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Business Schools as Catalysts for Sustainable Development

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Many readers will be surprised by what has been happening at Monash Business School in Melbourne, Australia. Scholars at the school have been studying strategies for managing urban water supplies, policies for supporting Pakistan's horticulture markets, and guidelines for handling national blood supplies. These projects have been led by research centers that are intentionally interdisciplinary and supported by an associate dean responsible for research impact. Not to be left out, students at the school have pitched social enterprises for the Australian African community and participated in sustainable tourism study tours. And these are just a few examples from Monash—similar ones can be found at hundreds of other business schools around the world.

Myriad forces are transforming schools of business and management into catalysts for sustainable development. In business, the dominant paradigm is shifting from narrow, short-term profit maximization toward broader, more responsible, and sustainable strategies. Executives can no longer afford to ignore issues like inequality, climate change, and poor health. Meanwhile, local and international development initiatives are increasingly reliant on

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private-sector and people-first solutions, which play to the strengths of business schools. After all, the Sustainable Development Goals (SDGs) are a call to action to business and higher education, as well as government and civil society. Finally, the changing landscape of higher education has itself been an important factor in the transformation. Funders are holding business schools more accountable for generating knowledge that benefits society, students are demanding curricula that do more to address sustainability, and technological advances are expanding the diversity of education programs and extending their reach into underserved communities.

For more than two decades I have had a privileged view of business schools, including 19 years in various leadership responsibilities at AACSB International, an accrediting body, and two years and counting as CEO of the Global Business School Network (GBSN), which improves access to management education in the developing world. During this time, I have seen the forces of change at work, motivating and enabling business schools to become catalysts for sustainable development. More and more business schools, like Monash, have been going beyond the historical boundaries of business education to make the world a better place.

But it is still early in the transformation and far from clear what it means for business schools. This chapter attempts to fill this gap by offering five strategies to unlock the full potential of business schools as catalysts for sustainable development.

Explore and Articulate Purpose

The venerable dean, Dipak Jain, often said that “business schools have put performance over purpose.” His observation was not entirely critical. At AACSB I witnessed a remarkable rise in the overall quality of business education and research. Aspiring schools recruited increasingly talented students, connected graduates to better jobs with higher salaries, and produced more, and more rigorous, articles in peer-reviewed journals. The number of ranked and accredited business schools increased, as did the overall popularity of business education. I was especially impressed by the rapid rise of business schools in Asia and in the Global South.

As professor Jain pointed out, these improvements were motivated by performance. And performance in business education has historically been reflected in the criteria for rankings and accreditations. It was not unusual for a business school to state that its formal vision was to become a top 50

business school, or to join the top echelon of all schools by earning AACSB or EQUIS accreditation, or both.

Now, however, being good is no longer good enough. The time has arrived for every business school to put purpose first; to explore and articulate why its efforts matter to society. That means asking important questions. What positive difference or impact does my school intend to have on the communities it serves? At what scale and scope? Does the school prepare students to work in business as it currently is, or to shape the development of business in positive ways? What are the grand challenges or wicked problems we want to inform the school's research agenda?

The breadth of societal issues and ways to address them, as well as the variety of contexts in which schools operate, allows for considerable diversity when it comes to purpose. Every business school can and should be more distinctive when it acts as a catalyst for sustainable development. There are no formal rules about expressing purpose. Schools describe it in different forms and at various levels of granularity. GBSN member, Fundação Dom Cabral (2021) in Brazil, is quite clear in its mission statement “to contribute to the sustainable development of society by educating, developing and building the skills of executives, entrepreneurs and public managers.” The Suliman S. Olayan School of Business (2021) at American University of Beirut, also a GBSN member, articulates purpose in its vision statement, which is to “transform business thinking in the MENA region.”

Clarity about social purpose acts as a powerful motivator. It helps scholars to discover or rediscover why their work matters beyond simply publishing papers. It guides students as learners in longer, increasingly dynamic careers. It describes why alumni, donors, government officials, and community leaders should support the school, with time as well as money. In my experience engaging these stakeholders and others in exploring the questions matters as much as the ultimate answers, because that is when innovation and buy-in happens.

Diversify Research Approaches

Since joining GBSN, I have been surprised by the enormous thirst for evidence to inform efforts related to sustainable development. I hear regularly from leaders in government, NGOs, and business about the need for credible research to navigate a world that is more complex, interconnected, and uncertain than ever. They can't afford to continue pouring resources into policies and projects that work in theory, but are ineffective or financially

unsustainable in practice. They want better insights about relevant markets and behaviors, and need it now. They want useful knowledge about managing strategy, finances, operations, and marketing for their own organizations and in the organizations they support.

At the same time, serious doubts have emerged inside and outside of academia about the dominant model of research and whether it can effectively support the changing roles and responsibilities of business schools. Critics argue that the system motivates scholars to address gaps in the academic literature rather than important problems in business and society. Others worry that the commercialization of higher education has already compromised the independence of scientific research. Some people say that scholars don't care to communicate effectively with the public about what they learn through research—and that increasing political partisanship, expanding social media, and weaknesses in education have exacerbated the challenge by blurring the boundaries between facts and opinions in the minds of policy-makers, as well as the public. Whether you believe these criticisms or not, the reality is that the current model is well established, as are the incentive structures and cultures that support it.

I maintain that the best way forward in the near term is to build around the current model by diversifying research approaches in business schools. As Andrew Hoffman (2021) writes in *The Engaged Scholar*, “The goal in this book's pages is not to change the role of academic scholars such that all must engage. Instead, the goal is to widen the range of definitions of what it means to be an academic scholar, allowing more diversity within the scholarly ranks.” Individual scholars find their best fit, while departments and schools generate greater impact from a more diverse portfolio of faculty and methods.

There are many approaches to research that can serve business schools well, as catalysts for sustainable development. Randomized controlled trials (RCTs) have limitations but have demonstrated utility in the field of development economics. Yet, the approach is hardly ever used by scholars in business schools. I also believe there is great value in the abductive reasoning approach of the Academy of Management *Discoveries* Journal, field-based approaches, research case studies, and large-scale international collaborations such as the Global Leadership and Organizational Behavior Effectiveness (GLOBE) project, which engages more than 500 scholars across 160 countries.

Create Opportunities for Action

I thought I knew a lot about Hanken School of Economics because it is a GBSN member. Still, less than a month after the World Health Organization (WHO) declared Covid-19 a pandemic, I was surprised to learn that the school is a global leader in humanitarian logistics, a field concerned with responses to disasters, both natural and human-generated. By then, the Helsinki Graduate School of Economics (a joint unit of Hanken, Aalto University and the University of Helsinki) had already established the “situation room” to support ministries and other public authorities in economic policy-making during the coronavirus crisis. And the school was already working on a European Union grant called Health Emergency Response in Interconnected Systems (HERoS) to improve the effectiveness and efficiency of the response to the Covid-19 outbreak.

As business schools prioritize sustainable development, we are starting to see more scholars influencing policy and practice, and working in the field themselves, applying what they learned, testing and refining ideas. In their wonderful book, *Good Economics for Hard Times*, Nobel Laureates Abhijit Banerjee and Esther Duflo (2019) compare their work as economists to medical research, “like in medicine, our work does not stop once the basic science is done and the core idea is established; the process of rolling out the idea in the real world then begins.”

Schools are also engaging students more directly in social impact activities. As technological advances make educational content more accessible, business schools have made learning more experiential. And, in response to changing student preferences as well as their own changing roles, schools are including more sustainable development projects in their action-learning portfolios. Students are also making a difference through hackathons and competitions. In 2020, GBSN partnered with Hanken’s Humanitarian Logistics (HUMLOG) Institute to plan a global student competition. The HUMLOG Challenge ultimately brought together 120 teams from 36 countries to work on local food and medical supply problems. First prize went to a team representing GBSN member, Universidad de Los Andes School of Management, which developed a water supply chain solution for La Guajira, Colombia.

Of course, the benefits of engaging faculty and students directly in sustainable development go beyond having a positive impact on society. Projects provide opportunities for academics to make new connections and co-create knowledge with practitioners. Students learn to apply content in context and gain feedback from professionals beyond the classroom. They also learn how to engage the creative capacity of teammates and develop valuable social

capital. While others have focused more on changing the content of business curricula to support sustainable development, I believe schools can make a bigger difference, sooner, by shifting the kinds of experiences available to students and scholars.

Empower Local Initiative

Reflecting its mission “to develop principled, innovative leaders who improve the world and to generate ideas that advance management practice,” the MIT Sloan School of Management (2021) has always done a lot for sustainable development. I have been especially interested in their Regional Entrepreneurship Acceleration Program (MIT REAP), which is designed to strengthen local innovation-driven entrepreneurial (IDE) ecosystems. Participating communities form teams of eight representatives from corporations, higher education, government, risk capital, and entrepreneurial ventures. These teams engage in a series of action-learning activities over a two-year period, while constructing and implementing a regional strategy to enhance their IDE ecosystems (MIT Sloan Global Programs 2021).

The MIT program empowers local leaders to create solutions from within their own context. Participants can and do learn from other communities, but it is not about importing solutions from other parts of the world. Every business school can and should contribute to sustainable development by investing in, and participating in, local and regional entrepreneurial ecosystems. That means providing entrepreneurship education, of course. It also means operating incubators, accelerators, innovation labs, makerspaces, and the like, and doing more to connect founders to funding. Many leading business schools are also prioritizing different kinds of entrepreneurship. At IE University, for example, social innovation has become a key driver for its work at home in Madrid and in other parts of the world, such as West Africa.

When the focus is entrepreneurship, it is easy to equate progress with business development. As catalysts for sustainable development, however, business schools must think more broadly. Real progress means building better communities and working closely with local governments, civic organizations, and other stakeholders, as well as business organizations. Going further, business schools generate value by facilitating collaboration across sectors, a point that is explored further below.

To be sure, achieving the SDGs will require global leadership as well as local initiative. By coordinating across multiple IDE ecosystems, MIT Sloan is also building global knowledge and leadership capacity. Similarly, network

organizations like GBSN play an important role by connecting schools and communities across borders. It helps schools from the countries to learn from each other and provides a global platform for resource sharing and collective action. International diversity is an important source of innovation and action for sustainable development.

Connect Across Sectors and Silos

At the World Economic Forum's annual meeting in January 2020, the Thunderbird School of Global Management and the Foundation for Climate Restoration brought together global leaders across sectors to release a report on carbon capture as a multitrillion dollar set of business opportunities. (Thunderbird School of Global Management 2020) Convening people with different perspectives is one of the most powerful ways that business schools catalyze sustainable development. Yet, it is still rare for business schools to take a lead role in convening across sectors like Thunderbird has for climate restoration.

Ron Burt, sociologist, is one of my academic heroes for pioneering work on social networks and capital. He called attention to the importance of bridging structural holes, which are knowledge gaps in the space between tightly-knit clusters of individuals in and across organizations. While there is value in the dense connections within clusters, Burt's research shows that people who bridge structural holes (brokers) have better, more innovative and robust, ideas. Similarly, organizations with collaboration networks that more often bridge structural holes tend to "learn faster and are more creative" (Burt 2005). By connecting people across sectors and silos, business schools can facilitate brokerage and generate more innovative ideas for sustainable development.

A large part of the value created in executive education programs comes from bringing together experienced people from different industries. I have been following a program offered by a large international executive search firm. High-potential managers are recruited from a diverse set of industries to work together for a day on a challenging problem. At the time of this writing, the program was recruiting a cohort to address a software development challenge at the heart of the rapidly changing market for mobility. Everybody wins: the program yields innovative solutions, participants gain experience and contacts, and the search firm gets familiar with the leadership skills of executives in a wide range of industries.

GBSN has been working hard to generate more non-academic connections for business schools. For example, by partnering with the Global Alliance for Improved Nutrition (GAIN) and the World Business Council for Sustainable Development (WBCSD), GBSN will bring academic institutions into cross-sector collaborations to shape the demand for nutritious and sustainable foods. By working with the Center for International Private Enterprise (CIPE) on anti-corruption research, GBSN is connecting scholars to NGOs and SMEs in Indonesia, South Africa, Nigeria, Brazil, and Colombia. In both cases, business schools also serve as connectors to other units, such as the policy school, on campus. GBSN has started similar initiatives at the nexus of business, government, and civil society in other areas, such as health, financial technology, and cybersecurity.

Before closing this chapter, I offer three additional notes about the five strategies. First, the five strategies are not meant to be exhaustive. There are other initiatives that business schools can and should pursue. I left out, for example, a discussion of the curriculum revisions and changes in admissions criteria, extra-curricular activities, and career development activities that can contribute to sustainable development.

Second, the strategies are intended to be complements for each other. Schools are encouraged to take a holistic approach to their work to foster sustainable development. By thinking more comprehensively, schools can generate synergies across various activities, accelerate development, and amplify the impact of their work. For example, the work to build stronger ties between business, government, and civil society can connect the school to companies willing to host sustainability-focused action-learning projects for students. Empowering local initiative can lead to new insights about the overarching purpose of the school, as well as reveal interesting phenomena for scholars to study.

Third, there are risks to pursuing these strategies. For example, if a school moves too far, or too quickly, ahead of others, it could suffer a reputational fall in the rankings. That is a real risk for now. However, in recent years I have been excited to see the Positive Impact Rating (PIR) gain traction as an alternative to rankings, FT consider revisions to its criteria in order to recognize responsibility and sustainability efforts, and AACSB add an accreditation standard for societal impact. All of these developments suggest that the business education ecosystem will adapt as business schools change. Rankings and accreditations will continue to be important, but as means to an end rather than as ends in and of themselves.

While the transformation of schools into catalysts for sustainable development is already quite far along, it is far from complete. And the positive

societal dividends are certainly not guaranteed. This chapter outlined five strategies for business school leaders who see sustainable development as a central, or essential, part of their school's future. It also invites readers from other organizations in the broader ecosystem to consider ways to be supportive. What can business leaders, students, and faculty do to accelerate the transformation of business schools? How can university presidents and provosts connect the business school to other parts of the institution to foster sustainable development? How can publishers steward the development of more diverse research models, especially for the developing world? What can global networks, like GBSN, do to create productive cross-sectoral collaborations to achieve the Sustainable Development Goals?

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