

**Frank Horwitz** and **David Grayson** describe how Cranfield School of Management in Britain is embracing the UN Principles of Responsible Management Education

# Putting PRME into practice in a business school



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*Our students are deeply interested in sustainable development and improving the practice of responsible management*

*The Economist*, the *Financial Times* and the *New York Times* have all recently asked whether business schools should share any responsibility for the current global financial crisis. Both inside and outside business schools opinions on this question vary strongly.

Arguably, an over-emphasis on shareholder value as the purpose of business and insufficient attention to managers' personal responsibility has contributed in some degree. At the Cranfield School of Management we encourage faculty and students to explore what the global *sustainability* crisis means for them and for businesses.

We like our students to leave the school having had the opportunity to reflect on how they define their own moral compass for decision taking and how they define a successful life.

This is a work-in-progress and we are only at the beginning of the journey. We are looking to learn how some leading companies are embedding corporate sustainability and responsibility and how we can apply their experience to our own context.

Along with over 310 other business and management schools across the world, we have signed the UN Principles of Responsible Management Education (PRME). Learning from corporate experience, we have explicitly incorporated a commitment to PRME and responsible management education within the school's overall strategy.

Businesses talk about the importance of "tone from the top" and having effective governance and oversight of commitments to corporate sustainability and responsibility.

One of this article's authors, the Director of Cranfield, considers embedding PRME into the organisational culture, curriculum, policies and practices of the school as fundamental and chairs the School's PRME taskforce.

This brings together faculty and staff from across the institution including the directors of the MBA and other Graduate Programmes. Cranfield appreciates the codicil at the end of the six PRME Principles, that "we understand that our own organisational practices should serve as an example of the values and attitudes we convey to our students" and is examining its own workplace practices. These include, for example, adding a reference to external



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citizenship in the annual Performance and Development Review process and looking at purchasing policies and criteria for working with clients. The school recently approved a code of practice for engaging with corporate clients and other stakeholders.

As part of the initial stock-take of what is already happening and what needs to be done, we are holding discussions with all faculty about PRME and what it means for research, teaching and practice.

We recognise that some of our students are deeply interested in sustainable development and improving the practice of responsible management. The goal is to ensure that sustainability and responsibility are *built-in* to the curriculum and not just *bolted-on*.

The MBA is one of the early areas of focus. One of Cranfield's visiting fellows has examined MBA course case-packs in order to see where environmental, social and governance (ESG) issues as well as ethical performance would logically fit within what is already being taught.

In marketing, for example, what responsibilities do organisations now have for protecting vulnerable customers or for the misuse of their products and services? What does responsible marketing involve?

Each course director has been encouraged to incorporate PRME within their course learning objectives and to reflect

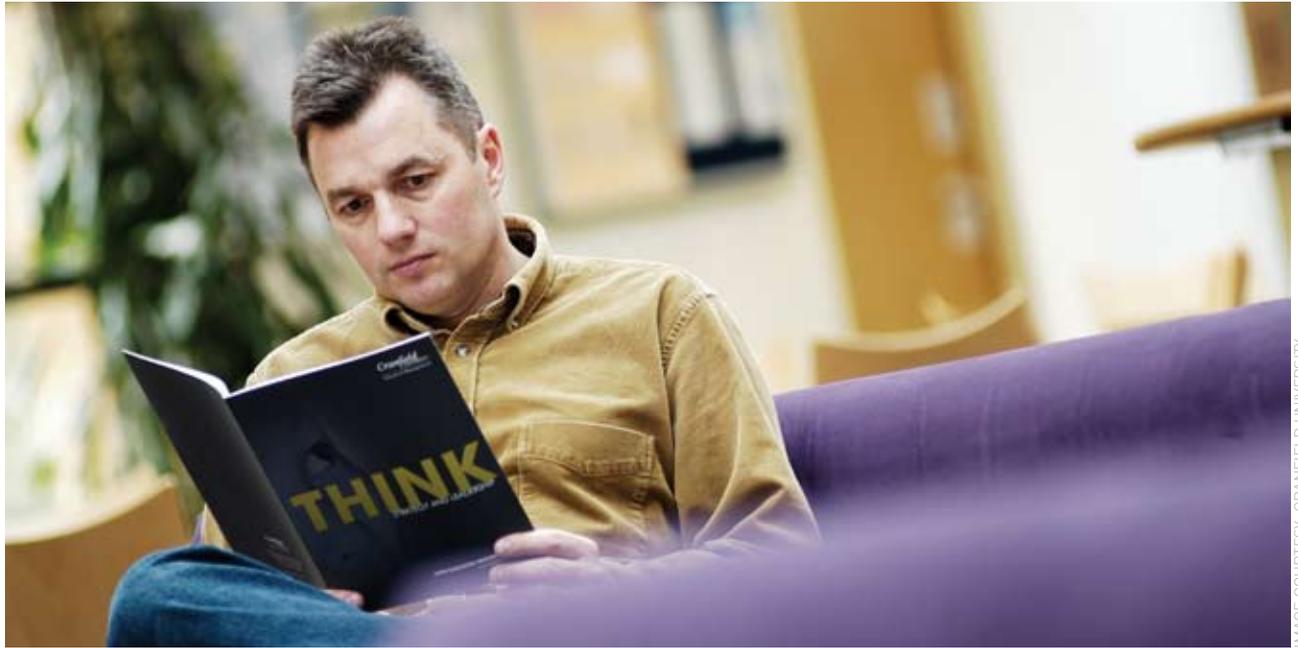


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this in recommended reading and taught cases. The Organisational Behaviour and Personal and Professional Development (OBPPD) core course, which runs through the entire MBA year, has been amended to include more sessions on ethical leadership, the implications of ESG issues for the individual manager – and some of the personal challenges when things go wrong such as the tough choices associated with becoming a whistle-blower.

Outside the classroom, students are encouraged to explore these issues further through, for example, the Cranfield chapter of Net Impact. And we invite visiting speakers to debate with staff and students in the Cranfield Corporate Responsibility and Sustainability Network. All full-time and Executive MBAs take part in the International Business Experience (IBE) – an intense week in an international market such as Brazil, China and South Africa. One of the underlying themes of the IBE is the challenge of sustainable development, and doing business ethically in different cultures and political systems.

In due course we will introduce a similar process for each of our eight specialist masters programmes. Issues of sustainability and corporate responsibility already feature on a number of our executive open programmes and we have been tracking the views of individual managers attending our General Management Programme on these issues for the past decade.

Thanks to the generosity of an MBA alumnus, Nigel Doughty, since 2007 we have had a dedicated unit – the Doughty Centre for Corporate Responsibility ([www.doughtycentre.info](http://www.doughtycentre.info)) – which is helping champion the embedding of PRME. We are very clear, however, that this is everybody’s business in the school – and will fail if it is associated with just one team.

We have also been able to commit some dedicated funds to help promote PRME and to undertake some legacy projects



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Business and management schools across the world have signed the UN PRME

to help faculty to explore what it means for their own disciplines and to explore the inter-disciplinary aspects of generating “sustainable value for business and society at large and to work for an inclusive and sustainable global economy”. (Principle 1).

One of Cranfield’s potential competitive advantages is that it shares a campus with the School of Engineering and a School of Applied Sciences, where there is world-class technical expertise on topics such as biodiversity, carbon sequestration, desertification and water management.

Cranfield has a thriving alumni organisation, the Cranfield Management Association, and in the future we want to harness and support an on-line alumni community around sustainability issues where we can simultaneously support and learn from alumni grappling in real-time with “the role, dynamics and impact of corporations in the creation of sustainable social, environmental and economic value.” (Principle 4).

The Cranfield campus is in the English countryside. This helps create an immersing work and social environment for students. Many live on campus and this is regarded as a valuable part of the “Cranfield experience”.

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Rural bus services are, however, infrequent. Physically getting to and from campus involves driving for many staff, students and visitors. We want to do more to encourage car-pooling and cycling and to promote better public transport links.

Similarly, many of our faculty travel regularly by air in order to teach in different parts of the world. Though we can encourage carbon off-setting we also need to learn how to harness the latest in communication technologies so that at least some of the face-to-face teaching can be replaced by virtual learning through video-conferencing, webinars and e-learning – without harming the pedagogical experience.

As with any significant change-management programme, we know we are evolving through a number of phases.

First, *denial* of the importance of these issues; to *compliance* to *grudging acceptance*; to *instrumentalism* (“doing it because our competitors are doing it”) to *exploration* (“how can we integrate?”) and finally to *cultural integration* (“it’s how we do things around here!”)

We are using a variety of processes to speed up our evolution such as leading by example, empowering enthusiasts, setting targets, creating opportunities to explore what is involved and benchmarking.

When (if ever) will we know we have made good progress? There is a destination but the kind of destination it is may change as we progress in the journey.

We are just at the beginning of our journey to embed PRME. We have to continue to intensify the dialogue with colleagues, to understand and respond to concerns such as that this is an “evangelical crusade” or is seeking to impose a “party-line” on what is taught.

Some fear this is just another management fad, with insufficient rigour.

Certainly, it requires some new mindsets. It is vital that students are exposed to different perspectives. We are not in the business of trying to indoctrinate anyone or censor opinions. We want healthy debate and challenge.

We are, though, committed to “incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.” (Principle 3).

We welcome dialogue and the opportunity to exchange lessons and experiences with others on a similar journey, through our membership of groups like EFMD and EABIS and through engagement with initiatives such as the Aspen Institute Centre for Business Education.

Milton Freidman’s tenet that “the business of business is business” reflects a singular focus on shareholder value. Its assumption that shareholder value return is the sole purpose of a business has been shown as limited and flawed by the nature and depth of the current economic crisis. The associated efficient market hypothesis is also being questioned.

Equally, excessive market regulation undermines entrepreneurship – including social entrepreneurship. What is needed, as Cranfield Emeritus Professor David Myddelton argues, is not more regulation but better regulation. And, even more, businesses need individuals who have better developed moral consciences.

What does this mean for today’s business school student?

Our students will graduate into a work *milieu* that is increasingly complex, diverse and technologically interconnected, social networked and where emerging market economies will assume more prominence. This offers exciting challenges but also the need for new mindsets for the next generation of business leaders.

Corporate responsibility and the tough ethical and governance choices managers have to grapple with, where there are no easy answers, reflect the need for business education to embrace the stakeholder model. Our next generation of business and organisational leaders need to be confident and aware of, and able to negotiate their way around, multiple perspectives and conflicting and common interests of stakeholders such as employees and managers, shareholders, trade unions, suppliers and civil society.

Business schools need to create understanding and sensitivity to this new and changing world of work. Today, the challenge for business schools and business itself is to implement effectively, a new maxim: “the business of business is *sustainable* business.” **gf**

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**ABOUT THE AUTHORS**

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