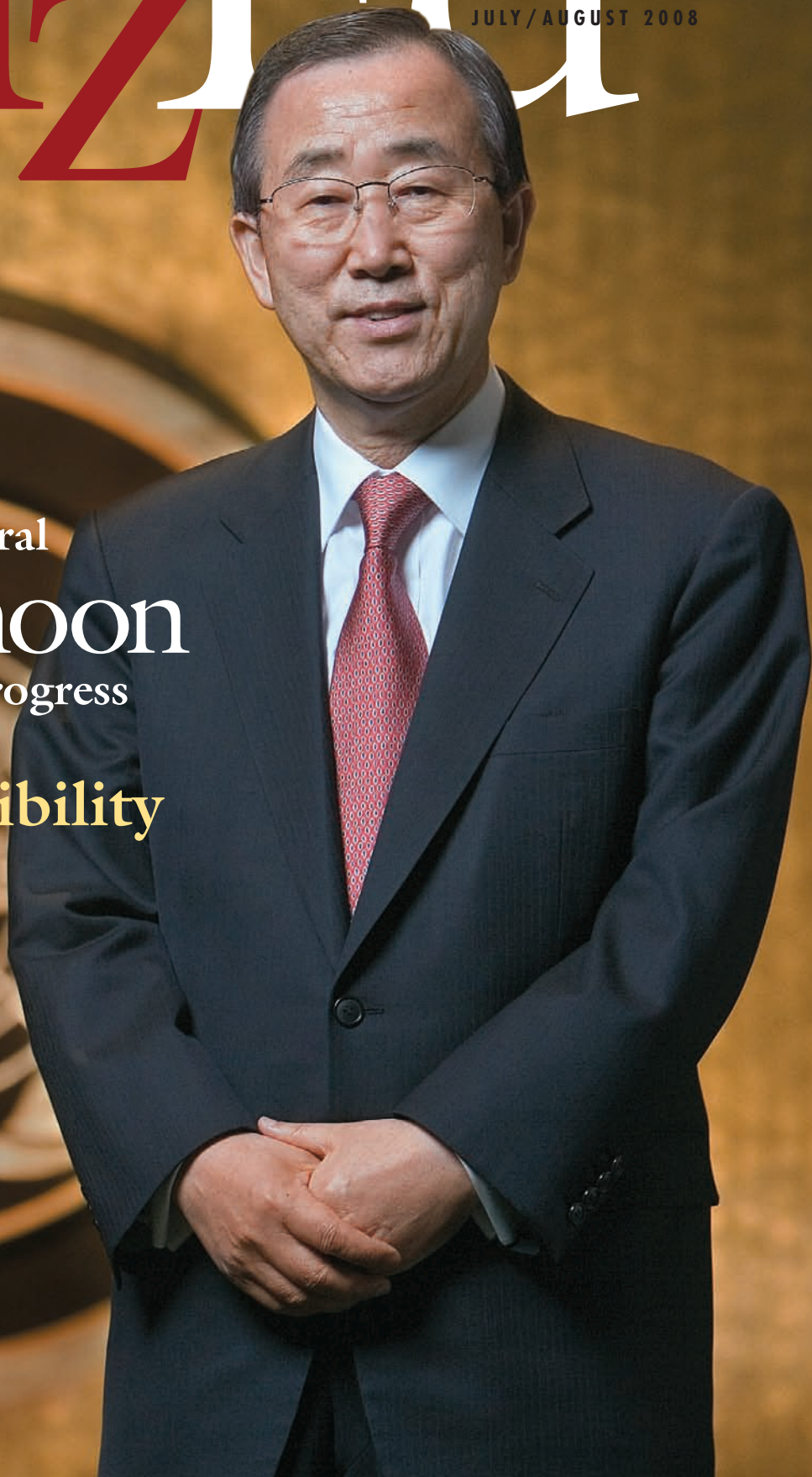


BizFed

SOCIALLY RESPONSIBLE LEADERSHIP

JULY/AUGUST 2008



U.N. Secretary-General

Ban Ki-moon

On Principles and Progress

Social Responsibility
and the Business
Curriculum

The Ph.D. in
Latin America

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U.N. Photo/Mark Garten



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From the Editors

Joining the Green Revolution

It is hard to remember a time when the sight of a plastic shopping bag didn't send shivers up my spine.

It was a time when I took long showers with selfish abandon. I left lights on in empty rooms and kept computers humming long after I'd finished working. I drank bottled water and blithely took my restaurant leftovers home in throwaway Styrofoam containers likely to outlast the next Ice Age. I made one-sided copies. I gave no thought to the environmental impact of asphalt parking lots, airline travel, or air conditioning. I had never heard of the term "carbon footprint."

And I was blissfully unaware that, very soon, the whole world was about to change.

So, too, were many business leaders. But today, no company can escape the "greening" of business. Organizations in all industries are under increasing pressure to quantify and control the effect their operations have on the planet. In addition, the "green" movement is quickly giving way to a culture of "sustainability," where it's not enough that businesses reduce their carbon footprints. They also must enlarge their role in lifting the world's poorest citizens above the poverty line and helping them build prosperous, sustainable communities.

As we find in this issue, business schools, too, are being called on to influence the global transition. In our cover interview, United Nations Secretary-General Ban Ki-moon calls for more business schools to join the 100 that have already signed on to support the Principles for Responsible Management Education. In his article, "Sustainable Innovation," David Cooperrider, professor of social entrepreneurship at Case Western Reserve University, urges business schools to help businesses solve big problems like global warming, poverty, and the energy crisis. And in "The Socially Responsible Curriculum," we highlight what some business faculty and students are doing to effect positive, long-term social change, not just in companies, but in their own communities.

I must admit, I sometimes long for the days when I didn't know the meaning of "green"—when I wasn't aware of the impact my daily choices made on the planet. Things were quicker, easier, more convenient.

But in those days, I didn't feel such a sense of connection to the broader community. Never have I felt such a collective enthusiasm among people to work toward positive change as I do today. For my part, I now reduce, reuse, and recycle. I take shorter showers, drink from the tap, and unplug the laptop at night. No longer weighed down by "grocery bag guilt," I bring my own reusable bags to the supermarket. More and more, I'm finding that others are doing the same.

As Cooperrider argues, now *is* an exciting time to be alive; it's more exciting, perhaps, to be in business school. Today's business students are in an enviable position. They won't just see change happen—they'll *make* it happen. **Z**



BILL BASCOM

Lucia L. Brosny

Headlines

Business Education for Underserved Women

Ten thousand women from developing and emerging markets will receive business and management education through a new initiative from New York-based Goldman Sachs Group and academic partners in the U.S., Europe, and emerging nations. The global initiative known as 10,000 Women was launched in March.

The 10,000 Women initiative was inspired by research from Goldman Sachs that showed how economies and societies benefit when more women are in the workforce. Goldman Sachs will commit \$100 million to this venture over the next five years. The people of Goldman Sachs also will contribute their time and expertise through classroom instruction and mentoring.

The initial academic partners in 10,000 Women include these U.S. schools: Brown University; Columbia Business School; Harvard Business School; Stanford Graduate School of Business; Thunderbird School of Global Management; the William Davidson Institute at the University of Michigan; and the Wharton School at the University of Pennsylvania. Participating schools from outside the U.S. are: American University of Afghanistan; American University in Cairo; Indian School of Business; Pan-African University, Nigeria; the School of Finance and Banking, Rwanda; United States International University, Kenya; University of Cape Town Graduate School of Business, South Africa; Judge Business School, University of Cambridge, United

Kingdom; and the University of Dar es Salaam, Tanzania.

In coming months, Goldman Sachs also will announce additional 10,000 Women program partnerships that will provide more business and management education for disadvantaged women in the United States.

The 10,000 Women initiative will use a variety of ways to provide business education. For instance, schools will work together to establish or



expand certificate programs ranging from five weeks to six months that could include courses in marketing, accounting, market research, business plan writing, strategic planning, funding, and e-commerce. There also will be a strong focus on developing curricula, creating local case study models, and “training the trainers” to improve the level of faculty training and expertise. More detailed information can be found at 10000women.org.

Haas Funds Sustainable Initiatives

A new program at the University of California, Berkeley, will have direct impact on the lives of people around the globe. The Sustainable Products and Solutions Program was created in late 2007 to provide funding for students and faculty who want to conduct research and create projects that will help the world’s people live more sustainable lives. Based at the Center for Responsible Business at UC Berkeley’s Haas School of Business, the program was created in partnership with the College of Chemistry and endowed with a \$10 million, five-year gift from the Dow Chemical Company Foundation.

Last spring, 23 projects were chosen to receive funding that ranged from \$4,000 to \$135,000. Proposals were required to be interdisciplinary, to account for all aspects of the life cycle of a product or solution, and to help solve global sustainability challenges.

Winning projects include cost-effective water purification and hygiene technologies; a distribution system for making efficient cook stoves available in China, Senegal, and Darfur; and plans for creating sustainable packaging and renewable fuels. A new course in spring 2009 will be structured around the fellowship program. More information is online at www.haas.berkeley.edu/responsiblebusiness/SPSPProgramProjects.htm.

The 10,000 Women initiative was inspired by research that showed how economies and societies benefit when more women are in the workforce.



Quality Assurance For EU Schools

The European Quality Assurance Register in Higher Education (EQAR) was launched this spring to provide oversight to the quality assurance agencies assessing the teaching at European universities. It is another step in the ongoing process of the Bologna Accord, which seeks to reform and standardize higher education among European schools.

The Register, which is expected to be operational by summer, is governed and co-funded by the “E4 Group” of European higher education institutions: the European Association for Quality Assurance in Higher Education (ENQA), the European Students Union (ESU), the European University Association (EUA), and the European Association of Institutions in Higher Education (EURASHE). EQAR’s establishment was endorsed by the ministers from the 46 European countries that participate in the Bologna process. The European Register will list the quality assurance agencies that substantially comply with standards that have been approved at the European level and are valid in all 46 countries.

Speaking at the launch in Brussels, Ján Figel’, Euro-

pean Commissioner for education, youth, and culture, said, “The Register is an important element in the chain of information tools that are needed to make European higher education more transparent and more attractive for our own citizens and for students and scholars from other continents.”

A Historical Look At Markets

Current financial disruptions are viewed from a historical perspective in a new report produced by the U.S. Monetary Policy Forum, an annual conference that brings together academics, market economists, and

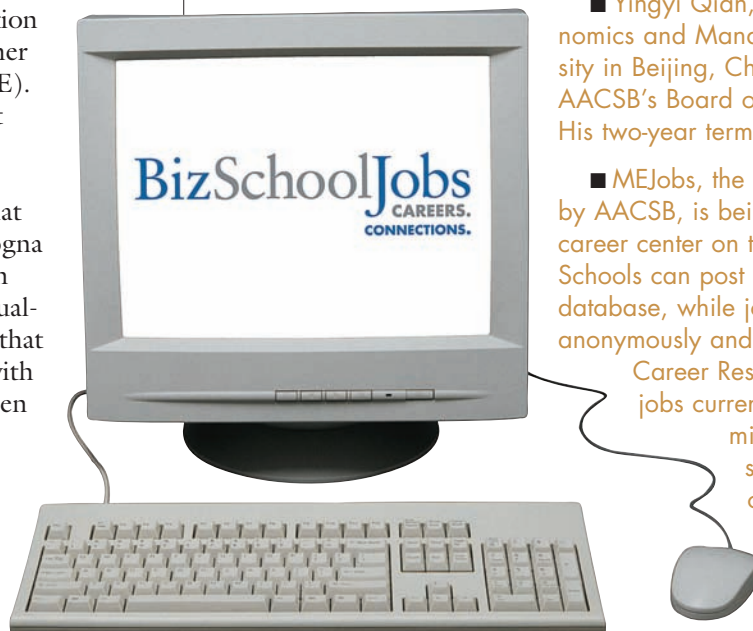
Association News

■ AACSB International has recognized former chief operating officer Anne Graham by renaming its Education Center in her honor. The association plans a dedication ceremony this August for the new Anne Graham Center at its headquarters building in Tampa, Florida. Graham, who was also executive editor of *BizEd* magazine, passed away in January.

■ AACSB’s board of directors has recognized two new affinity groups to support networking among its members. The Associate Deans Affinity Group has been formed for associate deans or assistant deans with faculty appointments at schools that have AACSB accreditation or are in the accreditation process. The Principles for Responsible Management Education (PRME) Affinity Group is for schools that have adopted PRME. The Public Relations in Management Education (PRIME) Affinity Group has changed its name to the Marketing and Communications Council Affinity Group. More information is available online at www.aacsb.edu/members/communities/affinitygroups/index.asp.

■ Yingyi Qian, dean of the School of Economics and Management at Tsinghua University in Beijing, China, has been appointed to AACSB’s Board of Directors for 2008–2009. His two-year term is effective July 1.

■ MEJobs, the job listing service provided by AACSB, is being replaced by a full-service career center on the association’s Web site. Schools can post openings in a searchable database, while job seekers can post resumes anonymously and utilize the services of the Career Resource Center. All active jobs currently listed on MEJobs will migrate to the BizSchoolJobs site. For more information, contact Debbie Wiethorn at 831-769-6522 or debbie@aacsb.edu. Or visit the Web site at BizSchoolJobs.aacsb.edu.



Federal Reserve policymakers. The report is titled “Leveraged Losses: Lessons from the Mortgage Market Meltdown.”

Comparing today’s market to previous periods of financial stress, the report confirms the view that current problems are concentrated in mortgage securities institutions. It estimates that total losses will be about \$400 billion, with about half of that being borne by leveraged financial institutions.

The forum conference is sponsored by the Rosenberg Institute of Global Finance at the Brandeis International Business School in Waltham, Massachusetts, and the Initiative on Global Markets at the University of Chicago Graduate School of Business. The report is available at two Web sites: www.brandeis.edu/ibs/monetarypolicy and research.chicagogsb.edu/igm/events/conferences/2008-us-monetaryforum.aspx.

IE University Opens in Spain

IE University, billed as an elite international university created by Instituto de Empresa’s Higher Education Group, has officially launched in Segovia, Spain. Initial programs will focus on architecture, humanities, liberal arts, communication, and business. To prepare students for functioning in an international environment, all academic disciplines will include management modules developed at IE Business School. Faculty for the university and the business school will operate in an interdisciplinary, cross-departmental manner.

IE University will be housed in the 15th-century monastery of Santa Cruz la Real. As the Bologna Accord encourages more European students to seek education outside of their home countries, IE aims to draw 80 percent of its students from outside of Spain within two years.

Santiago Iñiguez, dean of IE Business School, has been named rector of the new IE University. He says, “With this ambitious project we are seeking to create a new university model, where the professors and knowledge flow amongst the different disciplines, programs, and mediums. We will give our students a global vision, creating enterprising, innovative professionals with a strong sense of social awareness.”

Funding Money

Fund raising with a twist is expected to enhance a student investment portfolio at the Carlson School of Management at the University of Minnesota in Minneapolis. The Carlson Funds Enterprise, which allows graduate and undergraduate students to invest real money, is seeking to raise \$7 million through an endowment fund offering 70,000 shares of common “mock stock” at \$100 a share. Investors won’t get a stock return. Instead, their ROI will be a tax deduction—and an ongoing supply of trained financial analysts.

The money that is raised will go toward making the program self-sufficient by creating an endowment fund that will cover annual operating costs. The money also will be used to remodel the lab, support a fellowship program, and pay for new management and accounting systems. The Carlson Funds Enterprise currently has more than \$25 million distributed between a fixed income fund and a small capitalization growth fund. The enterprise operates as a singular entity from the Carlson School, receiving the majority of its funds from outside investors.

New Doctorate Programs for Execs

Two Georgia schools are making plans to launch doctoral-level programs for working professionals.

Georgia State University’s J. Mack Robinson College of Business in Atlanta will launch its doctorate program for senior business executives next January. The three-year program will be in an executive format with six two-day residencies per semester. Courses will focus on global business and leadership, and degree requirements will include two applied research projects investigating practical business problems that have strategic importance and are cross-functional in nature.

The Michael J. Coles College of Business at Kennesaw State University will begin offering a doctor of business administration degree in 2009. The part-time DBA program will be targeted at working professionals with master’s degrees who want to move into academia. It is designed to be completed in three or four years.



SHORT TAKES

■ **Don Gudmundson** has been named dean of the Kenneth W. Monfort College of Business at the University of Northern Colorado in Greeley, a position he will begin in August. Gudmundson most recently was senior associate dean of the College of Business at the University of Wisconsin-Oshkosh. He replaces Joe Alexander, who last summer accepted a position at Belmont University in Nashville. Tim Jares will continue to serve as interim dean during the transition.



■ **Gary C. Cornia** has been named the new dean of the Marriott School of Management at Brigham Young University in Provo, Utah.

Cornia, the Stewart Grow Professor of Public Management, has been serving as director of the school's George Romney Institute of Public Management since 2004. He succeeds Ned C. Hill, who plans to take a one-year leave before returning to full-time teaching.

■ **Michael J. Page** has been appointed dean of business and the McCallum Graduate School at Bentley College in Waltham, Massachusetts. Before joining Bentley, Page served in various posts at RSM Erasmus University and the Rotterdam School of Management in the Netherlands.

■ **Amy B. Hietapelto** has been named interim dean of Northeastern Illinois University's College of Business and Management in Chicago, effective July 1. Hietapelto was previously associate dean at NEIU.

■ **Matthew O'Connor** has been appointed interim dean of the School of Business at Quinnipiac University in Hamden, Connecticut. O'Connor replaces Mark Thompson, who was recently promoted to senior vice president for academic and student affairs.



■ **Matthew D. Shank** has been named the new dean of the University of Dayton's School of Business Administration in Ohio. Shank formerly was chair of the management and marketing department at Northern Kentucky University. Shank replaces Elizabeth Gustafson, who has served as interim dean since Patricia Meyers stepped down.

■ **Rodney Alsup** has been elected president of the MBA Roundtable. Alsup is the former senior associate dean for executive education programs at Kennesaw State University in Georgia, and he currently serves as director of international programs for ASEBUSS, the Romanian-American Postgraduate School of Business. Alsup succeeds **James Danko**, dean of the Villanova School of Business in Pennsylvania.

■ **Chuck Williams** has been named the next dean of the College of Business Administration at Butler University in Indianapolis, Indiana. Russell Kershaw served as interim dean after dean Richard Fetter was appointed Butler's interim provost in 2007.



■ **Bart van Ark** has been named the chief economist and vice president

of the Conference Board, a not-for-profit global economic research organization. Van Ark is the first non-U.S. chief economist in the board's history.

■ **Abdullah Yavas** has been appointed to serve on the Monetary Policy Committee of the Central Bank of the Republic of Turkey. Yavas is Elliott Professor of Business Administration at the Smeal College of Business, Pennsylvania State University, University Park.

HONORS AND AWARDS

■ A business professor from San Diego State University in California was honored in the 2008 Olympus Innovation Award Program, which recognizes people who have fostered innovative thinking in education.

Martina Musteen, assistant professor at the College of Business Administration at SDSU, received the Olympus Emerging Educational Leader Award, given to an individual who has inspired innovative thinking in students and has the potential to make greater contributions in the future.

■ **Subir Bandyopadhyay** has been inducted into the 2008 class of the Faculty Colloquium on Excellence in Teaching (FACET) of Indiana University in Gary. Bandyopadhyay is a professor of marketing at the School of Business and Economics at the university.

■ **Niranjan Pati** has been honored with the Distinguished Hoosier Award, given by the state of Indiana to honor citizens who have excelled in their fields. Pati is dean of the School of Business at Indiana University-Kokomo.

■ **William Bygrave** has received the United States Association for Small Business and Entrepreneurship (USASBE) Distinguished Entrepreneurship Educator Award. Bygrave is a professor at Babson College in Wellesley, Massachusetts.



■ **Ruth King** has received a 2008 Boeing Welliver Faculty Fellowship. King is an associate professor of information systems and operations management in the Joseph M. Bryan School of Business and Economics at the University of North Carolina in Greensboro.

GIFTS AND DONATIONS

■ The **University of Toronto** in Canada has renamed its commerce program Rotman Commerce in response to a \$2.5 million gift from Sandra and Joseph Rotman, part of an \$18 million gift to the Rotman School of Management.

■ **Thunderbird School of Global Management** in Glendale, Arizona, has received several multimillion-dollar commitments to its capital campaign from members of the school's board of trustees and alumni. These include \$10 million from Scott Walker, \$5 million from Barbara and Craig Barrett, \$4 million from Jerry and Rachele Nichols, \$3.5 million from Ken Seward, and \$2.6 million from a family foundation created by David and Joan Lincoln and their family.

■ **Rutgers Business School**—Newark and New Brunswick, New Jersey, recently has received two substantial gifts. Energy company PSEG has donated \$2 million toward the building of a

new state-of-the-art facility for the Newark campus. Financial services company Prudential has contributed \$5 million—\$3 million for an endowed faculty chair and \$2 million to support the creation of a center dedicated to business ethics and leadership in the business, non-profit, and philanthropic arenas.

■ Donations of \$3 million by two investment groups have enabled the Cox School of Business at **Southern Methodist University** in Dallas, Texas, to create the EnCap Investments & LCM Group Alternative Asset Management Center.

COLLABORATIONS

■ **INSEAD** and the Wharton School of the **University of Pennsylvania** have renewed their partnership for four more years. Launched in 2001, the alliance delivers business education in four locations: Wharton's U.S. campuses in Philadelphia, Pennsylvania, and San Francisco, California, and INSEAD's campuses in Fontainebleau, France, and Singapore.

■ The College of Business Administration at **San Diego State University** in California will collaborate with the **University of Malta** in Valetta to offer new collaborative graduate degrees in marketing and integrated marketing communications. The one-year program, which begins this fall, offers two graduate degrees: a master of science in business administration/marketing from SDSU and a master of arts in integrated marketing communications from UM. All classes will be taught in Malta, with approximately half the classes taught by SDSU faculty members.

■ The Rotterdam School of Management at **Erasmus University** in the Netherlands has become the first institution in the Benelux region to be named Program Partner with the CFA Institute, the global association for investment professionals.

■ **HHL-Leipzig** Graduate School of Management has become the sixth member of the European consortium to offer the Euro*MBA, a program based on e-learning.

■ **Grenoble Ecole de Management** in France and French design school Strate Collège Designers have signed a partnership consisting of student and faculty exchanges, a double-degree accord, and joint executive education training.



■ The College of Business Administration at **San Diego State University** and **Indiana University's** Kelley School of Business in Bloomington are collaborating on programs and resources aimed at professionals working in life sciences fields. This fall, SDSU will launch a 20-month MBA for Executives in Life Sciences, which will focus on bringing life science products from concept to market. SDSU is offering the program in partnership with Kelley Executive Partners, which has designed an executive certificate program in life sciences. Kelley's certificate program will allow working professionals—including engineers, researchers, scientists, and product managers—to learn the business side of the life sciences industry.

■ **Thunderbird School of Global Management** in Glendale, Arizona, has announced

SHORT TAKES

its first partnership with a Middle Eastern School, **Zayed University** in United Arab Emirates. Thunderbird will provide faculty for Zayed's new master of science in international business.

■ Russian executives can pursue their EMBA degrees—in Russia—through a new joint program announced by **Lomonosov Moscow State University** in Moscow and **Georgia State University's** J. Mack Robinson College of Business in Atlanta. The program, to be known as Executive Leaders, also will provide students the opportunity to earn a Master's of Science in management. The EMBA will be conferred by the Robinson College while the MS will be conferred by Lomonosov Moscow State.

■ The Neeley School of Business at **Texas Christian University** has launched its first study abroad program in Asia through a collaboration with the **Korea University** Business School in Seoul.

■ **Cranfield University** has signed an agreement with Abbey National plc, the U.K. subsidiary of European banking giant Banco Santander. The agreement establishes Santander Abbey Scholarships for MBA students at the Cranfield School of Management and allows the two institutions to develop other projects under the Santander Universities umbrella. Scholarship candidates must be from the 11 Iberoamerican countries in Santander's network:

Argentina, Brazil, Chile, Colombia, Mexico, Peru, Portugal, Puerto Rico, Spain, Uruguay, and Venezuela.

NEW PROGRAMS

■ **SDA Bocconi** School of Management in Milan, Italy, is now offering a Senior Executive Program, a new general management training program that focuses on the specifics of the financial services industry. The new program combines SDA Bocconi's traditional finance and management curriculum with non-traditional educational experiences. For instance, football club AC Milan will coach participants on mental and physical attributes, while TV channel Class-CNBC will train them in media relations.

■ The **Lille School of Management** (ESC Lille) in France has introduced a new version of its MBA, which will be delivered in English at the school's Paris campus. The program is divided into core business courses and specialized majors in areas such as international finance, auditing and accounting, supply chain management, marketing, communication, and e-business.

■ With the goal of strengthening its position in the U.S. market, **IESE Business School** in Barcelona, Spain, has launched a program designed for professionals who have business interests in Latin America. The Senior Executive Program—Miami will run in association with IPADE of Mexico and IAE (Universidad Austral) of Argentina. Over a six-month period, program participants will attend four one-week residential modules in Miami and Madrid. The new program is modeled after simi-

lar programs IESE has established in Barcelona, Madrid, Munich, Warsaw, São Paulo, Shanghai, and Nairobi.

■ The **University of Tennessee** in Knoxville has launched "Leadership Success for Manufacturing Site Leaders," which provides a comprehensive business education to new and seasoned site leaders. This new certificate program is offered by the College of Business Administration's Center for Executive Education (CEE).

OTHER NEWS

■ The **University of Maryland's** Robert H. Smith School of Business in College Park has launched the Thai American Business Study Program, sponsored by the Royal Thai Embassy and the Foreign Ministry of Thailand. The program awards a three-year, \$100,000-per-year grant to create a student club and a course on business interaction between the U.S. and Thailand/Southeast Asia.



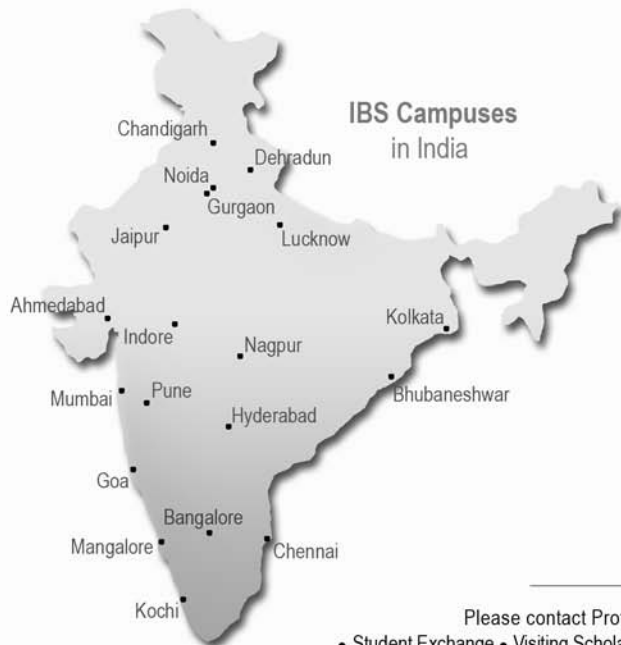
■ **Vellore Institute of Technology** in India is planning to switch its programs to a trimester format to offer greater choice to students. The school also has signed a memorandum of understanding with Washburn University in Topeka, Kansas.

■ The Institute of Internal Auditors (IIA) has donated a comprehensive collection of internal auditing books to the **University of Dallas**

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School of Management in Texas. The books, which form part of the school's internal audit collection, cover topics such as business ethics, corporate efficiency, fraud detection, and Sarbanes-Oxley compliance. The donation was made possible by the Internal Auditing Academic Advancement Fund.

■ The international business degree program at **Bryant University** in Smithfield, Rhode Island, has accepted the invitation to become a full member of the Consortium for Undergraduate International Business Education. CUIBE aims to promote and enhance international business teaching through research, publications, and seminars.

■ The **Yale School of Management** in New Haven, Connecticut, has become the 14th school to join the Consortium for Graduate Study in Management, a national not-for-profit American organization for

diversity and inclusion that is based in St. Louis, Missouri. The Consortium recruits African Americans, Hispanic Americans, and Native Americans for graduate business education and awards over \$11 million in full-tuition, merit-based MBA fellowships annually.

■ A new faculty chair at the **University of California, Berkeley**, will be dedicated to leading-edge research and teaching on equity and inclusion in society. The chair will form part of a campuswide initiative launched by Chancellor Robert J. Birgeneau. The Robert D. Haas Chancellor's Chair in



Equity and Inclusion, which is being established in part through a gift from the Levi Strauss Foundation, honors Haas, who recently stepped down as CEO and chairman of Levi Strauss & Co.

■ The Kiebach Center for International Business Studies in the Whitman School of Management at **Syracuse University** in New York has launched the Africa Business Program. It will connect New York businesses, as well as students and faculty from the Whitman School, with businesses and markets in sub-Saharan Africa.

CORRECTION

In the article "All Eyes on Africa," which appeared in *BizEd's* May/June issue, Brent Chrite was mistakenly identified as the associate dean and director of the MBA program at Arizona State University. He is actually the associate dean and director of the MBA program at the University of Arizona's Eller College of Management in Tucson. In the same story, The Gordon Institute of Business Science should have been identified as the University of Pretoria's Gordon Institute of Business Science in Johannesburg, South Africa, rather than Cape Town. □

Uniting Nations, Uniting Business

by Tricia Bisoux

End genocide in Darfur. Ease tensions in the Middle East. Prevent nuclear proliferation. Reform the U.N.'s operations, which have changed little since its formation in 1945. These were just a few of the formidable tasks presented to Ban Ki-moon when he stepped into his role as Secretary-General of the United Nations, succeeding Kofi Annan, in December 2006.

But Ban's most daunting objective is to lead the organization to achieve its eight Millennium Development Goals: Eradicate poverty and hunger, improve global educational opportunities, promote gender equality, reduce child mortality, improve maternal health, fight diseases such as HIV/AIDS and malaria, inspire environmental sustainability, and establish a global partnership of organizations to achieve these goals. If those weren't challenging enough, the organization plans to achieve its MDGs by 2015. Ban hopes, however, that the U.N. won't have to do it alone. He is promoting the U.N.'s Global Compact, an initiative that brings together government, nonprofits, educational institutions, and business to improve the prosperity of those at the bottom of the world's economic pyramid.

The world's businesses possess the power to make these objectives a reality. The contributions of business schools also will be essential in helping the U.N. meet its 2015 deadline, Ban stresses. By teaching social responsibility, he says, business schools can instill in each of their students the skills to change the world—and the intention to make a difference.

The United Nation's Secretary-General Ban Ki-moon believes that business may be the catalyst to bring peace and prosperity to the world.



You have pushed to redouble the world's efforts to achieve its Millennium Development Goals by 2015.

What will it take to meet that deadline?

We are at the midpoint of a great campaign to end world poverty. Yet, too many nations have fallen behind. It is unacceptable that one child dies of hunger every five seconds. It is unacceptable that for two-thirds of the world, a glass of ordinary drinking water is a luxury. And it is unacceptable that 1 million people die from malaria every year.

In September, the U.N. will host a high-level meeting on the MDGs, with a special focus on Africa. I am confident that the solutions to reach these goals exist, but we need the political will to scale up existing approaches and create better synergy.

Success in some countries demonstrates that rapid and large-scale progress is feasible if we combine strong government leadership, good policies, and practical strategies to increase public investments in vital areas. It's feasible if we obtain adequate financial and technical support from the international community.

What should the world's business schools do to help?

As a result of privatization and market liberalization, domestic and foreign companies have become increasingly influential in many developing countries. And with more influence comes more responsibility. Companies must be prepared to respond to the growing demands for transparency and accountability, particularly with respect to their economic, social, and environmental impact. This requires, first and foremost, that those who run the businesses be aware of the challenges and opportunities they face in the age of globalization.

Here, business schools can play a crucial role by ensuring that tomorrow's business leaders understand what responsible business means and how it can have positive effects for both the company's bottom line and the society in which it operates.

Recently, the U.N. worked with organizations such as AACSB International and EFMD to launch the Principles of Responsible Management Education. How important

The PRME Essentials

The Principles of Responsible Management Education (PRME) were officially instituted in July 2007, as part of the U.N. Global Compact. Institutions participating in the initiative make a commitment to align their missions and strategies, as well as their core competencies, with the values embodied in the six PRME principles.

As of April, more than 100 business schools had become signatories to PRME, endorsing its principles and committing to use these principles to guide their curricula. By signing on to PRME, institutions express their

voluntary commitment to promoting, encouraging, and exchanging best practices in areas such as curriculum development, research, business joint partnerships, and public dialogue about the importance of generating sustainable value for business and society.

PRME was developed by representatives of the U.N. Global Compact, AACSB International—The Association to Advance Collegiate Schools of Business, the Aspen Institute's Business and Society Program, and the European Foun-



ation for Management Development. Also involved were representatives of the Globally Responsible Leadership Initiative, a coalition of business schools, corporations, and leadership centers convened to promote corporate global responsibility; and Net

Impact, an international nonprofit that offers its more than 10,000 members educational programs in responsible leadership for use in universities, organizations, and communities. Sixty business school administrators and scholars served on the PRME task force.

More information about the United Nations Global Compact can be found at www.unglobalcompact.org. To read more about PRME, visit www.unprme.org or www.aacsb.edu/resource_centers/PRME_final.pdf.

Business schools can play a crucial role by ensuring that tomorrow's business leaders understand what responsible business means and how it can have positive effects for both the company's bottom line and the society in which it operates.

is PRME to the U.N.? Why should business schools adopt these principles?

The Principles for Responsible Management Education initiative is the first organized relationship between business schools and the United Nations. When these principles were presented in Geneva last year, I stressed that this initiative has the capacity to take the case for universal values in business into classrooms on every continent.

To date, the PRME initiative has been very well received by the global business school community. I believe that the initiative can serve as an effective guiding framework for a systemic curriculum change in the spirit of the principles of the U.N. Global Compact. Of course, the U.N. is committed to this effort. It is in our best interest to plant the seed for a generation of future leaders who are sensitive to the enormous challenges the world faces and their own role in addressing them.

In what ways can business schools work directly with the U.N. to enhance their programs and further the U.N.'s overall objectives?

I believe that the best results can be achieved when business schools align their core competencies—education, research, and thought leadership—with the overall objectives of the U.N. Through education, business schools can shape the skills, competence, and decision-making capability of tomorrow's business leaders. Through research, they can develop means and frameworks for responsible business practices. Last, academia can influence public opinion about the critical importance of responsible business behavior to master environmental, social, and governance challenges.

Business faculty are conducting more research on the effects of "peace through commerce" and business initiatives that benefit the "base of the pyramid," such as microfinancing. How much impact do you think these efforts have had? What other trends do you find most promising?

First of all, I want to applaud these streams of research, as they are crucial to understanding how business can contribute to more peaceful and stable societies. It is becoming



increasingly clear that for markets to prosper, societies must be healthy in the widest sense.

Through the Global Compact, business has an opportunity to help ensure that globalization delivers benefits to the greatest number of people, including the poor. I have met with many committed business leaders who acknowledge the core role that business can play in this regard. We have seen a number of innovative and effective approaches, from new forms of public-private partnerships to innovative business models that treat sustainability as a positive value driver. In many cases, the positive impact has been remarkable. But we must bring these efforts to scale in order to really make a difference.

A few years ago, some began to criticize the U.N., arguing that it had become irrelevant to global issues. That criticism has waned, but still, you've set the goal



of building a “stronger and more powerful United Nations.” What is your definition of a more powerful U.N.? How will the organization reach that level?

Looking to the coming year and beyond, we can foresee a daunting array of challenges. They are problems that respect no borders—that no country, big or small, rich or poor, can resolve on its own. Thus, more than ever, we live in an era of collective action. The U.N. cannot deliver everything, of course, but my vision is an administration focused on results—efficient, directed, pragmatic, and accountable, an administration representing excellence, integrity, and pride in serving the global good.

To deliver on this vision, we must modernize the way the U.N. works. Perhaps the biggest long-term challenge is changing our U.N. culture, to make the organization faster and more nimble, more responsive to the demands of our modern world. The main themes are to simplify, rationalize, and delegate. I place a very high priority on implementing the management reforms that member states have previously approved to promote greater transparency,

Business success does not rely on financial success as an isolated ideal. Consideration should also be given to environmental and social issues.

accountability, and efficiency. In the end, I also know that transforming the way the U.N. does business—shifting our focus to emphasize results rather than bureaucratic process—will take patience, perseverance, and courage.

As you revitalize the U.N., you also must focus on so many world crises—from genocide and political conflicts, to global warming and water shortages, to poverty among the world’s “bottom billion.” Of these issues, what is your top priority, and why?

Of the many objectives that the U.N. is tasked with, the main priority areas are peace and security—most importantly in Africa and the Middle East—as well as nonproliferation and disarmament of nuclear weapons, community development, climate change, and human rights.

Often I am humbled by the scale of the challenges before us. So much is expected of us. Delivering on those hopes, faithfully and effectively, will require great effort and discipline. We must do much more to achieve the Millennium Development Goals. It is not too late, I am certain. But it will require the collective efforts of all actors—governments, civil society, the private sector, and, of course, our organization.

That will require moving governments and large groups of people—each with different agendas—in a unified direction. How do you persuade such disparate groups to work together and drive real change on such a large scale?

An increasingly interdependent world recognizes that the challenges of today are best dealt with through collective action. The U.N. has the power to convene the relevant partners to deliver that action. Our work often requires careful and sensible diplomacy, a willingness to listen, and a willingness to make compromises for the greater good. But I believe that the pendulum of history is swinging in our favor and that multilateralism is back.

What kinds of learning experiences and skills do you think business students need to become effective leaders and problem solvers in today’s global environment?

Business vision, strategy, and organization are powerful forces. To secure the future of the global community, students must possess the capacities of future leaders; they will require dedication and advocacy. The international order faces great



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challenges in the interconnected realms of development, security, and human rights. I hope that today’s students can become aware of these challenges and learn to cope with them accordingly.

If you were to address a class of business students, what essential advice would you give them?

I would make the case that business success does not rely on financial success as an isolated ideal. Consideration should also be given to environmental and social issues. While market success is important, it is equally important to uphold high ethical standards. The two approaches do not contradict each other but are counterparts.

To better understand how a principled approach to doing business can work, I would, of course, encourage students to study the U.N. Global Compact. I also would emphasize that their creativity, energy, and intellect are essential for tackling today’s and tomorrow’s global challenges.

What experiences in your own education and early career most prepared you to be the U.N.’s Secretary-General?

As a child of the Korean War, I grew up viewing the United Nations as a savior—it’s an organization that helped my country, South Korea, recover and rebuild from a devastating conflict. Because of decisions made under the U.N. flag, my country was able to grow and prosper in peace.


This prosperity, in turn, helped a boy from rural Korea rise up through his country’s diplomatic ranks and eventually become Secretary-General of the United Nations.

What do you wish you’d known before you became Secretary-General?

I always knew how complicated diplomacy can be and how slowly real progress sometimes comes. But there’s nothing you need to know that you don’t learn quickly, when required. I can say that I did not fully understand how challenging it can be to move a large multinational bureaucracy.

We’ve talked about the goals of the United Nations. What are your personal goals? What do you most want to accomplish as an individual, during your tenure with the U.N. and after?

The challenges we face today are many, and my resolve is strong. I am determined to make progress on the pressing issues of our time, step by step, by building on achievements along the way and by working with member states and civil society.

I would like to be remembered as Secretary-General for what I accomplished, as someone who got things done. I am not a philosopher. I am a man of action. I’ve said many times that I want to promise less and deliver more. I say so again, here. 

The Socially Responsible Curriculum

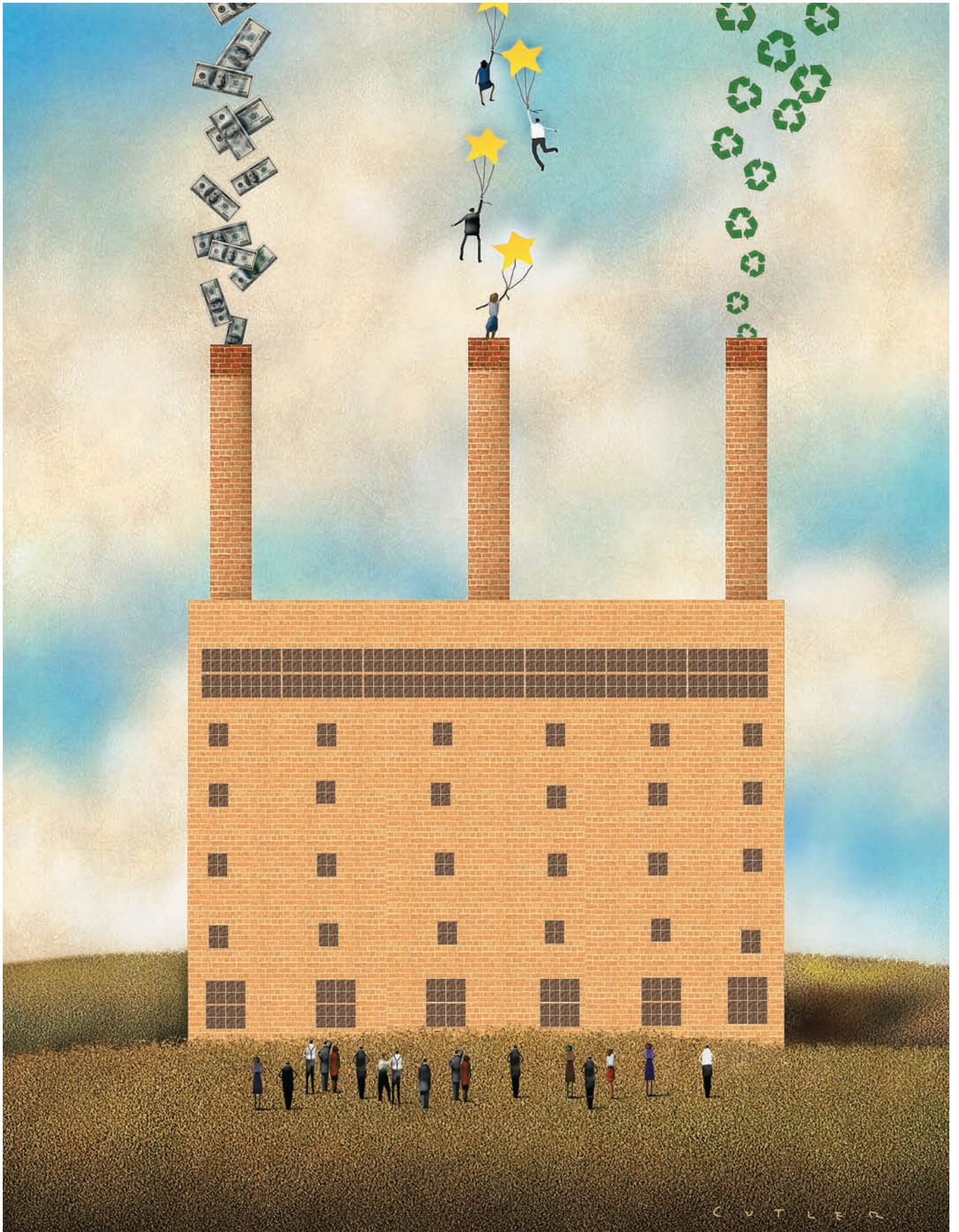
by Tricia Bisoux

There was a time when many CEOs believed that socially responsible business practices were too expensive to implement, but today the opposite may be true. At a time when every action is subject to scrutiny, a company that ignores the social impact of its practices may pay dearly in terms of lost reputation, tarnished brand, higher employee turnover, and diminished consumer loyalty. As part of the new “green” deal, the importance of the “triple bottom line”—profits, planet, and people—has grown exponentially.

It is more important than ever for business schools to help students and organizations understand—and quantify—the business case for sustainability, says Nicola Acutt, director of curriculum development at the Presidio School of Management in San Francisco, California. Institutions ranging from Goldman Sachs to McKinsey & Company have issued reports on the strategic pragmatism of corporate social responsibility, she says. “Five years ago, we had to search for numbers that made the business case for sustainability. Now, the numbers are flying fast,” Acutt adds. “We don’t have to make the case anymore. It’s now accepted that it makes business sense.”

Many business schools have made it their mission to teach students the advantages of social responsibility and entrepreneurship via community service projects, corporate consulting, interdisciplinary teams, and full-scale student enterprises. In this way, they are working with business to provide graduates with the training, knowledge, talent, and drive to solve global problems in innovative ways.

Curricula that emphasize socially responsible business practices aim to make triple impact on the world’s triple bottom line.



Making TRANSFORMATIVE Impact

EGADE, Instituto Tecnológico y de Estudios Superiores
Monterrey, Mexico

Transforming failing businesses into profitable enterprises—or good businesses into great ones—relies firmly on the innovation, creativity, and cost effectiveness that sustainable business practices can inspire, says Elisa Cobas, a professor at EGADE. If students are to be agents of such transformations, they first must learn the true definition of

sustainability. “‘Sustainable’ does not necessarily refer to something environmental,” Cobas says. The term also describes a business model that sustains and protects the livelihoods of a company’s employees, its community, and its own long-term success.

In Cobas’ course, student teams develop a “sustainability portfolio” for one of 100 small- and medium-sized companies involved with EGADE’s business accelerator. Students analyze the life cycle of the company’s product or service and how it contributes to value for the company’s customers, employees, and community, as well as to its own success.

More Ideas for the Classroom

Educators emphasize that it takes time, commitment, and creativity to teach socially responsible business effectively. They suggest several ideas to enhance courses in sustainable business management:

■ **Think globally, act locally.** While projects involving the widespread operations of Fortune 500 companies are certainly educational, students often get closer to the effects of sustainable business practices when working on local concerns.

Daniel Malan, a professor at the University of Stellenbosch Business School in Bellville, South Africa, emphasizes that local examples also give students more opportunities to apply what they’ve learned. The best case studies, too, will be those generated by the local community. “Examples from the U.S. are not always effective

within a South African environment,” he says.

■ **“Accelerate” learning.** Sustainable business accelerators, where companies invite students to solve their biggest sustainability challenges, have become the way many business schools present students with real-world, experiential learning opportunities. The accelerator at EGADE, for example, serves approximately 100 companies. At Duquesne University’s Donahue School, companies compete to have students work on their projects—this year, five student teams had their pick of projects submitted by ten local companies.

In May, the University of North Carolina’s Kenan-Flagler Business School in Chapel Hill launched its first Business Accelerator for Sustainable Entrepreneurship (BASE). The accelerator will focus on startups,

whose success often relies on minimizing costs and conserving resources, says Katie Kross, executive director of UNC’s Center for Sustainable Enterprise. “BASE will raise the visibility of sustainability issues and foster the growth of new businesses that have a positive impact on the environment and society,” says Kross. “UNC students will take part in interdisciplinary experiential learning that shows them how to integrate environmental and social considerations into all aspects of business.”

■ **Promote student ventures.** At many business schools, students independently launch their own social entrepreneurial businesses and learn firsthand just how much they can accomplish locally and globally.

In April, for example, 15 members of the chapter of Students in Free Enterprise

(SIFE) at Quinnipiac University in Hamden, Connecticut, launched a new coffee business, Café Cameroon. The business will purchase high-grade coffee beans from the 400 residents of Bawa, a village in the West Province of Cameroon, Africa. Students are working in teams to handle logistics, accounting, sales, and public relations for the cafe. They received their first shipment of coffee beans in February.

The goal is to generate enough profit for the village to build a much-needed health center, says Rich Hirsch, director of Quinnipiac’s Family Business Center and SIFE advisor. In addition, students want to help support a sustainable economy in Bawa that allows residents to support themselves.

■ **Develop living case studies.** Student teams in the Donahue School’s Sustain-

‘Sustainable’ does not necessarily refer to something environmental,” says Elisa Cobas. The term also describes a business model that sustains and protects the livelihoods of a company’s employees, its community, and its own long-term success.

Last year, one of Cobas’ students owned a company that made glass jars for candles. His company had lost market share to firms in the U.S. and China, and he faced going out of business. However, after he and his teammates conducted a sustainability analysis, they discovered that his company’s manufacturing process could also produce glass for wall-mounted light fixtures—and that he could keep its doors open and its 30 workers employed.

Cobas’ students also worked with a water treatment company that had developed mobile water purification equipment that could be transported by pickup truck. In their

ability MBA program write five-page, single-spaced case studies of their sustainability projects. Faculty hope to use these case studies as pedagogical tools for future cohorts.

■ **Involve students in research.** The Donahue School also selects students to work five to ten hours a week with faculty members to develop new research and pedagogical tools involving sustainability. So far, these projects have led to four potential journal publication submissions and one case study to be used in its SMBA program.

■ **Make time for reflection.** A large part of developing students with skills and social awareness is to build into the curriculum time and opportunities for them to reflect on and refine what they have learned. At the University of Stellenbosch Business School, for example, MBA students

undergo what USB faculty call the “Sustainable Leadership Process,” explains Laetitia van Dyk, head of USB’s Center for Leadership Studies. This includes a 360-degree assessment, a meeting with a USB career officer, a personal development plan, and participation on student leadership councils. In addition, students can use Web-based Leadership Aspiration guides, online tools that help them determine their leadership

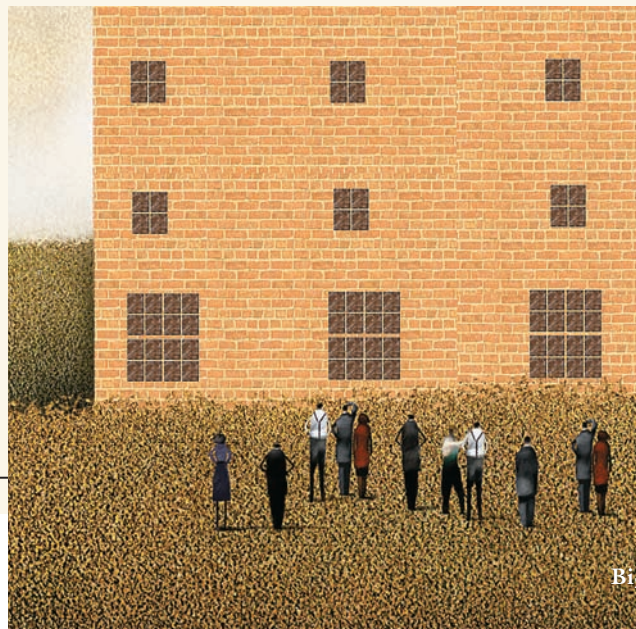
intentions. They also are required to keep personal journals throughout the MBA program, where they reflect on their leadership styles.

■ **Define and refine.** At the Presidio School of Management, students are asked to write down their definitions of sustainability at the beginning and the end of the two-year MBA program. At the beginning of her program, for example, one student defined sustainability simply

as “acting with regard for the environment in which you operate.”

By the end of the program, her definition had evolved. “Sustainability,” she wrote, “is the process of renegotiating our relationship with the resources we use to conduct our business, and the environment in which we operate. This renegotiation includes both physical and human capital. By operating in a sustainable fashion, we redesign our processes and operations in order to limit the damage we inflict and find new ways to create value for ourselves and the world.”

Such an exercise “speaks to the continuum of inquiry” that the program espouses, says Nicola Acutt, Presidio’s director of curriculum development. “It demonstrates the maturity, level of understanding, and competence that students develop.”



sustainability analysis, students realized that the technology could be of immediate help to people in remote villages without clean water or in areas hit by natural disasters. They also uncovered a larger business opportunity: car washes. “Students realized that this company could offer an effective way for car washes to save money and conserve water,” says Cobas.

Cobas believes students leave her class with the intention to transform the way companies do business. “I tell my students that they now have a great responsibility, because they know what they didn’t know before. They know about the scarcity of our planet’s resources and how much damage our bad behavior can do,” she says. “As leaders, they now have the responsibility to change that behavior and take action to transform how people think and act.”

Making **SCALABLE** Impact

*Miami University, Farmer School of Business
Oxford, Ohio*

In 2006, Brett Smith, a professor at Miami University’s Farmer School of Business, was searching for a way to provide a wide-scale social venture opportunity to his students. Smith knew that Bono, lead singer of the rock band U2, was a vocal proponent of social entrepreneurship, and he planned to invite Bono to campus to speak to students. As he explored that opportunity, he discovered Edun Apparel, a socially conscious apparel company started by Bono and his wife, Ali Hewson. Acting on the premise “trade, not aid,” the for-profit Edun Apparel aims to effect social change, not through charity, but through business. By sourcing apparel from cotton growers and clothing factories in India, Peru, and sub-Saharan African countries, Edun Apparel works to provide workers with livelihoods and build self-sustaining communities.

Coincidentally, Bono also was looking for a university partner. His idea: to purchase blank T-shirts from African companies, print them with custom designs, and sell them to college students. So when Smith contacted Edun Apparel with the idea for the Edun Live on Campus social entrepreneurship project, it was a perfect fit. Through Edun Live on Campus, business students work with students from across the MU campus; together, they learn about the global economy, participate in conference calls with company executives, create marketing plans for their product, and develop greater social awareness.

ELOC purchases each blank shirt directly from African



ELOC participants iron out the details of selling the T-shirts sourced from African manufacturers.

manufacturers, sending \$4 per shirt back into Africa’s local economies. Students then have the T-shirts custom-printed and sell them in the U.S.

Smith says that ELOC has created opportunities for his students that he had not envisioned. One student spent last summer working for Edun Live’s division in Ireland. Another was invited to sit on a panel about “students ending poverty” at Clinton Global Initiative University, where she met fellow panelist Premal Shah, president of the microfinancing site Kiva.org, as well as former U.S. president Bill Clinton. The Farmer School also will be taking a group of students to Africa to visit businesses that produce the shirts they sell.

With ELOC in full force at the Farmer School, Smith wants to introduce the program to other schools. So far, The Ohio State University and Gonzaga University have signed on. Smith’s goal is to roll the program out at 40 schools by 2012. As the program gains momentum, the true value of a socially conscious business curriculum will come to the fore, Smith emphasizes.

“Students are engaging in hands-on learning, but also in peer-to-peer learning and peer-to-peer teaching,” says Smith. “We’re scaling more than just the social impact of supporting African farmers and businesses; we’re scaling the experiential learning. The whole is becoming greater than its parts.”

“We’ve tried to break down barriers between courses, so that students don’t view each course as something they focus on for a short time and then forget,” says Virginia Gerde.

Making **SUSTAINABLE** Impact

*Seattle University, Albers School of Business and Economics
Seattle, Washington*

Many leadership courses require students to tackle real-world projects and problems. But in the Executive Leadership Program, a seven-month, 20-credit graduate program at Seattle University’s Albers School of Business and Economics, students also must ensure that the impact of their work lasts beyond their own participation. “It’s a large challenge,” says ELP’s director Marilyn Gist. “But it’s also a wonderful learning laboratory for developing leadership and teamwork skills.”

The ELP includes the seven-month course, “Leadership for a Just and Humane World.” The program, taught by six faculty members and 12 professional coaches, enrolls two sections of 25 students each. Student teams must identify an area of social justice they’d like to address in areas such as education, healthcare, homelessness, hunger, domestic violence, or elder care. Their assignment: to make a “significant and sustainable contribution” within that domain within six months.

Gist points to the impact students already have made in the area of domestic violence. One team discovered that domestic violence victims often must leave their possessions behind when they leave dangerous households. The team persuaded moving and storage companies to donate their services to victims identified by the police departments and a service agency. One team member went on to serve on that agency’s board, ultimately encouraging Albers alumni to get involved. Those alumni volunteers developed a curriculum for early intervention and prevention of domestic violence now taught to middle school children.

Another team developed a mentoring program for victims transitioning out of violence to help them learn to live independently for the first time. Delivered by mentors who have experienced domestic violence themselves, the curriculum emphasizes topics such as personal safety and financial management.

Such examples show students just how their business decisions can have lasting impact, says Gist. One graduate, whose firm works with rug suppliers in India, made sure



that his company was not buying from suppliers using child labor. Another graduate, whose company buys shrimp in global markets, uses his leadership position to promote sustainable practices in supplier countries.

“Although projects are initially focused on social justice in the local community, our curriculum also

addresses the global community,” says Gist. The ultimate lesson for participants, she says, is that “they can learn to lead and partner with others to achieve significant goals.”

Making **INTEGRATED** Impact

*Presidio School of Management
San Francisco, California*

*Duquesne University, Donahue Graduate School of Business
Pittsburgh, Pennsylvania*

Educators at a handful of business schools have chosen not only to integrate sustainability and social responsibility, but to create full-blown MBA programs in sustainability. The Presidio School of Management in San Francisco, California, for example, has based its entire graduate business curriculum on sustainable management since the school’s inception in 2003. And the Donahue Graduate School of Business at Duquesne University in Pittsburgh, Pennsylvania, launched its own Sustainability MBA (SMBA) last year.

The key element to programs at both Presidio and Donahue is *integration*. Faculty collaborate to integrate the content of their own courses with the content of others. “We’ve tried to break down barriers between courses, so that students don’t view each course as something they focus on for a short time and then forget,” says Virginia Gerde, associate professor in Donahue’s SMBA program.

At the Donahue School, courses worth 16 credits are delivered in 75-minute modules, some of which are co-taught by faculty from different disciplines. As part of the program, students work in teams on semesterlong consulting projects with local businesses. SMBA students also participate in two study-abroad experiences; this year, students traveled to Germany and Japan to visit businesses, nonprofits,



Duquesne SMBA student Holly Gioia presents her team's solution during a workshop on the human dimension of climate change at the United Nations University in Bonn in March 2008.

and universities so they could discuss the challenges of sustainable business practices overseas.

The integrated curriculum is flexible enough to allow students to learn core business skills and explore sustainable issues in depth, all while designing and implementing projects that have meaning and impact for themselves and the community, says Gerde. For example, one SMBA team worked with a local grocery chain to determine the business case for using plastic, paper, or reusable bags. Another worked with a company to draw up an analysis of how it should handle membership to the Chicago Climate Exchange, a system of “carbon trading” that allows organizations that produce fewer greenhouse gases to sell allowances to those that produce more. This summer, another team will develop a system to help a company chart its progress in achieving sustainable business practices across its operation.

Presidio's MBA program in sustainable management comprises 16 courses with no electives. Presidio faculty collaborate regularly to integrate core disciplines and sustainability issues vertically, across all courses, and horizontally, throughout the duration of the MBA program. Each summer, professors attend a two-day meeting to discuss opportunities to integrate and cross-reference content in all courses; throughout the academic year, faculty also produce online workshops to share what's happening in each professor's classroom. “We want to make sure we're all on the same page in terms of the flow of content,” says Acutt.

At the end of the program, students take an integrative capstone course, where they connect what they've learned to a project that's meaningful to them. “Initially, our capstone

The planet needs help. Students trained in sustainable management are more conscious of social responsibility and the ways that business decisions can make a difference,” says Marilyn Gist.


course was a simulation experience,” says Acutt. “We eventually abandoned the simulation option in favor of a capstone course that asked each student, ‘What's your big idea?’ We wanted the course to place each student's idea in a global context in relation to sustainability and what they want to do with their lives.”

While taking the course on the principles of sustainable management, for example, a group of Presidio students persuaded Presidio faculty and board members to join the Chicago Climate Exchange. During a course on marketing and operations the following semester, the team continued its project by launching Drive Neutral, an organization that allowed individuals to offset their own carbon emissions. One team member continued to lead Drive Neutral after he graduated and eventually expanded its environmental focus beyond carbon offsets to include eco-friendly lifestyle choices. The organization, now called Live Neutral, has partnered with Presidio and the Exchange to launch an executive training program focused on carbon markets and the new regulatory environment.

Other students have entered traditional corporate environments, ranging from Mattel to Wal-Mart, to help these companies develop more sustainable strategies. “Students who pursue MBAs in sustainable management can redefine traditional careers,” says Acutt. “They also can create completely new careers in sectors that didn't exist 20 years ago.”

From Thought to Action

The difference between ethics and social responsibility is the difference between thought and action, say these educators. “The planet needs help; our social systems need help. Business leaders are being asked to leverage opportunities to be positive forces for change,” says Gist of the Albers School. Students trained in sustainable management, she adds, “are more conscious of social responsibility and the ways that business decisions can make a difference.”

These educators argue that their sustainability-savvy, socially responsible business students aren't just pushing for social change. These students are showing businesses how to become more efficient, more profitable, and more capable of meeting society's growing expectations that they leave the world better than they found it. 

Sustainable Innovation

by David Cooperrider

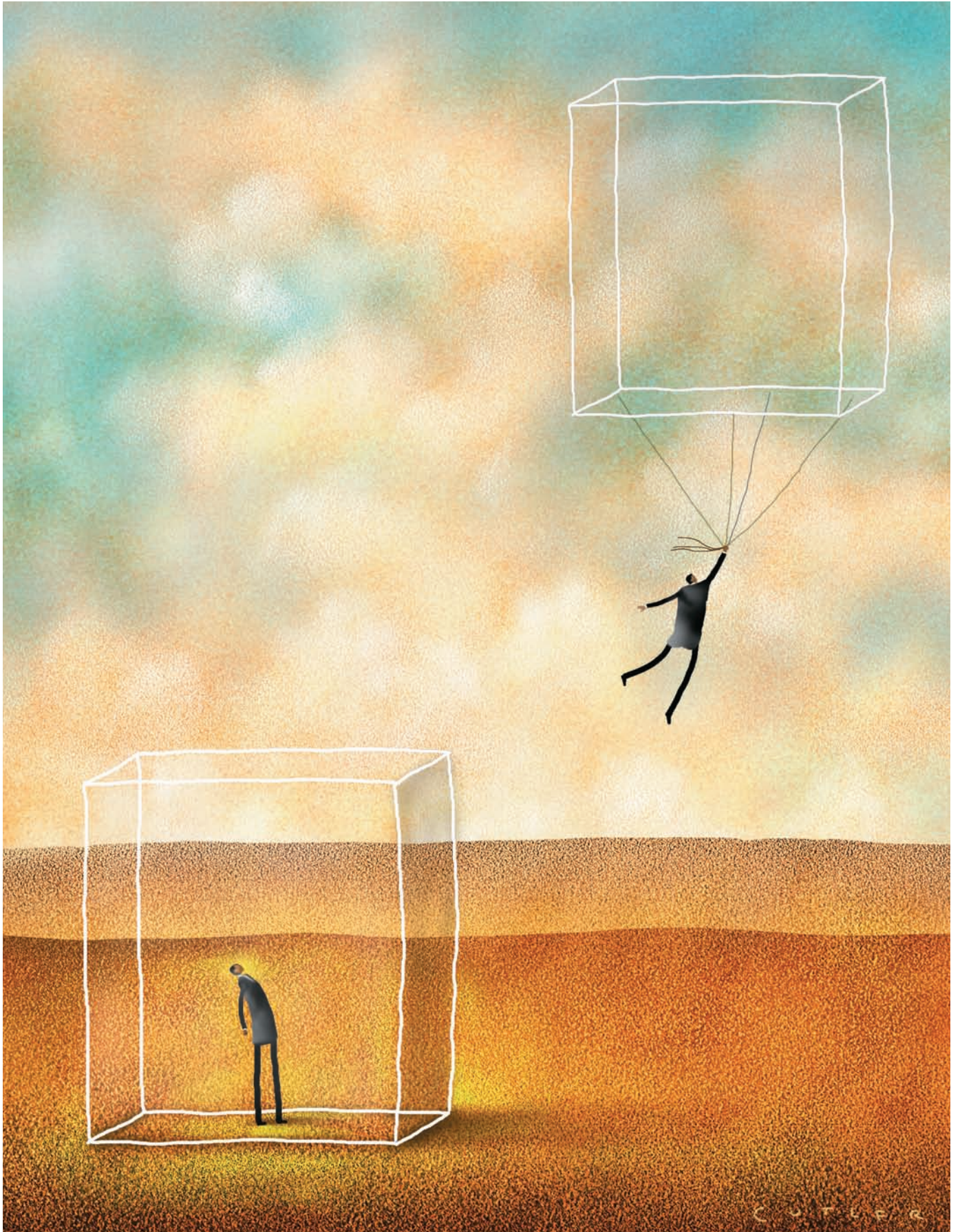
I had what I call my “Drucker moment” in March 2003, when I had my last conversation with business visionary Peter Drucker. I visited his home to ask his advice regarding a new research program on social responsibility that we were launching at Case Western Reserve University’s Weatherhead School of Management in Cleveland—a program that would become the Center for Business as an Agent of World Benefit (B.A.W.B.).

Excited and passionate, I talked to him about the moral argument for social responsibility; I shared inspiring stories of business acting as a force for achieving peace and eradicating extreme poverty. I argued that our research would answer the perennial question, “Can social responsibility also be profitable?”

Drucker, then 93, smiled and laughed at my misdirected enthusiasm—he told me I was asking the wrong question. It’s not whether social responsibility can be profitable to business, he said, but rather how profitable business can make social responsibility. That day, he declared to me something we should all remember: “Every single social and global issue of our day is a business opportunity in disguise.”

More businesses are now discovering the truth of Drucker’s statement, and as they do, business schools also are taking giant leaps in promoting sustainability. More programs are teaching socially responsible business leadership, driven, in large part, by three pivotal ideas:

It may have been a long time coming, but business is embracing the opportunities that sustainability and design have to offer—and business schools are rising to the challenge.



■ Future business schools will look more like design schools—alive with design studios, interdisciplinary teams, and rapid prototyping—where managers act as designers who recognize disruptive, unexpected innovation opportunities.

■ Management is a noble profession that could be the decisive player in the world’s massive transition to a sustainable economy.

■ Sustainable value creation is the business opportunity of the 21st century.

More important, these schools are realizing that there is much to be done at the intersection of management

education, sustainability, and design (See “What Can B-Schools Learn from Design?” below). The concept of sustainable value provides business schools with a unifying ideal and a much needed vision of progress. It is a new vision for management education, a field that former AACSB president Scott Cowen once said is still “in search of its soul.”

A Great Time for Business

What a great time to be a student—or a professor—of management! Factories are being designed that return more

What Can Business Schools Learn from Design?

What can managers learn from an architect such as William McDonough or a design firm such as IDEO? How far could design concepts enlarge our conception of good managing, especially as it relates to corporate citizenship and the breakthrough potential of sustainable value?

Dean Mohan Reddy wanted to explore these questions fully at Case Western Reserve University’s Weatherhead School of Management, where we recently redesigned the MBA program to integrate two primary themes: *sustainable value* and *managing as designing*. In this curricular redesign, Weatherhead has committed to building design thinking, skills, and experience into the heart of its MBA and research.

In the process, Weatherhead is discovering the power and promise of design. We, like business

itself, are turning to architects, artists, graphic specialists, product designers, open source communities, and performing artists as inspired models for innovation, improvisation, and collaborative designing. After all, as technologies become more complex and as markets experience faster rates of change, managers will require a broadening and strengthening of their design skills. Only then will they be prepared to cope with the ill-behaved problems they will encounter.

Sustainability + Design = Innovation

To introduce our MBA students to the idea of managing-as-designing, we ask them: “When you hear the word ‘designer,’ what is the first image that comes to mind?” Many think of the traditional images of a designer as an inventor developing a new product, an artist



creating a memorable logo, an architect sketching plans for a dramatic building, or a sculptor shaping a piece of public art. But we want them to think of another important group of designers that don’t often come to mind—the managers who give form to our organizations and economic systems.

To teach our students the idea of “sustainable value,” Weatherhead has created the MBA Institute in Sustainable Value and Social Entrepreneurship. The institute is an intensive

weeklong MBA student immersion at the end of the first year, where students learn concepts such as cradle-to-cradle product design, green supply chain management, the application of blue ocean strategy to sustainability, and stakeholder value analysis.

Next, students begin two semesters of client-centered design studios—a concept we call a “sustainable design factory.” In this phase, they work on collaborative design teams made up of students, faculty, and the internal and external stakeholders of a company seeking to create sustainable value. During these yearlong projects, students design solutions that apply sustainability to social entrepreneurship.

For example, one team worked with Fairmount Minerals, a sand mining

What a great time to be a student—or a professor—of management!

energy to the grid than they use. Microenterprise strategies are eradicating poverty through profitability. Supply chains are getting greener, and venture capitalists are pouring billions into alternative energy sources such as wind and solar. Breakthroughs in sustainability are happening in every

industry: LEED-certified buildings; plug-in hybrids; organic foods; carbon offsets; nano-solar startups.

Sustainability, in fact, has swiftly become mainstream. Retail giant Wal-Mart is advancing sustainable value creation across multiple industries, from the design of sustainable fisheries and farming to the advancement of organic apparel to the greening of the electronics industry. Its CEO, Lee Scott, has noted that the company intends to completely eliminate waste in its operations. Consulting firm McKinsey & Company has created a new practice in the areas of climate change, carbon, and social impact management. And

company, to find a new business opportunity for its core product, fine silica sand. The idea? To use the sand in a water filtration process in developing regions where millions of lives are lost because of putrid water. The prototype worked—the low-cost water filter is now being distributed in 44 countries.

Other students have worked with the Dalai Lama and the United Religions Initiative to create a worldwide alliance of 400 networks to end religious conflict and create interfaith cultures of peace. Another team brought Case faculty and students together with faculty and students from the University of Arkansas to work with Wal-Mart to make its supply chain and operations “waste-free”—a project that might be the largest sustainable design project in the world. Another team helped us design Kofi

Annan’s first U.N. Global Compact Leaders Summit—and they were thrilled to be at the table with CEOs from BP and Novartis.

In many ways, each of these projects has been life-changing for the students involved. They learn that managers are not just situation analysts and decision makers, as they are often portrayed. Managers are also true designers, who design ad campaigns, project teams, incentive systems, financial instruments, sustainable business models, and the processes through which these projects are integrated into an organization’s success.

B-Schools of the Future

Many businesses and business schools are discovering how design can transform 21st-century corporations and inspire innovation and sustainable value creation. Exciting

collaborations are emerging, for example, at Stanford University between the design and business schools. The University of Toronto’s Rotman School of Management in Canada has centered its curriculum on integrative thinking and design. McGill University’s Desautels Faculty of Management in Montreal, Quebec, has a long history of using the arts to teach leadership. And Ira Jackson, dean of Claremont Graduate University’s Drucker School in California, sees a future where design thinking, multistakeholder strategy, and sustainability all combine to “link innovation to social progress.” (See Jackson’s commentary in “Your Turn,” page 62.)

These curricular shifts are generating important questions: What might b-schools of the future look like if they incorporated the best strate-

gies of our d-schools? How might cross-fertilization between the two serve to inform, strengthen, and enliven interdisciplinary education? And what could be the transformative effects of such collaboration on business, especially in the areas of sustainability, social entrepreneurship, and global citizenship?

The positive effects of more integral collaborations between design and business—in companies and business schools—promise to be great. What should be clear to managers everywhere is that designers have developed skills for responding to complex situations creatively, holistically, and productively. Designers approach problems with the desire to create innovative, long-lasting solutions that not only fulfill requirements, but also improve on the way things are done in unexpected but valuable ways.

Students spontaneously shift their attention from the question ‘What do we want?’ to ‘How do we do it? How do we turn the social and global issues of our day into bona fide business opportunities?’

Toyota, says its president Katsuaki Watanabe, plans to design “a vehicle that purifies the air we breathe.”

A few short years ago, each of these developments would have been scoffed at, at least from an oversimplified perspective of shareholder value or profit maximization. Today, we are finding sustainable value leaders emerging as the top-rated stars in every industry.

In October 2006, the United Nations Global Compact and the Academy of Management partnered with Case Western Reserve University to establish The Global Forum for Business as an Agent of World Benefit. The B.A.W.B. Global Forum brought together more than 1,000 of the world’s most visionary business executives, management scholars, policy makers, and young student leaders. It was a remarkable summit, which launched the global initiative creating the “Principles for Responsible Management Education” (see “The PRME Essentials,” page 18).

On the second day of the forum, we asked people to step beyond today’s innovations to imagine their ideal world of 2020. They envisioned a world that:

- has created a bright-green restorative economy that purifies the air we breathe.
- has eliminated the waste and toxic byproducts.
- has eradicated extreme poverty and preventable disease.
- is powered through renewable energy innovations.
- has made empowered prosperity accessible to everyone in the world.
- is supported by positive market incentives aligned with the long-term social good.
- has eliminated “perverse incentives” that work against not just society, but business itself.

An Invitation

The Second Global Forum for Business as an Agent of World Benefit, held June 3 to 6, 2009, will cover topics of sustainable design and explore the theme “*Managing as Designing in an Era of Massive Innovation.*” Visit www.worldinquiry.org for information about its call for papers and the list of speakers, which includes designer William McDonough and visionary economist Jeffrey Sachs.

■ has inspired a corporate citizenship movement, which in turn has united sustainable design and business strategy into a positive race to the top.

■ is a globally inclusive system that respects and replenishes the health of people, diverse communities, and the wealth of nature.

■ has built its economy on a network of institutions that are trusted to elevate, magnify, and refract our highest human strengths into the world.

■ celebrates those who create sustainable value and global solutions.

In many ways, this vision reflects an unprecedented and increasingly shared global vision, one that is uncoordinated but emerging everywhere. But how can we achieve it?

In a nutshell, management will help us achieve it—the management of innovation.

From “What?” to “How?”

In each of my classes, I ask students to reflect on and improve the 2020 scenario envisioned at the B.A.W.B. forum. Invariably, students spontaneously shift their attention from the question “What do we want?” to “How do we do it? How do we turn the social and global issues of our day into bona fide business opportunities?”

It’s a new question. It’s loaded. It suggests that adopting sustainable practices is not an obligation for businesses—it’s a contemporary differentiator, a foundation for success. It promises to lead businesses to surprising new discoveries, stronger profits, and greater significance to society.

Recently, a group of Weatherhead students and I worked with a local Fortune 500 company to hold a 300-person Appreciative Inquiry Summit on “the ten largest global problems facing humankind.” Machine operators, C-suite executives, customers, and suppliers went to work, asking important questions: How can we use the lens of sustainable value creation to spark innovation in new products and operations, open new markets, ignite customer passion and loyalty, energize an entire workforce, accelerate learning, build better supply chains, reduce risks? How can we radically bring down energy costs, strengthen brand loyalty, and generate higher market cap?

Participants prototyped and showcased game-changing innovations—everything from a fuel-cell hybrid truck to factories designed to achieve radical increases in resource conservation and energy productivity. Today, this company has what it calls “the innovation room,” a space designed to encourage collaboration and inspire multistakeholder innovation.

It is essential that we enable our young people to see themselves as participants in one of the most creative episodes in management history.

I believe that students and faculty in business school classrooms and laboratories everywhere should be engaging in this kind of process, designing for a sustainable world. As Drucker noted, management's essence is all about directing vision and resources toward inspiring the strongest joint performance and achieving the greatest results. Think of the Marshall Plan or the global eradication of smallpox or John F. Kennedy's call to put a man on the moon. Management's greatest moments are when the call to collective action is clearest—when we turn our attention from the question “What could we...?” to the question “How might we...?”

Our Finest Hour

Which brings us back to what Drucker said to me in 2003: “Every single social and global issue of our day is a business opportunity in disguise.” This statement leaps over and completely transcends “the great tradeoff illusion,” which holds that socially responsible firms must inevitably sacrifice financial performance. It reunites management strategy and



social responsibility into a powerful and integral whole. Most important, it points to opportunities that mutually benefit society and business.

More than 20 years ago, my colleagues and I predicted that sustainability might well transform management education more than anything that has come before. We wrote about its promise to change how we teach accounting, strategy, marketing, organizational development, operations, economics, and information systems.

It took a bit longer than we had anticipated, but in 2008, we are here. Business has the technologies to redesign the world energy economy and stabilize climate change. It has the capacity to eradicate extreme poverty within a generation or two. It has new, emerging approaches to turn all of these issues, and many more, into business opportunities for tomorrow's industry leaders.

After nearly 30 years as a management educator, I have never seen a time when our students, corporate partners, and faculty have been so excited. Management education is on a world stage and has an important role to play. Millions of students graduate annually from our undergraduate, MBA, doctoral, and executive education programs. These students will make billions of decisions each day. As business educators, our influence on those decisions is huge.

Teddy Roosevelt once said, “Our chief usefulness to humanity rests on our combining power with high purpose.” In my view, this fundamental combination is the goal of business schools today. It is essential that we enable our young people to see themselves as participants in one of the most creative episodes in management history. We can instill in them an overarching perspective and sense of purpose in relation to the sustainable value revolution.

We are on the eve of management education's finest hour. 

David Cooperrider is the Fairmount Minerals Professor of Social Entrepreneurship at the Weatherhead School of Management, Case Western Reserve University, in Cleveland, Ohio.

The Manager's Design Library

A growing genre of management books is emerging to help business managers—and faculty—learn ways that design concepts can help them envision, create, and innovate within an increasingly uncertain and dynamic world:

Managing as Designing by Richard Boland and Fred Collopy, 2004

Artful Making: What Managers Need to Know About How Artists Work by Robert Austin and Lee Devin, 2003

Discovering Design by Richard Buchanan and Victor Margolin, 2000

Designing Information and Organizations with a Positive Lens by Michel Avital, Richard Boland, and David Cooperrider, 2008

Sustainable Value by Chris Lazslo, 2008

Appreciative Inquiry by David Cooperrider and Diana Whitney, 2005

Voicing Values, Finding Answers

by Mary C. Gentile

Why do business schools find it so difficult to integrate ethics into the curriculum? Although stand-alone business ethics courses are unquestionably important, the topic becomes marginalized if ethics issues are not also integrated into core courses. Perhaps the subject of ethics doesn't always make it into core courses because both faculty and students are unsure whether it is really possible for people to act on their values in the workplace.

For example, when accounting faculty want to integrate questions of ethics into their courses, they often address the topic of "cooking the books." They discuss the pressures employees face to engage in unethical practices, such as altering earnings reports. They emphasize the consequences of such actions and the regulatory safeguards that exist to prevent them. All the while, they might consider the whole exercise to be futile if they don't know how to teach students to handle such situations when they arise—or if they believe it would be fruitless for young managers even to bring up those issues with their employers.

This is not to say that faculty need to have all the answers about how young executives should behave if confronted with these situations. But they should believe there's a way to find the answers and that it's important to try. The distinction between not knowing the

A new program — a collaboration between the Aspen Institute and the Yale School of Management — helps students learn to speak up when confronted by ethically complex situations.



answers and not believing they exist is one that faculty, students, *and* managers all struggle to understand.

To help educators prepare students to speak up on ethical issues, The Aspen Institute Business & Society Program in New York City and the Yale School of Management in New Haven, Connecticut, have collaborated on a research and curriculum development initiative called Giving Voice to Values (GVV). Students hear from business practitioners who have acted on their values; they learn strategies to communicate values-based arguments in the workplace; and they develop “scripts” to help them articulate their values not only in front of their peers, but also in the real world.

A Practical Approach

Traditional ethics classes are best at illuminating students’ options in situations where the ethical boundaries are unclear. The goal with GVV, on the other hand, is to help students determine a course of action when they believe they know what they *should* do but feel disempowered, unsure, or unable to find a way to act on that knowledge.

“So many students struggle with the question: How can I act on what I know is right?” says Jerry Goodstein, a professor in the department of management and operations at Washington State University-Vancouver. Goodstein notes that when students are given opportunities to explore ethical situations, drawing on their own experiences and the experiences of others, they better understand what might help or hinder their ability to voice their values. GVV helps move them “from ethical intent to ethical action,” he says.

In the GVV curriculum, students and practitioners are explicitly asked, “*If* you were going to act on your values, what *would* you say or do?” To help stimulate this discussion, faculty present students with GVV case studies, then discuss sample scripts and action plans that can be used in similar situations. When GVV cases don’t resolve positively, the teaching plans offer discussion questions and readings from which students can draw recommendations to alter the outcome.

For instance, the “Reporting” module shows how three managers—one senior executive, one middle manager, and one new manager fresh from his bachelor’s degree—handle values conflicts linked to falsified records. In the module, the managers hear many of the common arguments in favor of such practices; students learn what they might be able to say if they’re faced with similar ethical dilemmas.

Giving Voice to Values doesn’t downplay the obstacles inherent in values conflicts with peers and bosses, and it doesn’t deny that people tend to make rationalizations to justify their actions. Rather, the GVV program lets students

know that, despite the risks and complexities of ethically challenging situations, people *can* speak up about their values and take effective action.

“GVV shifts the focus away from debates about what the ‘right’ answer to an ethical challenge might be and places the focus on how to act on one’s values in a particular situation,” says Michael C. Jensen, Jesse Isidor Straus Professor of Business Administration Emeritus at Harvard Business School in Cambridge, Massachusetts. “This approach provides people the opportunity to practice handling the discomfort, threats, isolation, and embarrassment people face in such situations.”

There is much to be learned from looking at how and why some people voice their values in the workplace—even when they understand the risks and acknowledge the obstacles. These individuals make a great effort to know themselves and better understand others, so they can try to avoid self-justifying rationalizations about their failure to act. They think strategically about how to implement their values, thereby diminishing the risks they face; and when the risks are unavoidable, they prepare themselves for repercussions. They also learn to communicate openly and clearly about their values, making sure they gather the information they need to make considered decisions.

The Complete Program

Seven pillars support the GVV curriculum:

One: Acknowledging shared values. Although there are quibbles about the details, research reveals that there is a short list of values that individuals generally share, regardless of their cultures, religions, or eras. While disagreements about some values are real, they need not prevent people from working together on common goals.

Two: Choosing to act. The GVV program includes a classroom exercise that helps students recognize that all individuals are capable of acting on their values, even if they have not always chosen to do so. One goal with this exercise is to debunk the idea that people are either good or bad. Another goal is to encourage students to think about factors that encourage them to act on their values—factors that are “enablers”—as well as those that discourage them, or serve as “disablers.” Students learn strategies for strengthening their individual enablers and counteracting their disablers.

Students also learn that individuals are likely to grow more sure of themselves each time they speak up. One series of cases, called “Lisa Baxter—Developing a Voice,” follows a woman from her earliest days as a junior strategy consultant to her current role as senior vice president of a major con-

The GVV program lets students know that, despite the risks and complexities of ethically challenging situations, people can speak up about their values and take effective action.

sumer products firm. Every time she takes a stand during her career, her actions are feasible for someone at her particular level. In the final case, she draws on all the skills and confidence she has developed as she stands up to the chairman of the board over her decision to fire a favored executive. In the debrief of the case, students examine the ten “enablers” that made it possible for her to develop a powerful voice—“enablers” that students can pursue for themselves.

Three: Normalizing values conflicts. If students expect to face values conflicts in their careers, they’ll understand that these situations are a normal part of business, and they won’t be disabled by surprise when conflicts arise. Instead, they’ll retain their sense of competency; they’ll speak up without freezing or trying to evade the problem altogether.

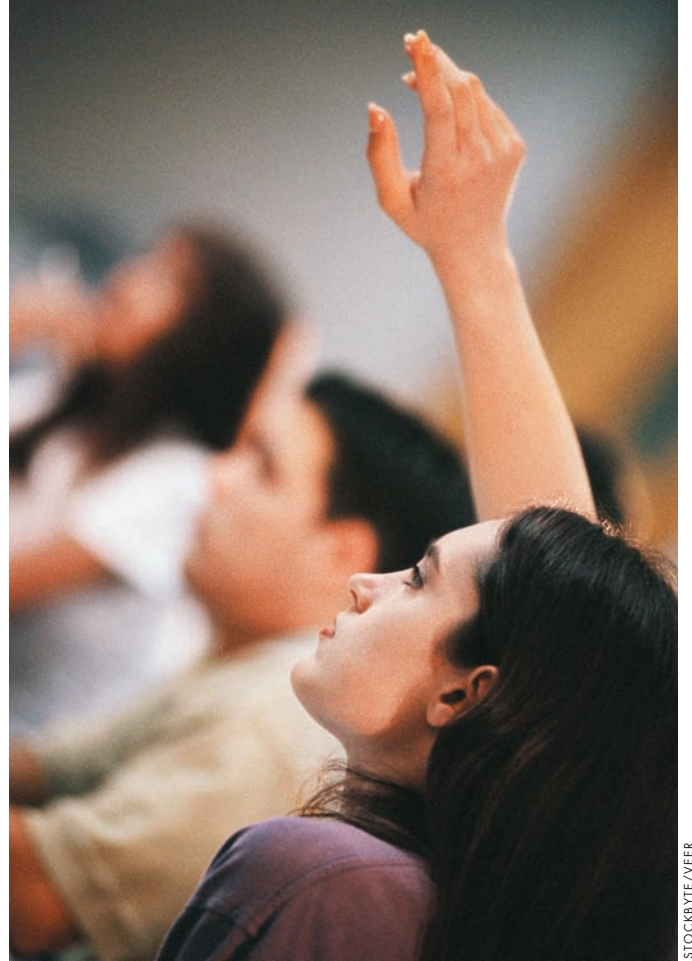
Four: Defining professional purpose. If students accept an explicitly broad definition of their purpose in doing business, they will have more leverage when they confront values conflicts. They will know that their goals aren’t merely to make the next deal or please their bosses, and they can call on a wide set of arguments to make their cases.

Five: Understanding the self. Because GVV is built on the idea of appealing to students’ strengths—as opposed to preaching about the need to conquer their weaknesses—the program emphasizes self-knowledge and positive alignment with personal values. The curriculum includes sample assessment tools, including one exercise called “Framing a Life Story,” which helps students understand what matters to them and how they define success.

Six: Using one’s voice. If they’re going to speak up about values conflict in the workplace, students must first understand that there are different ways to voice their values. For instance, they can make assertions, ask questions, provide new research, try persuasion, negotiate, set examples, or identify allies. They also need to understand that various techniques work better in some circumstances than in others and that they may be more comfortable with one method over another. In addition, they need to learn that the organizational setting and the personal style of the leader could affect what approach they might take to express their values—and even the likelihood that they will speak up at all.

Most important, the GVV approach allows students to develop actual scripts and practice voicing their values in front of their peers, using the style of expression that suits them best, and then to receive coaching from their classmates. The premise is that, once they have scripted and spoken their values in the safe classroom setting, they will be more likely to speak up when necessary in the workplace.

Seven: Preparing responses. Students learn to anticipate and



STOCKBYTE/VEER

respond to the typical “reasons and rationalizations” that peers and bosses will give for ethically questionable behavior. One module in the GVV curriculum, “Scripts and Skills,” includes a set of short cases, annotated readings about decision-making biases and framing, and teaching plans that help students script responses to frequently heard rationalizations.

For instance, in the case called “Naïveté or Boldness?” the COO of a hospital faces a conflict with her CEO over the potential sale of the institution. She believes that the decision is based on inaccurate financial data and that the sale will negatively affect the quality of health services in the region. Her CEO, new to the organization himself and facing an inherited financial crisis, has just appointed her to this senior post, and she does not want him to question her loyalty. She suspects that if she does not get on board, she may have to leave the hospital.

The teaching plan for the case delineates many well-demonstrated decision-making biases—such as social proof, false consensus, sunk costs, overoptimism, and self-serving bias—and suggests ways for the COO to turn these to her advantage as she makes her case to the CEO. Students learn that if they understand these biases, they might be able to frame their own positions more persuasively.

All of the cases presented in the GVV curriculum are quite brief, usually three pages or less. They do not conclude by asking students what the subjects should do, as most business school cases do. Merely asking that question raises the issue of whether the subjects *should* act on their values. Instead,



AAGAMA/GETTY IMAGES

The Giving Voice to Values curriculum recognizes the fact that all managers encounter value conflicts in the workplace—instances when their own values conflict with what they are asked to do.

the workplace. He actually lost his job shortly after speaking up, but he remained glad he had voiced his values.

An international student, who had been very quiet in class until this point, told a story about the time she objected when her boss fired a middle-aged man who had just been diagnosed with cancer. Scully notes that sharing her experience during this class period seemed to be a turning point for this student, who became much more outspoken during the rest of the course.

Because the “Tale of Two Stories” exercise unfolded during the ninth week of class, says Scully, the students had already built up a level of trust with each other and wanted to tell the stories in plenary sessions rather than in small groups. She feels the impact was extraordinary. “We realized we had given students analytical tools at a structural level and managerial skills at a team level, but we hadn’t given them enough tangible leadership skills at the individual level,” she says. “Because GVV grounds the discussion in the students’ own experiences, the session is memorable and practical.” The school has since decided to incorporate the same material across all ten sections of the course.

■ Last May, Minette Drumwright, associate professor at the University of Texas-Austin, also used “A Tale of Two Stories” as part of the ethics component of the EMBA program. In addition, she gave students an exercise from the “Scripts and Skills” module.

Drumwright had students consider how the new manager of a highly productive sales group could deal with unethical sales practices. Several sales managers in the class shared both the firm policies and the individual approaches that could work in such a situation. Had this topic been posed as a typical ethical dilemma, these same experienced students might have adopted a cynical “seen it all” stance. Instead, these students joined a class discussion that debated informed and sophisticated ways to handle the challenge.

Drumwright’s class was so successful that she is now proposing an elective course in which EMBA students would research and write caselets about situations where people did speak up about their values. They would develop the teaching notes—and then teach the cases to the next incoming cohort of EMBA students.

■ At the Yale School of Management, Ira Millstein and Anne Simpson invited the GVV initiative to develop customized cases for their corporate governance course. The cases—“The Backdating Scandal” and “The Independent Director’s Challenge”—place particular emphasis on voicing dissent in the corporate boardroom, often an environment rife with strong personal loyalties and complex group dynamics.

the cases present protagonists who want to act on their values and want to know how to do so. What should they say? To whom? At what time?

Although the cases are inspired by actual experiences, they are disguised. This allows students to explore not only what *did* happen, but what *could* happen, depending on their choices.

Values in the Classroom

The Giving Voice to Values curriculum and approach have been or soon will be piloted in 20 sites, and many other schools and businesses are reviewing it. One popular exercise, called “A Tale of Two Stories,” has students detail two ethically challenging situations, one in which they did speak up and one in which they did not. This module has been integrated into orientation sessions at some schools, turned into a standalone workshop, integrated into core courses, and used as an elective within some MBA programs.

The unique nature of the GVV curriculum makes it easy for faculty to adapt it to a wide variety of needs. For example:

■ Maureen Scully, assistant professor in management at the University of Massachusetts-Boston, teaches “issue selling in organizations” in the core MBA course called Organizational Analysis and Skills. Last year, she used the “Tale of Two Stories” exercise to get students thinking about strategic and political actions they could use in the workplace when they’re trying to “sell” a values-driven position to management.

Scully says that after one student described a situation in which she did not report a coach who was sexually harassing students, the class discussed what factors had combined to keep her silent and what she could have done differently. Another student described a time he challenged company management when homophobia was affecting employees in



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Millstein and Simpson assigned three teams to prepare scripts and action plans for each case and present them in class. As the presentations went on, students became increasingly sophisticated and more forward-thinking. Instead of simply scripting the most persuasive arguments for the values-driven position, they began to anticipate the second and third round of counter-arguments from the people they wanted to persuade, and they developed the next layers of argument and strategy. Some students even envisioned that they might not be able to prevail; at that point, they presented their conclusion that the position was still important to take because they needed to differentiate themselves from the actions of the board.


Adapting for the Future

Currently there are more than 175 pages of material available in the Giving Voice to Values curriculum. The Aspen Institute and the Yale School of Management are developing more materials, sometimes in partnership with faculty who have expertise in or a desire to teach about particular topics. Aspen and Yale also are disseminating the basic pedagogy of the approach so that faculty can use it independently in their classes. In addition, Aspen and Yale are in discussion with several faculty about designing research to examine what kind of impact this curricular approach has on students once they return to work.

At the same time, Aspen and Yale are finding opportunities

to develop materials across cultures. For example, faculty from the Goa Institute of Management and the Indian School of Business are developing GVV cases and teaching plans based on India-specific situations. Aspen also recently conducted a Student Attitude Survey in China and is considering ways to use that data to develop similar methods there. Although the GVV interviews suggest many similarities across cultures, the concept of “voice” may be culturally determined, and country-specific realities may influence which approach will work best for an individual who wishes to speak up.

The Giving Voice to Values curriculum recognizes the fact that all managers encounter value conflicts in the workplace—instances when their own values conflict with what they are asked to do. It can be extremely difficult for individuals to take a stand if they feel they are in the minority, if they don't have the time to come up with a workable alternative, or if they don't want to risk presenting an incomplete response to a senior member of the organization.

The GVV approach equips individuals with tested responses to the most common ethical challenges they will face in their careers. It helps students develop the self-confidence and clarity of thought to voice their values in the workplace—and perhaps change the way business is done. 

Mary C. Gentile is research director for Giving Voice to Values, and senior advisor to The Aspen Institute Business & Society Program in New York City. For more information on the program, visit www.aspenbe.org.

The Ph.D. Imperative in Latin America

by Scott Tiffin and Martin Kunc

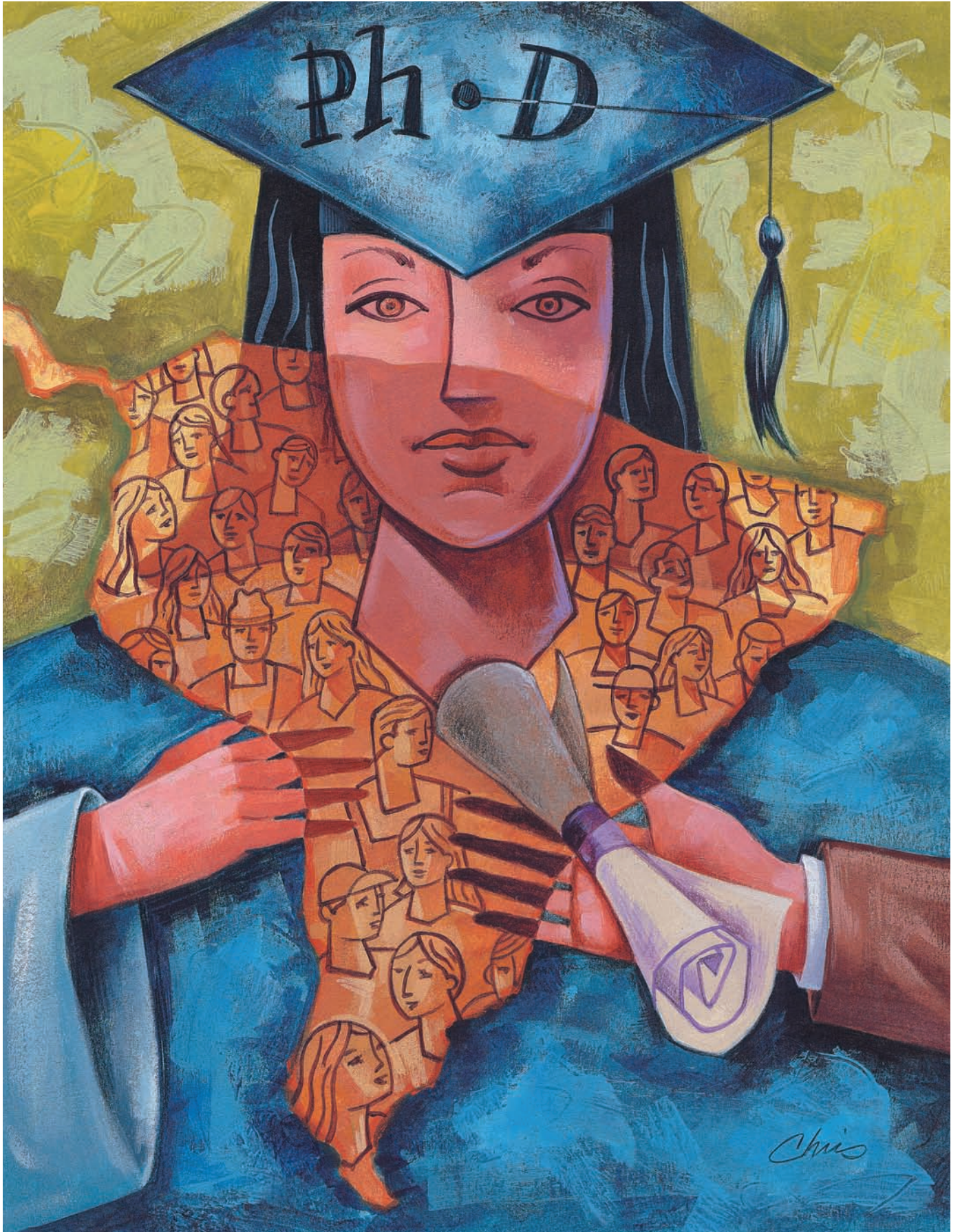
Brazil produces one Ph.D. for every 70,000 inhabitants. In Chile, the ratio is one to every 140,000, and in Colombia, it's one for every 700,000. Compared to worldwide figures, these numbers are troubling. Among members of the Organisation for Economic Co-Operation and Development, the average is one Ph.D. for every 5,000 inhabitants.

Four key factors have hindered the creation of doctorate programs in Latin America: inadequate funding, weak management systems, small scale business programs, and the high level of competition

in business programs. Yet we believe a significant number of the region's schools can create good-quality doctorates. Moreover, we believe that, because of the shortage of qualified business professors worldwide and the need for regional solutions to regional business issues and opportunities, it is *imperative* for business schools in Latin America to expand and upgrade their doctoral business education. But it will take commitment from governments, regulatory institutions, and schools themselves to create a strong, vibrant Ph.D. culture in the region.

To explore ways to achieve this goal, we conducted a survey of Latin American business schools, funded in part by AACSB International and CLADEA, the Latin American Council of Management Schools. Very little reliable information is available on Web

Ph.D. programs in Latin America are rare and small. It's time for business schools in the region to improve and upgrade their production of business doctorates.



It is estimated that, in Colombia, only 1.4 percent of faculty have doctoral degrees and only 16 percent have master's degrees.

sites and other public resources, so we conducted phone interviews and then made field visits to 33 schools in seven countries. Ultimately, we obtained detailed information from 18 schools that have or are about to create Ph.D. programs. We suspect that these schools—and several major Brazilian universities that declined to participate—supply the bulk of Ph.D. graduates in Latin America and will continue to do so in the next ten years.

The Situation Now

While few studies are available about postgraduate education in Latin America, a 2005 World Bank report from Lauritz Holm-Nielsen, Kristian Thorn, José Joaquín Brunner, and Jorge Balán considered “Regional and International Challenges to Higher Education in Latin America.” That report identified several key challenges, including an overwhelming lack of data, great differences in performance among countries, high dropout rates, high percentages of students going abroad for higher education, and curricula that are of low quality and out of date.

These challenges are made worse by the fact that, except for Brazil, few schools have many faculty with doctoral degrees. In addition, a high percentage of faculty in Latin American schools must hold multiple jobs because their salaries are low compared with jobs in industry, making the staffing of doctoral programs even less of an option.

Latin American schools have little institutional involvement with industrial stakeholders, except in teaching. They rarely follow up with students once they've graduated, and they make insufficient efforts to connect academic fields to the job market. They also have low involvement in the R&D

being done by private industry, which leaves the universities without much current input or financing.

Of course, these data are sketchy and highly generalized. There are many exceptions, and some Latin American schools have already demonstrated rapid improvement. Among the rest, there is a great deal of potential, creating a situation that is open for change. We believe that more schools would embrace a Ph.D. program if they understood why it is important—and how to implement one.

Big Obstacles

Schools that currently run Ph.D. programs, as well as schools that might like to launch them, face several major obstacles they must overcome to be successful.

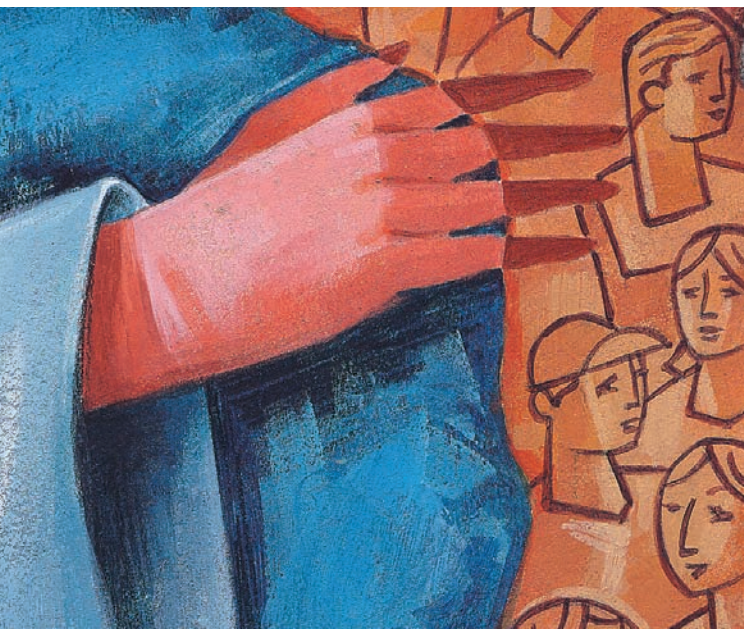
Insufficient funding. State funding for research is very limited, except in Brazil, and it is rare that schools receive endowment donations from industry, alumni, or philanthropists. Except in elite schools, where full-time faculty are paid between \$50,000 and \$60,000 in U.S. dollars, salaries are too low for professors to dedicate their nonteaching time to research, so many faculty focus their efforts on consulting. Because Latin American schools also commonly hire many part-time faculty, even these elite schools can rarely gather enough research-oriented faculty to launch doctoral programs. The Ph.D. programs that do exist tend to be small.

While Ph.D. programs at the schools we surveyed meet a reasonable standard of quality, library resources are small and scholarships are underfunded. On the other hand, at some schools, the Ph.D. candidates don't need scholarships—they tend to be senior executives who can pay their own way.

Latin American schools often try to save money by not awarding substantial teaching credits to the individuals who supervise Ph.D. students, but we see this as a false economy. If a school paid for better supervision, it would achieve lower dropout rates and improved results.

Lack of money does not have to be a terminal roadblock. Several schools are already finding ways to improve research and endowment funding. Wealthy individuals have created private universities throughout Latin America. If these individuals are made aware of the importance of Ph.D. education, they are likely to fund doctoral programs as well.

Disorganized management of educational systems. Neither the governments nor the schools themselves devote much effort to managing their national university systems; there is no continual striving for improvement. The leading universities seem comfortable with their current situations and reluctant to institute major changes. At the same time, there is great social status attached to being educated in foreign countries,



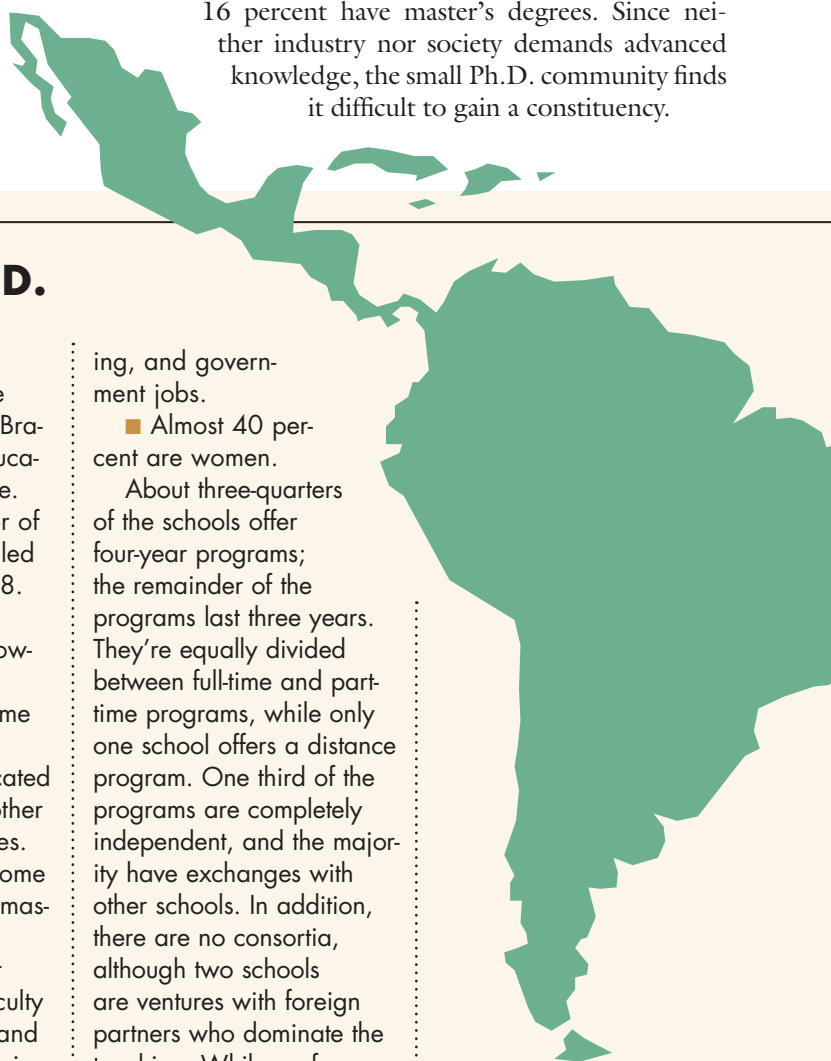
so professors themselves are not always interested in establishing homegrown programs. The more industrially developed states in Brazil have better standards, funds, and procedures, but even there management is weak.

High level of competition in business programs. In the past 30 years, there has been a boom in private universities that focus on specific markets, like business, where there is high demand and students can afford to pay for education. Thus, undergraduate business education, MBA programs, and executive education programs have become quite popular. However, without strong public or self regulation, quality is uneven, ranging from disgraceful to superb.

The best private schools have a very strong funding

base, excellent facilities, and dedicated staff. These are also the schools most likely to lead Ph.D. education in the region. But, like public universities, the weaker private schools simply do not have the resources to establish Ph.D. programs.

Small-scale business schools. Because there are so few Ph.D.s in Latin America, there is little awareness of the degree and its importance. It is estimated that, in Colombia, only 1.4 percent of faculty have doctoral degrees and only 16 percent have master's degrees. Since neither industry nor society demands advanced knowledge, the small Ph.D. community finds it difficult to gain a constituency.



Today's Latin American Ph.D.

Our analysis of the 18 schools that currently run Ph.D. programs in Latin America paints a detailed picture of the region's doctoral market. Generally speaking, the Latin American Ph.D. is a single degree with no specialization. Most administrators believe Ph.D. programs should primarily train students to become university professors. Half also believe Ph.D. programs should provide highly skilled people to industry and government, so programs tend to have a practical bias. Many are oriented to executive markets and mature professional students. About 50 percent are taught in the national language; the rest mix the national language with English.

Half of the programs charge less than \$10,000, and only one charges more

than \$40,000 in U.S. dollars. These data are strongly influenced by Brazil, where doctoral education for nationals is free.

The average number of students currently enrolled in Ph.D. programs is 38. Demographically, they break down in the following way:

- Eighty percent come from the same country where the school is located and 11 percent from other Latin American countries.

- Fewer than half come from the schools' own master's programs.

- About 50 percent are business school faculty upgrading their skills, and two-thirds want academic jobs.

- Just more than half of them find academic employment. The rest go fairly evenly to business, consult-

ing, and government jobs.

- Almost 40 percent are women.

About three-quarters of the schools offer four-year programs; the remainder of the programs last three years. They're equally divided between full-time and part-time programs, while only one school offers a distance program. One third of the programs are completely independent, and the majority have exchanges with other schools. In addition, there are no consortia, although two schools are ventures with foreign partners who dominate the teaching. While professors from faculties outside the business schools are very commonly involved, there are no cases of joint degrees with other faculties.

About 39 percent of the existing schools run their Ph.D. programs in collaboration with foreign

Ph.D. education in Latin America has the potential to be vibrant, high-quality, and widespread.

The proliferation of schools means that most are very small. They could overcome the scale problem by joining in consortia, but many schools are competing so fiercely for students and faculty that they are unwilling to form partnerships. Instead, Latin American schools are more likely to send students to partner schools in developed countries. Schools that are willing to collaborate are limited by lack of both information and funding.

schools—but “collaboration” can mean many things in Latin America. Some schools pursue student and faculty exchanges with international universities and create double degrees. More often, Latin American schools structure their programs around a dominant First World school that does most of the teaching.

Qualifying Quality

Survey data also suggest quality benchmarks organized around students, faculty, program management, resources, and program design.

Students. Among schools studied for this report, students have an average score of 590 on GMAT or GRE tests and 443 on an English competency (TOEFL) test.

Faculty. Forty percent of respondents require Ph.D. candidates to have a master’s degree. Faculty publish

1.7 papers annually.

Management. Eighty percent of the programs studied monitor student opinions to improve program management, and 60 percent track and involve graduates. These programs have an average dropout rate of 27 percent; students take an average of 3.7 years to complete the program. About 60 percent of faculty get a teaching credit for supervising Ph.D. students.

Resources. Among surveyed schools, the average library has 1,585 square meters of space, 73,381 volumes, and an annual budget of \$377,153 in U.S. dollars. Schools have the resources to enable half the students to enter with scholarships, which cover—to a varying extent—tuition, living expenses, and research and conference costs.

Program design. This is the

most complicated benchmark, as it is nearly impossible to measure objectively how well schools provide environmental imperatives such as diversity of students, access to alternative learning opportunities, intense scholarly discussion, and a reasonable degree of competition with peers. Few Latin American schools offer a truly diverse student body in a competitive, intensely scholarly environment, so a quality indicator would be a school that has program exchanges with universities outside the region. Other key indicators of programmatic quality are rewards for professors who mentor students, the existence of international exchange programs, the availability of scholarships, and the existence of coaching and career management programs.

Among the schools studied, the average number of

classroom instruction hours per course is 20, and ten students enter the program annually. Eighty-eight percent expose students to knowledge in other disciplines, give them practice in team research, and teach the moral implications of the discipline, while 76 percent present an overview of the entire field. But only 63 percent offer students career development and personal presentation skills, and only 44 percent train them to apply knowledge in professional situations. For 85 percent of respondents, visiting scholars make about five visits a year. Eighty-eight percent require students to produce a thesis as part of their degree programs.

Latin American schools can use these figures as guidelines if they are looking to launch or improve their own doctoral programs in business.

The Decision to Launch

Our survey shows that, despite the obstacles, deans and administrators at Latin American business schools believe that Ph.D. programs would have a positive effect on their schools in three areas: research, teaching, and overall competitiveness. The initiative to establish Ph.D. programs most commonly comes from faculty—at least that was the case for half of the 18 schools running such programs. At six schools, management instituted the Ph.D. programs; at two schools, owners did. At only one school did the government push for the program.

Before a university invests in a Ph.D. program, we believe administrators should first ask three questions. Does it fit with



our strategic mission? Do we have the resources required? Will the school environment support our efforts?

Mission. We found that the most striking difference between Ph.D. and non-Ph.D. schools is that those with doctoral programs are more likely to promote national development. It seems that socially oriented schools with an outward-looking mindset are more likely to have the faculty and resources to mount complex and costly initiatives like a Ph.D. program. Non-Ph.D. schools tend to be more regional in nature and focus heavily on master's programs.

Ph.D. schools are concerned with quality of teaching, upgrading faculty, and achieving academic status. Compared to non-Ph.D. schools, they are slightly more oriented toward research and knowledge, slightly less committed to teaching, consulting, and service to the community. And schools with Ph.D. programs operate more by the tenure system: these schools average about 27 faculty with formal tenure, compared to only two faculty members with tenure in non-Ph.D. schools.

Resources. Running a Ph.D. program is expensive, and schools with those programs simply have more resources, in terms of reputational capital, faculty with doctoral degrees, students, and salaries. Managing a Ph.D. program takes an annual average of 2.7 person years of work.

There's also a sharp difference between the kinds of research each type of school generates. Interestingly, from our

data, non-Ph.D. schools claim a higher number of appearances in high-quality publications, but Ph.D. schools appear far more often in standard publications. Schools without Ph.D. programs also appear more often in media articles and interviews.

Environment. Non-Ph.D. schools are quicker to encourage faculty to experiment with new courses and programs, but these same schools find it more than twice as hard to recruit new faculty.

Clearly, if more Latin American schools are going to launch Ph.D. programs, they will need to ensure that they meet the following criteria:

- They must be able to obtain the increased financial resources to support salaries, scholarships, managers, and libraries.
- Their missions must support longer range, more socially constructive activities.
- Their internal cultures must allow the creation of tenure, more research time, and less emphasis on undergraduate teaching.

The differences between the two types of schools are not that great, so with proper encouragement—and enough funding—we think it's likely that more schools will develop Ph.D. programs.

Ripe for Change

We see many positive signs that Latin American schools are ready to boost their Ph.D. programs. For instance, media rankings of MBA programs have created a strong regional marketplace where leading schools compete for reputation, students, and qualified faculty. This high degree of competition signals great potential for change.

In addition, many schools are experiencing a building boom, and financial resources are flowing in to support new infrastructure. Schools are experimenting with and pouring money into new programs. Countries such as Colombia and Chile are investing more in graduate and doctoral education while tightening up management systems. Meanwhile, the Brazilian Ph.D. system is highly elaborated, with some state-of-the-art elements. If these elements could be exported to other Latin American schools, existing doctoral programs would immediately gain in quality, efficiency, and impact, while new ones would start out at a high level.

We also believe that many Latin American schools could create executive doctorate programs. Instead of focusing on theory and academia, executive doctorates would emphasize problem-oriented research linked with industry. Such programs, which are within the reach of quite a few

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schools, could be a crucial complement to the Latin American school system.

As Latin American universities push to expand their Ph.D. programs, a few institutions could play key roles:

■ **The media.** Despite the flaws inherent in media rankings, deans always list them among their top three concerns—and Ph.D. rankings could have a powerful and immediate impact on Latin American institutions. MBA rankings already have helped certain Latin American schools gain regional reputations for excellence. We believe rankings also can create pressure for continuous improvement, which could be achieved in part by hiring doctorally trained faculty. Because many of those faculty would be hired from outside the region, they would raise awareness of Latin American schools and increase the opportunities for collaboration.

■ **Accreditation agencies.** Organizations like AACSB and the European Foundation for Management Development (EFMD) could promote doctoral education, providing guidance on quality design and management processes. One approach would be to link a requirement for a Ph.D. program to the MBA program. Another approach would be for accrediting agencies to develop explicit, separate standards and requirements for Ph.D. programs.

Equally important, accrediting agencies could take a more active role in gathering and analyzing information about doctoral programs, since these tasks are beyond the

scope of regional universities. Current information on Ph.D. programs in Latin America is hard to find and often inaccurate. A much bigger sample of schools is required to extract more meaning than our initial study—but this deeper data pool probably will not be created unless an outside agency includes aspects of Ph.D. programs in its indices.

■ **Regulatory bodies.** Ministries of education could make philanthropic donations to universities much more attractive—and regulate such donations so they are made honestly—which would greatly increase the funding from private sources. They also could promote collaboration among schools to create critical mass. In addition, they could promote joint ventures and collaboration among universities to overcome problems of small scale. Offering seed funds for such consortia would promote their rapid growth.

Ph.D. education in Latin America has the potential to be vibrant, high-quality, and widespread. Establishing solid programs across a range of universities will require the dedication and determination of many individuals and institutions. Yet we believe such cooperation is essential for the continued economic success of the region—and we believe the time is now. □

Scott Tiffin is a Fellow at the Centre for Innovation Studies at the University of Calgary in Canada. Martin H. Kunc is assistant professor of strategic management at the School of Business of Universidad Adolfo Ibáñez in Santiago, Chile.



Duke University professors Gavan Fitzsimons and Tanya Chartrand find that when people are exposed to Apple's creativity-associated logo, even a brick can inspire their imaginations.

Creative Brands Spark Creative Behavior

A boost in your creative abilities may be only a logo away, say researchers from Duke University's Fuqua School of Business in Durham, North Carolina, and the University of Waterloo in Ontario, Canada. Gavan Fitzsimons and Tanya Chartrand, professors at Duke, and Gráinne Fitzsimons, an associate professor of social psychology at the University of Waterloo, discovered that even split-second exposure to well-known brands can inspire people to express the traits those brands convey.

"Each of us is exposed to thousands of brand images every day," says Gavan Fitzsimons. "Our work demonstrates that even fleeting glimpses of logos can affect us quite dramatically."

For their study, the researchers selected two competing but well-known brands—Apple and IBM. Apple's brand is seen as noncon-

formist, innovative, and creative; IBM's brand, as traditional, smart, and responsible. The team presented university students with a computer-delivered visual acuity task, during which they were exposed to quick, imperceptible flashes of either the Apple logo, the IBM logo, or no logo at all.

After completing the task, participants were asked to invent as many uses for a brick as they could. Of the three test groups, those exposed to the Apple logo won the creativity challenge, coming up with more inventive uses for a brick.

These findings suggest that companies with established brands might spend their advertising dollars more wisely on product placement and outreach opportunities, rather than on traditional print and television ads.

At the same time, consumers aware of how brands can influence their behavior could use this knowledge to their advantage. That is, say these researchers, for those who

want to win their next tennis match, a little exposure to Nike's swoosh wouldn't hurt.

Their paper "Automatic effects of brand exposure on behavior" was published in the April issue of the *Journal of Consumer Research*.

Emigration Boosts Innovation

When innovators emigrate to jobs in new countries, they create a chain reaction of positive economic side effects, not only for their new organization and country, but also for the organization they left behind.

In a study from the University of Toronto's Rotman School of Management in Ontario, Canada, doctoral student Alexander Oettl and entrepreneurship professor Ajay Agrawal found that when scientists, engineers, and other inventors emigrate to new countries, they expand their social and professional networks. That generates a flow of new expertise and ideas into their new organizations and back to the ones they've left behind. Eventually, this process broadens the knowledge base in the inventor's new home country.

"A German engineer who moves to Canada develops a social and professional network in her new country while still maintaining, to some degree at least, connections with her network in her original country," explains Oettl.

Companies that lose prized employees to firms in other countries



Ajay Agrawal



Alexander Oettl

Each of us is exposed to thousands of brand images every day. Our work demonstrates that even fleeting glimpses of logos can affect us quite dramatically.

can mitigate their losses by maintaining or re-establishing relationships with those former staff members.

The complete study can be found at www.rotman.utoronto.ca/NewThinking/Oettle.pdf. It will be published in a forthcoming issue of the *Journal of International Business Studies*.

CEO Arrogance Leads To Bad Mergers

Note to CEOs: Humility is good, and hubris is bad. At least, when it comes to mergers and acquisitions. A study by two business professors at the University of Iowa's Tippie College of Business in Iowa City provides evidence that CEOs who believe their own hype could be their companies' downfall during M&A activities.

Finance professors Matt Billett and Yiming Qian examined mergers and acquisitions of publicly traded companies between 1980 and 2002, estimating the value of each merger or acquisition by the stock market's reaction upon its announcement. They found that while a CEO's first acquisition leads to little or no change in company value, subsequent mergers show a mean drop in value of 1.5 percent.

What determines the success of a merger? Often, sheer luck, say Billett and Qian. Those CEOs who believe that a successful M&A is due to their decision-making skill, rather than good luck, may take bigger risks down the road, which can destroy company value.

The researchers suggest that firms can counteract the effects of

CEO hubris by more thoroughly examining acquisition proposals from CEOs—especially those who have been involved in multiple acquisitions in the past.

The paper, "Are Overconfident CEOs Born or Made? Evidence of Self-Attribution Bias from Frequent Acquirers," will be published in a forthcoming issue of *Management Science*.



Matt Billett



Yiming Qian

UPCOMING & ONGOING

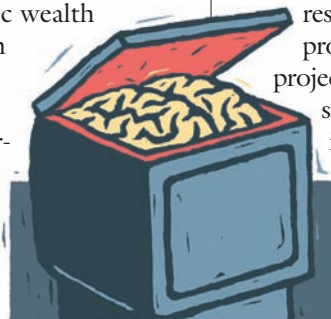
LAB EXAMINES CONSUMER BEHAVIOR

The University of Miami School of Business Administration in Florida has opened the Canes Behavioral Laboratory to conduct technology-driven marketing research. The lab houses 31 networked computer workstations outfitted with behavioral research software, computer joysticks, and headsets for studies requiring audio. Researchers will use this equipment for activities ranging from interactive surveys to product simulations in virtual environments. In one study, for example, Canes researchers are looking at what happens when consumers shy away from buying a marked-down product when they know it was sold previously at an even deeper discount. The study's findings may help retailers position such

products differently to make them more appealing to customers.

ENTREPRENEURIAL THINK TANK

EM Lyon Business School in France will hold the World Entrepreneurship Forum on November 13 to 15. The event is planned as "the first international think tank dedicated to entrepreneurs and their role in society." Intended to be an annual event, the forum will comprise discussions about socially responsible enterprise and its role in creating economic wealth and social justice. In July, the school also will hold the Junior World Entrepreneurship Forum, where business students can meet to discuss the role of entrepreneurship



in the future. For more information, visit www.world-entrepreneurship-forum.com.

\$1.1 MIL FOR RESEARCH GRANTS

Researchers at the Telfer School of Management at the University of Ottawa in Canada have received more than \$1.1 million in grants from the Social Sciences and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC). This funding will be distributed among 14 research projects led by Telfer professors. Among the funded projects are Jonathan Linton's study of process improvement in supply chains and Wojtek Michalowski's research of methodologies for integrating clinical information at the point of patient care in emergency rooms.



Nigel Melville



Jonathan Whitaker



Robert Plice



Jason Dedrick

Emerging Economies Ahead of the Internet Game

When it comes to the Internet, businesses in emerging economies might be ahead of the game compared to their counterparts in more developed countries.

This is the finding of a recent study by Nigel Melville, assistant professor at the University of Michigan's Ross School of Business in Ann Arbor; Jonathan Whitaker, assistant professor at the University of Richmond's Robins School of Business in Virginia; Robert Plice, assistant professor at San Diego State University's College of Business Administration in California; and Jason Dedrick, senior research fellow at the Center for Research on Information Technology and Organizations at the University of California, Irvine. The team studied survey data and case examples from firms in ten countries in North and South America, Europe, and Asia.

The researchers found that firms in emerging economies report a higher rate of Internet use to integrate processes with business partners. In addition, these organizations report a stronger motivation to use the Internet to achieve revenue growth and operational efficiency.

They found that companies in

First World economies conduct more Internet transactions than those in emerging economies, most likely because credit card use in developing regions is still low. However, companies in emerging economies surpass their counterparts in more developed economies in their use of the Internet to achieve higher profits and manage business-to-business communication.

"These findings run counter to conventional wisdom that firms in developed countries will lead their industries in terms of technology-enabled business practices," says Melville.

The study, "Internet Business Practices Across the Globe: Lessons from Emerging Economies," is available on the Social Science Research Network (www.ssrn.com).

When Customer Loyalty Doesn't Pay

When is it better to offer better prices to retain old customers than it is to offer incentives to attract new ones? It's better to reward current customers only when a company operates in an industry where customers routinely switch to competitors' products or services, finds a study from the Yale Center for Customer Insights at the Yale School of Management in New Haven, Connecticut.

Yale professors Jiwoong Shin and K. Sudhir explain that this question can be resolved by considering two realities of world markets. First, about 80 percent of a company's profits often are generated by about 20 percent of its customers—referred to as the "80/20 rule." Second, customers often switch to competitors' products or services when their preferences change.

The authors found that it is profitable for a firm to reward its own best customers only in industries where both of these factors apply, such as airlines or apparel. However, in industries where customers follow the 80/20 rule but rarely switch institutions due to cost or inconvenience—such as banking and computer software—it is better to offer incentives to competitors' customers.

"Pricing differentially to your customers and noncustomers is almost always profitable because the 80/20 rule is prevalent in most markets," says Shin. "When firms then factor in the threat of their customers switching to the competition, they can find the right balance between retention and acquisition."

"Behavior-Based Pricing: When to Punish or Reward Current Customers," is available at mba.yale.edu/faculty/pdf/shinj_Behavior_Based_Pricing_2007-MS.pdf.



Jiwoong Shin



K. Sudhir

The more that people's feelings of self-worth are wrapped up in a poor decision they've made, the greater their impulse will be to justify it.

High Self-Esteem, Poor Decisions

Most managers realize that praising employees' performance can lead to happier, more productive work environments. But some types of positive feedback may actually backfire and lead employees to make poorer decisions in the long run, say researchers from Northwestern University in Evanston and the London Business School in the United Kingdom.

Niro Sivanathan, lead author and doctoral candidate in management and organizations at Northwestern's Kellogg School of Management, worked with Daniel Molden, assistant professor of psychology at Northwestern; Adam Galinsky, professor of management and organizations at Kellogg; and Gillian Ku, assistant professor of organizational behavior at the London Business School. They looked across several studies that examined self-esteem in the workplace—particularly how boosting it affects an employee's tendency to justify and recommit to bad decisions.

In one study, participants acted as senior managers of a large investment bank. Some participants received positive feedback that emphasized their excellent rationality, a trait closely related to their decision to hire a person who was not performing well. Those in this group overwhelmingly recommitted to the initial hiring decision. On the other hand, participants who received praise for skills unrelated to the questionable decision—on their creativity or innovation, for example—were less likely to recommit to the decision.

“The more that people's feelings of self-worth are wrapped up in a



poor decision they've made, the greater their impulse will be to justify it,” says Molden. To counteract this effect, the researchers suggest a framework that can help managers

more effectively boost employees' self-esteem.

It would be a bad idea for a supervisor to praise a finance division for its analytical skills at the same time that its current allocation strategy is losing money, says Galinsky. However, positive feedback that affirms employees' value to the company could lift their spirits and inspire them to change tactics.

Their article, “The Promise and Peril of Self-Affirmation in De-escalation of Commitment,” is in press with the journal *Organizational Behavior and Human Decision Processes*.

STUDY BRIEFS

■ CURRENCY FUND MANAGERS OVERRATED?

Conventional wisdom holds that professional currency hedge fund managers earn their high fees with high returns. That's not true in most cases, finds a study by Richard Levich, finance professor at New York University's Stern School of Business, and Momtchil Pojarliev, head of currencies at Hermes Investment Management. Levich and Pojarliev found that currency return indices outperform the returns of 75 percent of currency fund managers—just as index funds outperform actively managed funds. These managers tend to use the same simple trading strategies of the indices. To earn their superior returns, the other 25 percent use strategies such as market timing. The full

study is online at w4.stern.nyu.edu/finance/docs/WP/2007/pdf/wpa07023.pdf.

■ E-RECRUITMENT WORKS

E-recruitment can be a cost-effective and efficient way for public companies to attract high-quality and diverse candidates, says Emma Parry, a research fellow at the United Kingdom's Cranfield School of Management. For her white paper, “Effective Recruitment for the Public Sector: The Use of E-Recruitment,” Parry interviewed 24 employers and surveyed 43 job applicants. She found that e-recruitment reduces organizations' reliance on recruitment agencies and reaches a higher number and more diverse group of candidates worldwide. In addition, online advertising and applications standardize the process and reduce the time to hire. “It's possible for public sector organizations to find success with e-recruitment,” says Parry, “providing they approach it in the right way in terms of candidate engagement.”



Technology

Professor, Course Offer Insight on Virtual Worlds

Fifteen years ago, John Artz started an experimental course on a very young, undeveloped World Wide Web. The course introduced Web-based business applications to an audience extremely skeptical about what practical use the Web could possibly have for business, says Artz, associate professor of information systems and technology management at The George Washington University School of Business in Washington, D.C.

With that early skepticism quelled, Artz is turning to another emergent technology that he believes holds promise equal to, if not greater than, the Web: virtual worlds. His new summer course, “Web-based Systems Development,” will require students to analyze a virtual business operating in Second Life.

BizEd asked Artz about the course’s objectives and the implications virtual worlds have for business.

What kinds of virtual businesses will your students study?

The majority of businesses in Second Life sell products that can be used only in the virtual world, like clothing, animations, weapons, and vehicles. Some real-world businesses are dabbling in Second Life, such as Dell and Barnes & Noble, but they are an extremely small percentage.

I will have students choose a virtual business—say a clothing store—and develop a business model that includes revenue and expenses to determine if the business is viable or just a hobby. In addition, they’ll offer recommendations to make the business more viable, such as finding ways to attract more traffic, increase sales, or better display products.

What unique challenges will students face?

Few people would run a real-life business that is losing money just because it’s fun. However, a business owner in Second Life might lose a couple hundred dollars a month and dismiss it as entertainment. Most people there are engaging in fantasy to some extent, which becomes a problem for researchers. You don’t know if you’re getting truthful reporting or some version of their fantasies.

What potential does Second Life have for business?

Imagine asking this question 15 years ago, replacing the words “Second Life” with “World Wide Web.” In the 1990s, businesses began to

realize that they had to have Web sites for a variety of purposes, from e-commerce to customer service.

Virtual worlds will likely follow this model. Web technologies made the question “Where is the information located?” irrelevant to the seekers of that information.

Virtual worlds may make the question “Where is the user located?” irrelevant.

What do you want students to learn from your course?

Business students will soon find themselves designing or using virtual worlds for serious business applications. Product decisions, personnel decisions, reorganizations, mergers all can be simulated in virtual environments. They need to be aware of and understand this technology.



Professor John Artz will teach his summer course on virtual-world businesses face-to-face and via his Second Life avatar, “Dr. Cosmos.”





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■ Building a Knowledge Network

The Kelley School of Business at the Indiana University in Bloomington will use technology to bring a worldwide network of business leaders and experts straight into its classrooms—at the click of a mouse. The school has created its Global Leaders Network (GLN), initially implemented through Kelley Direct, the school’s online MBA program.

The GLN will make available online simulations, podcasts, real-time interactive discussions, and team-based projects. It also will include uploaded video from students and alumni throughout the world, who can share their experiences and perspectives.

“Business executives who are part of the GLN can have discussions and contribute content to the network at anytime from anywhere,” says Richard Magjuka, chair of Kelley

Direct. “GLN will allow our students to receive input about current, real-world business situations from anywhere in the world by the people who are living them every day.”

An explanation of GLN and its instructional model is available at kd.iu.edu/GLN/default.htm.

■ Site for Sustainable Campuses

The National Association of College and University Business Officers (NACUBO) recently launched CampusERC (www.campuserc.org), an online environmental resource center, in collaboration with several higher education associations. The site, funded by the Environmental Protection Agency, is designed to help colleges and universities keep up with latest news and information on environmental issues, study best practices on environmental management, and view case studies.

U.S. school administrators can log

on to the site to learn what higher educational institutions must do to comply with environmental regulations issued by the EPA.

CampusERC offers institutions the resources to manage responsibly the many aspects of their operations, including transportation services, food services, landscaping, laboratories, and power plants, notes NACUBO president and CEO John Walda. He says, “Colleges and universities have enormous potential to achieve significant reductions in energy use, water consumption, and solid waste disposal.”

The site was developed by NACUBO in partnership with the Campus Safety, Health, and Environmental Management Association; the Campus Consortium for Environmental Excellence; and the APPA, an organization for managers of higher education campuses and facilities. The EPA provided funding for CampusERC, as well as many of its informational resources.

Technology

Tribeca Films and the Digital Revolution

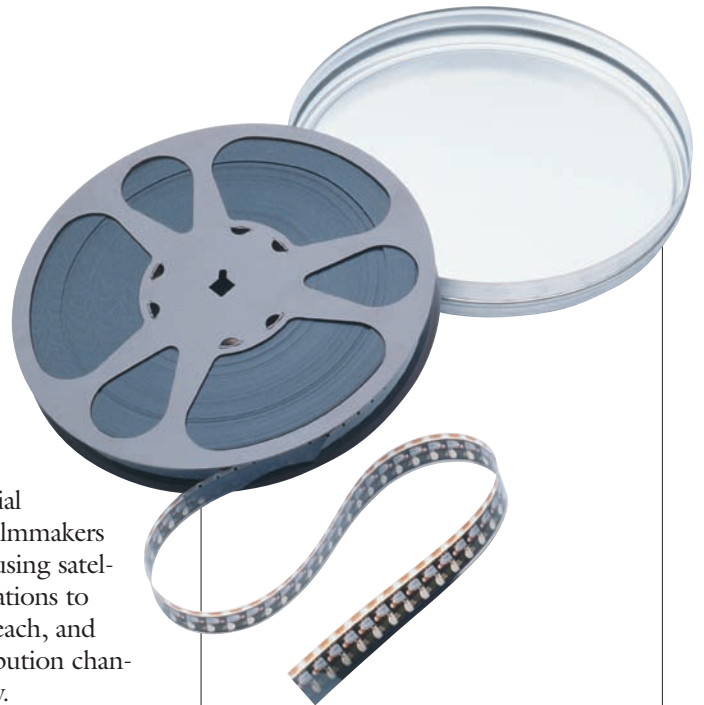
New York University Stern School of Business recently partnered with New York City's Tribeca Film Festival to offer the undergraduate business course "Convergence and Cinema at the Tribeca Film Festival." The course, offered through Stern's Entertainment, Media and Technology department, began February 19 and concluded just after the 12-day festival ended on May 4.

After the festival, students talked to the event's executives about the effects that the digital revolution—including mobile platforms, the Internet, and other technological advances—has had on the entertain-

ment industry. In addition, students pitched their ideas to festival management on the opportunities and challenges the digital revolution presents.

Their suggestions included building social networking sites for filmmakers and film enthusiasts, using satellite feeds and cable stations to extend the festival's reach, and creating tighter distribution channels to decrease piracy.

The aim of the course was to provide students with a deeper understanding of the impact multimedia and new distribution channels will



have on filmmaking, as well as how the Tribeca Festival itself impacts major industry trends.

TOOLS OF THE TRADE

Site Streamlines the B-School Search

AACSB International introduces Web site for prospective students at BestBizSchools.com

To provide prospective business students with a comprehensive resource on AACSB-accredited business schools, AACSB International has introduced BestBizSchools.com. Launched this summer, the site provides information for students planning to enter programs at the undergraduate, graduate, and doctoral levels.

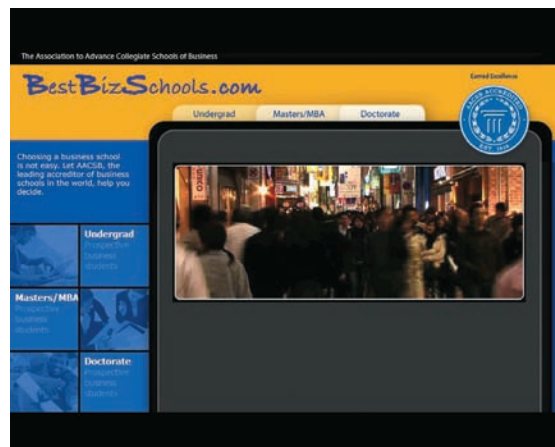
The site features an online search tool linked to AACSB's Business School Questionnaire results and Data Direct, the association's database of business school information. It also includes a Flash-based world map that allows students to locate AACSB-accredited schools by country, region, state or province, and city.

BestBizSchools.com offers explanations of accreditation and media rankings, guidance on admissions and

financial aid, and information on business careers. In addition, AACSB representatives note that BestBizSchools.com is the only online source for information about doctorate programs in business.

"Students can search for an AACSB school by a multitude of criteria, such as business program, ratio of faculty to students, price, location, or private-versus-public," says Brenda Lovell, AACSB's chief education officer. "The site provides a comprehensive, single source of information that allows students to compare schools and select the program that best fits their needs. It's a great resource for counselors as well."

Visit the site at www.bestbizschools.com or www.aacsb.edu/students.



I The Responsibility Gap

I traveled to Beijing last fall to speak to 400 members of The Drucker Society, all moguls among China's most successful capitalist elite. To my surprise, they did not ask me to talk about the latest in global supply chain management, marketing, or business strategy. They wanted me to explore ways that they could stimulate global social entrepreneurship. As their country's economy experiences double-digit growth, these business leaders are terrified of what will happen to China if its growth continues with no central system of checks-and-balances—and worse, with no moral compass.

At one time, we wouldn't even have had to fear such a scenario. In the 1950s and '60s, business's responsibility to society was assumed, and general management curricula included much information about business and its role in society. At the time, Peter Drucker became the first to identify the importance of the social sector, the first to call for the reinvention of government. He championed the balanced scorecard, the knowledge-based economy, and the view of employees as assets rather than liabilities. He argued that the practice of management was about channeling its power into assuring society's prosperity—and through that process, assuring its own.

Then, scholars such as Milton Friedman challenged the notion that social responsibility was a business matter. Responsible business practices were discarded and considered an indulgence—they became throwbacks to a bygone era. They became less and less featured in the business

curriculum. Somehow, business and business schools lost that vital connection to the communities they served.

Explosion of Interest

Even so, what Peter Drucker championed in the 1950s is more important than ever to 21st-century businesses. We now have wholly new concepts such as *triple bottom line*, *environmental stewardship*, *social entrepreneurship*, and *carbon footprint*. Three billion people in formerly totalitarian societies have entered market-based economies over the last 20 years. Amid that transition, an explosion of academic theory is focusing on the value of treating communities—as well as NGOs, vendors, customers, and employees—with respect.

In addition, our 24/7 culture, where online media like CNN and YouTube are on constant watch, gives business nowhere to hide. Social responsibility is not a peripheral indulgence that's just for companies like Ben & Jerry's. Businesses either commit to responsible business practices or expose themselves to negative scrutiny and damage to their reputations—not to mention miss the new business opportunities created by socially driven innovation.

But why are business schools so far behind this new reality of the market? The academy has traditionally been reactive and responsive, rather than proactive and pioneering. As a community, business schools need to catch up—we need to close the responsibility gap.

Some business educators already are doing wonderful work in this area: David Cooperrider at Case Western, Rosabeth Moss Kanter at Harvard Business School, and Sandra

Waddock at Boston College are all part of a cadre of scholars who are thinking creatively and vigorously about the role of business in society and creating new definitions of business leadership.

Even so, the prevailing view has not been that the mission of business schools is to change the world for the better. However, with business placing new emphasis on CSR, that view is changing. It is the mission of business schools to provide society with the ethical leaders it demands and recognize that the path to value creation and new markets is through values-driven, responsibility-based management.

Building on Drucker

Each fall, when I speak to our incoming students at the Peter F. Drucker and Masatoshi Ito Graduate School of Management at Claremont Graduate University in California, I ask them, "What do you want to be remembered for? What will be your signature, your imprint, the purpose of your personal and professional enterprise?" Whether they lead a product line, a division, a company, an NGO, or a country, I believe they must keep their values in mind and represent those values in ways that make society better, and in ways that leave their institutions stronger as a result of their responsible stewardship.

At our school, we're extending Drucker's work into new areas and refreshing it with a 21st-century perspective. For example, our new gateway course, "The Drucker Difference," taught by our entire faculty, introduces students to Drucker's work, including the inevitable connection he saw between building a profitable business and building a healthy society.



Charles Handy, co-founder of the London Business School, just finished teaching a short course at our school called “The Odyssey.” His objective was to help some of our executive education students reconcile their values with their ambitions through a process of self-discovery that includes photographs, personal artifacts, and personal narratives. Handy told these students that they cannot manage and motivate others until they can properly align their own values and ambitions—until they can properly manage and motivate themselves.

That’s a premise that I believe underlies the art and science of management. In this knowledge-driven world, where innovation and value creation are necessities, business school graduates must be not only analytical, but creative, reflective, intuitive, and passionate. They must not only pursue success, but also aspire to significance.

Innovation in Action

If business educators want to learn more about how business helps society function and prosper, while vigorously producing growth, they need only look at what’s happening in business itself. For instance, Procter & Gamble’s CEO, A.G. Lafley, believes that for his company to continue to grow, it must become involved in creating stronger economies everywhere in the world *and* be driven by constant innovation. That’s

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why, when Lafley looked at the 7,500 designers and engineers who worked at the company and at the 1.5 million designers in the rest of the world, he realized that the company was tapping only a tiny fraction of the world’s creative talent. As a result, he committed 50 percent of P&G’s product innovation budget *externally*.

Edward Jones, consistently ranked one of the best places for employees, is also one of the highest performing firms in the world and *BusinessWeek*’s No. 1 financial services company. Costco’s CEO is paid a fraction of what CEOs of other Fortune 500 companies make, out of respect to its employees, and pays a great deal of attention to customer service.

Companies like Google, Gore-Tex, and Patagonia are experimenting with new ways to unlock assets that are way off the balance sheet. In fact, if we were working for Google, we would have to spend one day each week doing something *other* than what it paid us to do. It provides employees the freedom and encouragement to explore new directions, engage their creativity, or participate in community service. In the process, it instills a sense of employee loyalty that cannot be achieved through conventional approaches like pay increases and stock options.

Case studies show that these companies *are* successful; in many cases, they are doing better than others in their peer groups. Their innovative outlooks and strategies drive that success. There is no “one-size-fits-all” strategy, but as we raise more questions, I believe we’ll find that firms that take social responsibility seriously—that don’t view it as peripheral or fungible—will gain and sustain considerable competitive advantage over their counterparts in the industry.

Innovation in Demand

Even with these examples before us, I don’t believe enough business faculty are tackling the big questions and exercising the kind of intellectual courage that Drucker so forcefully advanced. There still exists a gap between what many business schools teach, and what students want to learn—and between what our students learn and what business wants them to know.

It is essential that we close this gap—and quickly. Society’s concerns about global warming, political conflict, child labor, and environmental destruction are not likely to lessen. The watchful eyes of CNN and YouTube are not going to disappear. The growing number of socially motivated companies want business graduates who know not only how to do net value calculations, but also how to unlock creativity in an organization. Our graduates will be part of a global economy where social responsibility isn’t just about eco-friendliness and social awareness. It also demands integrative business skills. It calls for business schools to emphasize innovation and creativity, promote an understanding of broad ethical dimensions, and treat management as a liberal art.

As a result of this new focus, management education is entering a new era. Steadily, surely, we are creating new disciplines, embracing new concepts. With continued effort, enthusiasm, and attention, business schools can close the responsibility gap and lead rather than follow. **Z**

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Bookshelf

Notions of ethics vary widely among individuals and cultures. It's no wonder, then, that a perennial question in the business school classroom is how to teach students an ethical framework that will help them function in the working world. Ronald A. Howard, a Stanford professor, and Clinton D. Korver, a specialist in decision making, attempt to provide the answer in *Ethics for the Real World*. They explore common ethics

violations, such as lying, stealing, and harming; examine the personal and cultural institutions that provide our own ethical touchstones; and offer what amounts to a worksheet to help readers determine their own personal ethical codes. Seen in that light, they admit, "This book is a self-help guide, assisting each person in avoiding everyday compromises through better thinking habits." It's a remarkably clear and well-reasoned guide, filled with historical examples and what-if scenarios tailored both to students and professionals. Readers will find it virtually impossible to finish the book without thinking about their own ethical beliefs—and how well they live up to them. (Harvard Business School Press, \$24.95)

The management education community was excited in 2000 when George W. Bush was elected as the first president with an MBA. But the failures of his presidency—and some Americans believe there have been many—can be ascribed as much to his personal flaws as to the Harvard Business School education that helped him develop faulty ideas on

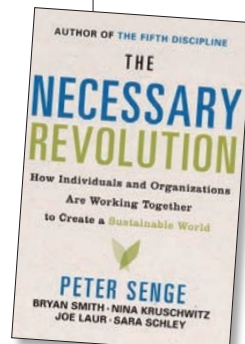
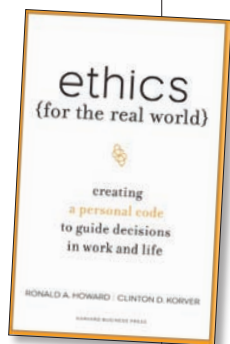
what it means to be a leader. That's the premise behind *Hail to the CEO*, James Hoopes' detailed and damning deconstruction of Bush's term in the Oval Office. Hoopes, a Babson professor, takes the position that the prevailing "cult of moral leadership" is at least partially to blame for Bush's mistakes—indeed, for the downfall of leaders such as Ken Lay and Bernie Ebbers, as well. Hoopes doesn't pull any punches. "The lead-

ership cult endangers executives not only morally, but also practically by encouraging them to devalue competence and knowledge," he writes. "Trying to use values to lead, executives may be tempted to substitute values and vision for hands-on management." Harvard's 1970s b-school curriculum would have emphasized a CEO's duty to lead through moral influence, Hoopes believes. What effect did such teaching have on a young man of privilege? the author wonders. "What if he were also confident but careless, resentful of moral arrogance in others but indulgent of it in himself, possessed of some personal integrity but uneducated in ethics?" Hoopes spends the rest of the book addressing those questions—though many of his readers will already have strong opinions about the answers. (Praeger Publishers, \$34.95)

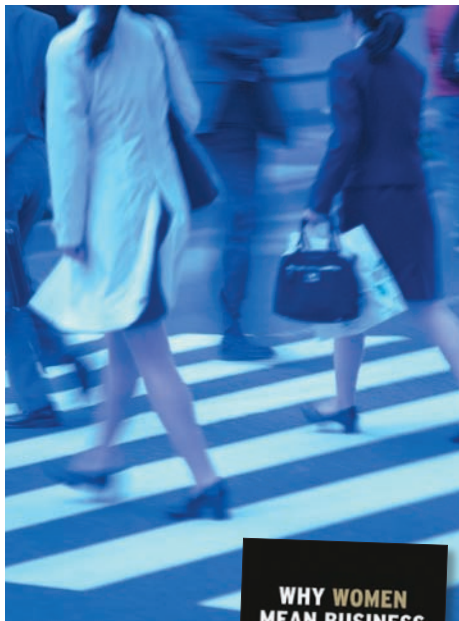
More and more countries—and more and more corporations—are subscribing to the notion that sweeping environmental and social issues are global problems that will take the efforts of the whole world to solve. Not only that, the problems themselves are so interrelated that a holistic approach to the crises of drought, poverty, and climate change is the only way to alleviate them. In *The Necessary Revolution*,

MIT professor Peter Senge joins with co-authors Bryan Smith, Nina Kruschwitz, Joe Laur, and Sara Schley to examine alarming global ills and how dedicated entrepreneurs are working to overcome them. "With nature and


not machines as their inspiration, today's innovators are showing how to create a different future by learning how to see the larger systems of which they are a part and to foster collaboration across every imaginable boundary," the authors write. They detail the conservation work being done by mammoth corporations such as Coca-Cola and Alcoa; they also describe impressive efforts by individuals and small groups, such as the coalition that produced the U.S. Green Building Council and its now widely used system for certifying environmentally friendly buildings. While the potential future they outline is truly dire, their tales of individuals who have made a difference are downright inspiring. It's a cautionary book that carries a bright message of hope. (Doubleday, \$29.95)



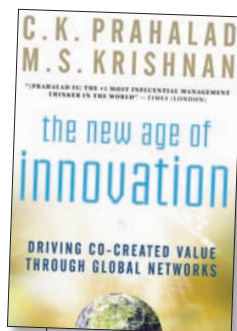
“Gender is a business issue, not a women’s issue,” write Avivah Wittenberg-Cox and Alison Maitland in *Why Women Mean Business*. But corporate leaders persist in treating gender as an issue that only affects women—which is why, the authors say, companies do such a poor job of recruiting, retaining, and promoting women. “Broad, inclusive approaches don’t need to be gender-neutral. They need to be gender-bilingual,” they write. Wittenberg-Cox and Maitland draw on dozens of interviews, case studies, and research reports to offer evidence of how well companies can perform once they integrate women into the management structure and consider women as consumers. They also provide specific advice on how companies can do a better job of including women at all levels. Because women around the world are becoming better-educated, accumulating more wealth, and forming a bigger part of the workforce, they write, “It’s time for CEOs to get serious about sex.” (Jossey-Bass, \$34.95)



“More important, it will lead to radical changes in the technical architecture of the firm. . . . It will also challenge the managerial processes, skills, and attitudes of managers.” In short, everything will change, and no industry or firm will be exempt, the authors say. As a peek into the future, the book is both exhilarating and a little unnerving, but it’s essential reading. (McGraw-Hill, \$29.95)

■ **Organizations big and small often harm** themselves by insisting that everyone must adhere to strict rules and hierarchies that allow no deviations—and restrict growth. That’s Steven S. Little’s premise in *The Milkshake Moment*, an engagingly written book about the perils of bureaucracy. “Only when organizations get out of their own way can they achieve real, sustainable growth,” he writes. “Only when we remove our own self-imposed barriers can individuals seize new opportunities in an organizational setting.” Little, a frequent traveler, rewards himself with a room service milkshake at the end of every day on the road. A hotel that doesn’t have milkshakes on the menu—and doesn’t empower its employees to create one for Little, using ingredients already in the kitchen—exemplifies for him an organization that limits its own opportunities to shine. His descriptions of institutional idiocy are sharply focused and painfully familiar, but his proposed solutions are equally clear. Organizations need leaders who can articulate the company’s purpose, who can instill that sense of purpose in employees, and who can create “an environment where human beings can thrive.” A tall order—but then, sometimes, so is a milkshake. (Wiley, \$19.95) 

■ **The 21st-century business model is as** different as it can be from the 20th-century version. Gone are the days of mass production and vertical integration when one huge company owned all resources and decided what items to manufacture. In today’s world, customers expect to co-create products that suit their personalities, needs, and individual styles; corporations draw on an astonishing global web of talent, services, and raw materials to make and deliver their products. Not surprisingly, controlling this vast new enterprise requires a new way of conducting business, and C.K. Prahalad and M.S. Krishnan explore the changes in *The New Age of Innovation*. The



new paradigm of focusing on the needs of individuals while drawing on global resources will challenge “established management practices in talent management, product development, manufacturing, pricing, logistics, marketing, and brand management,” write the authors, both of the University of Michigan.

High-Octane Business Training

Cranfield School of Management offers customized workshops based on fast-paced Formula 1 racing.

Business is like a car race. Companies vie for top spots; they vary speeds of development, experiment with different equipment, and even try different drivers to see what improves performance and what doesn't. And, as in a car race, all companies can compete—but only one can be first.

Cranfield School of Management in the United Kingdom has taken this metaphor literally in its new partnership with Williams F1, one of the world's leading Formula 1 racing teams. With 16 Formula 1 world championship titles and 520 employees, the company bills itself as the only organization in the world that exists only to race.

Mark Jenkins, professor of business strategy, has researched Formula 1 racing and has written a book on the subject, *Performance at the Limit—Business Lessons from Formula 1 Motor Racing*. The partnership that Jenkins helped to establish between Cranfield and Williams F1 offers customized workshops that teach executives how to incorporate race-based strategies into their management styles.

Lessons from Formula 1 racing are relevant to management development in three key ways, explains Jenkins. Like management teams, F1 teams must continually monitor and adopt ideas from the competition, while developing innovations to improve

Participants in Formula 1-based workshops learn to work as a team to change the tires of an actual F1 racing car.



their own performance. They must rely on teamwork to succeed. And, to improve performance, they must be able to learn and change.

“With a Grand Prix every two weeks, members of racing teams must focus their minds very quickly on what needs to be achieved,” says Jenkins. “Even if they make progress on their performance, if they’re not making progress as quickly as their competition, they’re going backward.”

The workshops can be run anywhere in the world—on-site at a company's headquarters or at any location on the Grand Prix circuit. In an exercise called “Pit Lane Crisis,” for example, participants work in teams to prioritize a list of items to get their F1 car out of the garage and make it to the track in time to start the race. In “Pit Stop Challenge,” teams must change the tires of an actual F1 car, competing against the clock—and often against other teams from the same organization. Through these exercises, students develop communication, adaptation, and innovation skills.

“If teams aren't making progress as quickly as their competition, they're going backward.”

—Mark Jenkins,
Professor of Business Strategy

Cranfield also has developed business simulations and case studies that explore how F1 teams are able to sustain competitive performance. The objective, says Jenkins, is to help executives translate these ideas to their own organizations.

“Our partnership with the Williams F1 team means that we are able to use their facilities and Grand Prix collection to provide an engaging and atmospheric setting for these activities,” he says. “It adds a great deal to the learning event and takes participants away from the classroom mentality to the high-performance context of Formula 1.” 