



The need for sustainability and CSR in undergraduate business education

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Abstract

As global temperatures rise and our planet faces the ever-growing consequences of climate change, sustainability practices (especially among corporations) are more important than ever before. More specifically, proactive strategies and shifts in organizational culture should be at the forefront of corporate environmental strategies. Research has shown that environmental values and awareness impact the degree to which business managers or employees implement proactive environmental policies, engage in corporate social responsibility (CSR), and make overall ethical decisions. Thus, it is important for those in the business field to possess environmental and prosocial values, which may then translate into their decisions or priorities as an employee. Studies on value formation have proven that values are formed early-on and during transitional periods of a person's life (such as college), and subsequently become harder to change over time. Therefore, some scholars argue for the implementation of sustainability, CSR, and ethics in business education. Some universities and Master of Business Administration (MBA) programs have created courses, institutes, and specialized programs to promote these topics, but none have fully introduced sustainability as a requirement for business students. Using a comprehensive literature review, this paper highlights the need for a mandatory integration of sustainability and social impact curriculum into U.S. undergraduate business education. Additionally, this research contains implications for universities and encourages them to reevaluate the purpose and learning objectives of business education in our changing world.

Keywords: values, corporate social responsibility, education, environment, sustainability, ethics

Introduction

As our society continues to face the growing consequences of climate change, pollution, and environmental degradation, corporations have received pressure from stakeholders to minimize their contribution to environmental issues (Dhanda et al., 2021). Initially, corporations addressed Environmental Protection Agency (EPA) regulations and other legal restrictions by creating environmental departments charged with the task of legal compliance and end-of-pipe pollution control (Greenwood et al., 2012). Beginning in the 1990s, environmental departments began to focus on structural improvements and strategic innovation, such as Total Quality

Management (TQM) approaches, waste minimization, resource optimization, and product stewardship (Calub, 2015). Recently, there has been an increased focus on Corporate Social Responsibility (CSR), which is defined as an “ongoing commitment of a firm to make economic gains within ethical and compliant means while...improving the quality of life for not just its internal workforce but also the greater community and society at large” (Calub, 2015). The Brundtland Report, which coined the term ‘sustainable development’ in 1987, proclaimed that businesses have a pivotal role in managing ecological resources, environmental impacts, food security, and sustainable economies (Montiel & Delgado-Ceballos, 2014). Essentially, corporations have a moral responsibility to move beyond bare-minimum compliance strategies – rather, businesses are expected to implement proactive solutions for mitigating environmental harm and enhancing social wellbeing.

However, there are many barriers that prevent corporations from transitioning from reactive environmental strategies (compliance, pollution abatement, etc.) to proactive strategies – systemic and voluntary practices designed to reduce a firm’s environmental impact (Aragón-Correa et al., 2013). Many organizational theorists believe that corporations intend to maintain the status quo, resisting change more frequently as they age and solidify routines or structures (King, 2000). Therefore, fostering proactive strategies is not an easy feat — it requires shifts in corporate culture, environmental management systems, and employee attitudes (Calub, 2015). Studies have linked education and employee training to the adoption of pro-environmental practices and innovative eco-design within corporations (Fraj et al., 2015; Sarkis et al., 2010). While employee training should still be encouraged and maintained, these programs come at a cost to corporations. Higher education could mitigate these costs by developing ethical business leaders early on, building employee capabilities and environmental knowledge, and fostering environmental values within students (Friedland & Jane, 2022).

Many researchers have already begun studying the necessity for social impact and sustainability curriculum within business education, especially Master of Business Education (MBA) programs (Friedland & Jane, 2022; Rohweder, 2004; Weybrecht, 2017). Additionally, many schools have implemented institutes, workshops, and courses that focus on sustainability and corporate social responsibility (Weybrecht, 2017). However, in most cases, sustainability and social impact curriculum is neither mandatory for all business students nor integrated within

the larger educational goals of business schools — thus, students who already possess interests in social issues are the primary participants in these programs. Furthermore, mandatory CSR education has been primarily limited to MBA programs and has been much more prevalent in international schools compared to the United States (Christensen et al., 2007). Using a comprehensive literature review approach, this paper examines the necessity for a mandatory integration of sustainability, ethics, and CSR curriculum in U.S. undergraduate business education.

Rethinking Corporate Social Responsibility

Various studies have found that including corporate social responsibility (CSR) within business strategies can enhance a firm's competitive advantage, improve their corporate image, and create new organizational capabilities (Calub, 2015; Friedland & Jain, 2020; Sarkis et al., 2010). For example, a study conducted by Clarkson et al. (2011) revealed a positive relationship between improved environmental performance and better economic performance among 242 U.S. firms. Despite these findings, many organizations still carry the mindset that environmental regulations must either reduce a company's profitability or burden consumers with increased prices (Calub, 2015). In order for companies to reap the benefits of implementing CSR, they should perceive these changes as opportunities for organizational and technological improvement. One study found that proactive environmental strategies depend on 1) managerial perceptions of environmental issues as opportunities, 2) a commitment to learning among employees, 3) innovativeness, and 4) motivation (Fraj et al., 2015). Essentially, companies that view the environment in a positive light tend to perform better financially when making adjustments to their corporate strategy and production process.

However, while these economic advantages may incentivize companies to engage in prosocial behavior, some scholars argue that corporations must move beyond implementing CSR for instrumental or economic purposes (Friedland & Jain, 2020; Gond et al., 2009). Focusing too heavily on profitability undermines the ethical justifications for environmentally-conscious decisions and invalidates the ethical value of unprofitable moral actions (Gond et al., 2009). Additionally, by trying to showcase CSR without holding an actual personal commitment to societal and environmental wellbeing, some companies may practice greenwashing techniques and neglect making real change (Pimonenko et al., 2020). Ideally, the goal of integrating social

consciousness into corporate strategy would be to develop shared visions that are not only financially driven but values-driven as well (Calub, 2015). Therefore, corporations should aim to reframe the purpose of business altogether, which requires significant shifts in economic thinking, corporate culture, and employee/managerial values (Cornelius et al., 2007).

The Role of Values in CSR

Behavioral theories have illustrated that environmental decisions are guided by our values, attitudes, and knowledge (Kollmuss & Agyeman, 2002). Although Kollmuss & Agyeman (2002) discuss a value-action gap that is driven by social and institutional constraints, these limitations have a much stronger impact on individual citizens, whereas corporate managers actually hold the power to create institutional reform. The upper echelons theory states that manager's perceptions, values, and attitudes influence their business decisions and organizational outcomes (Hambrick, 2007). Values influence which issues managers choose to prioritize, and business leaders are more likely to make corporate changes if their values align with those changes (Papagiannakis & Lioukas, 2012). One study found that CEOs with progressive or liberal political ideologies are more likely to enact CSR practices (Chin et al., 2013). Other studies have found that values shape environmental attitudes, which can then motivate proactive environmental strategies in the workplace (Calub, 2015; Kollmuss & Agyeman, 2002; Papagiannakis & Lioukas, 2012).

Additionally, sustainable corporate structures require employees and managers who possess knowledge, training, innovativeness, self-efficacy, and higher-order thinking (Fraj et al., 2015; Sarkis et al., 2010). The dynamic capabilities view of the firm proclaims that companies must continuously "create, extend, upgrade, protect, and keep" their assets in order to sustain competitive advantages (Teece, 2007). In order to adjust to a changing world, market, and climate, employees should strive to value both the environment and a commitment to learning. Furthermore, business leaders should be prepared to challenge assumptions, share knowledge, maintain an open mind, and foster a corporate culture that embraces new ideas (Fraj et al., 2015).

Business Education

Education is necessary in order to foster these values among future business leaders. Research has displayed that education is a significant determinant of environmental values

among young adults, especially since personal values are formed early on and harder to change over time (DeSombre, 2018; Kollmuss & Agyeman, 2002; Papagiannakis & Lioukas, 2012). For many years, business students have been taught concepts through a neoclassical economic lens, which emphasizes lax regulations, unlimited economic growth, and perceives environmental regulations as burdensome externalities (Friedland & Jain, 2020; Stubbs & Cocklin, 2007). Even universities themselves have marketed higher-education as an avenue for quick financial success, encouraging careerist egoism and diminishing civic virtue (Cornelius et al., 2007).

Recently, however, business schools and universities have started to realize the necessity for sustainability, CSR, and ethics in business education (Christensen et al., 2007; Cornelius et al., 2007; Rohweder, 2004; Stubbs & Cocklin, 2007; Weybrecht, 2017). Students have also demonstrated increased interest in these topics, with CSR being a priority for 88% of business school students and 67% of them wanting to incorporate sustainability into their future career (Friedland & Jain, 2020). However, most of the existing research on the integration of CSR and sustainability in business education is focused on MBA programs, highlighting the absence of these topics in undergraduate education. Many of these MBA programs are also in other countries, most of which have made far more advancements in terms of sustainability. Additionally, the majority of these courses are neither stand-alone nor required by the university as part of the core curriculum. One study that collected responses from 44 top global business schools, including international universities, revealed that 84.1% required students to take a class that covered at least one of three topics (ethics, CSR, or sustainability) — when looking at individual responses, however, the majority of U.S. schools in the dataset required ethics and CSR but not sustainability (Christensen et al., 2007). Furthermore, another study found that top tier schools are more likely to teach proactive ethics, while lower ranked schools resort to reactive ethics (Cornelius et al., 2007). Therefore, if the top 50 U.S. business schools still lack sustainability in their curriculum, lower ranked schools are expected to perform much poorly. In fact, Kelly (2005) found that a number of U.S. schools were removing ethics from business education altogether, perhaps due to a lack of available staff or an overcrowded curriculum. Evidently, there is a lack of sustainability, CSR, and ethics curriculum within U.S. undergraduate business education. These topics should not only be required but also integrated into all university learning outcome goals in the future.

Sustainability, CSR, and Ethics as a Requirement

In order to shift corporate culture and business perspectives, CSR, ethics, and corporate sustainability (CS) should be covered in an independent, required course. Although stand-alone courses on these topics are being introduced into business programs, they continue to “take a backseat in business” due to their optional nature (Friedland & Jain, 2020). By offering sustainability as an elective, universities are drawing a pedagogical disconnect between the free-market perspective of MBA curricula and the ecocentric perspective of sustainability, leaving students to choose which side they stand on (Sharma & Hart, 2014; Stubbs & Cocklin, 2007). This disconnect has been the reason why many corporations have negative perceptions of environmental departments — such a pervading business culture often isolates these departments from the rest of the firm (Calub, 2015). These under-resourced and unsupported departments are then left to implement systemic changes that usually require a shift in corporate culture and employee commitment (Calub, 2015; King, 2000).

Organizational theorists often discuss how changes within a firm require a level of awareness, commitment, and knowledge from both managers and employees alike. Additionally, successful proactive environmental strategies (PES) have occurred when sustainability departments act as intermediaries and facilitators of innovation within a firm (King, 2000). Ideally, environmental management should become a pervasive philosophy throughout the entire company (Papagiannakis & Lioukas, 2012; Sarkis et al., 2010). This integration can only be achieved by ensuring that all business students, regardless of specialization, are being taught about ethics, sustainability, and social impact. Although many universities have created sustainability-focused MBA programs, institutes, or elective courses, these are “saddle bag” solutions that allow schools to refrain from truly integrating these topics into the core of business curriculum (Sharma & Hart, 2014).

Conclusion

In order for companies to implement CSR, proactive environmental strategies, and contribute to the wellbeing of society, there should be a mandatory integration of sustainability and social impact curriculum within U.S. undergraduate education. Additionally, universities should be teaching proactive strategies, rather than simply treating sustainability and CSR as an externality (Cornelius et al., 2007). Many MBA programs across the globe have made significant accomplishments in their coverage of these topics (Christensen et al., 2007; Weybrecht, 2017).

For example, The Wharton School of the University of Pennsylvania discusses ethics immediately during MBA orientation and requires students to take an ethics class as part of the core curriculum. The Haas School of Business at the University of California Berkeley also requires students to take an ethics course, and reports that 30% of their students voluntarily choose to take CSR and sustainability courses as well. Some schools, such as INCAE (Central American Institute of Business Administration) and Duke's Fuqua School of Business, have partnered with corporations and launched programs that enable students to solve real-world sustainability issues. Additionally, various schools worldwide are emphasizing the importance of student engagement in the community as a means for promoting sustainability (Henderson & Tilbury, 2004; Weybrecht, 2017). Universities should analyze these programs and discover best practices for incorporating sustainability and social impact as a requirement for all business students.

Furthermore, it is critical to note that simply teaching existing principles of CSR and sustainability is not enough to ensure that graduates can adapt to our changing world. In order for students to truly learn about sustainability, they must be able to think critically, engage with various worldviews, and challenge their assumption about business (Stubbs & Cocklin, 2007). Studies have shown the need for dynamic capabilities and learning orientation within corporations, which is why future business leaders should possess the ability to embrace new ideas, work collaboratively across cultures, and reimagine existing systems or areas of improvement (Fraj et al., 2015; Weybrecht, 2017). Friedland & Jain (2020) suggest that teaching moral self-awareness could be an effective way to reframe the purpose of business and encourage students to make socially and environmentally conscious decisions.

There are many avenues future researchers can take when studying sustainability, CSR, and ethics in undergraduate business education. For one, there should be more data on the amount of undergraduate U.S. business programs actually requiring these topics. Additionally, researchers should determine a framework or list of best practices for integrating sustainability and CSR into business curriculum, while also promoting critical thinking and dynamic capabilities. Lastly, researchers should create empirical methods to measure the effectiveness of existing sustainable business programs in instilling environmental values and dictating prosocial behavior. The lack of research on this topic, despite its prevalence in the business world, speaks volumes on how the United States views and prioritizes sustainability. Universities have a

responsibility to pave the way for a more sustainable, socially-conscious economy, and undergraduate business education is the place to start.

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