

The Case for a More Sustainable Business School at the University of Wisconsin

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I. INTRODUCTION

The concept of sustainable development, or “sustainability,” has been defined by the Brundtland Commission, in a book entitled *Our Common Future*, as the development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.” In reality, sustainability can only be achieved if it combines three dimensions: respect of environment, social equity, and economic profitability.

In practice, sustainability aims at maintaining the quality and the diversity of the environment, assuring the permanence of natural resources, reducing the gap between the rich and the poor, and guaranteeing economic cooperation between these two groups by transferring human knowledge and resources from one generation to another.

The task of sustainability is both huge and urgent. Today, according to a Harvard Study, humankind uses more than 40% of the planet’s productivity and jeopardizes the world’s natural resources daily. One billion people out of six are jobless and another billion are extremely poor. To fight such tendencies, governments, local authorities, companies, and individuals have to play a role and combine their efforts at a local, national, and international level.

The University of Wisconsin’s Business School is in a position to easily incorporate sustainability into its educational mission. It is true that economic profitability is already the main goal of the Business School’s curriculum. But sustainability also needs the Business School to act as a communication and persuasion tool to broadcast environmental and social theses. By putting the educational system at the service of our social responsibility, it will increase the school’s popularity. In terms of quality and image, such efforts will benefit the University of Wisconsin Business School compared to others. Based on student interest, competition between different business schools regarding programs focusing on sustainability, and on firms’ priorities during the recruitment process, we will show how, by embracing the concepts of sustainability, the University of Wisconsin’s Business School can become even more attractive to students and companies.

II. STUDENT INTEREST

Student interest in issues related to sustainability, such as environmental and social responsibility, is crucial to the implementation of any new initiatives. We gauged student interest by conducting a survey of 3202 business and pre-business students, which received a 15% response rate (464 students). By examining these results as well as looking at business student organizations, we believe there is a broad section of student interest in sustainability.

When students were asked to display their level of interest in the environmental responsibility of business on a scale of 1 to 5, 1 being very uninterested and 5 being very interested, the majority of students had a strong level of interest in these issues, with an overall mean of 3.26 and a mean within business students of 3.57. In a subsequent question, when asked whether the Business School offered classes of sufficient breadth and depth to address their interest in issues of environmental responsibility, only 11% answered yes, while 15% answered no, and 71% said they didn’t know.

In a second set of questions, students were asked how interested they were in the social responsibility of business, again on a 1-5 scale. An even stronger majority was interested in these issues, with a mean among all students of 3.56 and a mean among business students of 3.76. Again, when asked whether the Business School offered classes of sufficient breadth and depth to meet their interest, 23% of students answered yes, while 12% answered no, and 62% said they didn’t know.

In a final question, these same students were asked to rate on a scale of 1-5 how important they believed it was to an employer for them to understand issues of environmental and social responsibility. The mean among all students was 3.38, while the mean among business students was 3.46. A clear majority of students believed it was important to an employer that they understand these issues.

The existence of two business student organizations that are centered on sustainability also speaks to the growing student interest in sustainability. Business Action for Sustainable Enterprise (BASE) is an undergraduate organization in the Business School aiming “to meet the needs of both current and future generations by increasing the awareness and promoting the benefits of Sustainable Business practices.” BASE is a young organization, first started in 2002, and they are attempting to connect the ideas of sustainability with real world business practices and successes. The organization brings in high profile speakers from the professional world to talk about their experiences in sustainable business. BASE also worked with the cafeteria in the Business School to bring a Fair Trade option to coffee purchasing by demonstrating that there was a market for socially responsible coffee in the Business School.

Net Impact is an international organization of MBA students interested in sustainability with chapters worldwide. The UW Net-Impact chapter is in its first year of existence, just started in the spring of 2003. The chapter is currently involved in volunteer consulting with local non-profit organizations. These organizations include Prevent Child Abuse Wisconsin and Community Land Trust, an organization working to achieve social goals. As the chapter is growing and developing, they plan to take on 4-5 projects each semester, working with non-profits and local sustainably oriented businesses. They are pushing for a professional Net-Impact chapter, one that would help link students to internship opportunities in successful businesses with sustainable goals.

III. COMPARISON TO OTHER BUSINESS SCHOOLS

When looking at the University of Wisconsin’s Business School website, one can glance over the strengths and focuses of our Business School. Dean Knetter writes on the site “our vision is to become the school of choice for MBA students with a clear career objective.” If this is a serious goal of UW’s Business School, then there are many things that can be done to improve the chances that business students will chose Madison over all of the other competitors. One thing that UW can focus on to put it ahead of the competition is to improve and enlarge the opportunities that Business School students have to study social and environmental sustainability. In today’s world, it is becoming more and more important that Business School graduates have enough education to understand how their decisions can affect the rest of the world.

In October 2002, *Beyond Grey Pinstripes* conducted a worldwide survey of business schools to rate them according to their inclusiveness and progressiveness in social and environmental issues. Of the 100 business schools in the US, six of these schools were ranked in the top as cutting edge. One of them was the University of Michigan, one of UW’s biggest Big Ten rivals. With a business school ranked as #10 in the country, Michigan has always been our most challenging competitor in the Big Ten. In order to qualify as a cutting edge school, a business school has to incorporate a significant infusion of social and environmental issues into core business school classes along with more extracurricular and student initiated activities. Michigan’s program has five core classes including a business-economics class that focuses on market externalities such as pollution. Besides core classes, Michigan also has four joint degrees

including MBA and Environmental Sciences. There are also many out of classroom opportunities to focus on social and environmental awareness. One of these is an internship called Domestic Corps. Students in this internship focus on an economically troubled and culturally mixed community in the US, and then create marketing and financial plans for them.

Another Big Ten rivalry for UW is the University of Illinois. Their business school is ranked #25 in the country, a very close competitor for UW's Business School which is ranked #37. In the *Beyond Grey Pinstripes* survey, 21 schools qualified as a school with moderate activity, and Illinois is one of them. Moderate activity implies that these schools are definitely headed towards advancement in social and environmental awareness in the future. Illinois's business school has three core classes that infuse social and environmental content. One class, called Foundations of Business, discusses social impact and environmental issues in business problems. They also have 20 elective classes and one joint degree. Their three internship/consulting programs includes the Office for Strategic Business Initiatives (OSBI) which serves real clients and helps to solve their problems and includes social and environmental organizations.

The University of Wisconsin was included in the *Beyond Grey Pinstripes* survey and received no ranking at all. The information provided on the survey states that UW has one core class, nine electives, no joint degrees, and only one internship/consulting program. Clearly, this is an area of business that UW is lacking. Only the most innovative business schools are thriving in their environmental and social areas. UW has a top rated business school that always is looking for ways to improve their ranking, and focusing more on sustainability may lead to such improvement. An example of how an impressive business sustainability program can affect the prestige of a school can be seen through the article "Cornell MBAs net huge gift to launch sustainable enterprises." Last December, Samuel C. Johnson, chairman and CEO of S.C. Johnson & Son and former student at Cornell University, gave the Cornell Business School a \$5 million gift. The Johnson Business School benefited from this gift which has helped to finalize the "SC Johnson Professorship in Sustainable Global Enterprise." According to Johnson, the mission of the professorship is "to enhance students' understanding of global sustainability and prepare them to be leaders of ethical, equitable, economically, and environmentally sustainable enterprises." The immediate consequence of this is that firms caring for the environment - like SC Johnson & Son - are really interested in these students and hire them first. But also, partly in thanks to the generous addition of this sustainability program, The Johnson School ranks in the top 15 business schools in the country and ranked in the *Beyond Grey Pinstripes* survey as a "school with significant activity," which only nine schools qualified for.

As the UW Business School's website demonstrates, the Business School prides itself on having many "firsts," including being the first program to have an arts administration program in the country. By further developing in the area of sustainability, the UW Business School can put itself in a position to focus on issues of sustainability that no other universities are focusing on, ultimately giving the Business School another first. UW needs to add more classes, particularly core classes, and provide students with more out of the classroom opportunities to deal with social and environmental problems in order to better prepare them for the future and the real world that they will be dealing with when they graduate. With more funding put into the social and environmental based classes and programs, UW will get even more recognition as an innovative business school. Not only will this help the Business School jump in business school rankings and increase its prestige, it will attract more and more students as their number one choice of school.

IV. COMPANY INTERESTS

Numerous national and global companies have taken an active approach towards transforming into sustainable organizations in the past five to ten years. In 1999, the number of companies that made a commitment towards operating in a sustainable manner grew so large that Dow Jones & Company actually created stock indexes to assess the performance of those companies who were leaders in sustainability. These indexes were appropriately titled the Dow Jones Sustainability Indexes, and today more than 300 companies are included in the Dow Jones Sustainability World Indexes. Some of the major companies from the United States in this index include Johnson & Johnson, General Electric Co., Baxter International Inc., 3M Co., Procter & Gamble Co., and Pfizer Inc. As this list demonstrates, some of the top companies in the United States find sustainability to be an important business issue today. This in turn suggests it is important for students to learn about sustainability in order to stay informed about current business issues, which is an important reason the Business School should offer more courses addressing sustainability.

Companies that make a commitment to strive towards operating in a sustainable manner do so for reasons that go beyond being good corporate citizens. Such commitments are made because they frequently make sound business sense. For example, since making a commitment towards sustainability, SC Johnson has eliminated over 460 million pounds of waste from both the company's products and the processes used to make them. This reduction in waste has translated into annual cost-savings for SC Johnson of more than \$125 million. Another example includes Herman Miller's policy that all facilities must include enough windows so that no employee is more than 75 feet away from a window. Such a policy allows Herman Miller to drastically cut down on the company's use of electricity for lighting purposes, which in turn reduces energy bills and saves the company money. Examples like these demonstrate how incorporating sustainability into a business can have dramatic impacts that ultimately improve the financial health of the business. By including more courses that address sustainability issues in the Business School, students could learn about sustainable applications that can be used to improve the performance of a business.

As more companies learn about sustainability and the manner in which it can be applied to improve business performance, it is quite likely that the number of companies making a commitment toward sustainability will continue to grow in the future. Making such a commitment, however, entails a high level of involvement on the behalf a company simply because there are so many possible steps a company can take in order to become more sustainable. In order to learn about these various steps, companies must seek out and gather information from individuals who are knowledgeable about sustainability. If the Business School were to offer more courses addressing sustainability issues, UW-Madison business students would begin to develop a reputation of being good sources of information about sustainability. After learning about this reputation, companies interested in making a commitment toward sustainability may begin seeking out UW-Madison business students as knowledgeable sources of information pertaining to sustainability. In this manner, incorporating more courses about sustainability into the Business School may allow UW-Madison business students to make valuable contributions to companies immediately upon graduation.

V. CONCLUSIONS AND SUGGESTIONS

The survey we conducted shows a clear gap between student interest and the types of classes offered by the Business School. Most students surveyed felt that it was important to an

employer that they understand issues of environmental and social responsibilities of business, and while students were consistently interested in the environmental and social responsibilities of business, only a small percentage believed that their interests were being met by the Business School's curriculum. The rest felt that their needs were not being met, or didn't know if the Business School offered classes to meet their needs.

Other business schools have already begun to integrate sustainability into their programs in the form of required classes, endowed chairs, and, in the case of Michigan, an entire center. Many of the schools that are taking these initiatives are top-ranked business schools, and sustainable business is becoming the cutting edge. The UW Business School, which prides itself on its "firsts," should seriously consider moving forward in this direction. If the Business School wants to build its image of being a high-quality, progressive school, sustainability offers a path in such a direction.

Many large companies are now undertaking serious sustainability initiatives, both for profit and because it is the right thing to do. These companies will be looking for people who understand the environmental and social responsibilities of business so that they will be able to find better ways to move in a more sustainable direction. A business school curriculum that includes classes that address these issues would give its students a head start when they are looking for jobs. By understanding the overarching goals of sustainability, they will be able to speak to responsible companies in the companies' own terms.

It is important to stress that the foundations of a solid business curriculum should always remain in place. What we are suggesting is to further strengthen that curriculum by broadening its scope. A business will not survive if it is not profitable, but what many corporations have consistently shown is that being environmentally and socially responsible can lead to higher profits, while doing the 'right thing' along the way. By understanding how businesses have achieved these goals, students can begin to think in new, dynamic ways that will make them highly successful in the business world. Marketing students can learn about the advantages of grabbing growing 'green' markets, while finance students can learn how implementing sustainability can increase profitability by examining detailed case studies of businesses that have shown that this is possible.

Steady, achievable steps could be taken by the Business School to integrate the ideas of sustainability into the curriculum. The most immediate action that should be taken is to better advertise the classes that already address these issues so that students no longer have to wonder if their school offers classes that fulfill their interests. As enrollment grows in current classes addressing sustainability, other similar classes should be added. With the addition of more sustainability courses, the creation of an endowed chair in the following years would then be more feasible. Cornell just received \$5 million for an endowed sustainability chair in their business school. This could be possible for UW, but the school would first need to attract funding sources by demonstrating the intent to integrate sustainability into the program. Many corporations have been generous with their money when it comes to funding these types of programs, and many private sources of funding may also be available from alumni of UW who have addressed these issues in their careers.

APPENDIX A. Survey Questions

Question 1: How interested are you in the environmental responsibility of business?

1 2 3 4 5
Very Uninterested Interested Very Interested

Question 2: If your answer to question number 1 was anything other than a "1," does the business school offer classes of sufficient breadth and depth to address your interest in issues pertaining to the environmental responsibility of business?

Yes No I Don't Know

Question 3: How interested are you in the social responsibility of business?

1 2 3 4 5
Very Uninterested Interested Very Interested

Question 4: If your answer to question number 3 was anything other than a "1," does the business school offer classes of sufficient breadth and depth to address your interest in issues pertaining to the social responsibility of business?

Yes No I Don't Know

Question 5: How important do you think it is to an employer for you to understand environmental and social responsibility issues?

1 2 3 4 5
Very Unimportant Important Very Important

Question 6: If you were to further your education, how important would the availability of social and environmental responsibility business courses be in your decision of choosing a school to attend?

1 2 3 4 5
Very Unimportant Important Very Important

APPENDIX B. Survey Results

Students	Sent to	Responded	% response
All students	3202	464	14.49%
Business	1305	193	14.79%
Pre-business	1897	271	14.29%

Question	All students mean	All students median	All students s.d.
1	3.26	3	1.07
3	3.56	4	0.99
5	3.38	3	1.04
6	2.54	2	1.03

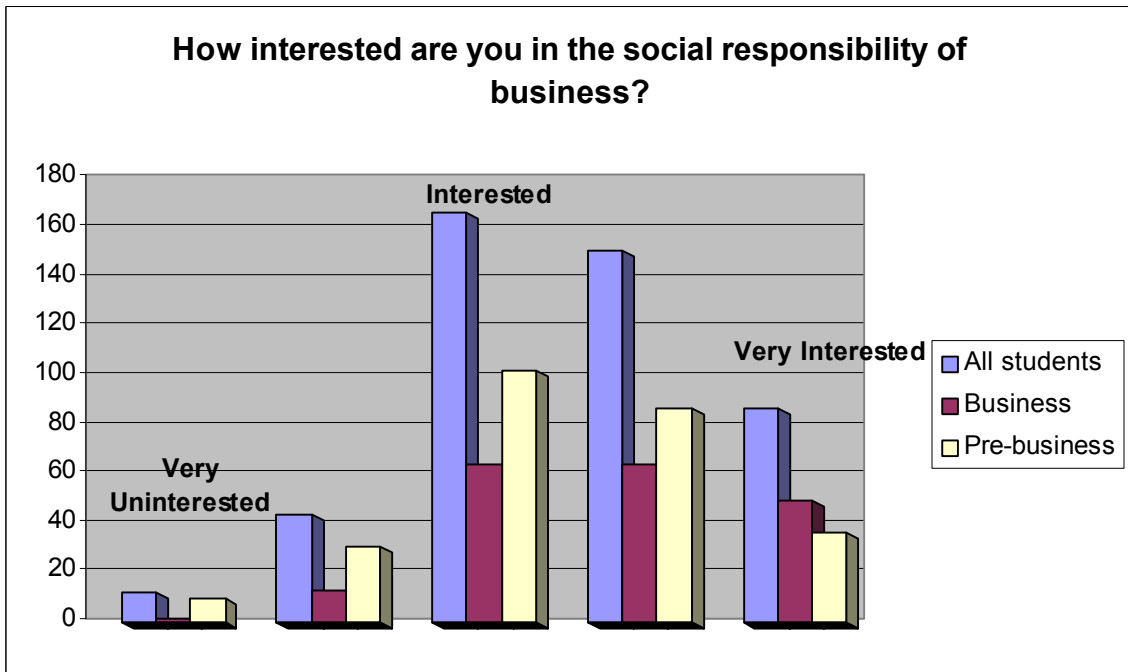
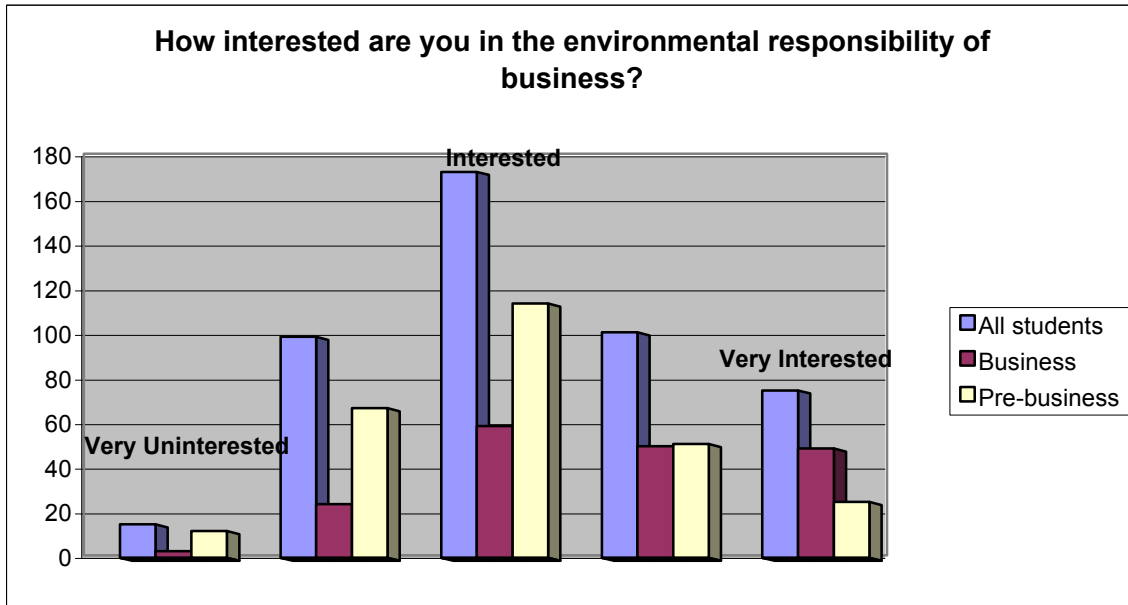
Question	Business mean	Business median	Business s.d.
1	3.57	4	1.09
3	3.76	4	0.95
5	3.46	3	1.06
6	2.54	2	1.11

Question	Pre-business mean	Pre-business median	Pre-business s.d.
1	3.05	3	1.01
3	3.42	3	0.99
5	3.32	3	1.02
6	2.54	2	0.98

Question 2	Business	Pre-business	Overall
Yes	26	24	50
No	49	17	66
I don't know	111	216	327

Question 4	Business	Pre-business	Overall
Yes	45	62	107
No	49	11	60
I don't know	96	186	282

APPENDIX C. *Graphs*



APPENDIX C. Graphs (cont.)

