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TEACHING SUSTAINABILITY TO TOMORROW'S LEADERS

How can we make managers globally responsible leaders attuned to the needs of sustainability? **CB Bhattacharya** explains how one school is trying

The clamour for business schools to educate their graduates not only as managers but also as responsible leaders is increasing in volume. There is a cry for academics and executives to change mindsets and follow new paths that enable more balance and greater stability. We need managers who implement strategies that are not only profitable but also account for the wellbeing of the planet and its people.

The European School of Management and Technology (ESMT) in Berlin sees itself at the frontline of this transition. We have embedded, and continue to embed, tenets of sustainability and responsible leadership into various aspects of our life including teaching, research, thought leadership and, slowly but surely, lifestyle.

ESMT has identified three broad research and teaching areas to distinguish ourselves as an institution:

- European competitiveness
- management of technology
- sustainability and responsible leadership

ESMT considers sustainability and responsible leadership essential components of a 21st century business education that develops responsible and entrepreneurial leaders who think globally, act responsibly and respect the individual.

This is shown in a number of ways, including the E.ON Chair in Corporate Responsibility (currently held by the author), an MBA sustainability track, a mandatory sustainable business class in our MBA and EMBA programmes and the Sustainable Business Roundtable, which brings together practitioners and academics in a common forum to discuss strategies for increasing sustainability practices within companies.

ESMT was placed 29th worldwide and 4th in Europe in the Aspen Institute's 2011 *Beyond Grey Pinstripes* ranking. We are also in the initial stages of measuring our own environmental and social footprint.



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Our MBA programme offers a variety of core courses, including business ethics and business in society, that directly or indirectly address sustainability and corporate responsibility issues. More specifically, the Global Sustainable Business track offers a core course, Sustainable Business, and a set of electives (Fighting Poverty with Business, Corporate Environmental Strategy, Sustainable Supply Chain Management, Global Growth Engines and a field seminar in an emerging economy).

Informal research conducted on our student body shows that the school's focus on sustainability is an important attraction for prospective students irrespective of whether this is their academic and/or professional focus.

The Sustainable Business course is taught by the author in the second quarter of the year, before students choose their electives. It is designed to facilitate issue-centred learning and to use functional knowledge and expertise to help resolve major societal, environmental and economic issues.

Students learn that when done correctly, sustainability initiatives can affect positive change for our planet and its people and contribute to financial wellbeing (profit).

Figure 1 illustrates that the goal of sustainability can only be accomplished through the symbiotic work of multiple actors – companies, consumers, social entrepreneurs, regulators and so on. While the first half of the course focuses on corporate responsibility, the second half discusses the role of other actors.

- Specifically, the course aims at helping students:
- 1) understand current challenges and opportunities in sustainability with particular attention on the role of multiple actors
 - 2) assess reactions to sustainability initiatives from various stakeholder perspectives (customer, employee, supplier, NGO, regulators)
 - 3) grasp the conditions under which sustainability initiatives yield positive business and social returns
 - 4) evaluate the effectiveness of sustainability strategies.

Throughout the course, students are encouraged to view sustainability and corporate responsibility initiatives through the lens of the stakeholder so that they emerge as leaders who can leverage the power of business to create social and environmental value. (Bhattacharya, C B, S Sen, and D Korschun (2011). *Leveraging corporate responsibility: The stakeholder route to maximizing business and social value*, United Kingdom: Cambridge University Press, ISBN 978-1-107-40152-5.)

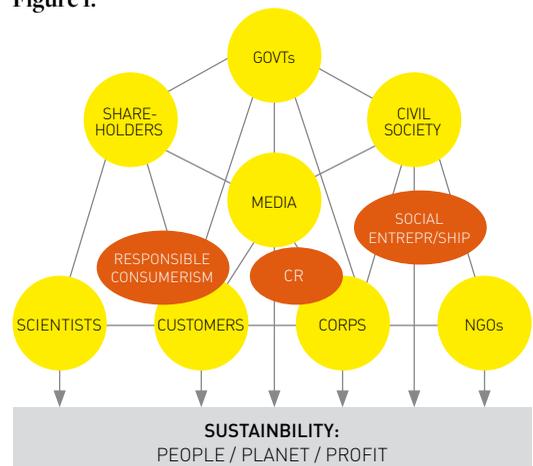
Importantly, throughout the course, students question the dominant market paradigm and are given room to think about alternatives.

Pedagogically, the course blends theory and practice in a way that emphasises both critical thinking and experiential learning. This is accomplished through multiple components.

First, articles, guest lectures and case studies expose students to theories and principles that can be applied to formulate, implement and evaluate sustainability initiatives through the entire value chain – from procurement to disposal.

Second, via a series of real-world group consultancy projects, mini-workshops, presentations, simulations and role-play, students analyse the sustainability strategy and performance of companies to discover first-hand the mechanisms by which sustainability initiatives yield both business and social returns. Through this healthy dose of experiential learning, which includes acting as social change agents in their group projects, students are exposed to the complexity of problems, inherent trade-offs, ambivalence and the difficulty of defensible decision making in this field.

Figure 1:



Here are three examples of the different kinds of things we do in the course:

- 1) At the outset, we play the FishBanks simulation (Meadows, D L, 2004, *FishBanks, Ltd.* The Laboratory for Interactive Learning, Durham, USA), where several student groups act as independent fishing companies that aim at achieving the greatest possible assets by the end of the game. The final assets equal the accumulated bank balance plus the salvage value of ships. The game helps illustrate the "Tragedy of the Commons" phenomenon (Hardin, G, 1968, "The Tragedy of the Commons". Science 162: 1243-1248), which is then linked to a variety of problems facing the world today.
- 2) A second illustrative example is the ExxonMobil case (Werhande, P, J Mead, R, Freeman and A Wicks (2003). "ExxonMobil and the Chad/Cameroon Pipeline (A)", Darden Business Publishing. UVA-E-0262), which documents the case of ExxonMobil pondering whether it ought to continue with or withdraw from its plan of building oil pipelines through Chad/Cameroon. Students assume different roles such as the ExxonMobil management, ExxonMobil stockholders, Chad/Cameroon citizens or its government, the World Bank, environmental groups, indigenous people and Western Europe oil consumers. By bringing the hot topic of building pipelines in poor (and poorly governed) countries to the classroom, and by viewing the situation from the stakeholders' vantage point by virtue of the role play, students get a better handle on the complexity of real world decision making in this field.
- 3) The third and final example deals with the real world projects students conduct in the course where they not only get a healthy dose of "learning by doing" but also see how they can enable social change. The projects come from a mix of non-profit (for example, World Wildlife Federation, My Finance Coach) and for-profit (Allianz, Microsoft) organisations and typically deal with strategic issues.

For example, one project for media giant Axel Springer dealt with the question of what it should do to combat the potential backlash from NGOs and activists given that the digital devices via which media content is increasingly viewed contain "conflict minerals" such as tantalum, tungsten, tin ore and gold mined in the Congo and other sensitive areas. These projects bring students into close contact with company personnel (often the corporate responsibility or sustainability manager) and usually entail secondary research as well as some primary data collection from relevant stakeholder groups to come up with an analysis and set of recommendations.

While the course as well as the topic of sustainability is generally off to a good start at ESMT, there is of course much scope for improvement, including:

1) Building linkages to other disciplines

Given the inherent interdisciplinary nature of the topic of sustainability, it would be good to build stronger linkages to non-business disciplines such as political science and philosophy.

2) Integrating sustainability through the entire curriculum

The message surrounding sustainable business would be far more powerful if key concepts were integrated more strongly into courses on finance, marketing, operations and the like.

3) Increasing cross-fertilisation across knowledge forums

There is no systematic interaction between MBA students and the ESMT Sustainable Business Roundtable (SBRT). The SBRT provides a learning platform that combines the latest academic insight with best business practices to develop leading-edge concepts that produce a "sustainability advantage" for businesses. Currently, managers from 17 companies participate in two meetings per year and it would be good from a learning perspective to actively engage students in these meetings. **gf**

ABOUT THE AUTHOR

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