

Transforming Business Schools' Role in Sustainability: A Multi-Level Approach

Equipping students for the future as professionals and world citizens demands that educators provide a compelling awareness of and deep competency with sustainability issues. Being knowledgeable about today's urgent environmental concerns, social injustice and global inequality must be central aims. This panel presentation and discussion targets three levels of transformation.

The first presentation addresses transformation at the individual level, enabling learners to acquire a sustainability mindset, a new kind of being, or identity.

The second presentation lays out what part of a curriculum could look like if truly faithful to the overwhelming need for sustainability to be instilled in our students. It addresses perhaps the most challenging subject—and potentially the most resistant academic discipline—finance, presenting the development of an innovative textbook that questions the most ingrained assumptions in economics and finance. That textbook builds a new approach to learning and teaching finance in the first finance course students would take at the undergraduate and graduate level.

The third presentation dares to challenge the entire foundation of business education and seeks to enable companies to stop managing for short-term financial results in a consumerist economy that postpones a reckoning with a dark future of unsustainability. This presenter elaborates a bold plan to transform business schools to transform all of society—a “plan” that is actually a project that is already well underway—a project that invites the business schools of session attendees to join immediately for a Fall 2019 application to the MacArthur Foundation.

This panel would begin with presentations by each of the three principals. We hope these remarks will then prompt a vigorous discussion with the audience.

“Developing a Sustainability Mindset”

The first presentation describes an undergraduate course, “Managing Sustainability in a Global Context,” that builds on a decade of research on managing for sustainability. It lays out the basic framing that human economic activity is embedded in the larger society, and that society inescapably resides in the natural environment, a reality easy to forget for those of us residing comfortably in a developed economy. The presenter builds the course around Ehrenfeld’s (2009) challenging concept that truly “sustainable” activities are not just about reducing unsustainability in today’s world but those that produce flourishing in the world

Early units of the course lay a foundation on learning specific elements of sustainability, forever. starting with the essentials of climate change. Basic scientific literacy comes from current authors plus Rachel Carson’s *Silent Spring* (1962). Hawken’s *Drawdown* (2017) conveys some of the non-obvious cases of behavior change that, if implemented, could produce surprising amounts of carbon emission reduction. The cautionary tale of the demise of Easter Island dramatizes the tragedy of the commons, and students experience it themselves in a simple in-class exercise.

Other material acquaints learners with a “sustainability worldview” (Schein, 2015). Building on a sustainability worldview, the next step involves acquiring a “sustainability mindset” (Rimanoczy, 2013), a way of *being* that evolves from a person’s calling (Hoffman, 2016) and a more acute social sensitivity. Mindset is conceived to be more than cognitive understanding but has more to do with feelings, purpose, and outright identity.

This presentation concludes with describing the varied activities and gradually deeper learning that progress from “Knowing” to “Doing” and finally “Being.” In this course, Knowing arises from developing “eco-literacy” and understanding the essentials of climate change, carbon reduction, and the world economy. Doing entails interviews, conversations, and field trips involving relatively enlightened companies, service-learning, and personal encounters with the natural world. Beyond that, learners can take on a different Being through such activities as journaling, meditation, study abroad, and reflection on one’s legacy (Fairfield, 2018).

The objective of such an approach is to inspire learners to take on the sustainability mindset that becomes the heart of their feelings, purpose, and identity. They stand a chance of becoming powerful players in sustainability in their future careers and advocates for life. It could be the most important outcome we can ever achieve for graduates.

“Crafting a Finance Textbook Founded on Sustainability”

A paradigm for the production, distribution, and consumption of the benefits of private enterprise is widely accepted in business practice and in academic teaching and research throughout the world. One core belief of this paradigm—perhaps the most widespread—is that business enterprises make the maximum contribution to society when they act to maximize their financial value. Since the largest of these enterprises are typically organized as corporations whose financial value may be measured by the value of the corporation to its shareholders, the paradigm is commonly referred to as “Shareholder Wealth Maximization (SWM).”

Within the academy, finance textbooks accept SWM as the goal of the for-profit company without any critical discussion¹ and proceed to present analytical and decision-making techniques

¹ A notable exception is two recent textbooks that acknowledge that SWM is not the correct goal for business (Werner and Stoner, 2016, 2018a).

that take SWM as a given. However, there have been some severe and unwanted consequences of the SWM paradigm as it has been used to justify business decisions that have degraded the world's environment (Klein, 2014), increased income inequality (Piketty, 2014), and magnified social injustices (Global Poverty Project, n.d.). Further, recent studies of the assumptions underlying the SWM paradigm conclude that most if not all are incorrect—either unrealistic simplifications of reality for the convenience of mathematical modeling, or, while perhaps true at the time of the Industrial Revolution when for-profit businesses were small and had minimal environmental or social impact, are no longer true for the large and most influential companies of today (Werner and Stoner, 2018b). Accordingly, if SWM is not the way for business enterprises to make the maximum contribution to society, many aspects of financial analysis and decision making will have to change to be consistent with this new, emerging finance. Business schools will need to revise the way finance is taught, and correspondingly, new finance textbooks will be required.

The presenters will discuss their recent work on developing a new financial management textbook that begins with the assumption that the role of all business enterprises (indeed, all productive organizations) is to serve society in multiple dimensions, not only economic. One well known expression of this perspective is the “Triple Bottom Line,” a measurement system that elevates the measurement of environmental and social performance to be equal to that of financial performance. They will discuss the new book's structure and content as well as their experience in using draft chapter outlines in teaching a new course titled “Finance in the Sustainable Organization” at Fordham University in the Spring 2018 and Spring 2019 terms. In a broader perspective, they will discuss how this textbook and other similarly focused textbooks can be used as vehicles for transforming not only finance teaching and research, but also all of business education and all of business practice.

“Transforming Business Education to Transform the World”

The final presentation takes the conversation up still another notch—to the total system level. This presentation is grounded in the observation that, although every year the reports of impending ecological disaster get more and more worrisome and the situation becomes more and more severe (IPCC, 2018; Leonard, 2018; United States Government, 2018), proposed ameliorative actions are not commensurate with the seriousness of the situation—and even many of those proposed actions are not taken or are even reversed, as we see recently in the United States. The situation gets worse and worse, and nothing meaningful seems to happen. There never seems to be an adequate wake-up call—a call like the one John Kennedy made in 1961 (Kimbro 2018) as he warned the world of an earlier threat to our existence—the possible nuclear annihilation of our own and other species.

This presentation describes a project designed to provide a wakeup call that can no longer be ignored. The project involves an emerging group of business schools being extremely loud in public as they admit that for decades business education around the world has contributed actively to the problem of global unsustainability—preparing students to accept the “business as usual” mindset that underlies our global producing–distributing–consuming system and to use the tools we teach them to maintain and extend the impact of that system, a system that is rapidly destroying the capacity of the planet to support our own another species. The project, however, goes well beyond being very public and very noisy about how business education has been working ever harder “to do that which should not be done at all”, to borrow a phrase from Peter Drucker. The project involves action now.

In the project, a group of business schools commit to transforming their teaching and much of their research to be in alignment with the need for a sustainable world in the outrageously short

time period of only three years. They will agree to be extremely transparent and very, very public as they do so—to be loud and clear about what they are doing, why they are doing it, and the bumps in the road they encounter as they demonstrate how to do the impossible by actually doing it. Many of us in academe have come to believe that it takes three or four years to just get a new course into our curriculum. These schools are transforming everything in three years!

The project sees the current set of core required business courses (finance, marketing, accounting, economics, ethics if it is taught, even management) in virtually all business schools around the world doing exactly what we would expect them to do as they serve two major sets of customers: their students and the business organizations wanting to employ their graduates. The great majority of jobs are in business as usual and our graduates need jobs, especially those who have borrowed heavily to get their college and graduate degrees in business. Businesses want to engage interns and hire graduates who will contribute now to doing what the business is accustomed to doing: business as usual.

Therefore, across the core curriculum and in most advanced courses, we basically accept that the purpose of business organizations is to maximize the wealth of shareholders. In our core courses we seek to give our students the tools and skills to do so, and implicitly or explicitly encourage them to accept the mindset that supports the values, practices, and goals of business as usual. This project recognizes that after the bricks and mortar of the business as usual mindset is laid down in the core courses, some students—a small minority in most business schools—may take one or more advanced courses in something like sustainable marketing, sustainable finance, accounting for sustainability, or whatever. These courses tend to be framed in the context of “the business case for sustainability”—i.e., how to make more money while doing less harm to the environment and how we can feel better about ourselves as we do so. In the phrasing of the quality

management movement, these courses attempt to do some “rework.” Rather than trying to do more rework a bit better, this project focuses on prevention—not allowing the business as usual mindset to be established at the very beginning of business education.

The presentation will describe how the current project builds on an application to the 2016 MacArthur Foundation 100&change competition. That competition sought to, and did, award one hundred million dollars to one project that was intended to contribute to solving a significant societal problem, as well as additional smaller grants to three other proposals. The presentation in this part of the proposed session will describe how that initial 2016 application has inspired and enabled the current project which uses an application to the planned 2019 100&change competition but not dependent upon winning that competition (Stoner, 2018).

Just as sharing progress on the course on global sustainability and sharing progress on the sustainable finance textbook, sharing progress on this business education and the world transformation project will be an important part of this proposed EAM-I session. Members of the audience in the session will be encouraged to share ideas about how the project can move forward and will be invited to encourage their own business schools and universities to consider joining the initiative. It is designed to provide \$2.4 million to each participating school that commits to transforming its business teaching and much of its research to be in complete alignment with the need for a sustainable world.

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