

Business Schools and the Public Good

Martin Kitchener, Tom Levitt and **Peter McKiernan**
investigate how 'public good' is reflected in the work
of the UK's business schools



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As the lucrative global business school industry grew to number 13,000 participants, it was hailed as the major success story of twentieth-century higher education. Analyses have shown that the prosperity of many business schools arose from the application of a fairly standard strategy of teaching the doctrine of shareholder primacy to a body of students paying premium fees that was both ever-growing and increasingly international. With the attention of business school leaders focused on pursuing this strategic approach two critical shifts occurred. First, many of their stakeholders (including governments, faculty, and students) began to question the purpose of business schools, and their contribution to society.

Second, investors and businesses increasingly rejected the doctrine of shareholder primacy as it was shown to foster inequality, exploitation, and unnatural disaster. Over the last decade, some businesses have discovered that by undertaking responsible and sustainable behaviour they not only contribute to the public good much more than their predecessors but that it makes long term economic sense. It has been demonstrated that businesses which think longer term and are more aware of their relationship to society and the environment, are better able to judge risk and make better investment decisions. Over a ten-year period, they are actually more profitable than their short term “quick buck” counterparts.

This change in corporate governance raises the intriguing possibility that, against the usual direction of knowledge transfer from business schools to industry, the former might have something to learn from the latter, and particularly from the ‘Purposeful Company’ movement. The concept of the purposeful company, which adopts a ‘purpose beyond profit’, has been highlighted by the British Academy through its ‘Future of the Corporation’ project. Bringing together both academic rigour and practical experience of its partners in business, the Programme is creating a



framework of principles and values. These are designed not only to rebuild a bond of trust between business, the public and stakeholders, but to do so whilst respecting society and the environment and ensuring long-term financial viability.

Against these twin changes to the expectations of business schools and corporate governance, it is time to ask how business schools can better contribute to society. As part of the responsibility “turn” in the application of science globally, the responsible research in business and management community (RRBM) drew attention to the lack *both* of rigour and relevance in B&M research. The research process was seen by many senior scholars as a ‘self-centred, self-refencing and self-serving process’ that had shut out the paying public. Simply put, practicing managers did not consult the output of management academics in the way that engineers or medics consulted their analogous academic output. The community proposed seven principles to be embraced in B&M research projects so that they better contribute to societal good. Urging for action, the community’s focus has sharpened around ‘grand challenges’ like climate change, income inequality and new ways of doing business. They ask: What would the sector look like if business school research engaged fully with external stakeholders and produced work that was useful to society?

As part of this turn and on behalf of the Chartered Association of Business Schools (Chartered ABS – a UK based institution), we recently led a taskforce to examine the broader issue of ‘Business Schools and the Public Good’. Our taskforce consisted of academics and non-academics, and we set out to find out how, and how much, ‘public good’ is reflected in the work of the UK’s more than 120 business schools. We used a literature review, a questionnaire, and case studies to assist us in making our assessments.

We deliberately did not define ‘public good’. Of course, many definitions do exist, starting from the simple premise of ‘what’s good for the public’ but including also the concepts of public

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value, social value and the ESG (Environment, Social and Governance) approach of responsible investors. However, we felt it was important to let each business school describe public good with respect to their own activities.

From our literature review we found some evidence that UK Business Schools may be more advanced along the road of a public good purpose than those of other countries: for example, of the UN’s Principles of Responsible Management Education (PRME) ‘Champion’ business schools globally, one in six are based in the UK.

From our survey responses, we found that there is a clear perception amongst UK business schools that delivering public good is rising up their strategic agenda, although not all schools are proceeding at the same pace. We identified two main groups of business schools. First, seven schools had clearly articulated a concept of public good and then demonstrated its application through innovations across each of their four main areas of activity: teaching, research, internal operations, and external engagement. We term these ‘Purpose-led Schools’. The second group, ‘Emergents’, reflects a wide range of approaches to delivering public good through developments in one or more – but not all – areas of a school’s activity. Here, innovations tend to be driven by enthusiastic individuals rather than by a corporate commitment to ‘a purpose journey’. We term such individuals ‘public good entrepreneurs’.

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words, how do the principles of sustainability and responsibility / public good express themselves through the school's own actions, such as its policies on employment, energy use, resource management or procurement? What barriers stand in the way of 'walking the talk' and how does the school tackle them? Some schools reported that processes such as the University taking on 'Civic University' status prompted helpful discussion, especially on operational and engagement themes.

While business school operations is an often-neglected area of activity, we found an emerging leadership approach based on inculcating in colleagues a higher, clearer sense of their contribution to what the school does, and why and how they do it. This can be described as giving them a sense of purpose, or a purposeful approach to business school leadership. This stands in stark contrast to an approach that prioritises outcomes such as revenue, publications and rankings, which has been increasingly criticised of late. The arrival of such purposeful leadership in

From across the Purpose-led and Emergent groups, our report illustrates 20 promising practices relating to the delivery of public good through the four areas of activity. In terms of teaching, purpose-led schools tend to include sustainable and responsible business behaviour within compulsory elements of the curriculum (as advocated by the UN's Principles of Responsible Management Education, PRME). These could include Ellen Macarthur's concept of the Circular Economy and the complementary idea, from Kate Raworth, of the Doughnut Economy. We also commonly found partnerships that included social enterprise in the curriculum. There are established criteria to judge the public good of research projects and we wanted to see engagement with the community, both through the medium of business and otherwise, integrated into the life of the school; utilised as a resource and not treated as an optional add-on. The question of 'operations' can be thought of as 'Do they walk the walk and not just talk the talk?'. In other





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business schools reflects a similar movement in corporate governance over recent years; we thus recommended that business schools reverse the usual direction of knowledge flow and look to the corporate field for examples of innovative structures and processes. Specifically, we encourage business schools looking to re-orientate around the delivery of public good to undertake the following:

- (a) Articulate their reason for being within a 'statement of purpose' that defines how they will make a positive contribution to society / deliver public good;
- (b) Develop a purpose function to inspire and coordinate innovations from colleagues;
- (c) Develop approaches to reporting 'progress towards purpose'.

In essence, we are suggesting that business schools state, deliver, and report on their purpose.

It was ideas from business schools that once led corporations, followed by business schools themselves, to focus on short term outcomes rather than on their longer-term purpose. We recognise that the re-purposing of business



schools around public good will require a coordinated effort amongst diverse networks of stakeholders. In the UK, The Chartered ABS is well positioned to help convene that effort, working with partners from industry, the media, and bodies like the British Academy of Management (BAM) and the British Academy itself. Such collaborations are required to create a mutually supportive environment in which business schools better prepare graduates who are infused with purpose, and in which corporations present active opportunities for creativity and commitment to enhancing the public good.

Undoubtedly, the provision of socially and environmentally responsible business leaders for the future is already regarded as essential by many businesses and by today's graduates when they are selecting employers. Many universities traditionally regarded their business schools as a source of income. After our experience with the COVID-19 pandemic, we hope that our report might inspire those who wish to build back better business schools - as purposeful academic entities that enhance public good through their work. This should happen primarily because it is the right thing to do. It is also likely to be an effective way of attracting new custom from the domestic and international student market. Progress on this reform agenda will mean that the business school industry of the future builds on its previous successes to better contribute to the public good and develop graduates who are more likely to exert a positive influence on the organisations of today, and the leaders of tomorrow.

Our report may not cover all the contributions to the public good provided by UK schools, but it shows an increasing commitment by many of them to rejecting traditional forms of purpose and replenishing the commonwealth through cooperation and purposeful scholarship.



About the Authors

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