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Social Responsibility and M.B.A.'s

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Like many businesspeople, Ketevan Sidamonidze has traveled far — in her case from Georgia, in the Caucasus region, to the Esade business school in Spain — to earn a master's in business administration. Unlike most others, she said, the driving force in her decision to get an M.B.A. was not to improve her career prospects, but rather to improve her ability do social good.

“I came to Esade because of the way they were advertising their social aspect,” said Ms. Sidamonidze, who is just finishing a degree program that she started in August 2012. “It really stood out.”

At Esade, social entrepreneurship is part of the curriculum, both in the classroom and outside: As an extracurricular activity, Ms. Sidamonidze is part of a team helping to set up a business plan for an organization that brings specialized housing to the elderly.

Teaching effective management remains the core function of business schools. But since the near-collapse of the global economy, teaching business as usual has lost some of its luster.

Particularly in Europe, which suffered much of the fallout, revelations of reckless management in the financial industry — a main employer of business school graduates — and the devastating consequences for taxpayers and working people have led to something of a backlash. Students and employers have started to demand that business educators pay more attention to long-term social and ethical sustainability.

In responding to this, business schools are following, not leading, the trend.

Pamela Hartigan, director of the Skoll Center for Social Entrepreneurship at [Oxford University](#)'s Said Business School, said that much of what was being taught in the field of social entrepreneurship — market-driven business with a social end — was at the behest of students.

“We are putting down the tracks as the train is coming,” she said.

The increased emphasis on teaching sustainable or more socially responsible business practices is driven by larger cultural changes, not the schools themselves, said Daniela Papi, who worked for nongovernmental organizations in Cambodia for six years before heading to the Skoll center to join a master's program last year. She is now a consultant for the center.

“M.B.A.s are changing; they will have to, to survive,” she said.

Experts say that students interested in social business remain a minority of M.B.A. applicants, reflecting both the typically high cost of tuition and the fact that universities often offer management programs more suited to the nonprofit sector outside their M.B.A. programs.

Still, Professor Hartigan estimated that half the M.B.A. students at the Said school were interested in the subject.

The Skoll center has made a point of focusing on teaching and researching social business models. At other schools the percentage is lower, but it is nonetheless significant.

Net Impact, a sustainable-business networking group, carried out a study of business students last year that found that 39 percent of respondents would consider working in social enterprises and that about 34 percent were considering the nonprofit sector — figures that may have reflected the depressed state of the graduate jobs market.

While training managers for social business and nonprofits is important, so too is educating traditional business managers in issues like corporate social responsibility, advocates of sustainable-business education say.

“If students go on to work at McKinsey or Shell, that is not necessarily a bad thing,” Ms. Papi said, noting that socially responsible business training was also needed at large corporate entities.

The Copenhagen Business School, the largest in Scandinavia, has a strong reputation for its social and sustainable business courses, at least in part a reflection of the character of Danish society, according to Daniel Hjorth, a professor at the school.

“We insist that the social is not an epi-phenomenon in the economy,” he said, noting that the provision of social benefits in Scandinavian countries was not seen as merely a secondary effect of market-driven activity.

In Scandinavia’s social democracies, a belief in ethics and sustainability is a core value of business. At the same time, governments and nonprofits expect the administrators of social departments and programs to be competent managers, Professor Hjorth said.

Like others, he insists that a social focus in business schools is not only a matter of ethics but also a matter of teaching sound business.

In the free-wheeling, deregulated economic model that crashed in 2008, “there is also a crisis related to the lack of ethical decisions,” Professor Hjorth said. “If you prioritize the economic to that extent, you will make decisions that are quite costly.”

For example, the costs resulting from decisions leading to the collapse of Lehman Brothers had been “tremendous,” he noted.

Whether most M.B.A. programs, with their focus on global standardization and accreditation, are capable of the changes needed for a more ethical, social focus in their programs may be open to question, he said.

Still, at least some have recognized and are responding to the overlap in social and business management needs.

In Geneva, the university's business school, the Département de Hautes Études Commerciales, offers an international organization M.B.A. aimed at the nonprofit agencies clustered around the United Nations agencies in the city.

According to the program's director, Monica Patry, there are elements of the M.B.A. that do not change from one program to the other.

"Accounting is accounting, whether you do it in international organizations or the private sector," she said.

Professor Patry sees a new demand for her type of M.B.A. in a world where nonprofit organizations are becoming more business-minded and where the interactions between the private and public sectors are increasingly important.

Professor Hartigan of Oxford agrees. "Running a good charity, that runs on sound financial principles, comes from learning some of the tools that business can provide," she said.

So, as business bends to demands for better behavior and nonprofits bend to the need to be more businesslike, business schools are making a two-way bet.

"Universities evolve with markets," Professor Patry said.

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