

UN GLOBAL COMPACT

A degree of ethical leadership

Schools are starting to embrace the principles of corporate citizenship, writes **Sarah Murray**

While businesses struggle to fight corruption and meet environmental, labour and human rights standards, for business schools, issues of sustainability and responsibility are rather different. So an alternative approach was needed when schools began to show eagerness to participate in the United Nations Global Compact, a voluntary corporate citizenship programme launched in 2000.

Few schools are likely to face the more intractable problems associated with the global footprint of business, such as encountering child labour in the supply chain. Although participating schools agree to follow Global Compact's 10 principles, as business members do, they make a more important commitment. They pledge to stimulate curriculum development and promote research. In this way they will act as catalysts for change through the MBA students they teach.

The principles for responsible business education - to be launched at the Global Compact leaders' summit in Geneva in July - will set out the agenda.

"You must be committed to educating leaders who are likely to then behave in their companies consistently with the Global Compact principles," says Angel Cabrera, president of Thunderbird, the Garvin School of International Management. "So it's looking at academic institutions not as organisations themselves but as change agents."

Among the institutions that have agreed to help draft the principles are the Academy of Management, the British Academy of Management, the Association to Advance Collegiate Schools of Business, the European Foundation for Management Development and the European Academy of Business in Society. The drafting group will bring together academics and business school deans.

As well as encouraging schools to bring more sustainability and corporate responsibility topics into the curriculum, academics will conduct research in the field, providing new materials and concepts with which to teach these topics. "It's setting a signal that corporate responsibility has become important and deserves special attention," says Georg Kell, executive director of Global Compact.

It is not the first time the UN has used the concept of the catalyst. In 2006 it brought the financial sector on board. The idea is that people who manage the money of others should have a fiduciary responsibility to take into account the environmental, social and corporate governance impact of the companies in which they are investing.

At business schools it will not be funds but ideas - presented in MBA course material and case studies - that, it is hoped, will contribute to changing private sector practices. "This is the next generation of leaders and we want them to be educated in these issues," Mr Kell says.



Path of change: July's Global Compact summit in Geneva will see the launch of the principles for responsible business education

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Students will not take much persuading. A wave of interest in courses and electives that cover everything from human rights to climate change has swept business school campuses.

Their interest is reflected in the rapidly growing membership of Net Impact, a network of MBA students and young professionals that promotes the use of business strategies to affect society, ethics and the environment. The organisation now has more than 130 chapters on four continents in 75 cities and 80 graduate schools.

"There's a real yearning among MBA students who want to work for companies that are making a positive difference in the world," says Bennett Freeman, senior vice-president for social research and policy at Calvert, the US socially responsible mutual funds group.

A growing number of MBA programmes incorporate social and environmental issues. The most recent ranking in 2005, in the biennial Beyond Grey Pinstripes

report, found that 54 per cent of participating schools required students to take at least one course in ethics, corporate social responsibility, sustainability or business and society, up from 45 per cent in 2003 and 34 per cent in 2001.

Even so, business schools

It took an Enron ... for business schools to do something about corporate responsibility'

have been slow to pick up on the corporate responsibility agenda, says Mr Cabrera, a senior adviser to the Global Compact office. He cites research as far back as the 1950s. "But the whole discourse on the broader responsibilities of the business leaders was buried and nothing meaningful hap-

pened," he says. "It took an Enron and the business failures between 2000 and 2006 for business schools to react and start doing something about it."

What the principles will not do, however, is specify how schools should teach corporate responsibility and sustainability. Debates about whether they should structure their offerings in these areas as standalone electives or integrate sustainability into core courses such as marketing and finance will be left up to the individual institution.

"The United Nations does not want to become an accrediting body," says Mr Cabrera. "It is the same with companies. The UN doesn't dictate how you go about fighting child labour - but what they will say is that, one way or another, once you sign up, it's a public commitment."

Yet, like companies that have signed up to the Global Compact, schools may face questions about what their participation means. Critics

say the Global Compact is little more than a public relations exercise that lacks teeth because signing up to it is voluntary, commitments are not monitored and lack of compliance is not sanctioned.

Dr Cabrera argues that, while the UN is not a policing body, others fulfil this role. In the case of companies, that means shareholder activists, campaigning groups, non-governmental organisations and - as "ethical" products gain popularity - consumers. Once organisations have made a commitment, he says, there is an "ecosystem of stakeholders" that will hold them accountable for their behaviour.

For business schools, a different but equally powerful constituency will be scrutinising individual institutions' efforts to promote sustainability in their research and teaching - the students.

"Students are terribly demanding and, when they want something, they want to see results," says Dr Cabrera.