

WHERE?

WILL THEY LEAD?

MBA STUDENT
ATTITUDES
ABOUT BUSINESS
& SOCIETY

Initiative
for
Social
Innovation
through
Business



WHERE WILL THEY LEAD?

MBA STUDENT ATTITUDES ABOUT BUSINESS & SOCIETY

How do business executives and entrepreneurs learn how to lead? Where do they get the skills and information necessary for making decisions that affect not only the success of their company but also the health of their local and global communities?

One of the largest sources of education for future leaders is business schools where, in the United States alone, 100,000 MBA degrees are awarded each year. In 1999, The Aspen Institute's Initiative for Social Innovation through Business (Aspen ISIB) launched a longitudinal survey measuring the effects of an MBA education on students' attitudes about the roles and responsibilities of business. Specifically, we wanted to find out:

- how MBA students view the role of the company in society;
- how students' attitudes toward the roles and responsibilities of the company in society are shaped by the MBA experience; and
- what messages MBA students are receiving from business schools about acceptable values and behaviors in business.

The survey was conducted via the Internet by Universum International, a global consulting and communications firm, and took place over three "waves":

Wave I – August/September 1999 captured the responses of 1,116 MBA students as they were entering business school.

Wave II – Spring 2000 consisted of 512 respondents at the end of the first year of their MBA program.

Wave III – Spring 2001 surveyed 551 graduating MBA students.

During Summer and Fall 2001, business leaders and MBA students were consulted to help us interpret the survey results. Their thoughts on what the data mean—for businesses and business education—are included in this summary.



WHAT WE FOUND

Students' attitudes about business—its role and responsibilities—are shaped by what they learn over the course of an MBA degree.

- There is a shift in priorities during the two years of business school from customer needs and product quality to the importance of shareholder value.
- MBA students are unsure as to whether and how social responsibility contributes to business success. However, they would like to learn more about it—and want business schools to provide concrete examples and integrate it into the core curriculum.
- Students in all three waves believe that they will have to make decisions during their business careers that will conflict with their values.
- Today's MBAs do not believe that they can change the values/culture of a company. If it comes to a conflict of values, they are likely to leave rather than to try to change the organization.

DEMOGRAPHIC PROFILE

- **Undergraduate major:** One-fifth of the Wave III survey population have undergraduate degrees in Engineering, with Economics and Business Administration being the next two most frequent majors.
- **Gender:** 66% of the Wave III sample are male, 34% are female.
- **Citizenship:** 57% of Wave III respondents identify themselves as U.S. citizens. The largest group of non-U.S. citizens is Canadian, followed by European and Asian.
- **Age:** The largest group of Wave III students is between 26 and 30 years old (56%), with the greatest share being born in 1971.



"Some people say that by age five we already know what is right and what is wrong. But I think that if you don't have that focus in the core curriculum you know what is right but won't do it because you aren't taught that it is important in business."

David, MBA student

THIRTEEN INTERNATIONAL SCHOOLS PARTICIPATED IN THE SURVEY

- Columbia Business School
- Darden Graduate School of Business Administration, University of Virginia
- Graduate School of Industrial Administration, Carnegie Mellon
- Haas School of Business, University of California (Berkeley)
- IMC Graduate School of Business (Budapest)
- Kellogg School of Management, Northwestern University
- London Business School
- Mendoza College of Business, University of Notre Dame
- Richard Ivey School of Business, University of Western Ontario
- Schulich School of Business, York University (Toronto)
- University of Michigan Business School
- The Wharton School, University of Pennsylvania
- Yale School of Management

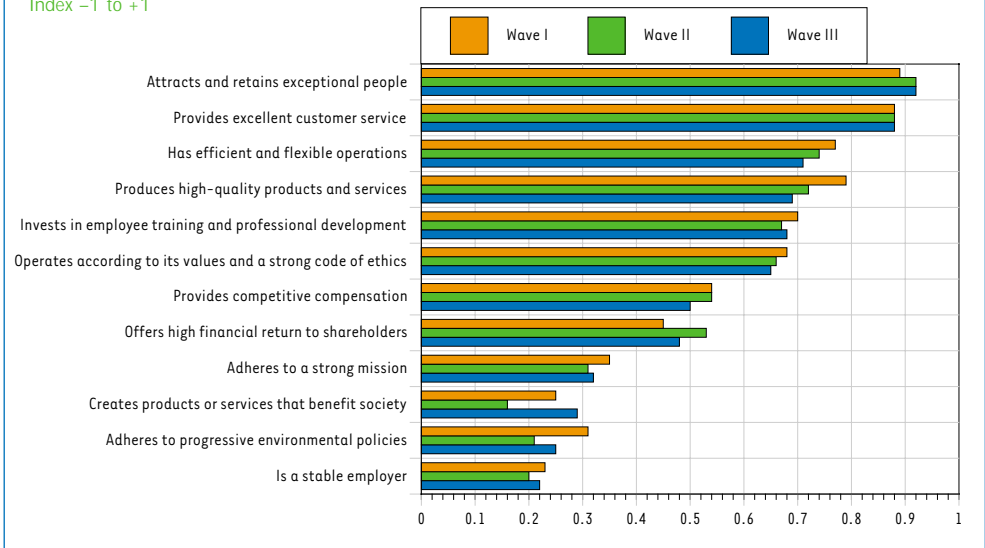
HOW MBAs VIEW BUSINESS

By the end of the first year of study, students have shifted from “customer mode” to “business manager mode.” As a result, shareholder value gains in importance as a measure of a successful business and as the primary responsibility of the company.

- All three waves of MBAs define a well-run business as one that attracts and retains exceptional people and provides excellent customer service.
- Comparing Waves I and II, there is an increase in emphasis on offering high shareholder returns and a decrease in emphasis on producing high-quality goods and services.
- When asked about the primary responsibilities of the company, students give greatest attention to shareholder return—a reflection of the powerful place shareholders occupy in the first-year curriculum.
- Responsibilities to the local community and environment are seen as less critical.

DEFINING A WELL-RUN COMPANY

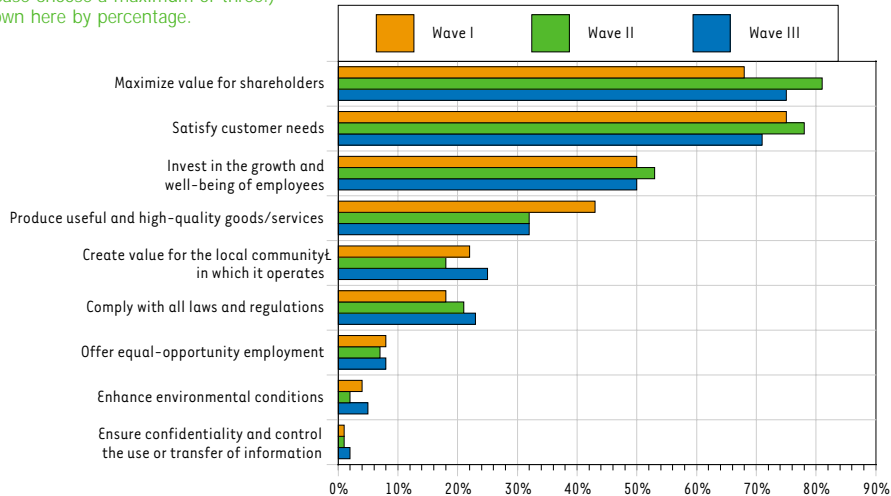
“In your definition of a ‘well-run’ company, how important are the following?”
(Please indicate whether you think each of the following is very important, somewhat important, or not important at all.)
Index -1 to +1





PRIMARY RESPONSIBILITIES OF A COMPANY

“What do you believe are the primary responsibilities of a company?”
(Please choose a maximum of three.)
Shown here by percentage.



“This is the curriculum talking.

This is what we are taught.”

Sean, MBA student

“In their hearts, people are concerned.

But they have no context to talk about these issues (social, environmental) in business school. Here we are so caught up in the next problem set that is due. That’s what you talk about.”

Liz, MBA student

“Business schools are teaching what we and they assume customers and shareholders want—Are they right?”

Non-profit executive

HOW MBAs VIEW BUSINESS

MBA students emphasize the quality of the work and quality of life as the most important factors in their job selection. In fact, achieving work/life balance is one of the biggest dilemmas MBAs expect to face in the first five years of their career.

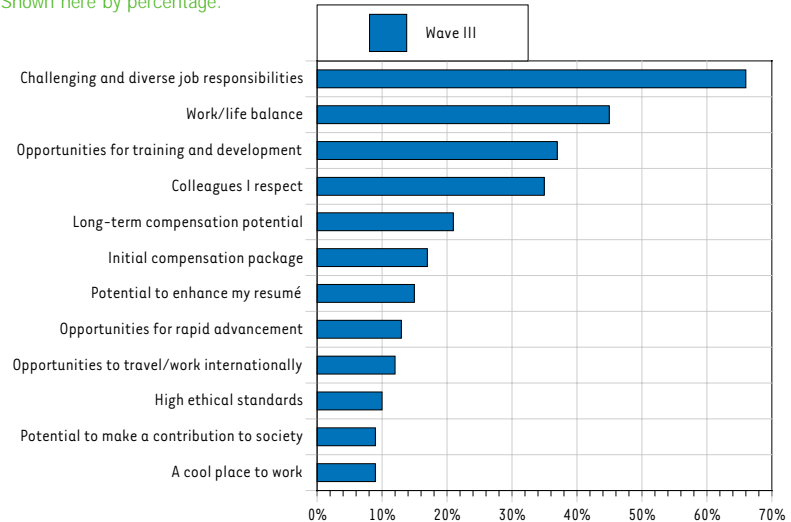
- Graduating students (Wave III) choose “challenging and diverse job responsibilities” and “work/life balance” as the top two factors affecting the post-MBA job selection.
- The quality of the work environment—in terms of training opportunities and high-quality colleagues—is also a key factor in job choice.
- Students in all three waves believe that balancing their work and personal lives will be the key challenge they will face in the workforce.
- Graduating MBAs in 2001 also expressed concern about economic recession.

“People do not get out of bed in the morning to create shareholder value. What is much more important is the work environment.”

Oil company executive

JOB SELECTION FACTORS

“What factors were most important in your job selection?”
(Please choose a maximum of three.)
Shown here by percentage.



MBA students believe they will have to make business decisions that conflict with their values—they know it, they are stressed by it, but they accept it. And when this happens, they won't try to change the company or its practices...they will protest with their feet.

- The results are clear—values conflicts matter to MBAs.
- In each wave, students reinforce the view that a clash of values with their company would be a stressful experience.
- Students also become less willing to take any action within the company to change things—either by advocating alternative values or getting others to join them in expressing their concerns.
- Most MBAs indicate that they would simply opt out and find another job.

"Business students aren't activists. It's the corporate culture—you fit in or you get out. You feel stressed, but you try to deal with it."

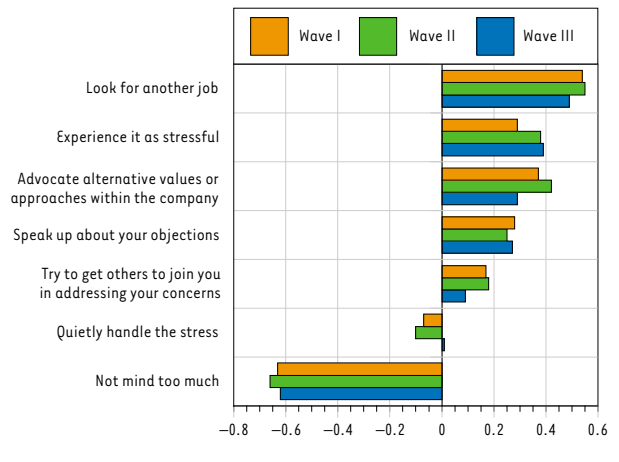
Kim, MBA student

"There is a flaw in business education if students say they will leave a company when faced with a values conflict. Business schools are supposed to be in the business of training leaders. They should be teaching them to raise the issues—not bail out. That is the only way we are going to see change happen—if people actually ask the tough questions within their organizations."

Business school professor

VALUES CONFLICTS

"If you find that your values conflict with those of the company where you work, how likely is it that you will...?"
 (Please indicate whether you think each of the following is very likely, somewhat likely, or not likely at all.)
 Index -1 to +1



HOW MBAs VIEW BUSINESS & SOCIETY

MBA students believe that if they were in positions of leadership, they would take a more balanced approach to managing stakeholders.

- MBAs believe today's corporate leaders privilege the shareholder when making business decisions.
- Students say they would pay more attention to social and environmental conditions than current business leaders do.
- However, they still rank social and environmental conditions well below the needs of shareholders, customers, and employees in their decision making.

"When we think of the leadership of a company, we think of old guys, grey haired, more traditional, conservative in terms of business approach. In our generation, there is a different managerial style."

Donna, MBA student

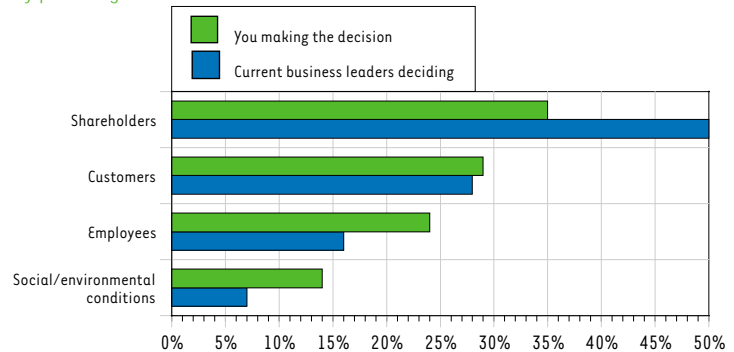


"We shouldn't be surprised by 'I think I could do a better job than those doing it now.' What else would you expect of high-achieving young people? They think they could do better."

Oil company executive

BALANCING STAKEHOLDERS — Wave III

*"When the leadership of a typical company makes a business decision, how much consideration do you think is given to each of the following? How much consideration would YOU give?" (Please weigh each factor. The total must equal 100%.)
Shown here by percentage.*



MBA students view the benefits of socially responsible behavior in terms of fewer problems—legal, regulatory, or public relations—rather than in terms of advantages—such as stronger, healthier communities.

- When asked how companies benefit from fulfilling their responsibilities, students' top answer is "better image/reputation." The strength of this view grows over three waves, reflecting students' acquisition of knowledge about the negative impacts from illegal or unethical corporate practices.
- Interestingly, students also see socially responsible behavior as a human resources issue, believing that it creates "a more satisfied and productive workforce."
- The companies that consistently come up on a list of socially responsible companies that MBAs would like to work for are those with a public reputation for good works—such as The Body Shop, Ben & Jerry's, Johnson & Johnson and Hewlett–Packard.
- However, these companies are not the ones that most graduating MBAs end up working for. Students are overwhelmingly choosing service firms, such as banks and consulting companies, as their post-MBA employer.

When discussing the global arena, MBAs strongly believe that a company should play a positive role in society.

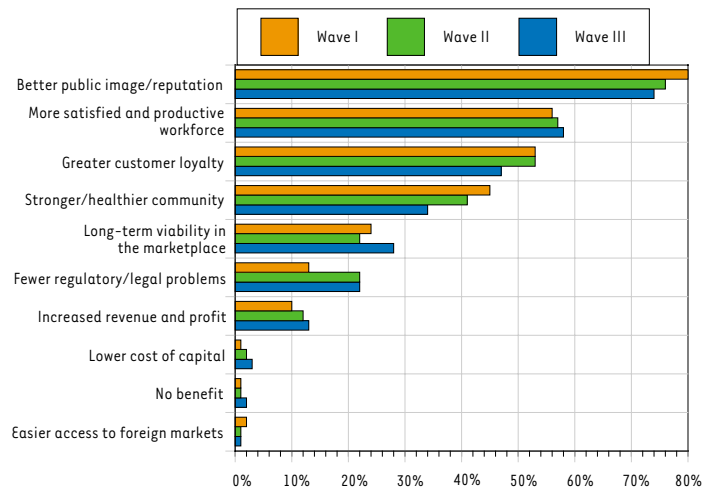
- Students in all three waves—and especially graduating MBAs—believe that when a company is entering a foreign market, it has responsibility to go above and beyond business success and contribute to the development of the local community.
- Paradoxically, while "enhancing environmental conditions" is not seen as a primary responsibility of the company, MBAs believe that businesses need to do more than just comply with the law when it comes to the environment.

"The key question is: Do you act in a socially responsible way because it contributes to business success or because it is the 'right' thing to do? Students aren't clear on this—but many business leaders aren't either."

Business school dean

BENEFITS OF SOCIAL RESPONSIBILITY

"How do you think companies benefit from fulfilling their social responsibilities?" (Please choose a maximum of three.) Shown here by percentage.



HOW MBAs VIEW BUSINESS SCHOOLS

The top benefit of an MBA degree? Not earning potential, but the opportunity to learn how business works.

- The other top benefits of an MBA mentioned by students are “more and better career opportunities” and “personal growth and development.”
- The importance of higher income as a benefit of business education drops in each wave of research. Not surprising, since by graduation 63% of the respondents have accepted a job offer.

Where do issues relating to social responsibility belong in the curriculum? As expected, most students say “Business Ethics,” the course in which these issues are commonly discussed. But students are also interested in seeing corporate social responsibility integrated more effectively into the core of the MBA program.

- MBAs believe that core courses such as Strategy, Organizational Behavior, and General Management should more directly address issues related to social responsibility. They are much less likely to see a role for these issues in more technical MBA courses, such as IT, Accounting, and Finance.

- Students believe that topics related to social responsibility would be most effectively introduced with a direct and “hands-on” approach, through guest speakers and case studies.
- MBAs would also like their business schools to show them how fulfilling social responsibility can be profitable.
- One place MBAs believe the discussion of social responsibility does *not* belong? The recruiting process.

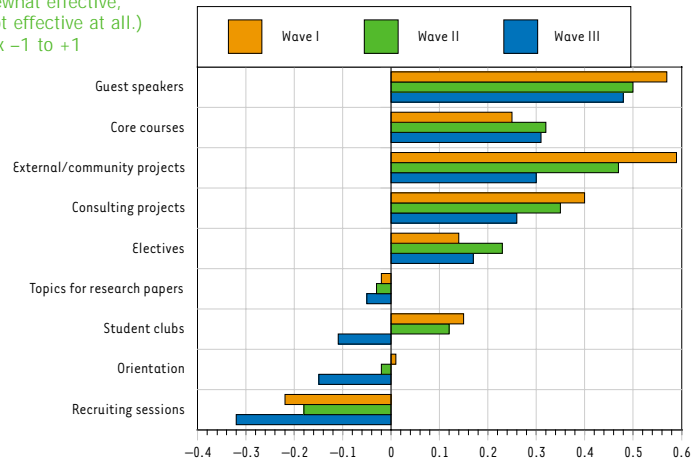


“You want to hear from someone who has had to make the decision—not from someone who analyzes the decision. Guest speakers are real people who talk about real issues.”

Richard, MBA student

EFFECTIVENESS OF TEACHING METHODS

“How should issues related to the social responsibilities of companies be introduced in your MBA program?” (Please indicate whether each of the following is very effective, somewhat effective, or not effective at all.)
Index -1 to +1



IMPLICATIONS FOR BUSINESS

- A business will be viewed as successful if it gets the “people” side of the equation right: by creating a supportive and stimulating work environment; addressing the work/life balance challenge through family–friendly policies; and striving to build a community of excellent people.
- The next generation of business leaders wants to manage social and environmental impacts differently. Focus on how an organization can build those skills—whether in–house or through business education.
- If the ability to manage social and environmental impacts is important to a company, it needs to get that message across to its recruiters and the business schools where it recruits.
- MBA students view corporate culture as rigid, as something they either fit into or walk away from. The challenge for business is to prove them wrong.

“I think it’s interesting that students wouldn’t engage, just walk away. How would you change that?”

Consulting firm executive

IMPLICATIONS FOR BUSINESS SCHOOLS

- The MBA curriculum needs to find a way to link social responsibility to bottom–line business markers such as profit or cost of capital.
- MBA education needs to provide concrete examples of how business leaders make tough decisions when trying to balance the often conflicting needs of business and society.
- Future business leaders lack the tools to manage values conflicts and dilemmas they believe they will face in their business careers. Business education needs to help them bridge the gap.

“The most important thing this research shows is that business education does socialize and shape students’ views. It teaches them about what is possible, and about what is appropriate. This tells me that business schools cannot hide behind the old story that they are merely about technical and managerial skills. They have always been ‘in the business’ of shaping values and attitudes—whether they want to admit it or not.”

Business school professor

“It all comes back to the fact that business is seen as one thing, social responsibility as something on the side. It’s not seen as the same. We need to see a link between business and social responsibility.”

David, MBA student

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