



# Gradualism prevails & perception outbids substance

**Ulrich Hommel, Mollie Painter-Morland and Jocelyne Wang**

summarise the results of the Third EFMD/EABIS Global Deans  
Survey on 'Sustainability and the Future of Management Education'

**B**usiness schools play a key role in driving the sustainability agenda within management practice. They do so not only by shaping and preparing the next generation of business leaders but also by influencing the perception of the role and purpose of business in society through their research, teaching and other activities.

Yet it remains unclear to what extent business schools are actually driving real change. Practitioners have criticised business schools for not having reacted forcefully enough to the financial crisis as well as the resulting disconnect with the discourse among business leaders on how to strengthen the role of businesses in society. There are both push and pull factors at work in business schools' commitment to the sustainability agenda. They include environmental, societal, governance and ethical concerns. After the myriad of ethical failures in business, stakeholders are becoming more vigilant in their demands for tangible progress. Increased environmental risks have also put the need for change squarely on the business agenda and hence on the agenda of business schools.

Societal awareness of inequality, poverty, corruption and human rights infringements raises the question as to how future business leaders need to be prepared to address these challenges. While business schools have appeared reluctant disciples of sustainability in the past, they are now becoming slightly more observant in embracing the subject. Integrating sustainability related aspects into school strategy designs is now regarded as a tool to effectively build up and/or strengthen the institutional brand. (See article "Teaching sustainability", page 50.)

Accreditation standards are in the process of being adjusted to encourage a stronger focus on sustainability related performance. The aim of the EFMD-EABIS Global Deans Survey was to examine the specific steps undertaken by business schools in their effort to drive the sustainability agenda forward.

### Survey design

The survey was launched in April 2012 and a total of 1,520 deans and directors of business schools around the world were contacted, of whom 148 decided to participate (9.7% response rate). Fifty-three per cent of the respondents represent business schools headquartered in Europe. The remainder of the sample is based in the Americas (18%), Asia (13%), MENA/Africa (10%) and Australasia/New Zealand (6%). Nearly one-third (65%) of respondents represent university-based institutions; 53% represent schools of 250 employees or more and 51% stated that their student body exceeds 2,500.

Preliminary results were presented at the 11th EABIS Colloquium held in July 2012 at IMD. Two complementary surveys of business school faculty and CEOs have been launched this year, which will permit comparative analyses on how or whether the various business school initiatives are actually generating tangible impact.

In the context of these surveys, sustainability has been broadly defined to cover the environmental, social, governance and economic dimensions (ESGE). It reflects our view that there is a pressing need for a new definition of sustainable enterprise – one that unites the ecology based norms of "sustainable development" and the society focused concepts of "shared value creation". The surveys have been designed to explore consensus on a range of ESGE factors perceived to have the greatest impact on the global business environment in the coming decade.

The aim of the Deans' Survey was to gather data and produce an overview on how deans and directors view the integration of sustainability issues in teaching, research, corporate engagement and campus life. The survey gauges the perception of deans and directors in terms of the centrality of the sustainability agenda, the key drivers that determine the successful integration of this agenda, and the most serious blockages that stand in the way of effecting real change.

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## Key findings

The strategic relevance of sustainability is nowadays more widely acknowledged by the business school community. Eighty-two per cent of deans and directors participating in the survey believe that ESGE has now moved from the fringe to the mainstream of business school development. The economic dimension – in particular the impact on a school's brand value, students and corporate demands – remains the strongest driver for change. In addition, 74% of respondents state that sustainability is by now firmly integrated into their own school's mission.

The majority of respondents are, however, equally convinced that business schools are still not sufficiently close to the corporate sustainability agendas to formulate an appropriate response. Nearly half (49%) claim that they are not receiving clear messages from corporate partners on their ESGE-related needs. This may largely represent a supply-push problem from the perspective of business schools.

In addition, just 49% of respondents indicate that their institutions co-operate with senior executives to define research projects on ESGE topics. Equally concerning, only 53% of respondents see their institutions co-operate with chief learning officers and human resources officers of corporate partner institutions to define learning priorities with respect to sustainability.

The persisting disconnect with the corporate world may be partially due to the fact that more than 60% of business schools covered by the survey are not targeting their placement activities at companies recognised as sustainability champions. Over two-thirds (68%) of the respondents believe that their directors of career services are not even systematically asking what sustainability-related skills corporate partners are looking for. And 63% state that job placement services are not supporting the development of sustainability-related skills.

Indeed, 53% apparently believe that their directors of career services do not have the relevant knowledge and expertise to advise students on sustainability-related career matters.

The business schools' sustainability agenda is largely managed from the top end of the organisation, with 89% of respondents indicating that, as a dean or director, they are in charge of leading the ESGE agenda at their institution. At the same time, they acknowledge that, next to the senior management team, programme directors and the faculty are the key agents to help realise sustainability-related ambitions.

This top-down approach may indicate strong commitment by the school leadership to prioritise sustainability in institutional development. However, it may also reflect a potential disconnect between head office and school operations. This view is supported by the feedback that only 30% of survey respondents see sustainability directly influencing annual performance evaluations, while 34% indicated that it has no relevance whatsoever.

In line with this result, 25% believe that the performance record in the area of sustainability does have some bearing on tenure and promotion decisions while 33% argue that it is completely irrelevant.

On a positive note 71% of respondents stated that their institutions have embarked on a change management process to embed ESGE issues within core research and teaching activities.

It appears that tangible progress has been achieved in the research area. Business schools have visibly built up their commitment to conduct research on ESGE issues with 65% of respondents indicating they have institutes and centres in this area and 61% reporting the existence of dedicated research teams within other institutes or centres at their school. Forty-eight per cent reported the existence of chaired professorships and 39% of PhD programmes (or specialisation tracks) dedicated to sustainability.

Achievements are somewhat less impressive in teaching. Nearly all institutions covered by the survey have between two and four compulsory modules related to sustainability though 35% still do not cover the subject with a dedicated module in their full-time or part-time (29%) MBA programmes. One must conclude that a large part of the business school sector is apparently doing little beyond what accrediting agencies consider a minimum.

The survey finally looked at the extent to which business schools are applying sustainability considerations when managing their own physical infrastructures. The results are overall very encouraging.

More than 70% of respondents stated that their institutions have put in place long-term targets to reduce the environmental footprint as well as corresponding policies for the construction of new facilities and the renovation of existing infrastructure. Around two-thirds of the business schools covered by the survey have also established sustainability-related criteria for procurement as well as behavioural guidelines for faculty, staff and students.

It is, however, open to debate to what extent the credit for these achievements should actually be awarded to the business school. Within university structures, campus management policies are typically established by the parent organisation and are also increasingly influenced by government regulations.



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### Reflections

Business schools have unquestionably made some notable progress in integrating ESGE issues into the mainstream of their development. A number of them are moving towards more comprehensive coverage in their degree programmes and with better inter-linkages to functional specialisations. We further note a greater willingness to fund larger-scale research programmes, frequently combined with the establishment of formal research institutes or centres. Finally, it has become common that concerns for sustainability are embedded in campus management models.

The survey results also reveal, however, that business schools are struggling with serious challenges in terms of incorporating the ESGE agenda into their activity portfolios: externally, to overcome the disconnect between academia and corporate practice; internally, to bridge the gap between the deans' and directors' positive self-evaluation and the reality of limited implementation in certain crucial areas such as performance management of faculty and staff.

Deans and directors still need to develop a better understanding of corporate needs in terms of sustainability-related skills and capacities.



Business schools must also intensify their efforts to motivate faculty to integrate sustainability into their research and teaching activities. Above all, faculty reward systems should take into account that widely accepted research metrics such as journal rankings and impact factors still do not provide sufficient recognition for sustainability research.

The issues to be addressed are clearly too important for the business school community to wait until a positive majority judgement has been rendered on what constitutes good and valuable research in this area.

Business schools have frequently been criticised for primarily (ab)using sustainability for marketing purposes. It is certainly the case that numerous decision makers in the business school community still consider sustainability a temporary phenomenon and a fad.

The survey results provide little consolation in this respect. There still appears to be too much focus on creating “perception” rather than “substance”. **gf**

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