**David Oglethorpe** argues that business schools need to embrace social responsibility more enthusiastically than they have done so far

# **The socially responsible business school:** corporate compromise or competitive advantage?

Last year's EFMD publication *Securing the Future of Management Education* by Thomas, Lee, Thomas and Wilson made plain that business and management education needed a paradigm shift.

The publication drew together a narrative that implied business and management schools were complicit in the financial crisis of 2007-2008 through the delivery over many years of financially motivated, risk-driven business education and through the promotion of what the book called "casino capitalism", lacking an ethical and moral compass.

This had to change, the authors said, requiring the development of students who were not just hired hands but had higher aims that reflect the EFMD 2012 manifesto prerequisite that "issues of ethics, moral responsibility and sustainability should be embedded in the core curricula of management education as well as in the broader practices of schools".

The notable addition of commentary required around ethics, social responsibility and sustainability in each dimension of self-improvement and a distinct chapter requirement for EQUIS accreditation documentation also reflects this.

However, the notion of social responsibility (as a catchall phrase for ethical, moral and sustainable dimensions) as a virtue in both business and business schools still tends to polarise.

On the one hand, it is seen as something additional that "we must do" to ensure acceptability, respectability and market resilience – a corporate compromise, if you like.

On the other, it is seen as something that has become an integral means of doing business, something that inherently adds value, enables product differentiation, improves productivity and creates competitive advantage.

This was reflected in the 2013 ABIS/EFMD survey into the extent to which issues relating to environment, society, governance and economy (ESGE) have become a priority for management education.

One would expect that the "compromise" position may be occupied by those who accept that the issues have become more important but who are relatively passive in their engagement with them. Equally, those who see these issues as delivering competitive advantage might be expected to have integrated them as key messages within their mission statements.

> *A key to developing and ensuring a business school can move from compromise to competitive advantage can therefore lie in the successful integration of its research with the external community it serves.*

The survey suggested that 82% of business school deans agree that such issues had moved to the mainstream in management research and education but only 42% of deans thought that business schools were "close enough to the corporate ESGE agenda to formulate an appropriate response".

For faculty members, the figures were lower but again very much reflected a split vote (61% and 37% respectively). The proportion of faculty who thought that the ESGE agenda was fully integrated into their institution's mission, values and sense of purpose, was 52%, clearly, an evenly balanced dichotomy.

The reluctance to embrace fully a position of social responsibility and to see a related competitive advantage in business schools could be the resistance anticipated from external stakeholders.

Indeed, the ABIS/EFMD survey showed that resistance from trustees, governors, alumni and external donors was seen by faculty members as a major reason not to engage with the agenda. However, journal rankings and research funding were also blamed as major blockages to enable successful adoption of the ESGE agenda; but this is a common complaint of the interdisciplinary research community who are perhaps more active in this area.

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In convincing stakeholders and organisations that research into social responsibility is relevant and that it should also drive business strategy, it is vital that a major conceptual message is put across: the research is not suggesting that any organisation would ever set out to be socially irresponsible but the alternate position to take is not just simply to be passive.

**42%**

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In order to generate competitive advantage, a business needs to positively differentiate from just ensuring that it does not take irresponsible decisions to taking positive action to improve the ethicality, social responsibility or sustainability of any product, practice or process.

But some of us have been conscious of this and have been doing this for a while. At Sheffield University Management School in the UK, we have a reputation and specialised research focus that understands and drives socially responsible and sustainable work practices and processes.

However, this has taken a long time to develop and its evolution is linked to the origins of the university itself, which was founded formally in 1905 through penny donations from local citizens to bring higher education within reach of the people working in the great industries of Sheffield. In recognition of this, the Sheffield University has always had a reciprocal civic and social responsibility.

It is a major competitive advantage that is reflected in the mission of the Management School, which explicitly refers to promoting socially responsible work practices in organisations and societies throughout the world.

The acceptance of and engagement with our socially responsible research by the organisations we work with has developed over time and has shaped our sub-disciplines.

Within the accounting academic community, for example, our research became known in the early 1990s as the "Sheffield School" – a school of thought around critical and socially responsible accounting practices and business accountability.

In the management disciplines, our research has mirrored this school of thought and in each of our sub-disciplines, our research has emerged as leading thinking on socially responsible work practices and processes, across the spectrum of the ESGE issues defined by EFMD.

Our research in organisational behaviour and human resource management leads on employment relations and the notion of "decent work" and the long-standing and world-leading Institute of Work Psychology has pioneered research around the effects of work on employee well-being and performance.

Our research into supply chain management has developed a focus on whole-chain carbon management and sustainable systems and our marketing group has developed a specific specialism in green labelling and the responsible use of advertising to children.

In strategic management, we focus on risk and resilience to assure more sustainable long-term business solutions and in international business we look at the ethical basis of mergers and acquisitions, especially in vulnerable emerging markets.

This may all sound very familiar and the development of research groups around the world are probably following similar pathways. But once one starts to break down the actual subject matter of what we mean by "social responsibility" in business, we get onto much more acceptable and interesting ground though one has to invest time in the research. Doing this means we move away from the rhetoric and towards being able to help business achieve competitive advantage through engagement with the agenda.

Our students, too, espouse and champion socially-responsible business and it is by no coincidence that the Sheffield University team for the Enactus programme, the global social enterprise initiative for students, half of whom come from the Management School, are present UK Enactus champions and were runners-up to the hosts in this year's Enactus World Cup held in Beijing.

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**Above**
Professor David Oglethorpe with Jahaan Abdurahman, winner of the Chancellor's Medal

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> *"If we are to critically shape thinking around how businesses build their resilience, sustainability and social capital, we need to be thinking about the grand challenges of the latter part of this century*

In the same respect that business and management schools have become international in everything they aspire to, rather than internationalism being something they do separately, I believe this is how we should view our efforts around social responsibility and sustainability. This is now part of mainstream thinking for businesses and organisations around the world and should be the mainstream of our research, education and outreach.

Indeed, business and management schools need to stay ahead of this agenda and anticipate the future development of this pathway. It is not good enough to say that we should follow the mainstream of thinking in businesses and organisations around the world but we should be shaping that thinking, pushing boundaries and anticipating developments.

If we are to critically shape thinking around how businesses build their resilience, sustainability and social capital, we need to be thinking about the grand challenges of the latter part of this century.

Given population growth, political balance and shifting economic power bases, business competitiveness will become more related to resource availability than the availability of finance. Growth will be increasingly driven by eastern demand rather than western prosperity and market compatibility will supersede market penetration as an inhibitor to globalisation.

Our research will need to focus on the health and cultural fit of organisations, the ethical acceptance of products and services, and the social agility of supply chains. We must do this by continuing to embrace financial success and economic resilience but do so in a way that continually and positively improves our ability to differentiate between seeing social responsibility as a compromise and something that adds real value.

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**ABOUT THE AUTHOR**

Professor David Oglethorpe is Dean of Sheffield University Management School in the UK and has a long-term involvement in sustainability and related issues.