system approach and involving a considerable number of stakeholders. As Kanter, et al. (1992) affirms, "to implement a clear vision, involve people, reinforce and institutionalize change" (cited in Appelbaum, et al., 1998:294).

As an example of the benefits that are derived from the plenary sessions, we cite the following experience:

Tecnológico de Monterrey

“...three plenary sessions were carried out with the attendance of 1850 students and 350 employees: top management, faculty, and administration. The result was the definition of 29 actions that would ensure the fulfillment of objectives. (...) The prime achievement has been the involvement of all our Campus community in the process of continuous improvement.”

Institutional Effectiveness Staff, 2002

Mexico City Campus.

We recommend that the attendance to the plenary sessions include the top management, all faculty members, everyone who collaborated in the diagnosis stage, and all the members of the task force, integrated by the dean, key faculty, trustees, alumni, students and key administrators, thus involving the whole system in the process of change. As Barrett and Fry state, “the most important resource we have for changing organizations is our unlimited imagination and our capacity to unleash the imaginations and minds of groups” (2002:5).

The plenary sessions should be filled with enthusiasm and passion for the mission, vision and strategies of the school’s new future. The project/program leaders are introduced to the assembly at these sessions, and they in turn facilitate and lead the formation of interdisciplinary teams with the attendees. It is important that every team include at least one member of the task force, because they already possess the integral vision of the change process and are able to provide information that will enrich decision making capabilities and support the project leaders. All the information produced in the plenary sessions, in terms of specific actions to ensure the achievement of objectives, is analyzed and refined by the task force and the project/program leaders; with it, they generate the overall schedule of activities setting deadlines.

Deadlines are key success factors. Goals without deadlines are but empty dreams... deadlines make things happen (Valles, 2009). And, as Gary Ryan states, “Deadlines represent commitment; deadlines enforce accountability; and deadlines create a sense of urgency that helps us get things done”.

At this point we are able to answer the third question of the strategic plan: *How shall we get there?* We suggest that once the development of the strategic plan, namely

the objective of Phase II has been attained, a pause be made and the achievements be celebrated by the task force members, the project and program leaders, the faculty, and top management. Celebrating is important for stimulating a renewed momentum for the commitment and passion for change, and its contribution towards the vision, mission and values of the school.

Additions to the administrative structure

We propose the addition of two departments, and an advising staff, to the administrative structure of the school in order to ensure the objectives of the new vision and mission: Faculty and Curricular Development, Institutional Effectiveness; and the Staff Advisory Committee. Babson's experience proved that the governance system needed to change, as well as the way decisions were made; otherwise, "going further was pointless" (Cohen, 2003:158). It was necessary to also change the structure, rewards, evaluation, hiring, meeting arrangements, fund allocation, and leadership vehicles, "to support the radical curriculum reforms" (Ibid, p. 166).

It is important to remark that every aspect of the system design will have to support the definition of what the new organization means, how the business school is to be and how it is to operate. One of the strategies defined in the process of change must refer precisely to aligning the organization to the new vision and mission; and the dean, together with the Institutional Effectiveness department and the top management, must lead the changes that will be necessary to implement.

Faculty and Curricular Development

This new department will be integrated in top management and will report to the dean. It will be led by a faculty member with an ample experience and ties with the business community, whose main duties will be to advise and support the project and program leaders who are working on the transformation of the curricula, and in the embedment of business ethics, social responsibility and sustainability across the curricula and research. Additionally, this department will be responsible for offering programs in training and development that faculty will necessitate in order to respond to the requirements of the process of change. It is essential to instil confidence in the faculty, who for years have been dedicated to teaching courses in their area of specialization, in an isolated manner, although some of them may have been connected with other fields of teaching, and still others are teaching their subjects with a global

approach. A professor of standing will be selected to lead this new department, and he or she will have participated in the nomination for the leaders of the academic projects and programs.

The strategy of change requires the faculty to have a global view of their environs and to possess a clear understanding of business ethics, social responsibility and sustainability, within their own field; to be able to interconnect their area of specialization with other disciplines, and to work jointly with the rest of the faculty in order to transform the MBA program and innovate and integrate the curricula, in an interdisciplinary manner, within a global focus.

John J. Fernandes, President and Chief Executive Officer of AACSB International declares, “it is definitely the wave of the future to build an integrated curriculum. Although most business schools don’t follow this model, that will change in the future because the traditional model is not sustainable, and more business schools will rethink structures” (Inside Higher Education News, June 2, 2008).

Yale SOM

“One of the things that were a real revelation for me this year was how much the traditional MBA curriculum actually suppresses creativity.”

Joel M. Podolny, Dean (2005-2008)

The Yale Management Integrated Curriculum Model

“Educating Leaders for Business and Society”

Finally, this department will support the faculty for the development of conceptual frameworks, teaching materials, innovative pedagogies, course syllabi and workshops; and in general, everything that becomes necessary to buttress the academic community in its ability to provide an education in business ethics, social responsibility and sustainability.

During the process of change the department would have an exceptional mission, an innovating one, which consists in integrating the faculty; that is to say, to break the paradigm of the academic departments. As Lorange (2005) proposes, “Faculty

and staff may increasingly be part of a single team with no separate worlds for the various academic departments.”

Carey Business School

“The school will have no departments. All professors will be encouraged to be part of multidisciplinary centres for research. Departments aren’t needed. Business decisions are integrative.”

Yash Gupta, Dean (since 2007)

The Johns Hopkins Carey Business School

Where business is taught with humanity in mind.

Institutional Effectiveness

From the groups that have actively participated in the process of change, the dean and the task force may identify the people who will be invited to create the new staff department responsible for Institutional Effectiveness, who will be ultimately appointed by the president and report directly to him/her.

Once the strategic plan is defined, according to our experience, the critical success factor relies in coordinating the process of implementation and the actions for assurance, such as follow-up, evaluation, feedback and learning. The director of Institutional Effectiveness will be responsible for coordinating the processes of implementation, follow-up, evaluation, feedback, and learning. The creation of this department is essential to ensure sustainability over the long haul, through a program of continuous improvement, and it will assume highly significant responsibilities in relation to:

- **Leadership.** Will foster new practices of coordination, conversation-action, impeccability, and continuous improvement that will ensure the accomplishment of objectives, as well as the development of leaders.
- **Team building.** Will facilitate meetings of integration and feedback with the top management, with the teams in the different departments, and with the project and program teams, in order to develop groups based on trust and mutual

respect, and stimulate the expression of free ideas, suggestions and concerns, for building trust and creating a sense of proud ownership.

- **Strategic Planning.** Will maintain a permanent presence at the different areas that make up the business school, identifying needs and proposing solutions; managing the planning system, following up indicators, and facilitating monthly, bi-annual and annual follow up meetings. The area will be responsible for contributing with relevant information from external contexts, stakeholders, and leading academic institutions. It will offer counsel on everything that may impact the business school's vision, positively or negatively. The internal and external views will enable the sensibility to raise concerns about the condition of the school, in order to keep the flame alive, of the sense of urgency for change. Extracting experiences from Babson, we find that Cohen, A. took advantage of his attendance at faculty meetings "to present competitive information, the trends of business schools, their weak application picture, and anything else that might build [and sustain the strong] sense of urgency" (2003:159).
- **Reporting.** Will provide the area in charge of communication with relevant and timely information, in order to maintain the school's personnel acquainted with the progress, achievements and opportunities of the strategic plan for their revision, suggestions and opportunities. The effectiveness department will submit monthly progress reports of projects and programs to the dean, the Advisory Committee and the top management for revision and convenient adjustments. It will provide relevant information to the area responsible for making the annual report and will review it for adjustments before it is submitted to the president. The annual report will also be presented to the PRME by the dean, in order to exchange successful practices with other academic institutions.
- **Evaluation.** Will manage the biannual evaluation surveys that students answer in regard to academic quality and services; the one that the faculty and administrative personnel answer in relation to the top management leadership; the assessment from graduating students, and the alumni annual follow up survey. The survey results will be presented in a meeting with top management and department directors, with the objective of defining measures for improvement.

Inasmuch as the department of Institutional Effectiveness will be responsible for the subsequent phases of the process of change, we illustrate those phases in Figure 4, and describe them thereafter.

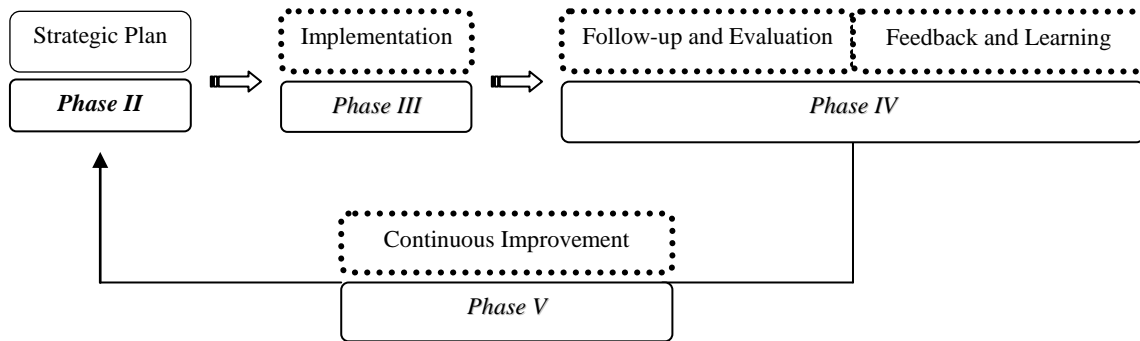


Figure 4. Phases of the process of change

The significance is clear, as Glavin states, “There is no end to change; it is forever evolving once you have people in your institution who realize how important it is for the future” (cited in Cohen, 2003:169).

Phase III – Implementation

Since the definition of our proposal for the process of change, and throughout its development, we have accentuated that the essential key factor is that every dean becomes a leader of change; that he or she take an active role in curricular development, and become the most proactive actor for ensuring that the curricula and research respond to the demands of stakeholders, as well as lead, along with the task force, the whole process of change.

In order to support and ensure excellence in the implementation of the strategic plan, we have recommended the creation, and described their responsibilities, of the directorships of faculty and curriculum development, and of the Institutional Effectiveness department, which will contribute to achieving the school’s vision and mission. Additionally, we have suggested the creation of the Advisory Committee whose members, selected from the task force, would include representatives of stakeholders, trustees, alumni, faculty, administration, students, and the participation of the director of Institutional Effectiveness. The rest of the faculty that was part of the

task force would now be leading and participating in the teams created for the academic programs and projects.

Furthermore, the Advisory Committee represents the stakeholders' voices, with the responsibility of providing relevant information that will enrich the process and contribute to the achievement of objectives. Figure 5 illustrates the organization chart for the implementation of the process of change.

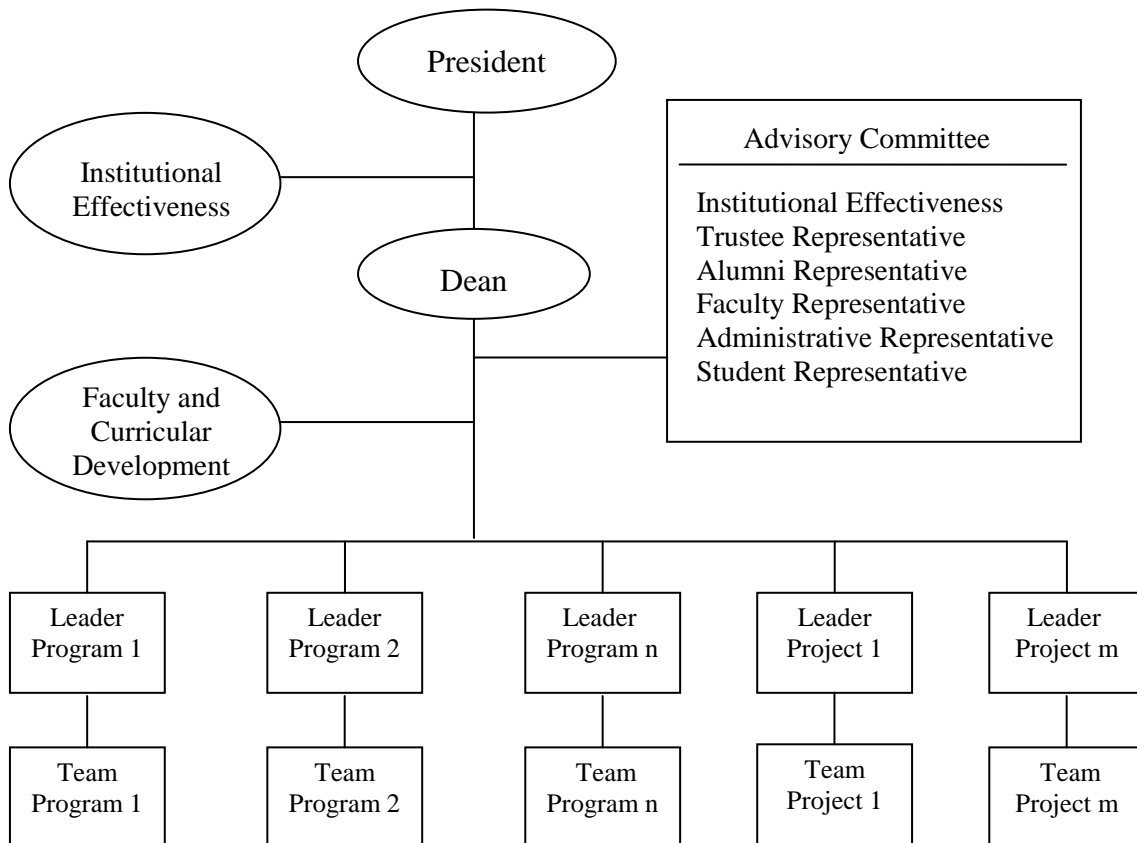


Figure 5. Organization chart for the implementation of the process of change

Phase IV – Follow-up, Evaluation, Feedback and Learning

Follow-up and Evaluation

The department of Institutional Effectiveness will set up a thorough, daily, follow-up and evaluation system of the task force and the project and program leaders' agenda, to ensure the timely fulfilment of objectives. Additional meetings, monthly, semi-annual and annual, will be held for the same purposes.

- **Monthly evaluation sessions:** Institutional Effectiveness will evaluate the advance shown by the different indicators on a monthly basis, jointly with the project and program leaders, and will effect adjustments when necessary; it will also present the monthly progress report to the dean, the Advisory Committee and top management, and will discuss with the project and program leaders whatever adjustments become necessary to effect to the planning system. As Thomas (2007:41) states, “strategies can be re-oriented to take account of the real-time learning and feedback achieved.” The planning system, which is maintained in the intranet, will then be updated for the accessibility of the president, dean, top management, and project and program leaders.

Finally the progress report, including achievements and opportunities, will be made available to the business school personnel, in accordance with the permanent communication program.
- **Semi-annual meetings:** The attendants to the semi-annual meetings will be the same as in the monthly sessions, and the purpose will be to again evaluate advances shown by the indicators, in addition to evaluating the survey results on academic and service quality, top management leadership, the survey to graduating students, and the annual alumni follow-up survey, making certain that improvement measures be adopted.
- **Annual meetings:** These meetings will have broader objectives, and will follow the plenary session model where the president, top management, faculty, alumni, students, administrative personnel, and service staff will be convened. It may be convenient to invite a recognized personality as guest speaker, who would generate a dialogue for reflection and growth. Advances of the process of change will be presented to celebrate the progress and “the small victories” (Cohen, 2003:162), achieved during the past year, and give recognition to the work teams. It will be important to present competitive information, league table rankings, challenges of business education, trends of business schools, and anything else that may reinforce the sense of urgency. Lastly, we recommend that space be allowed in these meetings for the expression of comments and proposals that may be included in the program for continuous improving.

Feedback and Learning

As an element of the process of change, it will be essential to create a culture of commitment and trust among the business school personnel. Solomon and Flores (2001) stress that, “authentic trust can never be taken for granted, but must be continuously cultivated through commitments and truthfulness”. It is not enough to change strategies, structures and systems; a new culture is required whereby people “comprehend the benefits of trust and respect within their teams, and develop effective communication competencies, experience the growth of the personal image when generating reliability in others, and recognize the pleasure of impeccability” (Olalla, 2008).

According to Babson’s transformational change experience, one main point is unmistakably clear; the effective implementation of change is ultimately, a “people business”, and several fundamental skills are necessary for success in the process; one of them is, precisely, feedback. In relation to the feedback delivered to the top management during the process of change, Cohen mentions that it is crucial “to demonstrate an ability to reflect on one's own leadership actions, to remain open to constructive criticism about those actions, and to adjust one's approach based on such feedback” (2003:180).

In order to contribute to the achievement of this new culture, it will be necessary to allot sufficient time for the organization to generate occasions for feedback that will allow people to improve themselves, their relations, and effectiveness. As Porras and Berg (1978) observed, “feedback has positive effects” (cited in Appelbaum, et al., 1998:298). As time passes, it would be expected that a climate be created where feedback is freely expressed, and methods such as the 360-degree appraisals are applied, from which learning can be derived. Easterby-Smith and Araujo (1999:3-5) claim that, “learning is something that can emerge from social interactions, in the natural work setting”.

The process of change is an integral learning experience. The whole system approach has facilitated listening to stakeholders’ voices and, through the plenary sessions has stimulated an “effective team learning that involves alternating processes for dialogue and discussion” (Senge, 1999), and developed new organizational capabilities that ease the sustainment of the process of change.

Phase V – Continuous Improvement

Change is an ongoing and natural state. The external environment is today more dynamic, sometimes even more turbulent, than ever before and remains in a constant state of change. In studying the changes that leaders have effected, James O'Toole (1995) concluded that "organizations must be adaptive and built to change" (cited in Burke, 2008:280). Burke adds, "To ensure long-term survival, effectiveness, and success, we must be nimble, flexible, and adaptive" (2008:280). A means for developing these abilities is through a program of continuous improvement.

Even though the dean and top management are to make it a practice to act and mould through their personal example, the department of Institutional Effectiveness, will ensure the achievement of objectives through the implementation of new practices of coordination, conversation-action, impeccability, feedback and learning, as well as the development of leaders, thus contributing to the sustainability of the process of change within the program of continuous improvement.

The strategy of continuous improvement should be present at all times in the mentality and objectives of the faculty, the project and program leaders, the Advisory Committee, the Institutional Effectiveness Department, and the personnel of different areas of the business school, and expressed in the monthly, semi-annual and annual evaluation meetings, with a constant attentiveness to stakeholders voices and the analysis of competitive information, among other critical external input.

CONCLUDING REMARKS

The current challenge for business schools is the implementation of a process of change to transform themselves into socially responsible academic institutions. However, we understand that not all universities and business schools have the same capacity for change; some are more receptive and inclined to embark on the process, while others try to avoid it. The particular characteristics of each institution and its capabilities, determine the extent and intensity of this change. We know that the decision to implement changes in academic institutions has never been easy and further, when referring to a planned change that affects the whole system, it is unusual.

Aware of these facts, our contribution is based on a proposal for a process of change with a strategy to begin the process of transformation right at the core functions

of the business school: research and curricula. The idea is to focus on the objectives of the school's mission, and from there, to delve deeper into the transformation. The main driver of change will be the new definitions of the mission, vision, and values, as well as the conviction and passion of the project leaders, and the persistence of a strong sense of urgency.

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CHAPTER 8

RESPONSIBLE BUSINESS EDUCATION: NOT A QUESTION OF CURRICULUM BUT A RAISON D'ÊTRE FOR BUSINESS SCHOOLS

**RESPONSIBLE BUSINESS EDUCATION:
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ABSTRACT

The importance of developing an identity in business schools, in relation to ethics and social responsibility, is addressed in this article with the purpose of advocating that education in responsible business is not a sole concern of curriculum, but, furthermore, that the current context demands that business schools ask themselves if they are committed to be defined as socially responsible institutions. If these schools' *raison d'être* is to educate responsible business executives, and make an effective social contribution, the level of demand required of them is very high. They need to include the principles and values of social responsibility as part of their own core operations and involve their entire organizations across all their management subsystems, such as education, research, outreach programs, and policies, all of which are analyzed in this article systematically through the examination of a business school's value chain.

Key words: business schools, ethics, identity, management subsystems, responsible business education, *raison d'être*, responsible leaders, social responsibility, value chain

RESPONSIBLE BUSINESS EDUCATION: NOT A QUESTION OF CURRICULUM BUT A RAISON D'ÊTRE FOR BUSINESS SCHOOLS

INTRODUCTION

Numerous scholars, school stakeholders and the media have expressed their serious concern that most business schools are educating students with a limited and distorted comprehension of their role, one which does not include ethical and social responsibility considerations. Many critics insist that there is a need to scrutinise what actions business schools are taking to overcome these growing legitimacy concerns. The recent global crisis provides business schools with an extraordinary opportunity to undertake a critical reflection and a profound self-examination of their own practices to ensure that similar mistakes do not repeat themselves and that business schools contribute effectively to the education of socially responsible leaders. As Starkey and Tempest state, “we need to consider a broader definition of the role of the business school as a force for achieving the good of business and of society” (2009, p. 577).

This chapter addresses the importance of developing an identity in business schools, in relation to ethics and social responsibility, one which transcends the curriculum.

There is a need for self-examination and answering fundamental questions such as: What is our purpose? What type of people and professionals do we aim to educate? What profile do we want for our graduates? What kind of business leader is necessary for the welfare of society? What practices must we implement to responsibly manage our own school? What new roles and responsibilities should our school adopt to serve society's future needs? The central objective of these reflections is to get across the message that educating in responsible business is not a question of curriculum *stricto sensu* (what we teach as a business school). If we truly want to educate students in responsible business practices, the way the business school is managed must also be socially responsible. This has many specific and demanding implications.

Consequently, the current context demands that business schools ask themselves whether they are also socially responsible institutions. In other words, the introduction of new courses or the transversal integration of ethics and social responsibility in

curricula is not the only concern because a school's social responsibility can no longer be limited to a question of programme content. Based on the theoretical framework proposed by François Vallaëys (2008), who refers to universities' social responsibility as a system to manage a school's impact, this involves four essential processes: management, education, research, and outreach (social commitment).

We feel that European business schools currently have the opportunity to lead the way towards becoming socially responsible academic institutions. As Mintzberg argues, "innovation in management education is no longer being created in the USA but in Europe" (cited by Bradshaw, 2009). In any case, European business schools cannot stop moving in this direction nor can they renounce doing so.

The subject of ethics in business school programmes has inspired a significant number of articles and debates. From 2000-9 and with greater intensity since the collapse of Enron (fall 2001), several provocative articles have been published, and a surge of business ethics topics and corporate governance issues were introduced in MBA programmes and included in curriculum reforms (e.g., Cowe, 2000; Etzioni, 2002; Garten, 2005; Holland, 2009; and Webber, 2009). The concern of the *Harvard Business Review* (2009) was reflected in a week-long online forum conducted to foster discussion among deans, scholars, MBA graduates, writers, HBR readers, business leaders and the public at large, specifically on how to "fix" business schools.

In 2002, leading scholars in the Academy of Management debated on this organisation's role in responding to the ethical scandals of the early part of the decade. They determined that the root cause was the overemphasis which US corporations have been forced to give to maximising shareholder value in recent years without regard for the effects of their actions on other stakeholders (Waddock, 2004, p. 24). Research validates the idea that business schools have the power to profoundly affect their students' values. In "Where Will They Lead?", the Aspen Institute's MBA survey on business and society, researchers found that, during their time at business school, many students' values change; they start business school stressing the importance of employee and customer well-being, but they graduate focusing on shareholder value (Aspen Institute, 2001). This underscores the notion that, after attending business school, significant changes can occur within students... for better or worse.

The results of the 2003 MBA survey indicated that students were concerned about possible value conflicts and unsure about whether or not their business schools were adequately preparing them to deal with such conflicts. In fact, one out of five

students said their schools were not preparing them at all (Aspen Institute, 2003). Five years after the publication of this survey, Nancy McGaw, Deputy Director of the Aspen Institute's Business and Society Program, concluded in her analysis of the 2008 survey that environmental issues were not very important for the majority of students and, as they progressed throughout their business school programme, they felt less prepared to manage the value conflicts they anticipated having to face in the workplace (Aspen Institute, 2008). This is just a symptom.

What is failing? Why is the business school "experience" so limited in terms of changing the behaviour of participants and students? Why are there no major changes in executive behaviour? What is missing? There are several causes, but some very relevant ones are related to the legitimacy of business schools and to the real "messages" (education) that the participants receive while they are at the business school. These "messages" and education are not exclusively related to the curriculum. We must look beyond this issue and deal with the uncomfortable question of how business schools are fulfilling all of their objectives.

The question we propose refers to business schools' identity and, as such, to the transformation they have to enact if they truly want to assume the challenge of their social responsibility, something which affects everything they do, all their processes, as well as their awareness and the willingness with which they address the issue. For this reason, if business schools want to demonstrate their commitment to social responsibility in the near future, they will have to talk about more than just their curricula. The persistent calls for action from stakeholders, repeatedly suggesting changes in management education, indicate that the introduction of new courses or the transversal integration of topics is insufficient because a school's social responsibility can no longer be limited to the curricula. Focusing on the programme content is important, but insufficient, and it is therefore important to address how business schools are transmitting values because, ultimately, this is one of their primary responsibilities.

BEYOND THE CURRICULUM

For business schools to act responsibly, a day-to-day reality has to be created that breathes and develops management practices coherent with the values they preach. We need business schools to "do business responsibly".

This affirmation is as true in business schools as in any other area of human activity. Consistency between the "theory taught in the class" and the day-to-day

practice in business schools is fundamental if we aim to provide an education that encourages responsible leadership. If this coherence does not exist, the business school will strengthen the cynicism of those who believe that social responsibility issues are questions of external reputation or marketing, while management and business reality are another matter.

Compared to other organisations, the responsible management of business schools is extremely demanding. If we aim to educate about “responsible business”, the schools promoting corporate responsibility have to include it as part of their own core operations. As such, any business school that declares that it is teaching corporate responsibility has to ensure it assumes this responsibility in its own day-to-day practices across all its management subsystems and ensure that this management is imbued with responsible practices.

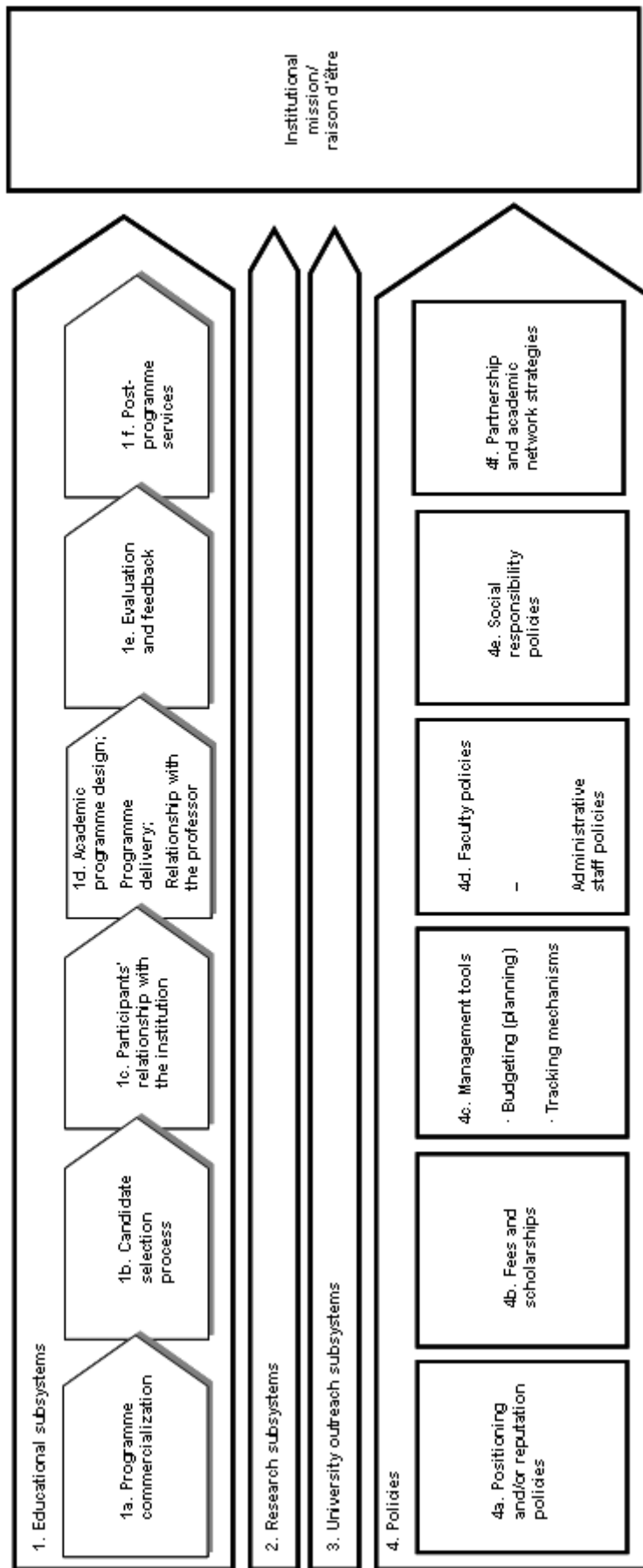
We briefly explore what this can imply in the following figure. To systemise this analysis we will examine a business school’s value chain. In the chart, we identify all the relevant sets of actions (management subsystems) that should be reviewed if we want to develop responsible business schools, in order to create an environment that impacts on students’ and executives’ behaviour.

1. Educational subsystems

1a Let us begin with the communication and commercialisation of the business school’s own programmes, whether these be the MBA, Executive Education or undergraduate degree programmes. The school’s declared values in its commercialisation policies, its publicity material and, in general, all the elements that make up its sales process provide the initial tests regarding the school’s coherence. The proposal put forward to potential participants and the motives to which we resort to capture their attention and interest are the first key element to identify if we are truly making a responsible proposal and one that is consistent with our values.

Appealing to economic success over the short term or promising a substantial and quick improvement of individual income upon completing the MBA is not the same as proposing an education which will help participants throughout their professional careers and provide them with diverse alternatives, emphasising the development of their potential as persons and professionals.

Management subsystems in a business school



Elaborating publicity material that conforms to reality regarding what is offered by the educational programmes and participants' future job placement is not the same as publicity which oversells or overpromises, making programmes extremely attractive for potential participants but not congruent to their actual delivery. It is one thing to be appealing, and another to oversell.

- 1b Another management subsystem refers to the candidate selection process for any of the business school's programmes. The need for coherence in this ambit clearly emerges in terms of the selection criteria used: if we talk about customisation and adaptation, our selection process has to contemplate a high degree of candidate customisation and knowledge. There are also elements within the selection process that refer to the business school's level of responsibility, for example: What exactly do we wish to measure during said process? And, what do we evaluate among candidates? The answers to these questions indicate the set of characteristics which we consider valuable for the candidates upon completing their programmes at our institutions, though they go well beyond that which we preach in the classroom.

For example, the most renowned institutions in the world are obsessed with attracting students with the highest possible GMAT scores. A candidate with a score of 620 is clearly in an inferior position compared to those scoring 670 or 720. Prioritising GMAT scores in the selection process implies, on the one hand, giving priority to the institution's position in the rankings and its prestige. At the same time, however, it also implies that what we fundamentally value in candidates is limited to their ability to successfully complete their studies. It also implies obviating that high GMAT scores, above 700, for example, tend to indicate, as shown in various neurological studies (Rock, 2009), that one part of the brain is highly developed (on average) at the expense of other intellectual skills which have probably been less developed. In fact, scoring over 720 on the GMAT exam may be an extraordinarily valid trait for a good analyst or consultant, but it is not necessarily the case for a good executive.

Essentially, do we want people who are highly prepared intellectually to complete their studies? Or, by contrast, do we want to offer society executives with other equally necessary competencies that are even more important today? These could include leadership skills, conflict resolution, the ability to face and overcome

ambiguity, etc. The fact that a selection process or an academic institution does not value other attitudes and aptitudes is also a declaration of how school officials understand the institution's responsibilities. If we feel that a key characteristic in any executive is his/her entrepreneurial spirit, team work or dedication to service, for example, it would be logical for some measurement of these or other traits to be included in the selection process beyond the GMAT. Not doing so is indicative of how responsibility is seen within the institution. In other words, what we evaluate in the selection process is already an expression of the ideal executive model that we pursue.

1c The relationship between the participant and the academic institution is also particularly important. There are many types of possible relationships, but they can generally be classified into 2 categories: purchaser-client/supplier and partner relationships. Depending on the existing incentives and the culture established internally, the academic institution is declaring what type of relationship it favours in the educational setting. For example, business schools sometimes proudly declare that they aim to mimic the market, the goal being for the business community's consumer/supplier relationship to be applied to the educational area. This is a clear indication of how the institution understands its educational responsibility and the values and practices it transmits during the professional development process. A partnership-type relationship, by contrast, implies shared learning and experiences that enrich the relationship. It tells us something very different about how the educational institution regards its responsibility.

1d Analogous reflections can be made with respect to the quality of the education offered, how up-to-date it is and its importance within the curriculum. We have discussed this above, and it is not the main focus of this chapter (centred on what is "beyond the curriculum"). However, we need to reflect once more on what is behind a demanding, relevant and up-to-date curriculum which sees business education from a holistic perspective. Similarly, the high level of demand (on others and ourselves) and the responsibility spread out amongst each and every member of the institution when designing the programme and, especially, delivering it is another element which students learn through "osmosis", potentially becoming, as a result, a reference or anti-reference for their own professional lives. For this reason, the

relationship with the professor is especially important (what values are lived, established and favoured in this relationship?).

This is not the same as the “client/supplier relationship” in which quantification measures are used regarding the time spent with students rather than creating a relationship based on cooperation, a relationship in which the professor is sincerely interested in the student, where demand is accompanied by high standards, where there is a significant degree of customisation, etc. In the end, the type of professionals favoured by one or other form of relationship is different as is the style of leadership these executives will later put into practice. Through this relationship, it is possible to help students distinguish between areas where cooperation and the combination of individual wills is necessary and those areas in which it is absolutely essential to compete or compete fiercely. Through interpersonal relationships inside and outside the classroom, the institution also declares how it understands its institutional and educational responsibilities and what values it transmits to its programme participants.

1e In this process, it is especially interesting to examine the evaluation criteria used when grading students’ work and giving participants feedback. How we evaluate what they have learnt and some of the skills taught is a key element which reflects how the business school understands its responsibility. The famous Gaussian bell curve with grades A, B, C and D, where 10 percent of students receiving the worst marks have to leave the programme, reveals that the criteria and the culture we favour among students are, basically, competitive and excluding. If that is what we in fact envisage, it’s a good system, it’s coherent and it can certainly educate people who are highly competitive and orientated towards individual success. At the same time, however, we have to be aware that, by doing so, we undervalue cooperation, teamwork, and shared successes, establishing relationships to develop projects over the mid and long terms, and settings in which professionals can give the best of themselves.

Other systems may have different virtues and defects and, definitively, they may favour a different value proposition. For example, establishing high standards, where everyone can be successful and each individual fights against his/her own limits, making a true effort to succeed, favours a culture based on personal effort, one that encourages people to demand hard work of themselves and doesn’t hinder

(and even encourages) teamwork. Another alternative could be to combine different evaluation systems to transmit the message that both competition and collaboration are needed, but that we need to know where and when to apply them. The feedback students/participants receive on their work is also highly related to the evaluation system. This is a key moment in which the real value given to learning is "declared", manifesting what the professor feels regarding the participant and what he/she values in business education. In the end, students will remember the institution where they chose to study, its identity and responsibility by the evaluation system used, along with their relationship with faculty members. These are probably the key elements though they are generally not taken into consideration when talking about the values business schools transmit.

If At the same time, we can also talk about the relationship established with students near the end of their programme or after completing it. We refer here to post-programme services or career service departments, responsible for training future executives on how to carry out work interviews, prepare their curriculum vitae, etc. These career services help orientate students' professional lives and suggest the criteria students should use when making decisions in this respect. During this orientation process, messages are sent which are key in the type of business education and executive profile each institution "is set to launch on the market." Here, as well, emphasis can be given only to the financial element, the individual project and the short term or it can introduce other criteria for students to make decisions on their careers. Analogously, the existence of an alumni association, its profile and services, though less important, is also indicative of the culture and values favoured by the institution and, in effect, of the institution's coherence and commitment to its own educational proposal.

2. Research subsystems

The business school's research policy is another key element in terms of how it defines its responsibility. We need to mention a prior decision here, one which represents a pre-existing option regarding certain values that are difficult to compare. This choice refers to whether or not to provide complete freedom to professors to research all that they consider interesting from their respective

departmental fields. At the other extreme, we find the option of specifically defining two or three basic research areas for the professors as, clearly, not all business schools can play an important role in every area of knowledge. Between these two options, there is also a large grey area encompassing numerous options and in which it is important to know how to allow for the freedom to research while establishing some priority or favoured lines of research. In addition to the business schools' choice regarding one of these three distinct models, the criteria they use to prioritise these lines of research also reveal clues about how they understand their responsibility. What is valued? What topics do we favour and why are they prioritised? What link is there between the concrete research questions and a holistic and responsible view of business? The answers can range from carrying out research from which we can obtain resources to carrying out research on areas linked to a specific agenda in line with the business school's mission. At the extreme end of the first case, we would be talking about an institution that adapts to the market. The second case would reflect an institution which somehow attempts to transform social reality in accordance with its reason for being.

3. University out-reach subsystems

Another clear business school area of responsibility is its university outreach programme or social projection, social commitment and connection to the society in which it finds itself. Becoming a part of this social reality implies great effort and realism, especially, if through this outreach programme, the business school opens itself to debates on business, economic and social matters, relevant to both companies and society. Participating exclusively in academic or elitist debates where a certain business segment finds a favourable audience is not the same as allowing all the *inhumane* reality of the current economic situation and debates on crucial topics related to this reality to enter the business school. Furthermore, giving access to this reality in order to understand it, is not the same as letting it in to study and have an impact on it; nor is it the same as letting it in to understand it, have an impact on it and be affected by it.

As such, from the responsibility point of view, we feel that coherence in the decisions made in terms of research and the contribution the institution wants to make to society are also key as these are precise measures of this consistency: Are

we guided by a *business as usual* approach and are we a forum where only those that already have forums and that already appear in the newspapers can speak? We could make an analogous reflection regarding the faculty's published articles and presence in the media: What topics are addressed? What appearances are prioritised? And what subjects and focuses do we propose to society?

4. Policies

4a Special attention has to be paid to business school policies regarding their positioning, reputation and how they are influenced by rankings. A lack of honesty and fair play in the data or a commitment to transparency is a capital question in creating the right internal environment in which business school responsibility can grow. Similarly, being a ranking-driven or a mission-driven organisation creates a radically different culture. Being a ranking-driven school has numerous implications: centring on student job placement in specific industries and companies (i.e., international consultancy firms and investment banks), prioritising GMAT scores in the selection process, etc. Here, the business school can be complacent, serving as one more actor in the system or, conversely, it can lobby transparently for the indicators used in these rankings to create appropriate incentives to improve the intrinsic quality of both the education and research carried out. The latter also includes working with other business schools that share this perspective to move positively in this direction.

4b The business school's policy regarding fees and scholarships is another area which reflects how it interprets its responsibility. Beyond reflecting on the segments of the population that the programme is aimed at, the business school's positioning, its analysis of the competition and economic and financial needs, etc., the fees charged and the school's scholarship policy also manifestly reflect its responsibility policies. If the institution clearly and decisively wagers on an open, free and competitive social model in which everyone can contribute the best that they have, this has to be reflected in its pricing and scholarship policy.

If, by contrast, a meritocracy is significant, and the business school truly values talent, competition and equity while also being decisively opposed to maintaining the status quo which keeps society and the economy from progressing, it must offer

an “aggressive” scholarship policy aimed at compensating for the numerous inequalities and imbalances embedded within our society. Seen another way: not having this scholarship policy indicates that the university institution, more than attempting to improve its management and practices, is reproducing (and, consequently, validating) the current status quo and refusing to serve as a factor for social improvement and transformation.

- 4c The business school’s “budgetary policy” is another area which reveals its level of responsibility. The budget serves to specify and, in fact, declare its priorities year after year. How funds (both current expenditures and investment) are distributed is essential in this sense. We can be dealing with an institution that gives special importance and credit to its facilities, attempting to make them as luxurious and select as possible for its participants, compared to another institution which prioritises investing in talent, research and scholarships. Budgets also serve to define the balance between investing in the brand and its reputation and the priority the business school gives to educational content and research. Here is where we see up to what point the responses to the questions we have asked in this part of the chapter go from mere declarations of intent to having the resources to potentially become real policies that truly reflect the business school’s values.

In terms of management tracking systems (versus planning systems), it is especially important to analyse what the institution measures, observes and monitors. The coherence between the responses to the questions presented thus far and management control panels and other management tools is crucial. We have to be able to clearly identify what we measure and observe and determine where we establish and prioritise actions when attempting to correct deviations. Focusing exclusively on some indicators (i.e., yield percent, the GMAT or profit and loss accounts) is not the same as also analysing, for example, the degree to which certain skills or knowledge is obtained or alumni performance 5 or 10 years after completion of programmes at the business school.

- 4d Upon reaching this point, it should be clear that policies affecting the faculty are pivotal to the discussion at hand. The business school’s commitment and discourse on social responsibility is based fundamentally on its faculty policy. What factors do we evaluate when hiring faculty? How do we define the professional quality we

seek? This will determine the dynamics of competitive processes. Once hired, however, what type of socialisation system do we use? Do we leave new professors' adaptation to chance? Or do we have a mentoring or Cicerone structure in place? Does this process include some sort of reflection on the business school's values and mission? We also have to analyse our evaluation and retribution systems. What do we evaluate the faculty for every year? What criteria do we apply when promoting them? What academic contributions do we require? Do we tolerate the existence of various academic tracks (e.g., more focused on teaching, more on research, etc.)? How are each of these tracks treated within the institution? All this ultimately leads to another question regarding the behaviour, attitudes and practices we aim to favour with our faculty policies.

An analogous reflection could be made regarding management, administrative and service staff in that they are also a relevant component within the educational process. To summarise with an example: the experience students can have in the business school itself when attempting to resolve their own conflicts and manage change is more important than a case study on conflict resolution. In general terms, how diverse academic services approach the different initiatives, problems or conflicts with participants is more important for the latter's education than a possible case study on managing conflicts or initiatives. It goes without saying how important the role played by business school management is in terms of its behaviour, the objectives it sets and its management style. Through management, the organisation's true identity and the culture it can promote are on the line, given that said behaviour, objectives and management style can favour certain dominant values over others.

- 4e One question which often goes ignored relates to the business school's own social responsibility policy. This policy helps to define its identity. Its sustainability and diversity policies, the balance between personal life and work, its purchasing policies and accountability mechanisms, among others, all define the degree to which what the business school preaches is consistent with what it practices. If it is consistent, we thus have a responsible business school before us. Of particular importance are our answers to the following questions: What relationships are established between the business school and all the stakeholders, including alumni? Is the alumni association a select club that is difficult to join or is our network of

alumni a tool to foment the desired behaviour taught at the school? Is it a good means to refresh alumni's knowledge and skills and does it encourage all former students to develop and define their roles as agents to generate wealth responsibly? The institution's social responsibility policy also affects its good governance system: What role does the management board play? What degree of transparency and accountability has the business school established? Is it expressly committed to the United Nations Principles for Responsible Management Education (PRME)? If so, does the business school have management systems in place to measure up to what point it is fulfilling these commitments?

4f Responsible management and commitment are factors which also affect the business school's policy regarding institutional relationships and, especially, its partnership relationships with companies: What companies does the business school associate with? A business school also defines itself by the links it establishes, whether with public or private institutions. Making it a priority to associate with market leaders is not the same as aiming to associate with "challengers" or highly innovative firms. Accepting and prioritising links with companies which survive, in part, due to specific protective trade policies is not the same as prioritising links with export or import firms in a highly competitive market, etc. Through their preferred types of associations, business schools also define what they understand as responsibility. If we define ourselves as an institution which favours entrepreneurship, internationalisation, innovation, etc., we would expect to see links primarily with companies that are entrepreneurial, that internationalise and that innovate. This does not imply that this option has to be exclusive or that it has to be a radical choice. Rather, it has to be perceived, lived and have consequences. A similar reflection has to be made with respect to businessmen and others invited to give presentations, participate in seminars, etc., people who are presented at the business school as references. This last question has a direct effect on the dissemination of social responsibility principles: you cannot maintain a discourse and/or curriculum in which social responsibility plays an important role and then undermine this with the list of guests who are invited on a preferential basis.

Similarly, the same could be said as regards the academic networks which are prioritised and favoured or in terms of links with other business schools, universities and research centres. Not all academic partners are the same nor do they all reflect

the same values, perspectives and commitments. If a business school opts for internationalisation, this should also be observed in its sponsorship agreements. If an institution opts for pedagogical excellence, research or a certain mix of the two, the business school should also reflect this coherently in terms of its academic links. If it feels that the role of wealth generation and economic growth is important at the global level, it should have academic partners in developing countries within its networks with which it maintains truly mature, cooperative relationships which go beyond just sending a few PhD candidates to the other institutions, involving, instead, good professors especially for training faculty in those developing country institutions.

CHALLENGES

To summarise, if the business school's *raison d'être* is to educate responsible executives, the level of demand required of the institution is very high. If the aim is to make a real social contribution, it is important to bear in mind that educating responsible executives implicates and involves the entire institution, well beyond its curriculum. This, of course, is not easy and constitutes a challenge. It is also true that this difficulty and demand can transmit some extraordinary and exceptional values to society. This would be especially true if these values were practiced by all business schools, though a first and extraordinary step forward would be for this to be the norm among the 50 or 100 best business schools out of the more than 10,000 around the world.

In effect, we do not transmit values or educate by what we say but by what we do and who we are. For this reason and given the new challenges social responsibility development implies for business schools, through this article we have attempted to explore some of the elements which can help move forward in this direction. Disseminating social responsibility principles is not only a question of curriculum for business schools; it is especially a matter of identity for socially responsible business schools. The future challenges are related to answering the above questions and resolving the dilemmas posed. The corresponding responses will determine whether our business schools serve to improve managerial practises or if they simply reproduce a given managerial culture, thus blocking any necessary improvements with the consequent high social cost this has for us all.

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CHAPTER 9

**A PROPOSED MODEL FOR
THE TRANSFORMATION OF BUSINESS SCHOOLS INTO
SOCIALY RESPONSIBLE INSTITUTIONS**

A PROPOSED MODEL FOR THE TRANSFORMATION OF BUSINESS SCHOOLS INTO SOCIALY RESPONSIBLE INSTITUTIONS

ABSTRACT

Purpose – To propound a model for the transformation of business schools into socially responsible institutions. The paper analyses the priority areas of performance and pursues the objective of ethics, social responsibility, and sustainability education (jointly referred to as **SR+**), in accordance with an identity and a person-centred approach, towards a cross-cutting institutionalization of **SR+** in business schools.

Methodology – A qualitative research methodology is applied through a literature review on primary sources, such as books, publications, and electronic documents retrieved directly from their websites, as well as empirical evidence.

Findings – Valuable approaches that contribute to the renewal of business schools have been developed, but most of them have emerged with a partial vision of what a socially responsible business school should be, focusing their criteria on only some of the issues or processes that social responsibility entails, without implementing either a holistic vision of the school or a systemic approach that contemplates the dimensions of **SR+** as inter-related parts of a whole.

Future research – Further research is advised in order to validate the proposed model, and each of the lines of endeavour offers the possibility to be examined in depth, in its own subject area and in the context of a socially responsible business school.

Practical implications – The key factors of change are stressed, as well as the importance of creating an identity of the school, characterized by its core values, the redefinition of its mission, a clear sense of purpose, and a shared vision with clear objectives of **SR+**.

Originality/value – No other empirical studies or proposals for a model have been found in the literature about the process of a business school to become an ethical, socially responsible and sustainable institution. This study contributes further to the model with a comprehensive and systemic approach.

Keywords: ethics, identity, institutional effectiveness, model, person-centred approach, responsible education, socially responsible business school, sustainability, systemic approach, transformation

THE TRANSFORMATION OF BUSINESS SCHOOLS INTO SOCIALLY RESPONSIBLE INSTITUTIONS: A PROPOSED MODEL

Business schools should solidify their role not only in advancing the careers of future graduates and improving business, but also in directly addressing social, environmental, and economic ills. This means strategically leveraging the talent, energy, and ideas of students, faculties, and staff to achieve social progress.
Global Foundation for Management Education, 2008

INTRODUCTION

Globalization is perhaps the most challenging development of modern times; it has pushed the stark economic contrasts of poor and rich nations to centre stage, and has exposed the corruption and militarism of many developing-nation governments, revealing both the successes and the devastating excesses of capitalist business (Wood and Logsdon, 2008). Governments have been overwhelmed in their duty to satisfy social justice; and corporations, as wealth generators and administrators, are becoming increasingly mindful of their responsibilities toward communities and society in ecological, environmental, social, and human issues. Business schools cannot escape this reality.

We believe that the purpose of business schools, in the present context of multifaceted global crises, should not only be to commit themselves to creating and transmitting knowledge in management, but also to educating, motivating, and convincing students in convictions and values in ethics, social responsibility and sustainability.

In order to do so, the business school itself must embed the principles, policies, and practices of “ethics, social responsibility and sustainability” (hereafter: **SR+**) in its culture, and engrain them in its identity and mission throughout the organisation. These far-reaching actions entail a profound process of change in the members of the school and in the school itself. Our main contribution in this article is the proposal of a model with an integral vision that aims to raise awareness of the profound change that is required in business schools for their transformation into socially responsible institutions.

In the first part of this article, we refer to the elements that contribute to the renewal of the business school towards **SR+**, putting forward the premises that our proposed model is based on. We emphasise the importance of creating a new business school identity that stands out for its core values, a clear sense of purpose, and a shared vision, and of redefining its mission with clear **SR+** objectives. In the second part, we analyse the factors needed to start a successful transformation in relation to the human aspects of the change, with the aim of institutionalising **SR+**. In the third part, we present our proposed model in which we suggest—by means of questions that help to identify **SR+** practices—some of the procedures and actions to follow in the management of business schools in order to transform them into Socially Responsible Business Schools. With these questions we also wish to highlight the need for and the magnitude of the change required to achieve this transformation.

We wish to point out that we have not detected in the literature any description or proposal of an integral model on how **SR+** principles and values can be embedded into the organisational processes and practices of a business school, in order to enhance its capacity to achieve the institutionalisation of **SR+**, as a strategy for becoming a socially responsible institution.

I. ELEMENTS THAT CONTRIBUTE TO UNDERTAKING THE RENEWAL OF BUSINESS SCHOOLS TOWARDS SOCIAL RESPONSIBILITY

Becoming a Socially Responsible Business School (referred to henceforth as SRBS) has a basic precondition that makes up the first premise of our model: “**The dimensions of ethics, social responsibility and sustainability constitute a system**” (**SR+**), because they comprise a group of inter-related, inter-dependent concepts that share common objectives. Each of these dimensions has its own approaches, characteristics, and aims, but their presence and implementation as an indivisible whole guarantees the result of a socially responsible institution. **SR+** as an umbrella term which contemplates the three aforementioned dimensions, should be understood as a management system, and it is essential to establish that, as such, it should be present in the entire institution and consequently, when claiming that a business school is socially responsible.

SR+, as a system or already defined whole, can serve as a source of inspiration to promote in-depth change and head the renewal strategy needed in Business Schools (referred to henceforth as BS). This change should begin with a profound self-

examination and critical reflection, in order to tackle the pressing challenges posed by today's world, accepting the new responsibilities that both their stakeholders and the society at large demand of BS which are basically accountable for training future responsible managers and business leaders, and generating relevant knowledge, but, as Starkey and Tempest (2009) state, "we need to consider a broader definition of the role of the business school as a force for achieving the good of business and of society" (2009, p. 577). They have "a crucial role to play in the shaping of the future of the University, of business, of society, and of the world we live in" (Starkey and Tempest, 2008, p. 389), and this entails accepting the commitment to renew from the inside, to "rediscover their roots" (Pfeffer and Fong, 2004, p. 1515), and build in depth "a new sense of identity and a clear sense of purpose" (Starkey et al., 2008, p. 383).

Self examination constitutes the opportunity for BS officials to create space for reflection with their stakeholders (e.g., trustees, faculty, alumni, students, and staff), and deliberate on questions such as: *What is our role? What do we aspire to become? What kind of society should business schools help to create? What should the ideal graduate profile be? What kind of person and professionals do we look forward to graduating?* See Figure 1.

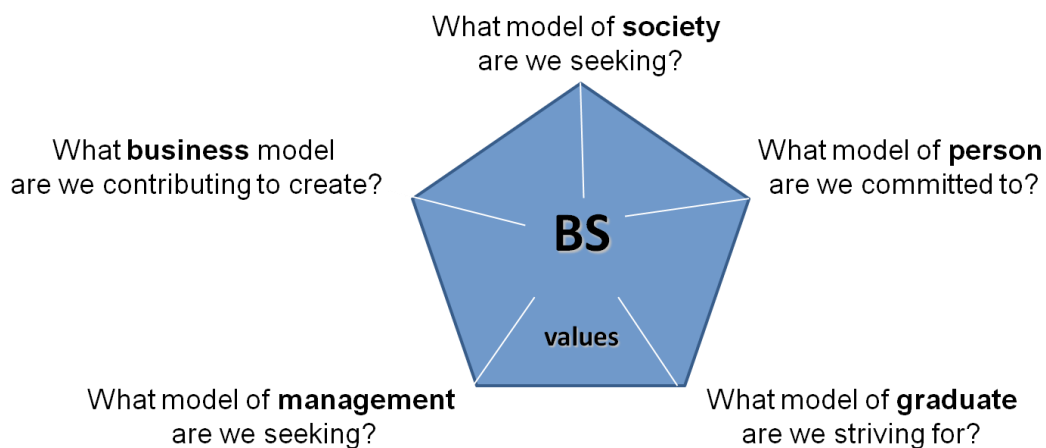


Figure 1. In the reflection towards defining business school values

And in this new context, we further ask ourselves: *What is our raison d'être? What are our values? What values do we want to be identified with and how do we want to be identified? What do we pursue and what are we able to commit to? In what terms*

do we want to be qualified by society? As a result of the answers generated by these questions, the BS can initiate the renewal process of its **mission** and its **identity**.

Spaces for reflection offer the opportunity to promote productive dialogue, define joint actions and decision-making. Similarly, these spaces can promote unity and prevent the traditional dividing line between academic and administrative areas; what is more, they can integrate the academic departments and, consequently, their disciplines. This would enable collaborative relationships to be built among faculty members, and between faculty and staff, with a view to pursuing common goals focused towards **SR+** in a holistic way to renew the mission and identity, as opportunities to innovate the business school.

Organizational Identity

Identity is a social construction that individuals and organisations carry out (Gergen and Davis, 1985), and derive from repeated interactions among themselves and others (Cooley, 1902) [cited in Gioia, Schultz, Corley, 2000, p. 65]. Organisational identity (referred to henceforth as OI), as related to business schools, is constructed via similar processes of interaction with their stakeholders. According to Albert and Whetten (1985), the main characteristics of identity are central, enduring, and distinctive. Later on, Gioia, et al. (2000) add that, rather than enduring, OI is better viewed as adaptive in facilitating organisational change (2000, p. 64).

OI refers broadly to what members perceive, feel and think about their organisations. It is assumed to be a collective, commonly-shared understanding of the organisation's distinctive values and characteristics, and emerges from the ongoing interactions between organisational members, as well as from top management influence (Jo and Schultz, 1997, p. 357-58). In other words, OI comprises day-to-day behaviour and the rules established by top management. In the case of BS, it is the set of characteristics, practised values and beliefs which it is identified with, and which single it out from other BS. Identity is manifested in several significant ways; it is found in its strategy, in its decision-making, and in its leadership styles; in its systems and procedures; in the interaction among its members; in its resources; in official texts and speeches; in its education and research projects; in its results and impacts, and in its institutional effectiveness.

The evolution and maturing of BS, their stakeholder dialogue and interaction with their environment, favour a dynamic vision of this identity in which heritage and

project, permanence and change, maintenance and renewal are combined. Identity is thus made up of central and distinctive elements, and current debates on **SR+** can be framed in this context. All the elements that play a part in OI have been represented graphically in figure 2.

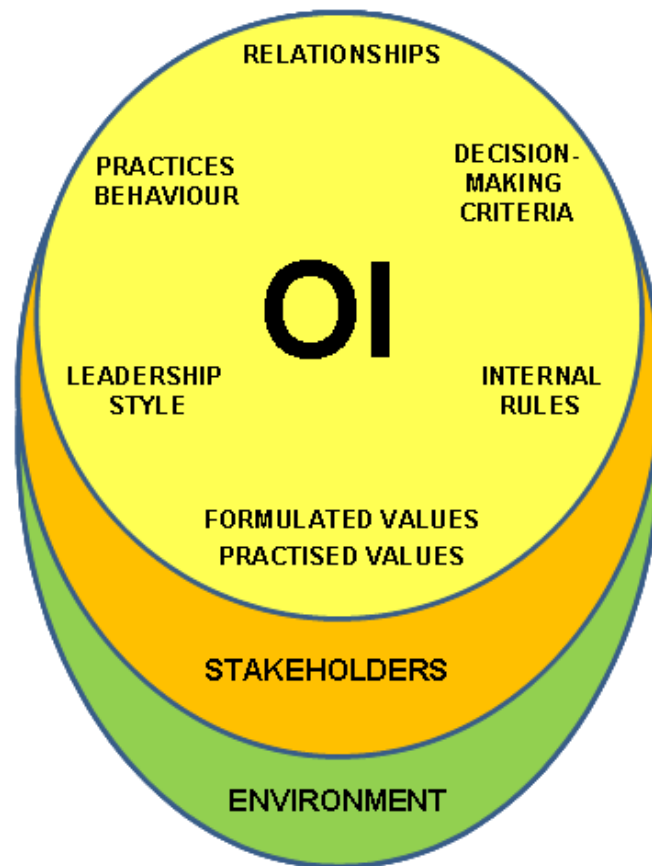


Figure 2. Elements that make up the organisational identity of the business school

In the light of the previous considerations, our model’s proposal is based on a second premise: “**SR+ is a matter of identity**”.

SR+ is the key component of identity in Socially Responsible Business Schools

The reaffirmation and consolidation of ethics, social responsibility and sustainability (**SR+**) as values embedded in the organisational culture, which all members who are an integral part of the BS community are committed to, are a key component of the identity of a Socially Responsible Business School (SRBS), and as Garavan and McGuire (2010) point out, “the three [dimensions] in interaction with each

other have the potential to enhance the social reputation of the [Business School]” (2010, p. 492).

The identity of the SRBS is characterised, furthermore, by two distinct elements, core values: a system of guiding principles and tenets, and core purpose: the organisation’s most fundamental reason for existence — its *raison d’être* (Collins and Porras, 1996, p. 66).

Core Values: The core values are those few, vital values that all members of the SRBS are expected to use, live by, and demonstrate on a daily basis while executing their work responsibilities. The relevance of incorporating and making **SR+** values explicit lies in the fact that values precede and help to shape attitudes and behaviour of organisation members. The role of leadership, therefore, becomes crucial because the most important leadership function is to generate meaning and transmit values to the organisation, and make these values become a part of the SRBS culture. Meanwhile, the choice of the underlying principles and values in the dimensions of **SR+** will be those that each SRBS considers to be vital and essential according to its core ideology—understood as its roots, philosophy and history—which make up its main “guiding force and source of inspiration” (Collins and Porras, 1996, p. 66). Once these principles and values have been defined, new questions arise: *What competences should we develop? What policies should be determined so that our values are adopted?*

Core Purpose: The second element complementing the SRBS identity is a clear sense of purpose which in our proposed model is define as a person centred-approach that refers to potential, current and former students. It is specifically the group of former students that constitutes the *raison d’être* of the business school, because they are destined to hold influential, decision-making positions that will exert an influence on society and their environment.

Our third premise emerges from this approach: “**The *raison d’être* of a Socially Responsible Business School is centred on individuals; on its graduates and on their education as responsible executives aware of their contribution to society and their impact on the world**”. The core purpose of the Socially Responsible Business School (SRBS) lies in this premise.

Figure 3 shows the elements that make up the new business school identity: core values and core purpose.

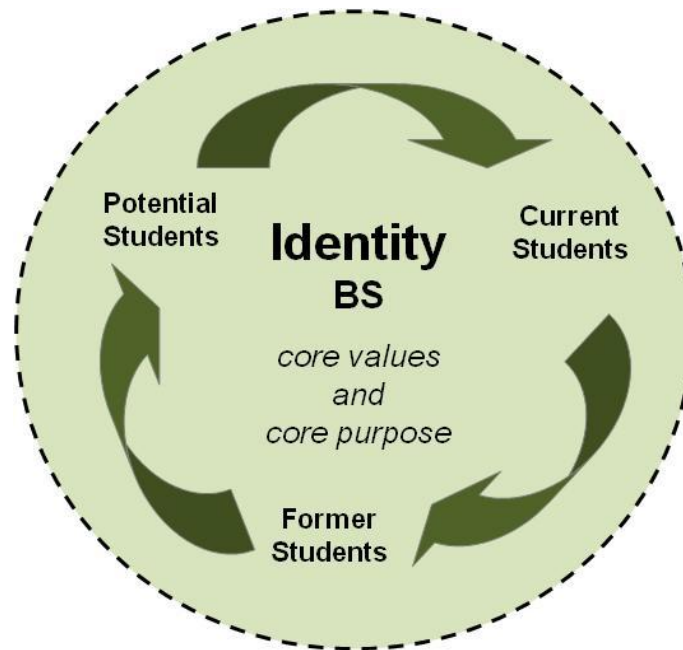


Figure 3. Identity of a Socially Responsible Business School

The person-centred approach

The SRBS seeks to create a more student-centred culture aimed at building long-lasting trust and collaboration relationships. The initial aim is to offer the potential student a quality service from the moment s/he establishes contact with the BS, either visiting the facilities, attending an open day fair or information session, making contact by phone or email. All the necessary information is provided to help potential students make the best decision for their personal and professional development, and a personalised follow-up is given during every stage of the procedure until their enrolment has been processed. Once the admission requirements have been met, the BS welcomes the newly admitted student, and the presentation of the mission, vision and values is included in the induction programme, highlighting the identity that distinguishes the BS, providing examples, such as its social responsibility policy, the presentation of its code of ethics, its **SR+** projects in education, research and social debate, and its adhesion and contribution to the Principles for Responsible Management Education (PRME).

One of the SRBS objectives is to achieve active student participation so that s/he has an enriching experience for the duration of the course. To do so, the relationship of current students with their professors is especially important. As Losada, Martell and Lozano (forthcoming) state, “a partnership-type relationship implies shared learning and

experiences that enrich the relationship based on cooperation, in which the professor is sincerely interested in the student. Through interpersonal relationships inside and outside the classroom, the BS declares how it understands its institutional and educational responsibilities, and what values it pursues to transmit to current students”. As Khurana (2007) adds, “business education can and should be a transformative experience”. In turn, staff members should be aware that whenever the student³² contacts any of them, whether it is the school officials, administrative or service staff, to ask for information or a service, they are contributing to the student’s education and transmitting the values shared by all the members of the BS through their behaviour, attitudes and practices.

When students finish their programme and graduate, they should receive all the necessary support and advice from the career service department such as: internship and full-time job searches, résumés and cover letters, career fairs and recruiting events, as well as other specialised advisory needs. During this orientation process, what will become clear is the coherence with the institutional **SR+** values to guide students in their professional lives and suggest decision-making criteria (Losada, et al., forthcoming), particularly in relation to socially responsible companies, which they can choose in internship projects and recruitment events.

On completing their courses, former students become part of a valuable group of school members. The SRBS should achieve a sense of rootedness and belonging among them, the alumni association being the best way to maintain a permanent contact through different community activities, update programmes, publications by the alumni themselves, interested in finding out the career path they have followed in their professions, their contribution to society and their impact on the world, keeping the **SR+** conviction alive. Since graduates are the *raison d’être* of the SRBS, it is of fundamental interest to maintain a long-lasting relationship with them, and also promote the inclusion of their families, bearing in mind that their children may join the school community in the future and benefit from its values and academic quality.

We must consider the new roles that former students will adopt in their lives, such as trustees, directors, recruiters, opinion leaders, CEOs, public sector officers, employers, executives, advisors, and many others, and that they will become key SRBS stakeholders in their new activities, responsibilities and positions of power. Listening to

³² . When we use the term “students”, we are encompassing potential students, current students and former students. Otherwise, we will specify which kind of student we are referring to.

them, reflecting on their concerns and expectations, and acting accordingly represents an opportunity for a continuous improvement of the socially responsible school. This is why we insist on the need to maintain close contact and communication with them.

Another important goal of an SRBS is to be aware that students, at their different stages, are a constant source of information, which enables opportunities to be identified for monitoring the quality of educational programmes, and the service and support provided in all the administrative and services departments. Different means can be used to register student opinion, such as surveys, focus groups, formal or informal meetings, chance encounters, a suggestions or complaints box, and so on. By gathering and processing this information, opportunities can be seen to strengthen innovation, learning and continuous improvement, as well as the **SR+** culture at the school.

We now suggest some questions that may help towards carrying out and implementing the practices we have mentioned: *What initiatives should be developed to create a student-centred culture which also manages to build long-lasting relationships with students? What are the most effective strategies for listening to students? What are the most suitable strategies for monitoring graduates and keeping in touch with them?*

Human Resources Department and Academic Departments

The Human Resources Department, which we prefer to call the “Human Capital Department”, with its management and development functions, can contribute to the development of a culture that supports **SR+** in the BS. It can raise awareness among faculty and staff, and develop positive attitudes toward sustainability, environmentalism, and green work practices. It is therefore imperative that the Department of Human Capital understand its strategic contribution to achieving **SR+** goals and how different practices can support those goals. Agrawal (2007) states that, “where organizations adopt [human capital] policies that are socially focused, they can lead to significant societal, economic, and environmental outcomes” (cited in Garavan and McGuire, 2010, p. 500).

Directors of academic departments should also contribute to their school’s **SR+** objectives by raising awareness among faculty members and promoting knowledge about **SR+**, a sense of responsibility for it and commitment to it. New questions can be raised that provide guidance in this respect: *What human capital management policies should be drafted that help to develop a social responsibility culture (**SR+**)? What academic development programmes should be designed to train faculty in their renewed*

proficiency and conviction of SR+? What training and development programmes should be offered to staff? What new practices can be implemented which help to strengthen the person-centred approach? What new practices can be implemented to support our ethical, social responsibility, and sustainability goals?

A shared vision

An integrated, in-depth diagnosis of present-day and future needs for a responsible management education will provide the leading guidelines for the creation of a strategic plan that will lead to achieving the final goal: the transformation of the BS into an SRBS (see Martell and Castiñeira, 2009). As Khurana (2009) states, “we need to look at the totality of the system...if we want profound improvement”. The renewed mission, identity (core values and core purpose), and future vision of the BS, resulting from this thorough reflection process, will be decisive in promoting the strategic plan, which will be enriched by consultations with the faculty and as many stakeholders as possible, including the president, dean, top management, trustees, alumni, students, as well as the administrative staff and service personnel, employers, CEOs, public sector personalities, along with local and foreign university presidents, and local and foreign business school deans.

Some questions that would pertain to this stage are: *What are the priorities of a SRBS? What are the strategic lines for the master plan? What objectives, indicators and goals should be defined? What programmes and projects should be implemented? What performance indicators will enable us to monitor progress in reaching our goals? How can we strengthen our institutional effectiveness?*

On the basis of what has been outlined, we can conclude the fourth premise of our proposed model, stating that “**SR+ goes beyond the curriculum**”. In this respect, Losada, et al. (forthcoming) indicate that, “focusing on the program content is important, but insufficient, and it is therefore [crucial] to address how business schools are transmitting values because, ultimately, this is one of their primary responsibilities”, and they add: “If we aim to educate about ‘responsible business’, the schools promoting corporate responsibility have to include it as part of their own core operations. As such, any business school that declares that it is teaching corporate responsibility has to ensure it assumes this responsibility in its own day-to-day practices across all its management subsystems and ensure that this management is imbued with responsible practices”.

II. SUCCESS FACTORS FOR INITIATING IN-DEPTH CHANGE

There are three **prerequisites**, concerning human talent that must be fulfilled towards a successful process of change:

- Leadership is critical. The change leader³³ must possess several fundamental characteristics, in addition to his/her knowledge and conviction of **SR+** principles and objectives: s/he must be visionary, passionate, strategic, effective, and value-driven, with ability to listen to stakeholders and act in consequence.
- The leader must surround him/herself by capable, committed and supporting individuals, as Glavin (2003), has stated: “Change at Babson would not have happened without a top management team whose members all understood the importance of what we were doing to their and the college’s future” (cited in Cohen, 2003, p. 169).
- A faculty that possess a broad-based business experience to design the architecture of the curriculum; a faculty with deep experience in their own disciplines, and team members strongly concerned with the managerial relevance of what and how they propose to teach in their core courses (Allen cited in Cohen, 2003), and, of course, thorough knowledge and conviction of **SR+** principles, values, and objectives.

The implementation of a successful process of change towards becoming a socially responsible business school, necessitates ensuring several key elements: first and foremost, a strong sense of urgency; the involvement of the school’s president; a convinced, enthusiastic and leading dean; the integration of a talented task force; moreover, the development of a shared meaning and the connection of meaning with action; the implementation of a permanent communication program; the awareness of person’s natural symptoms of resistance to change, and a whole-system approach in the process.

The dean, from his position, will be attentive to the needs and expectations of the various stakeholders, and to the opportunities, threats, challenges and trends of

³³ . In our proposal, we refer to the dean; however, it is important to point out that the change leader should be the academic institution’s maximum authority—president, vice chancellor, director general—which will depend on the organisational structure.

globalization in conjunction with responsible management education. It is vital that the change leader assume an active role for the entire duration of the change process. He/she is also responsible for the faculty to be “aware of the pressures and the consequences of ignoring them” (Evans and Weiss, 2008, p. 64), and responsible for forging the business school’s commitment to social responsibility (**SR+**). The dean must dedicate most of his/her time to academic matters and the achievement of the BS mission, which are priorities that must not compete with time-consuming activities, such as “external fundraising” (Evans, et al., 2008, p. 61; Thomas, 2007, p. 37) or other activities that occupy his/her time, which could be delegated.

It is vital to have a faculty committed to renewing academic programmes to incorporate ethical, social and environmental impact management topics fully integrated in the curricula in a transversal manner. The faculty must be interested in explicitly discussing how business can be an engine for improving social and environmental conditions, and be enthusiastically motivated to design courses that specifically address the intersection of social and environmental issues with mainstream, for-profit business. The faculty must be interested in incorporating **SR+** issues in their research and in participating actively and constantly in the debate over social issues (Martell & Castiñeira, 2010a). Undoubtedly, faculty members play a vital role in the transformational process, and beyond possible objections or negative attitudes that might arise, such as being “committed to things as they are” (Frederick, 2008, p. 39) or “the presence of faculty opposition” (GRLI, 2008, p. 34), we positively believe it is first and foremost with the faculty that the planned process of change must begin and be impelled throughout to attain the pursued transformation into a socially responsible business school. It will be essential to involve them in the whole process. Babson’s experience shows that “only when a number of respected faculty embrace the vision, will it become acceptable and a force for change” (Cohen, 2003, p. 160).

The change detonator must be a strong sense of urgency (Kotter, 1995). It is fundamental that the dean share this sense of urgency with the top management and the task force. Sharing the sense of urgency will stimulate the group to be within the same context and create the same interpretation from the beginning; and this is one of the first actions to be pursued in the creation of a team. Further actions include giving freedom to the group to express their concerns, which contributes to building trust. Of special importance will be a free and open contribution of comments and suggestions, because they create a sense of ownership. The task force, led by the dean or the highest officer,

will implement the process of change because it constitutes a team that is integrated by key faculty, trustees, prominent alumni, student leaders, and key administrators, all of whom are respected and trusted by the rest of the members of the institution.

Change implies challenge, motivation and the honest intention to change. To this end it is essential that task force members invest time in knowing each other, “inter- and intra-personally” (Michel, 2000), and throughout this process, build a team based on trust. Trust and mutual respect are required for the effectiveness and productivity of the team, and they allow the upsurge of a commitment to performance and results. Katzenbach and Smith (1993) define a team as “individuals with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable”. It is recommended that one of the first actions of team building is a session designed to reflect upon the mission, where each participant shares personal visions. Porras and Berg (1978) observe that team building has positive effects, and once the momentum is generated, the objective will be for the task force to define their own values and game rules, and create their own “ideal at the group level and become the motivational driver for change and development across time” (Akrivou, Boyatzis and McLeod, 2006). The task force members need to be connected to the fundamental *identity* of the school: *Who are we? Who do we aspire to become? And they need to be connected to new information: What else do we need to know? Where is this new information to be found?* They also need to be able to reach past traditional boundaries and develop relationships with others everywhere in the system: *Who else needs to be here to do this work with us?* (Wheatley, 2003, p. 506).

Once the task force has been integrated like a real team, they should use their time for in-depth reflection, until they are able to build a common discourse which lends meaning to the change and strengthens the sense of urgency. The questions we propose for this stage are as follows: *Why should we change? Where do we want to get to? Why now? Where do we intend to get to, what is the scope? How can we create an institutional framework for social responsibility (SR+) in our business school? What does social responsibility (SR+) mean for us? Who are we answerable to? What are our social responsibilities (SR+)?* According to Wheatley (2003), “change becomes much easier when we focus first on creating a meaning for the work that can embrace us all, when we start listening to individuals’ aspirations. If we have this conversation first, we can discover one another as colleagues. Then we are all ready to talk about change” and, as the author says, “a successful process of change also generates trust, new

organizational capabilities, emotional commitment, and motivation through inspiration” (2003, p. 510). These principles and ideals constitute the engine for the transformation of business schools into socially responsible academic institutions.

It is indispensable, from the very beginning of the change process, to implement a permanent communication program, designed for the different stakeholders and the broad public. “Effective communication is essential, particularly being honest, direct, creating realistic expectations and displaying integrity throughout the change” (Auster, Wylie, and Valente, 2005); otherwise, genuine change cannot move forward. With the communication program we will ensure that the whole system becomes part of the process of change from the beginning, as if it were literally involved in all the activities and decisions. The power of the whole-system approach lies in the high engagement and involvement of the entire organisation.

Additionally, in a process of change, it must be clear that when a change is effected in any area of the system, the whole entity will be affected. This is why it is necessary for representatives from the different BS departments to participate in the task force. Block (1999) insists on the participation of representatives from all parts of a system in the room.

In regard to the resistance to change, it is always possible to reduce it to an acceptable level. It must be an accepted fact that it is an absolutely natural symptom, and a leader promoting change must know that “ignorance of the intimate nature of our resistance to change is what kills change, not resistance in itself” (Smith, 1997). As Peter Senge (1999) emphasizes, “If leaders don't understand the forces that keep significant change from taking root and growing, all their entreaties, strategies, and change programs will produce more frustration than real results”. This is why supporting the emotional transition is such an important piece of the change process. It is essential to remember that everyone reacts differently to change. The dean and task force must understand how different individuals feel about change and then support and respect their feelings. The effectiveness of the communication program contributes to diminishing in great scale the critical phases that members of the organization experience and, rather than pushing individuals to accept change, which produces antagonistic results, it is best to determine where individuals need to be for change to be successful.

III. A MODEL FOR A SOCIALLY RESPONSIBLE BUSINESS SCHOOL

Our proposal for a comprehensive model of a socially responsible business school, entails an integrating approach made up of the business school's ten fundamental **fields of endeavour** which we have classified into three **guidelines for action** for clarity purposes of the model; they are represented on the diagram in figure 4 and explained in detail further on.

- **Mission Guidelines.** They consist of the core functions of the BS, and pertain to three fields of endeavour. In the diagram they are shown in yellow:
 1. Education
 2. Research
 3. Social Debate and Commitment

- **Guidelines for Support.** These are made up of effective and efficient quality management systems, which provide the necessary support to fulfil the mission and institutionalisation of **SR+**. They are represented in blue and relate to five fields of endeavour of the BS:
 4. Leadership and Governance
 5. Planning and Strategic Management
 6. Participation and Stakeholder Management
 7. Human Capital Development and Management
 8. Operations, Systems and Processes Management

- **Guidelines for Institutional Effectiveness and Continuous Improvement.** Their main purpose is to ensure that institutional objectives and goals are met, and are represented in orange; they refer to two fields of endeavour of the BS:
 9. Results and Impacts
 10. Institutional Effectiveness

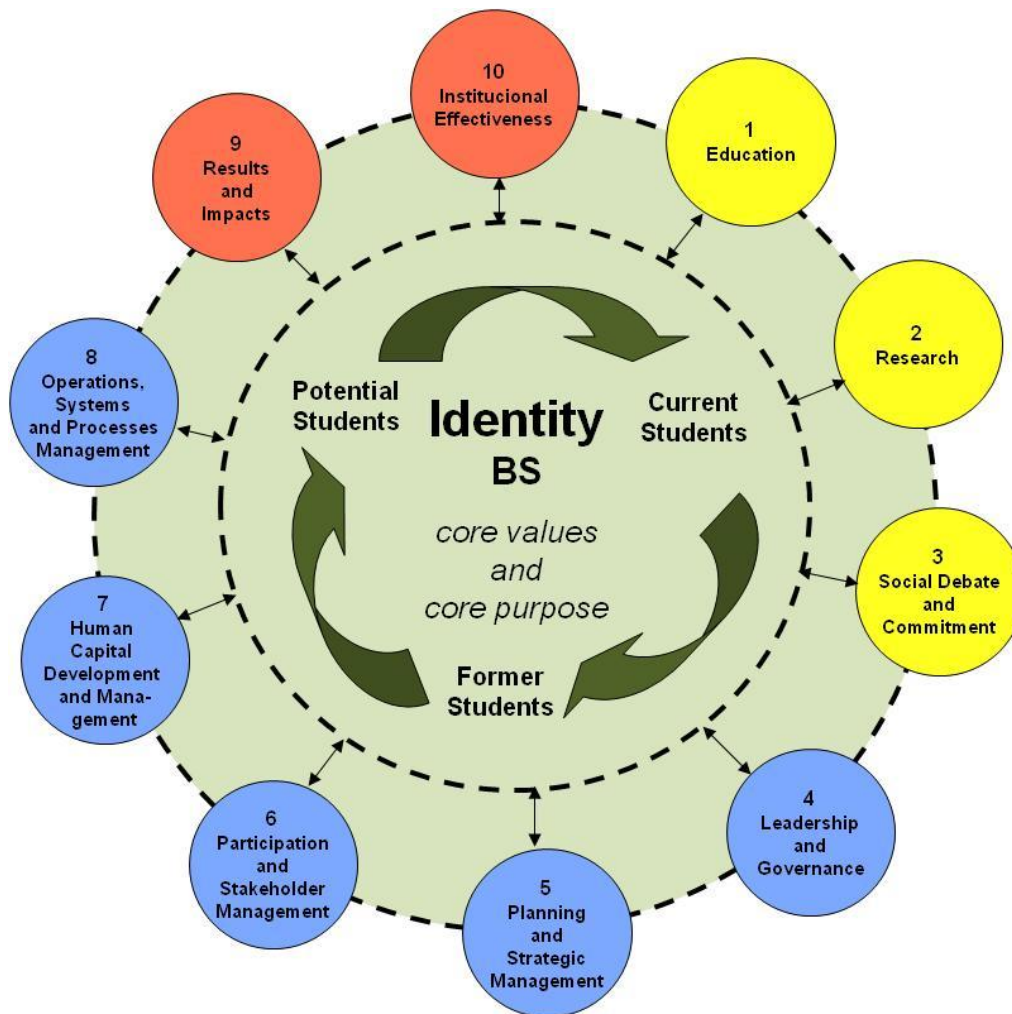


Figure 4. Model of a Socially Responsible Business School

One of our model's main characteristics are its guiding purpose, yet not at all prescriptive, and it aims to offer a more detailed, in-depth vision of the basic SRBS processes³⁴. Our model is based on a humanist approach that brings persons to the centre and ultimate reason of all school activity, and places particular emphasis on its role as a socially responsible institution within a community, as it puts into practice its new identity and characterized by a strong mission-driven orientation. This means directing all policies and strategies, as well as systems and process design, towards a socially responsible management (SR+) in which **the dimensions of ethics, social responsibility, and sustainability are embedded and integrated in all aspects of the**

³⁴ . Some authors have contributed to the subject of *Socially Responsible University*: e.g., Vallaes (2008) and Vallaes, Cruz and Sasia (2009), and mention as basic processes: education, research, social participation and management; the AUSJAL network (2009), adds a fifth one: environment protection. For his part, Boyle (2004) proposes the term *Business School Citizenship*, and although he does not offer a model, he refers to the processes of education, research, administration and services.

organisation in a cross-cutting way, which means they are essential components in each of the ten fields of endeavour that make up the proposed model.

Our proposed model suggests a comprehensive plan of action, with an encompassing vision and a systemic approach, for the purpose of raising consciousness among members and stakeholders of the business school, of the many processes that they will have to commit to for achieving its transformation to become a socially responsible institution. With this purpose in mind, we explain in detail, below, the three guidelines for action that we propose and the ten fundamental fields of endeavour that make up our model:

- **Mission Guidelines**

1. ***Education***

According to a recent study carried out by UNGC-Accenture (2010), CEOs see a critical need for business schools to focus on developing the next generation of managers and business leaders with knowledge, skills, attitudes and behaviours to manage sustainability issues as an integral part of the way they think about business, referring inclusively to business ethics and social responsibility. EQUIS endorses the above demand in their 2011 Standards and Criteria, stating that business and management education must satisfy two sets of objectives: on the one hand it must provide an intellectually rigorous education corresponding to the criteria of academic excellence and on the other, it must provide practical skills for a [responsible] managerial career³⁵. In our proposed model, when referring to practical skills, we are explicitly including the essential softer skills: behavioural and societal. Hawawini (2005) explains that behavioural skills contain the ability to work with others, to communicate effectively, to display multicultural awareness, and to exhibit entrepreneurial and [responsible] leadership qualities. Societal skills or, more precisely, “societal values”, refer to the ability to make business decisions that are ethical and which take into account corporate social responsibility and sustainable development³⁶.

³⁵ . According to EQUIS Standards and Criteria (2011), this can only be achieved if there is an interface between the School and the organisations, companies and professions in which its graduates will subsequently work (2011, p. 65).

³⁶ . Hawawini (2005) adds that employers, alumni, and even students are increasingly demanding the softer skills (2005, p. 774).

The BS, committed to its transformation into a SRBS, is aware of the need to strengthen its role as a force for achieving the good of business, society, and the environment, and for contributing effectively to the education of responsible managers and business leaders.

As regards the faculty, it is necessary that they possess a global vision of their environment and a clear understanding of **SR+** in its three dimensions: business ethics, social responsibility and sustainability, in relation to their speciality, to inter-connect their area with other disciplines and work together with the rest of the faculty to transform the academic programmes to be coherent with the competences students have to develop.

With the aim of identifying socially responsible practices in the area of education, we offer below some relevant questions:

- *How can we develop students' skills so they become future generators of sustainable value for businesses and society, and work motivated by social responsibility principles (SR+)?³⁷*
- *How can knowledge and skills³⁸ required by future, responsible leaders be instilled in students?*
- *How can the SR+ dimensions³⁹ be incorporated in study programmes, and academic and extra-academic activities?*
- *How can the school-business link be promoted to enrich education in SR+ subjects?*
- *How can we respond to cases of unethical behaviour or academic dishonesty?*

2. **Research**

Generating knowledge and providing teaching of corporate social responsibility (**SR+**) should not be treated simply as a new arena, but as a new way of approaching core questions about business and managerial decision making and

³⁷ . This question is linked to Principle #1 of the PRME.

³⁸ . The knowledge and skills to which we are referring are divided into three clusters: (1) Context: Understanding and being able to respond to changes in the external environment; (2) Complexity: Having the skills to survive and thrive in situations of low certainty and low agreement; and (3) Connectedness: The ability to understand actors in the wider political landscape and to engage and build effective relationships with new kinds of external partners (The Global Leader of Tomorrow, 2008), led by Ashridge Business School as part of the EABIS Corporate Knowledge and Learning Programme (www.unprme.org/resource-docs/DevelopingTheGlobalLeaderOfTomorrowReport.pdf).

³⁹ . This question is linked to Principle #2 of the PRME.

behaviour (PRME Research Working Group⁴⁰, 2008). An SRBS is committed to the education of future business leaders and generating knowledge about the role, dynamics, and impact of businesses on sustainable, social, environmental and economic value creation; it determines in its lines of research the subjects that promote interdisciplinarity and fosters collaborative work among the academic departments to generate research that has a socially responsible impact. Research plays a fundamental role in the transformation process of the BS towards **SR+** practices. There is a continuum between relevant research and the innovative development of the school's range of activities, so state EQUIS' Standards and Criteria (2011). A faculty with a shared vision and motivated by the object of transformation is able to generate a broad commitment to innovation and creative development in program design, conceptual frameworks, learning methods, and innovative pedagogies.

It is clearly a huge challenge. However, let us not forget we are living in “a new era of cooperation” (Kell, 2005, p. 70), and thus it becomes more important to increase opportunities for links between businesses, universities, and benchmark business schools, organisations and international networks⁴¹, to develop cross-border collaborative relationships for research purposes and create a learning-action community engaged in a constant search for innovation and continuous improvement⁴².

Some questions that may help to identify socially responsible practices are presented below:

⁴⁰ . The international working group that produced the Report on the subject of “Research and the PRME”, linked to Principle #4, was made up of over 28 universities and business schools, all signatory members of the PRME. The group was co-chaired by Ángel Cabrera, Thunderbird School of Global Management, and Richard Leimsider, Aspen Institute.

⁴¹ . Some examples of links with international associations and networks are: The Aspen Institute: Business and Society Program and The Center for Business Education; The Association to Advance Collegiate Schools of Business (AACSB); The European Academy of Business in Society (EABIS); European Business Ethics Network (EBEN); The European Foundation for Management and Development (EFMD); Globally Responsible Leadership Initiative (GRLI); Social Enterprise Knowledge Network (SEKN); and United Nations Principles for Responsible Management Education: Working Groups and Activities (PRME).

⁴² . We can illustrate our proposal with an example: The European Institute of Innovation and Technology (EIT) was founded with the aim of promoting research and innovation processes to create new spaces of economic development in Europe. To do so, the EIT has created Knowledge and Innovation Communities, linked to benchmark university institutions, business schools and companies in every country in Europe to produce new innovation processes in collaboration and in a coordinated manner in the areas of sustainable energy, the communication society and climate change. (<http://eit.europa.eu/>)

- *How can we create the educational frameworks, materials, processes, and educational environment to enable effective learning experiences for socially responsible leadership?*⁴³
- *How can we manage to carry out conceptual and empirical research that enables our understanding of the role, dynamics and impact of businesses in sustainable social, environmental and economic value creation?*⁴⁴
- *How do we expand our knowledge regarding the challenges faced by CEOs when they should fulfill their social and environmental responsibilities, and how can schools and businesses explore together effective ways of meeting these challenges?*⁴⁵
- *How can we strengthen our links with key benchmark **SR+** stakeholders: research centres, universities and first-class business schools, organizations and international networks?*
- *What connection exists between the specific subjects of our research and a responsible holistic vision of doing business?*

3. *Social Debate and Commitment*

A responsible business education, jointly with relevant research that creates knowledge to improve organisations and society, is what distinguishes a SRBS for its contribution to debate on subjects of social interest linked to social responsibility (**SR+**). At the same time, it acts as a strong social commitment in the communities it operates in, actively promoting **SR+** principles and activities in all the activities it carries out. Our questions which help to identify socially responsible practices would be:

- *How do we facilitate and support dialogue and debate among educators, businesses, the government, consumers, the media, civil society organisations and other groups interested in critical issues related to business ethics, social responsibility and sustainability?*⁴⁶
- *Which projects can be used to help us enhance social well-being, produce benefits for the community and take care of the environment where we operate?*
- *What impact does student participation in social projects have on the education of responsible leaders?*

⁴³ . This question corresponds to Principle #3 of the PRME.

⁴⁴ . This question corresponds to Principle #4 of the PRME.

⁴⁵ . This question corresponds to Principle #5 of the PRME.

⁴⁶ . We are dealing with Principle #6 of the PRME with this question.

- **Support Guidelines**

4. *Leadership and Governance*

We regard exercising leadership in a SRBS as a “leadership system” which includes inter-related elements, such as policies, structures and mechanisms for decision making, two-way communication, selection and development of top management, reinforcement of values, ethical behaviour, direction, and performance expectations. An effective leadership system includes mechanisms by means of which top management is self-assessed, receives feedback and acts accordingly.

In a SRBS, responsible leadership should be exercised, standing out for its ethical practice and values, articulated in its discourse and day-to-day management; fully accepting and adopting responsibility for the consequences of its decision-making and for the actions it carries out, and fostering **SR+** practice and integrating it into its culture. This form of leadership inspires team work and the constant search for common aims, it promotes high performance, innovation and continuous improvement, and fosters loyalty and trust relationships with the faculty and stakeholders by being receptive to their ideas and suggestions.

Responsible leadership is a key component in the effective governance of an SRBS. The term “governance” refers to the “management system” and the controls exercised in the BS administration. It includes the responsibilities of the Board and top management, as well as the observance of laws, statutes, regulations, rules, policies, and the rights and responsibilities of all the parties. It expresses how the organization is directed and controlled to guarantee accountability and transparency in its operations, and quality of attention afforded to all its stakeholders.

Leadership and governance are the most important factors to enable the integration of **SR+** in every area of the BS and its relationships. With the aim of identifying socially responsible practices in the areas of leadership and governance, we now present the different criteria in the form of questions:

- *How can we promote responsible leadership consistent with and committed to satisfying the declared mission and values, and how can we be coherent in decision-making that contributes to the institutionalisation and practice of SR+?*
- *How can we watch over, support and strengthen ethical conduct in our governance structure, in our decision-making, and in our interactions with students, faculty, staff, and other stakeholders, and how can we facilitate the mechanisms needed to report unethical conduct without fear of reprisal?*
- *How can we stimulate and nurture a suitable organizational climate to promote change and innovation towards social responsibility that generates a consistently positive experience for students and stakeholders, and fosters their engagement?*

5. Planning and Strategic Management

Renewal of the mission and identity (core values and purpose), and the creation of a shared vision of the SRBS, will be the key guides to define the strategic plan and at the same time, serve to promote strategic management that permits the necessary actions for common goals to be aligned, guided and inspired. These goals include creating the institutional framework for SR+ and determining priorities and lines of strategy, defining objectives, indicators and goals, implementing programmes and projects, and monitoring performance indicators to measure progress towards meeting the objectives. To implement the strategy, it will be necessary to plan resource distribution, adapt the organisational framework and manage the change process correctly. Generally speaking, satisfying the objectives will enable the SRBS to be, and continue to be, competitive, and also guarantee its long-term sustainability. The questions to reflect on in order to identify socially responsible practices in strategic planning and management are the following:

- *What programmes and projects should be given priority with the aim of integrating the SR+ dimensions in a cross-cutting way, and how can action plans be carried out in business schools and with key stakeholders?*
- *How can we guarantee the sustainability of the transformation process and the financial resources to help meet the strategic objectives and action plans needed to institutionalise SR+, and still satisfy present-day obligations?*
- *What system should be implemented to ensure that satisfying objectives and action plans is measured meticulously, thus making sure our mission is accomplished?*

- *What are the possible obstacles we will face in our progress towards the institutionalisation of SR+?*
- *What are the risks in the transformation process, and how can they be managed?*

6. *Participation and Stakeholders Management*⁴⁷

Our model is based on a humanist approach that places persons as the centre and ultimate reason for all activity in the business school, putting special emphasis on its role as a socially responsible institution within the community. In other words, building, strengthening and consolidating relationships with its students and stakeholders⁴⁸ is an essential feature of an SRBS. On the other hand, the SRBS clearly identifies and classifies its stakeholders⁴⁹; it knows and respects them, and takes into account their different concerns, needs, expectations and demands, and acts accordingly; it integrates them in the SRBS strategy, enabling innovative solutions to be developed, which lead to a social responsibility positioning and contribute to a competitive advantage.

Communication, transparency, trust, collaboration and open dialogue are basic values in the care of stakeholder relationships⁵⁰. During the renewal process of the business school to become an SRBS, students and stakeholders gain special relevance, and stakeholder analyses need to be carried out at different stages of the process. Thinking strategically of carrying out different stakeholder analyses, being clear about “why, for what purposes, when, where, how, by whom and with what results” (see Bryson, 2004), adds value to the strategy; and important inputs occur that are to be taken into account when the strategic plan is being designed and also in the subsequent execution of the action plan. Questions to reflect on in relation to stakeholders, to identify socially responsible practices are:

- *How can we create a solid network of national and international alliances in SR+ issues with businesses, research centres, universities, accredited business schools,*

⁴⁷ . Edward R. Freeman defined a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p. 46).

⁴⁸ . For reasons of emphasis and clarity, we are referring to *students and stakeholders* separately, as in the Baldrige Performance Excellence Program (2011-2012).

⁴⁹ . On the subject of stakeholders in educational institutions, see e.g., Burrows (1999); Jongbloed, Enders and Salerno (2007); Lam and Pang (2003); and Wagner, Alves and Raposo (2010).

⁵⁰ . John M. Bryson states that stakeholders “must somehow be taken into account by leaders, managers and front-line staff” (Bryson, 2004, p. 22).

and with organisations and international networks⁴¹, civil society organisations and government organisations?

- *How can we promote **SR+** in our circles of influence and position ourselves as leaders of reference in social responsibility issues and as a socially responsible business school (SRBS)?*
- *How can we develop suitable methods for listening and gathering systematic information from students, faculty, staff and other stakeholders; and how can we respond to the concerns, needs, and expectations they express?*
- *How can we build long-lasting relationships based on trust and collaboration with students and key stakeholders, and imbue in them a commitment to creating an institutional framework for **SR+**?*

7. Human Capital Management and Development

As we have repeatedly stated, our model contemplates a person-centred approach so therefore the set of policies and practices directed at developing and managing human capital are especially relevant. A SRBS reviews and updates, in the light of the principles and values of social responsibility (**SR+**), the ensemble of policies and practices regarding human capital: planning, recruitment and selection, guidance and integration; education, training and development; performance assessment; salaries and incentives; fair treatment, termination of employment; amongst others, with the aim of aligning human capital management and development with the BS's mission and identity, within the institutionalisation of **SR+**. Just as the development of new competences and skills in **SR+** is essential, stimulating innovation⁵¹ is especially important. As Schuler and Jackson (1987) state, "when the aim is innovation, practices that stimulate faculty and staff to think, create, and reflect in original ways, are required (cited in Chiappetta and Almada, 2008, p. 2140). Some questions that are raised to reflect on and identify socially responsible practices are now presented:

- *How can the career plans of school officials, faculty and staff be carried out, and how do we ensure they are fulfilled?*

⁵¹ . On the subject of practices of human capital management for effective innovation, see e.g., Gupta and Singhal (1993).

- *How do we create faculty and staff profiles based on competences⁵² that the socially responsible business school requires?*
- *How can we manage the different training programmes directed at faculty and staff, whose aim is to develop new competences, and how do we assess their efficiency and effectiveness?*
- *How do we assess, give feedback on and recognise productivity (results and performance) of faculty and staff in action plans directed at institutionalising **SR+**, and how do we reward and promote human capital?*
- *How can we ensure the implementation of responsible practices in human capital management and the fulfilment of the declared values by the business school with the utmost coherence?⁵³*

8. **Operations, Systems, and Processes Management**

Within the lines of support, the management of operations, systems and processes represent an immense challenge in the renewal towards social responsibility (**SR+**), because **SR+** principles and values should be embedded transversally in all aspects of the business school. This means that in every area of the BS its policies and operating rules should be examined, firstly, to include the criteria and guidelines for the implementation of social responsibility (**SR+**), or else define a new policy and/or operating rule. Secondly, to identify and classify the different processes⁵⁴ so the business school can design its own process map⁵⁵, and once the analysis has been carried out with a **SR+**

⁵² . A competence is more than just knowledge or skills. It involves the ability to meet complex demands, by drawing on and mobilizing psychosocial resources (including skills and attitudes) in a particular context. For example, the ability to communicate effectively is a competence that may draw on an individual's knowledge of language, practical IT skills and attitudes towards those with whom he or she is communicating (e.g., Rychen and Salganik, 2003; OCDE, 2010).

⁵³ . Some issues to be considered when carrying out responsible practices are: human rights, diversity, gender equality, health, hygiene and safety, the environment; work-related risks, data protection, copyright, preventing discrimination (race, colour, gender, age, religion, etc), responsible consumption, etc.

⁵⁴ . According to the European Model of Total Quality Management (EFQM), there are three kinds of processes: Strategic, Key, and Support. (1) Strategic processes are those that enable the organisation's strategies and goals to be defined and deployed. They guide and direct the key and support processes. These processes intervene in the vision of an organisation. (2) Key processes are those that add value to the customer or are directly responsible for customer satisfaction or dissatisfaction. They make up the organisation's value chain. These processes intervene in the organisation's mission, but not necessarily in its vision. (3) Support processes are those that support one or more of the key processes. They are necessary for the control and enhancement of the management system. These processes do not intervene either in the organisation's mission or vision. (www.efqm.org)

⁵⁵ . Process mapping enables the way in which each individual process is linked, vertically and horizontally, its relations and interactions within the organisation and with the stakeholders to be visually depicted. The ISO International Standard 9001:2000, for implementing a Quality Management System,

perspective, the improvements needed in the map are followed through to reinforce **SR+** policy and strategy.

Thirdly, an in-depth study of their respective operational procedures⁵⁶ will have to be made for each of the processes, and their management practices will have to be analysed from the social responsibility perspective (**SR+**), taking into account their mission and institutional values, and the person-centred approach that characterises the SRBS⁵⁷. As a result of this analysis, any necessary formal adjustments will be made, ensuring that everything is directed at a common goal which involves creating an institutional framework for **SR+** in the school.

Management systems in an SRBS help to establish methodologies, responsibilities, resources, programs and activities, which achieve a management system directed at obtaining results that ensure the **SR+** strategic goals are met. By way of illustration, we can mention the Environmental Management System ISO 14001:2004, whose aim is to provide a framework for a holistic, strategic approach to the organization's environmental policy, plans and actions⁵⁸. We now pose some possible questions in relation to the management of processes, taking into account the person-centred approach:

- *How can a new socially responsible (**SR+**) management system be implemented to ensure strategic goals are met and thus create the institutional framework for **SR+** in the business school?*
- *How can we identify the processes that correspond to the potential, current, and former student, and examine them from the **SR+** perspective?⁵⁹*

establishes in section 4.1, that the organisation must a) identify the processes needed for a quality management system and its implementation through the organisation, and b) determine the sequence and interaction of these processes (map).

⁵⁶ . Finding out aspects in each process, such as: Objective (Who for?), Recipients/Users (For whom?), Responsibilities (Who?), Methodology (How?), **SR+** criteria (Which?), Results/Impacts (Indicators?), Recipient/User Satisfaction (Indicators?), Innovation/Continuous Improvement (Which?), and determine from the **SR+** perspective what its strengths and weaknesses are.

⁵⁷ . In Losada, Martell and Lozano (forthcoming), all the relevant sets of actions (management subsystems) are identified, that should be reviewed if we want to develop responsible business schools, and in order to create an environment that impacts on students' and executives' behaviour.

⁵⁸ . This international standard can be implemented by any organisation that wishes to establish, document, implement, maintain and continuously improve an environmental management system. The organisation plans, implements and puts into practice an environmental policy that includes a commitment to continuous improvement and pollution prevention, and a commitment to satisfy the applicable environmental laws and regulations. On the other hand, mechanisms are established to monitor and measure operations and activities that might have a considerable impact on the environment. (www.iso.org)

⁵⁹ . See Losada, Martell, and Lozano (forthcoming).

- *How can we identify the processes that correspond to faculty and staff, from the moment a vacancy occurs until the employment relationship comes to an end, and examine them from the **SR+** perspective?*
- *How can we implement responsible practices in processes and services to satisfy the values declared by the business school in a coherent manner?*

It will be essential to include suppliers in the identification of responsible practices. Some questions in this respect would be:

- *How do we manage the value chain as an SRBS?⁶⁰*
- *How can we ensure that our suppliers satisfy the **SR+** criteria?*
- *How can we engage our key suppliers in **SR+** policies?*
- *How can we encourage and influence other organisations, including suppliers, to implement **SR+** principles, values and practices?*

- **Institutional Effectiveness and Continuous Improvement Guidelines**

9. *Results and Impacts*⁶¹

This field of endeavour incorporates the measurement of the progress made by the BS in its **SR+** policy and strategy, and in the management of impacts derived from:

- Following up performance indicators or drivers.
- Evaluation of action plans, programs and projects directed at creating the institutional framework for **SR+**.
- Opinion surveys carried out on students, faculty, staff, alumni and employers.
- Different studies, such as graduate follow up, employability, work performance, competences and contribution to society.

⁶⁰ . According to the International Standard ISO-26000:2010 and Guidance on Social Responsibility, the value chain is the complete sequence of activities or parties that provide or receive value in the form of products or services. Among the parties that provide value, we can find suppliers, workers, subcontracted employees, contractors and others. Among the parties that receive value, we can find customers, consumers, members and other users (2010, p. 5).

⁶¹ . According to the ISO Standard 26000:2010, the impact of an organisation is the positive or negative change generated in society, the economy or the environment, produced totally or partially as a result of an organisation's past and present decision-making and activities.

This information helps to determine what the general performance of the BS is and its impacts; it establishes improvement priorities and it detects innovation opportunities. Performance levels are examined in relation to benchmark business schools that are implementing renewal strategies to incorporate **SR+** with the scope of an SRBS, and which will give them greater capacity to act. With the person-centred approach that our proposed model offers, we can give an example in relation to opinion surveys⁶² and refer to surveys directed at students, faculty and graduate candidates. An SRBS should have an interest in finding out:

- Student opinions on the evaluation of personal experiences in relation to members of the faculty, learning process, the director’s performance, the different services received in the BS (e.g., library, technological infrastructure, cafeteria, facilities), and the evaluation of how **SR+** is experienced in the business school. A blank space is provided at the end of the survey for students to add general comments.
- The opinion of the faculty, including the evaluation of the dean and the management team on different aspects: presence, availability, communication, decision-making, personal interaction, leadership, image, work environment, and how **SR+** is experienced in the BS. A blank space is left at the end of the survey for general comments⁶³.
- Graduate candidates’ opinion, including evaluation of the quality of programmes and services received as students, their education as responsible executives, and how **SR+** is experienced in the business school. This will be the most extensive, detailed study to gather as much information as possible about the services received: faculty, library, information technology, internationalisation, extra-academic activities, services received in administration, infrastructure, facilities, and specific issues related to how they have experienced **SR+** in their education, relationships, and experiences in the business school. A blank space is left at the end for general comments.

⁶² . The example of the opinion survey has been based on material created by the Tecnológico de Monterrey (Functions of the Institutional Effectiveness Centre, 2008).

⁶³ . This same survey can be applied to administrative and services personnel.

The opinion survey results contribute to several objectives, among which we mention four:

- Enhancing the leadership⁶⁴ of the dean and management team, responsible for motivating, promoting and ensuring the institutional framework for **SR+**, and satisfying the objectives and goals of the BS's strategic plan.
- Improving the organisational framework, contributing favourably to the transformation of the educational institution into an SRBS.
- Promoting the institutional framework for social responsibility (**SR+**) in the business school.
- Encouraging a meticulous approach in meeting objectives and promoting transparency and accountability.

Trying not to go into excessive detail, we propose several questions to reflect on and identify socially responsible practices. We have ordered them according to our person-centred approach to students, human capital, and society results, focusing the latter on the issue of impacts; a final section dedicated to key results in the renewal process to become a SRBS has been included.

Student Results

- *What indicators should be established in relation to key academic and administrative aspects to ensure the quality of the educational services following **SR+** criteria?*
- *How can the potential, current, and former student-centred approach be evaluated?*
- *How can the effectiveness of responsible management education be evaluated?*

Human Capital Results

- *What indicators should be designed in relation to human capital and our person-centred approach?*
- *How can we evaluate faculty and staff performance with **SR+** criteria?*
- *How can we evaluate the organisational climate in the light of **SR+**?*

⁶⁴ . In our proposal, we have referred to the dean. However, the academic institution's maximum authority—e.g., president, vice-chancellor, director— should be included in the survey, depending on each school's organisational framework.

Society Results and Impacts

- *How can the impact of our academic programmes on our alumni and the companies they work for be evaluated?*
- *How can we assess the impact of research and social debate, considered appropriate and relevant, which affects issues related to the common, social and environmental good?*
- *How can we evaluate the impact of the business school in relation to its key stakeholders, on the environment and sustainable development?*

Key Results

- *What are the key indicators of the business school's strategic plan to become a SRBS?*
- *How can the implementation of a social responsibility system be evaluated⁶⁵?*
- *How can the implementation of an environmental management system be evaluated⁶⁶?*
- *How can the implementation of the Principles for Responsible Management Education be evaluated⁶⁷?*
- *How can the implementation of the Sustainability Report be evaluated⁶⁸?*
- *How can we assess the sustainability of the renewal process to become a SRBS?*

10. ***Institutional Effectiveness***

“You achieve what you evaluate”, is a simple but powerful phrase.

It is particularly important to create a department responsible of institutional effectiveness to achieve the objectives of the school's mission through the measurement and control of the goal performance of all the departments that conform the SRBS. In our proposed model we refer exclusively to the institutionalisation of **SR+**, although its scope is comprehensive and includes all the school's goals.

⁶⁵ . We recommend consulting the European Foundation for Quality Management (EFQM) Framework for Corporate Social Responsibility (www.efqm.org), the International Guidance on Social Responsibility ISO26000:2010 (www.iso.org), and the European Quality Improvement System EQUIS:2011 (www.efmd.org).

⁶⁶ . The ISO14001:2004 Environmental Management System (www.iso.org), or the Eco-Management and Audit Scheme (EMAS, http://ec.europa.eu/environment/emas/index_en.htm).

⁶⁷ . Visit www.unprme.org

⁶⁸ . The Global Reporting Initiative GRI:G3 (www.globalreporting.org).

Institutional Effectiveness can be defined as the measurement and evaluation of the BS's objectives and goals to ensure they are being met. It is the last field of endeavour contemplated by our proposed model, and it integrates the monitoring, evaluation, feedback, learning, and continuous improvement of the SRBS; it concludes each of its cycles by producing and disseminating progress reports. We believe this function is of such importance that it will determine the success of the institutionalisation of social responsibility (**SR+**), representing a significantly competitive advantage. We therefore strongly recommend naming a director responsible for institutional effectiveness, answerable to the school's maximum authority.

This director of Institutional Effectiveness (henceforth referred to as DIE) with his/her mission to ensure the accomplishment of objectives, will contribute to the sustainability of the process of change through the program of continuous improvement, and it will assume significant responsibilities on behalf of the process of implementation and the actions for assurance, such as follow-up, evaluation, feedback and learning. This most important role will bring forth additional benefits, adding value with its contribution to the following qualities and characteristics:

- **Leadership.** DIE will foster new practices of coordination, conversation-action, impeccability, and continuous improvement that will ensure the accomplishment of objectives, as well as the development of leaders.
- **Team building.** DIE will facilitate meetings of integration and feedback with the top management, the task force, and the different departments, in order to develop effective teams committed to the transformation of the business school towards a SRBS.
- **Strategic Planning.** DIE will maintain a permanent presence in the different areas and departments that make up the business school, identifying needs and proposing solutions; managing the planning system, following up indicators, and facilitating monthly, bi-annual and annual follow-up meetings. The area will be responsible for contributing with relevant information from external contexts such as stakeholders' voices and the leading international associations, e.g., Aspen Institute, AACSB (Association to Advance Collegiate Schools of Business), AMBA (Association of MBAs), EABIS (European Academy of Business in

Society), EBEN (European Business Ethics Network) EFMD (European Foundation for Management Development), SEKN (Social Enterprise Knowledge Network), the United Nations GC (Global Compact) and PRME (Principles for Responsible Management Education). It will offer counsel on everything that may impact the business school's **SR+** process of change, positively or negatively. The internal and external views will enable the sensibility to raise concerns about the condition of the school, in order to keep the sense of urgency for change, effectively active⁶⁹.

- **Reporting.** DIE will provide the area in charge of communication with relevant and timely information, in order to maintain the business school's personnel acquainted with the progress, achievements and opportunities of the strategic plan for revision, suggestions and opportunities. The DIE will submit monthly progress reports of the **SR+** action plans, projects and programs to the dean and the top management for revision and convenient adjustments. S/he will provide relevant information for the annual report and will review it for adjustments before it is submitted to the president.
- **Evaluation.** DIE will manage the biannual evaluation surveys that students answer in regard to academic quality and services; the survey that the faculty, administrative and service personnel answer in relation to the dean and top management leadership; the assessment from graduating students, the alumni annual follow-up survey and focus groups, and the employer annual follow-up survey and focus groups. Results will be presented in a meeting with area directors for the objective of defining improvement measures.

Summing up, our proposal for this field of endeavour consists in focusing on the role of institutional effectiveness to promote team work and carry out effective leadership, focusing on formal and continuous assessment of academic processes and services provided by the administration, satisfying institutional objectives and goals, as well as using results for learning and the continuous improvement of the school. To do so, the institutional effectiveness staff should

⁶⁹ . Extracting experiences from Babson, we find that Cohen (2003) took advantage of his attendance at faculty meetings, “to present competitive information, the trends of business schools, their weak application picture, and anything else that might build sense of urgency” (2003, p. 159).

be responsible for coordinating the system of indicators in the academic and administrative areas, graduate follow-up studies, employer studies, and student, faculty, administrative, and services personnel opinion surveys.

To ensure that these objectives are met, monitoring should be an ongoing activity and the results of indicator systems should be reviewed biannually in plenary sessions, with the participation of top management and all the individuals in charge of the different academic, administrative and services departments. By examining and discussing the results, strengths and weaknesses can be identified, and this information can then provide substantial capacity for action towards achieving the fundamental objective: creating the institutional framework for social responsibility (**SR+**) in the business school. The results of the indicator system and its trends, as well as the results of the analysis meetings would be used in planning processes to improve actions in different areas. Some questions to reflect on and to identify socially responsible practices are:

- *How can we evaluate the progress and effectiveness of action plans, programmes and projects addressing the SRBS?*
- *How can the results of evaluation and other strategic comparative, competitive data be used to project the execution of **SR+** in the future?*
- *How can we select and ensure the effective use of student and stakeholder data and information to support strategic, operational decision-making that helps to promote innovation in **SR+** fields?*
- *How can we use the findings and conclusions from performance assessment to define the new priorities for continuous improvement and **SR+** innovation opportunities?*
- *How do we deploy these priorities and innovation opportunities to ensure alignment towards strategic **SR+** goals and their corresponding action plans, and towards faculty, staff and other stakeholders?*
- *How do we manage organisational knowledge in **SR+** to achieve its transference from and to faculty and staff, students, suppliers, and other stakeholders; and promote innovation and continuous improvement?*
- *How do we provide accountability for our activities, results and impacts and demonstrate our transparency?*

CONCLUDING REMARKS

Over the past few years, some business schools have developed valuable initiatives for their renewal in relation to social responsibility. However, we have found that these initiatives refer selectively and specifically to some of its key roles without a full consideration of the organisation as an integrated whole. Our model offers the opportunity to move beyond with an integral vision of the school's core functions, posing questions that aim to raise awareness of the profound change that is required in business schools for their transformation into socially responsible institutions.

The business school's change process entails a long-term effort and this is why it is essential to define, in its strategic plan, the stages of the process and the strategy for tackling every core function or field of endeavour. We suggest starting with the main mission points, bearing in mind how important it is to consistently engage and involve faculty members. It will be vital from this first stage to meet short- and mid-term objectives that will lend credibility to the process, help to strengthen the commitment, and ensure the sustainability of the transformation. We hope our proposal succeeds in inspiring and directing the endeavour to change business schools.

Our proposed model provides opportunities for further research in order to validate the whole model and to achieve external validation. Also, each of the lines of endeavour offers the possibility to be examined in depth, in its own subject area and in the context of a socially responsible business school.

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CHAPTER 10
CONCLUSION

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What kind of additional or greater crises, billionaire rescues, unscrupulous businessmen, thirst for profits, continuous degradation of the environment, and social injustice will world society have to endure in the future, and corporations contribute to, in order for business leaders, business schools, accreditation bodies, and rankings to finally assume their ethical responsibilities and undertake decisive actions for a responsible business education, and inculcate ethical convictions, principles of social responsibility and sustainability in their students?

This statement, previously affirmed in the *Virtuous Circle* article in this thesis, as well as the research carried out, leads to the conclusion that society is confronting a global ethical problem which demands changes in business schools for a responsible business education that goes beyond the curricula.

Business schools do have the power to influence students' values. Their commitment should not be limited to creating and transmitting knowledge in management, but also to educating students in convictions, skills, attitudes and values in ethics and social responsibility, and directing their actions towards sustainable human development with equity and social justice. In order to do so, business schools must embed the principles, policies, and practices of ethics, social responsibility and sustainability in their culture, and engrain them in their identity and mission throughout the organisation in a cross-cutting way. These far-reaching actions entail a profound process of change in the members of the school and in the school itself.

The transformation of business schools into socially responsible institutions is an unquestionable issue. As Starkey and Tempest (2008) states, business schools have a crucial role to play in the shaping of the future of the university, of business, and of society. The main contribution of this thesis is the proposal of a model through a comprehensive and systemic approach, which aims to raise awareness of the profound change that is required in business schools for their transformation into socially responsible institutions. However, such transformation implies a most complex and long-term process that demands leadership, conviction, and passion, as well as certain prerequisites, action plans, and compulsory commitments amongst business schools' officials, faculty, and key stakeholders. Various articles in this thesis address the complexity of the process and the model proposes a way to implement it with success.

CHAPTER 11
THESIS CONTRIBUTION

THESIS CONTRIBUTION

This thesis aims to contribute to the field of organisational change, while centring on the issues of social responsibility in business schools at the three levels:

1. A state of art analysis
2. An empirical work
3. A proposed, comprehensive model specifically designed for business schools

No other empirical studies or proposals for a model have been found in the literature about the transformation process of a business school to become an ethical, socially responsible and sustainable institution, in addition to the further contribution of this study, which applies a comprehensive and systemic approach.

CHAPTER 12
FUTURE RESEARCH

FUTURE RESEARCH

Considering the novelty of the thesis concerning its conclusion and the scarcity of published material on the proposed model, many opportunities exist for further research into various related tracks, such as:

- Application and validation of the model.
- In-depth study of the model's every line of endeavour.
- Research on the process of transformation at business schools.
- Research on the identity of socially responsible business schools.
- Longitudinal case studies at business schools.

The candidate certainly believes that the topic deserves further research for the benefit of business students and society at large.

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