



The New 'Caring' B-School

With applications down—but social corporate causes up—MBA programs are shifting. What will happen to post-grad salaries?

**By
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**The
Problem:**

Sticking to teaching courses that focus on bottom-line results only puts many B-schools out of touch.

**Why It
Matters:**

Today's millennial students are demanding changes in their education.

**The
Solution:**

From Stanford to Wharton, the top schools are offering new curricula on everything from impact investing to launching social enterprises.

Both of Katie Guidera's parents are doctors, a calling she followed into pre-med at Duke University, where she enrolled in classes on global health and spent all four of her summers piloting a public health initiative in rural South Africa. "From a young age I had dreams of building a career that would enable me to support the development of healthier communities," says the 27-year-old. But on this day she's speaking from Cambridge, Massachusetts, where instead of applying for a residency she's on track to finish her MBA at Harvard Business School (HBS) this spring.

From the cynic's perch, the veer from caregiving to capitalism seems quite the directional departure. But Guidera doesn't see it that way. She says a lot of B-school students today are there to learn how to create and scale businesses that have social impact. In fact, she's now co-president of HBS's Impact Investing Club. "Contrary to some beliefs," she will correct you, "profit doesn't have to be at odds with purpose."

With every year, a bigger part of the corporate world gets farther away from the "greed is good" motto to a more empathetic "doing well by doing good." And with their own applications down in recent years, many of the top business schools are taking up what could be their best opportunity at relevancy: creating change agents. Instead of pursuing public policy, social work, or law to save the world, such agents look to the powers of the free market.

Gone are the days when students were required to take one measly ethics course in the first semester. Today's educators are forging classes like "Reimagining Capitalism" at Harvard and "Large-Scale Social Change" at University of California Berkeley's Haas School of Business. Sustainability is side by side with accounting. Top universities that once boasted their MBAs as a pipeline to high-paying jobs and a powerful network now compete on social impact metrics. "There's been a sea change in who's coming to business school," says Nora Silver, professor of "Large-Scale Social Change" at Haas, where she is also director of the Center for Social Sector Leadership. And while not every student is shunning Wall Street glamour (and pay), certainly that change is easy to see in the student body at many campuses.

Guidera, for one, says she's interested building businesses at the base of the socioeconomic ladder. "We're thinking about how to create solutions that go beyond the individual," she says. As for the companies looking to hire these starry-eyed graduates, she has one warning: "You'd better have a way to show them they can achieve purpose."

In 2015, *The New Yorker* published a cartoon. A man in a tattered suit is sitting around a campfire with three raggedy children as the world smolders in the background. The caption reads: "Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."

Climate change. Income inequality. Food supply. Education. Health-care. All of the big problems facing down society can be traced in one way or another to Big Business. And when Enron disintegrates overnight, the housing market implodes, or the planet is in peril, it isn't surprising that those who lay the intellectual foundation that business leaders operate upon come under scrutiny. Are business schools extolling triple bottom lines? Or are students taught to measure in cost/benefit terms that discount the future and externalize costs? As it's been said, "Budgets aren't just questions of arithmetic, they're measures of our values."

Indeed, a study by the Aspen Institute, a nonpartisan think tank based in Washington, DC, shows that when students enter business school, they believe that the purpose of a corporation is to produce goods and services for the benefit of society. By the time they graduate, their intentions are singular: maximize shareholder value.

For their part, B-schools will tell you it isn't easy to produce righteous leaders. Ethics are notoriously hard to teach. For starters, many would argue that character is firmly cast by college, so the best schools can offer is a framework for considering morality. That same framework can be used to defend questionable behavior. For instance, in 1970, the Nobel Prize-winning economist Milton Friedman published an essay in *The New York Times Magazine* titled, "The Social Responsibility of Business Is to Increase Its Profits."

What can make ethics easier, though, is when the student body—more than the school or faculty—is driving the agenda. "There is a generational pressure coming through the pipeline," says Michael Wiemer, senior vice president and chief officer of the Americas for the Association to Advance Collegiate Schools of Business, a professional accrediting organization. "Younger people have been very clear about their decisions as consumers; they bring those same ideas, beliefs, and demands into education. Business schools are responding to that."

Na'ama Yehezkel

is the new MBA candidate. Originally from Israel, the 32-year-old has worked and studied across the world, from India to Canada, Australia, and now the US, in New York City. She spends her spare time advocating for underrepresented groups, abortion rights, and anti-trafficking efforts. She is head of Columbia Business School's Leadership and Ethics Board, co-president of Women in Business, and a vegetarian. Yehezkel's partner is a dual MBA and JD candidate. He interned at the American Civil Liberties Union.

"Relatively early on, I thought I would want to do public service or politics," Yehezkel says, "but I realized another way to affect change is to be the person I want to see. I want more women managers and CEOs. When you climb the ladder in the private sector, you're able to hire people, decide where the new office is going to be. With business there is a faster pace of change."

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More than 60 percent of full-time MBA students at ranked programs majored in something other than business and commerce during their undergrad years. A study by Principles for Responsible Management Education, a United Nations-supported initiative with 650 business school signatories, found 45 percent of students at participating schools want more coursework on ethics and environmental stewardship. To satisfy the demands of their increasingly virtuous and global clientele, business schools are moving beyond philosophy and exploring the practicality of how to navigate moral hazards and solve societal problems through business.

Entire departments are devoting themselves to sustainability, design thinking, and cross-sector collaboration. Students are being matched with local nonprofit boards to serve as non-voting members. Impact investing clubs are ubiquitous. The Berkeley Haas Socially Responsible Investment Fund, the first and largest student-led fund of its kind, has more than doubled its investments since 2008 to more than \$2 million. HBS sends classes to emerging markets to design products and services that meet the people's needs. Students sit in homes and learn to build empathy. Some schools are going as far as requiring graduates to pledge that they are committed to serving as ethical leaders, in the same way a doctor recites the Hippocratic oath.

On a school podcast, Eric Orts, a professor of legal studies and business ethics at Wharton, said this about the rising consciousness on campuses: "I think there are changes to how we teach responsibility in business ... but the question goes deeper to, what are we really about ... and what are we teaching students to be doing?"

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But—and this is a rather inconvenient hitch in the millennial narrative—the starting salary of an Ivy League MBA is still more than \$150,000. Indeed, while today's student may be more “woke” than yesterday's, it's uncertain whether they grasp the personal sacrifice it will require to truly tackle such issues as climate change and income inequality—because the solution to income inequality is redistribution. Even the Bible wasn't optimistic, declaring that a camel will sooner pass through the eye of a needle than a rich man through the gates of heaven.

Business, no matter how well-intentioned, cannot solve institutional problems on its own. “That's not what business was intended to do,” says Rebecca Henderson, who teaches Harvard's “Reimagining Capitalism.” “The idea that simply running businesses better will solve these issues is misplaced.”

In *Winners Take All: The Elite Charade of Changing the World*, published earlier this year, Anand Giridharadas coins the term “MarketWorld,” a cognitively dissonant ideological fantasy land inhabited by the plutocrats who want “to do well and do good.” The same corporate citizens championing “win-win” solutions, he argues, are also actively exasperating the problems they superficially aim to solve by, for instance, discouraging regulations and taxes.

Citizenship implies being a member of a community. Good corporate citizenship then requires cross-sector collaboration and engagement between private, public, and nonprofit organizations. But with the brain drain siphoning young talent from the nonprofit and public sectors, society will more than ever be looking to business to fill the void. What remains to be seen is whether for-profit corporate responsibility will become more than the shiny veneer it is now.

Several years ago, Henderson received a call from a CEO. “He said, ‘I think sustainability is bull, but everyone I'm hiring cares, so come talk to us.’” Since then, Henderson says, the company has made real changes. She thinks the CEO might even be a believer now. “It's getting harder and harder to say the business of business is simply business,” she says. ▀

Columbia Business School

Business School 2.0

Here are some au courant curriculums being offered in today's reimagined B-school.

University of California Berkeley, Haas School of Business: The Center for Responsible Business recently launched the Sustainable Food Initiative, which explores new ideas around how to grow, transport, and sell food.

University of Vermont, Grossman School of Business: The Princeton Review named it the No. 1 Green MBA. The one-year Sustainable Innovation program is designed to address “core challenges” through enterprise and entrepreneurship.

Stanford Graduate School of Business: The Center for Social Innovation here was one of the first business school programs to tackle social and environmental problems head-on. Sample courses

include “Design for Extreme Affordability” or “Practicum in Applied Philanthropy.”

University of Colorado Boulder, Leeds School of Business: The Leeds family created entire programs dedicated to social responsibility and ethics as well as corporate social responsibility, in which students are taught to evaluate success using triple bottom lines.

University of Pennsylvania, Wharton School: The Wharton Social Impact Initiative teaches about impact investing and starting a social enterprise, and matches students with companies to work on real-world consulting projects. Wharton alumni pursuing social impact even qualify for loan forgiveness.