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**Save our Planet: the Rise of Environmental
Sustainability and the Impact on Business School
Courses**

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CONFERENCE PAPER DRAFT

Over the last few years many business schools around the world have responded to the increasing interest in climate change and the expressed need to conserve the resources of the planet. These institutions are offering short certificate courses for executives, electives on Master's courses, and entire focused MBAs, MAs and MSc programmes – all with the theme of sustainability. A brief study based on internet research on business schools with courses on sustainability produced a huge body of material – and this was only looking at sources in English. Each program considers the subject in a quite different way, suggesting the continuing controversy over the subject and the conflicting areas of priority within the field – for senior leaders and/or for middle managers; for public and/or private sector businesses; as part of strategy and/or operations; as an element or subset of CSR, or as a standalone area of study; as a fundamental way of working or a nice-to-have. Some academic institutions have gone much further than just offering sustainability as an academic discipline to students – they walk the talk and roll out initiatives created by their own staff members for the benefit of their own institutions.

The Earliest Sustainability Courses

The *Cambridge Programme for Sustainable Leadership* – www.cpsl.cam.ac.uk – was one of the forerunners of this trend of offering sustainability courses, and has over 15 years' experience in providing a two year Masters by distance-learning and a postgraduate certificate. The promotional workshops to join the

course every August focus on “developing a robust case for sustainability” – and the programme also produces an annual ideas book. With twelve modules, the emphasis is on business-related attitudes to sustainability, rather than a scientific/environmental/biological approach, as seen in science faculties. The Exeter Business School’s *One-Planet MBA* – www.business-school.exeter.ac.uk – is another example, offering the programme through several channels and including modules on responsible investment, economics for a sustainable world, managing strategic resources – all the usual MBA topics but with an environmental/resource-driven/sustainability slant – which has now been offered for the last three years. The Warwick *Global Energy MBA* – developing strategic leadership for the energy industry – is a more functionally specialist offering but designed especially for developing economies, including alternative sources of supply in the context of climate change – www.warwick.ac.uk.

More recently developed programmes outside the UK include that offered by my own institution, Maastricht School of Management, through the MSM/Cologne Business School, with a focus on Sustainability, in the school’s two-year part-time EMBA program; the IMD Global Centre for Sustainability Leadership’s executive courses, in Switzerland; Malmö University’s one-year Masters in Leadership for Sustainability; the Home Masters in Strategic Leadership Towards Sustainability at Blekinge Tekniska Hogskola in Sweden; and many others.

In terms of numbers, the UK leads the pack still with not only Cambridge, Exeter and Warwick but at Cranfield – sustainable business is part of the Cranfield Business Directors’ Programme at the Centre for General Management Development; there’s the MA in Leadership for Sustainability at Lancaster University Management School; there is also a University of Cumbria programme; and Plymouth University has a Centre for Research in Sustainable Leadership, Governance and Policy.

Sustainability Courses in North America

The USA and Canada have – not surprisingly – a huge range of programs, especially targeted at business executives. These include programs offered by the University of Oregon in Portland; the Penn State Centre for Sustainability – including a new course in sustainable leadership; the Urban Land Northwest Institute – Center for Sustainable Leadership; Cornell University; Antioch in

New England with an MBA in Sustainability; the UCLA Institute of the Environment and Sustainability – offering a multidisciplinary certificate program for graduate students from different schools – with currently over a hundred enrolled from all over UCLA, and the Sustainable Business Management Extension, a certificate program of the University of California at Irvine. The Presidio Graduate School at San Francisco provides an Executive Certificate in Sustainable leadership; a certificate in Sustainability Leadership and Implementation is offered at Daniels College of Business at the University of Denver; Southern Oregon University provides a Sustainability Leadership Certificate for undergraduates; the University of Michigan – in their *Planet Blue* program – educates Dow Sustainability Fellows, a full-time program for graduate students and post-doctoral students; an Environmental Leadership Program at the University of California is a three-week summer school certificate course.

The British Columbia Institute of Technology School of Business offers a Sustainable Business Leadership course with an advanced specialty certificate based on a 27-week evening program with an eight-week project; the International Institute of Sustainable Development, with a Leadership Innovation Centre, is also in Canada; the Fielding Graduate University provides a Leadership for Sustainability certificate, an online course with eight credits. The Graduate Program in Sustainability Science – at the Graduate School for Frontier Sciences at the University of Tokyo – offers both Masters and PhD programs.

Some organisations focus on supporting this expansion of business and management courses on sustainability, such as The Institute for Sustainable Leadership – www.csi.org.au – which is mostly a resource base for books, articles and consulting reports. Academics building a name for themselves in this area are targeting this and other sites for exposure to their work.

Some universities are taking a more holistic and wide-ranging approach. The University of Toronto Sustainability Leadership Program is not designed for students, but comprises workshops set up by staff and students interested in environmental activism; similarly, the Yale University Office of Sustainability is run by staff volunteers formed into “Green Teams” where the college itself runs as a sustainable business model, showing a concern for the efficient use of

resources in the context of climate change; and the Sustainable Business Network – one of many – is a group of executives in Boston, USA.

The Study of Sustainability

What is this interest in sustainability all about? What are students on these courses studying? Many of these courses discuss what has been seen as the impending doom facing the planet and how we really have to do something about the environment – and control our runaway use of resources and our tendency to pollute and self-destruct. What can be done to cope with this threat to our planet (and the knock-on effect on the global economy) in a practical way? Many courses look at company examples, but many business leaders are in denial about the urgency of the need to change to face the sustainability and environmental challenges which are imminent. As many environmentalists argue, business leaders still don't get it that growth strategies can't work anymore. They can't think of any other ways to incentivize employees and measure success, except by profit growth, margin growth, market-share growth and other forms of business expansion.

What will be the route out of denial? There are more studies of examples of denial than ways of coping with the challenges already coming and to come. Many courses propose to address this issue from a leadership and management standpoint, challenging leaders and managers that they are not changing with the times and don't think an environmental catastrophe will ever actually happen. So the question asked on many sustainability courses is – what are the symptoms? What has to happen to make big changes and captains of industry to wake up to the facts – all around the world?

Some professors teaching these courses argue that the planet is facing as dire an emergency as at any moment in its history. However, because various scientists are arguing amongst themselves and there is some conflicting evidence, real action has been delayed. Action – especially concerted action between different countries – is even more distant a prospect. One of the main problems is that no-one in a position of authority quite believes an environmental disaster is really impending, and there is doubt that the issue is really urgent – so most influential people are just not concerned about it – or not actively enough.

The issue of the sustainability of the planet arguably has to go a step further than it has already – from the environmentalist standpoint to mainstream

leadership and management. This practical slant has become the focus of many business schools – in the process of taking the sustainability issue from the science lab into the workplace.

Examples of Sustainability in Business

The use of examples of business models and case studies of companies operating in an environmentally-friendly way is a common feature of many business school sustainability courses. Practical cases do offer a way forward for businesses wanting to operate in a more sustainable way, but usually with the proviso that they still must have good news for their stakeholders, they must obviously stay in business and there is always pressure to keep ahead of the pack of their competitors.

A popular example often quoted is that of Nokia in China. This well-known telecoms giant is operating in a particularly competitive atmosphere in mainland China, and the challenge for them as they saw it was to make money in a sustainable way. China Mobile, their client, asked them to build switching units in isolated places in China – a very daunting prospect for a commercial business trying to be “green” at the same time. There was a requirement to use less diesel fuel so that the switching units would be more economical to run, and in many of the more remote parts of China, conditions can be very dusty and dirty and the electric filters can get clogged up straightaway. So, Nokia had to design a whole new way of building switching units based on a whole new technology. Using photovoltaic cells, they reworked the system of operating the switching units to do away with fans and electric parts. Once Nokia had overhauled their whole approach to cope with these challenges, they were told by the Chinese government that they couldn't protect their patents for more than six months. So Nokia did a deal with the regional governments in China, offering them the newly-developed switching system for free, but in return for 50% of the savings off electricity costs in their region. This was presented as a win-win deal. If you use our system, it will save you so much money that if you give us half of your savings and keep the rest you are still enjoying a much better and more profitable way of operating.

This may be seen as an exciting opportunity for innovation in the context of operating a sustainable business. Nokia has an incentive to save more power and reduce costs, by contrast with most business models which are geared around more consumption and charging higher prices. Another point to be made

here is that most suppliers push the advantage of more product features and benefits, many of which the customers don't want, but may feel they must have. In this case Nokia has another incentive, to keep the product simple and not build in so many features, as they are giving it away for free. There is also an incentive not to build-in obsolescence, but to make a product to last for as long as possible. All stakeholders in this case – such as Nokia, the Chinese regional governments, customers etc. – can make and/or save money. But they are being careful not to make more things to throw away, so they can reduce waste, and can reduce carbon consumption and make other environmentally-friendly innovations.

Many other businesses have experimented with sustainable business models, often on a much smaller scale. Farmers' markets, where farmers join a co-operative scheme to sell their produce directly to consumers, have long been popular in many countries. Recycling initiatives have also been common for a long time, together with the use of energy-saving equipment. The generating and selling of energy credits is now on a larger scale than ever before.

Observing and documenting climate change, and redesigning businesses to cope with this, are frequently on the agenda for study. Online businesses – including banks and supermarkets – are seen as more economical and reduce transport costs, wasteful building maintenance costs, and allow more time for achieving a “work-life balance” – seen as one of the great outcomes of a more sustainable business model.

Sustainability in Emerging Markets

There would appear to be much more interest in sustainability in Western business schools and universities – in Europe, North America and Australia – than in emerging markets. Many communities – especially in Africa – would seem to have practiced recycling, energy-saving and adapting to climate change for years – but this is not something they consciously study. Many fast-growing emerging markets – such as China – can be wasteful and their habits can be environmentally-damaging – especially in the area of garbage disposal. Hyper competition in many emerging market countries is encouraging Western-style consumption, and some of these countries deliberately don't want to be seen recycling and energy-saving. The newly-wealthy often want to flaunt their wealth, and want to be seen as conspicuous consumers. Recycling is for poor people!

Eventually, the opportunity to be more environmentally-compliant may become more fashionable in developing countries – but perhaps not yet. One of the messages of business school courses looking at global sustainability is that if all countries continue to develop and expand on the Western model – we are all doomed! So given the prominence of emerging markets as part of the global economy – this issue must become more and more important.

Pressures for Sustainability

Where will the pressure come for change to move towards a more sustainable operating model? It could come from shareholder pressure in public companies – and pension funds which have a long-term interest, perhaps over the next 40 years – to protect their funds and make a return on investment for their for pensioners. Private businesses can be freer in decision-making and some of the new initiatives may well come from the private sector.

At the moment, in mid-2013, the sustainability supporters see a vicious circle – most countries are experiencing GDP decline, with many national economies producing less, but there is an ever-increasing population demanding more pensions for the future, in most developed economies. Environmentalists claim that climate change and pollution has hit national GDP, leaving a time-bomb which will reduce the value of pensions in the future.

Meanwhile there are many stakeholders with a vested interest in the old economic order, whose concerns are served by the short-term buying and selling of commodities and trading in a non-value added way around the world. Who is putting pressure on companies to produce more? This includes the City of London and other financial centres, which are making money that is not necessarily entering the wider system and creating more wealth for many. Several observers are suggesting that individual happiness may be being sought in greater equality, not inequality (i.e. rich and poor) and with fairness being an ideal – although this is still contrary to popular thinking in many situations, especially in private sector businesses.

Basically, the pressure for sustainability is coming not just from resource constraints, but the recognition of the proximity of a global crisis. Since 2008, food and oil prices have risen, and many observers suggest we have seen the end of economic growth, with a realization that the world economy can no longer be based on consumption and waste. We need to focus on recycling and waste management; we can no longer live beyond the means of our planet's

resources. “Both Mother Nature and Father Greed have hit the wall at once” said Thomas Friedman in the *New York Times*. The need for a focus on leadership concerned with governance and good husbandry would seem to be intensifying, balanced with more practical day-to-day concerns.

It has been suggested that a global environmental crisis will present a new business opportunity, in so far that old industries will collapse while new companies will emerge to reshape the economy. ‘Business Growth’ may be measured in a new way – not just in terms of quantities, but quality, and happiness, and work/life balance and quality of life. The way forward will be clearer when environmentalists and business people can reach a conclusion about costs and benefits, and make a plan as to where to go next, which has not happened yet.

So what has to happen before business people start to give up on the idea of the need for continuous growth? There could be a risk of chaos, the poor getting poorer, as if we are consuming more than we can produce, the poor people will have less leverage in the battle for food supplies. We may have known for some time that we can’t keep going like this forever and we’re borrowing from the future, but most people concerned with the planet’s challenges are not sure what will happen if we don’t do anything. This is all beyond the narrow concept of national interest – it’s our planet – but we tend to think about communities, countries and regions – and not about the planet as a whole.

The Focus of Sustainability Studies

In conclusion, the courses researched on sustainability in new business school syllabi look at environmental sustainability in business and management in:

- just one business function, such as human resources, supply chain management, financial management, or an aspect of corporate governance, etc.
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- how companies can globalise in a sustainable way, with implications for strategy both in a corporate and international and national perspective, with some multinational companies taking a leadership role here
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- the task of managing a business sustainably, which was seen as a separate leadership add-on, i.e. a business had a “Sustainability Manager” like a

“CSR Manager” etc. – so the concept was there but was seen as a specialist function rather than being at the core of the business

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- the area of staff training, requiring special training techniques, to help people at all levels in an organization to gain awareness of sustainability issues
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- case studies of particular companies, such as IBM and HSBC, and even small businesses in emerging markets; with benchmarking opportunities to look at leadership models for the “green” economy
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- theoretical frameworks for studying sustainability in business, such as looking at driving forces and barriers, as in a forcefield analysis; with some action research examples
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- focus groups and discussion reports of opinion-leaders who need to have an opinion on everything
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- reports by consultants on their efforts to help businesses to be more sustainable in their approach to operating, mostly in supply chain management and other operational strategies (Accenture made a study of the opinions of CEOs on the task of developing leaders and strategies for a new era of sustainability)
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- the need for sustainable business practices, not just as many organisations have seen CSR and environmental management in the past – nice to have but not really fundamental, mostly for cosmetic and PR purposes – this is something new
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- sustainable leadership practices as potentially enhancing business resilience and performance for the future – arguing that there will be no business to operate at all if we don’t change what we are doing now – that we must get away from the concept of growth and business as usual
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- sustainability as an aspect of change management, but in a slow and incremental way, not an aspect of urgent change
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- And, finally, the issue of most businesses being still focused on growth, which is seen as the only measure of business success. This also applies to individual business leaders – to gain promotion and more pay you have to sell more, charge people more, introduce more features and benefits... this may be the main barrier to achieving sustainability on the part of business schools, their professors and their students – we can't get away from selfish, short-term gain!!

3 June 2013