WHERE WILL THEY LEAD?

2008

MBA STUDENT ATTITUDES ABOUT BUSINESS & SOCIETY

THE ASPEN INSTITUTE
Center for Business Education

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In Fall 2007, the Aspen Institute Center for Business Education, a program of the Aspen Institute Business and Society Program (Aspen BSP), went out to 15 business schools to survey MBA students about their attitudes towards the relationship between business and society.

This is the third time in the last nine years that Aspen BSP has surveyed MBA students to find out what they are learning and thinking about that relationship. What we have discovered through those surveys is that MBA programs definitely influence the way students think about the role of business and its relationship to society once they become managers and leaders. (Each of the surveys was conducted via the internet by Universum, a global consulting and communications company. 1,943 students responded to the 2007 survey.)

This recent survey shows some encouraging changes in the way business school curriculum addresses the complex relationship between social issues and business practices and decisions.

- Business students in 2007 are thinking more broadly about the primary responsibilities of a company. In addition to citing shareholder maximization and satisfying customer needs, more students are also saying “creating value for the communities in which they operate” is a primary business responsibility.
- MBA students are expressing more interest in finding work that offers the potential of making a contribution to society. (26% of respondents in 2007 say this is an important factor in their job selection compared with 15% in 2002.)
- That said, business schools and companies have not convinced them that environmental and social responsibility contribute to corporate financial success.
- Although more students in 2007 than in 2002 believe it is very likely that they will face values conflicts on the job, the further they progress through their MBA program the less confident they feel that their business school training is preparing them to manage those conflicts.

DEMOGRAPHIC PROFILE OF SURVEY RESPONDENTS

Gender: 65% of respondents are male; 35% are female.

Citizenship: 67% of the respondents identify themselves as U.S. citizens. Of the non-U.S. citizens, 20% are from India; 20% from Europe; 19% from Asia (excluding mainland China and India); 16% from Canada; 8% from South America; 7% from Mainland China; 4% from Central America or Mexico; 3% other; 2% from Africa; 1% from Australia/New Zealand.

Age: The largest group of students is between 26 and 29 years old (54%), followed by 30 to 31 years old (17%).

Year in Business School: 55% of respondents have just started their MBA program; 37% are halfway through the program; 8% are about to graduate.

INTERNATIONAL BUSINESS SCHOOLS PARTICIPATING IN THE SURVEY

Carnegie Mellon University, Tepper School of Business
Columbia University, Columbia Business School
Duke University, Fuqua School of Business
London Business School
Thunderbird School of Global Management
University of California, Berkeley, Haas School of Business
University of California, Los Angeles, Anderson School of Management
University of Colorado, Boulder, Leeds School of Business
University of Michigan, Ross School of Business
University of Notre Dame, Mendoza College of Business
University of Pennsylvania, Wharton School
University of Virginia, Darden School of Business
University of Western Ontario, Richard Ivey School of Business
Yale University, Yale School of Management
York University, Schulich School of Business

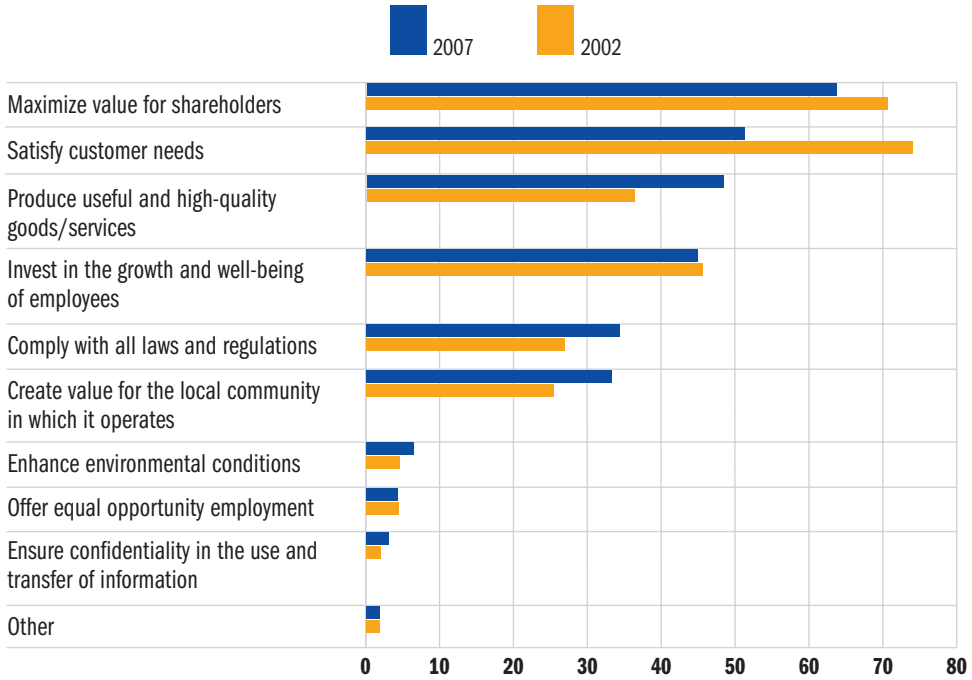
The following pages contain a summary of our 2007 findings. The complete report is available for $50.00 from The Aspen Institute Center for Business Education (www.AspenCBE.org).

DEFINING BUSINESS SUCCESS

What do you believe are the primary responsibilities of a company?

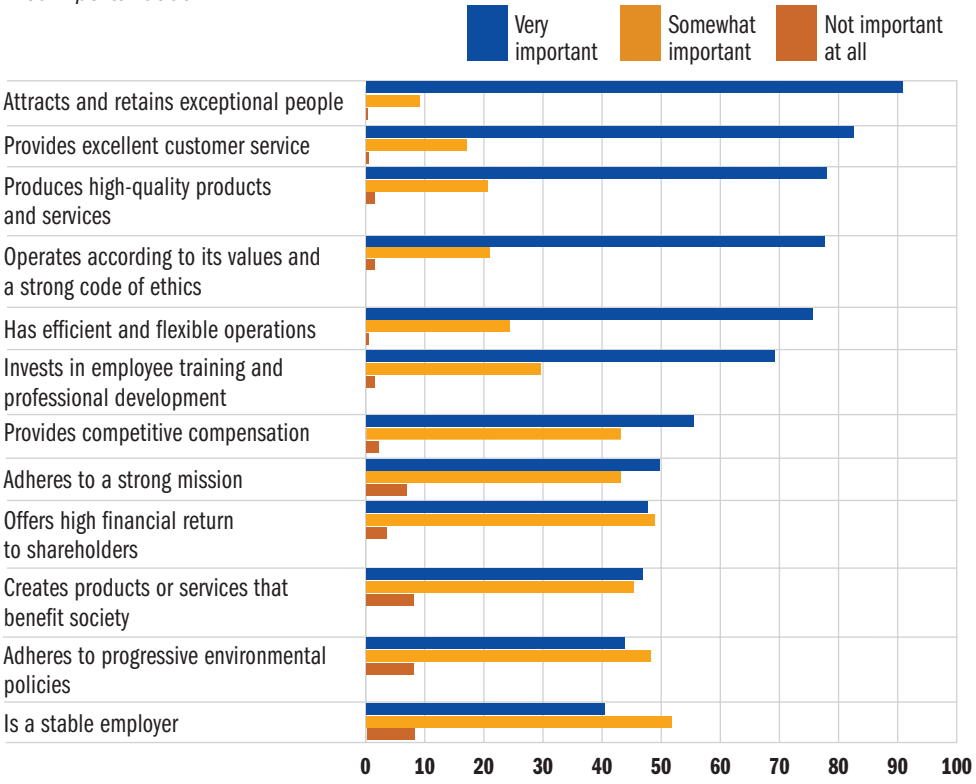
- MBA students in 2007 tend to think more broadly about the primary responsibilities of a company than earlier respondents.
- While identifying maximizing shareholder value and satisfying customers as the top responsibilities, they see a number of other criteria—producing quality goods and services, complying with laws and regulations and creating value for the community in which it operates—as very important responsibilities.

Please choose a maximum of three alternatives.



In your definition of a "well-run" company, how important are the following?

Please indicate whether each of the following is "very important," "somewhat important" or "not important at all."

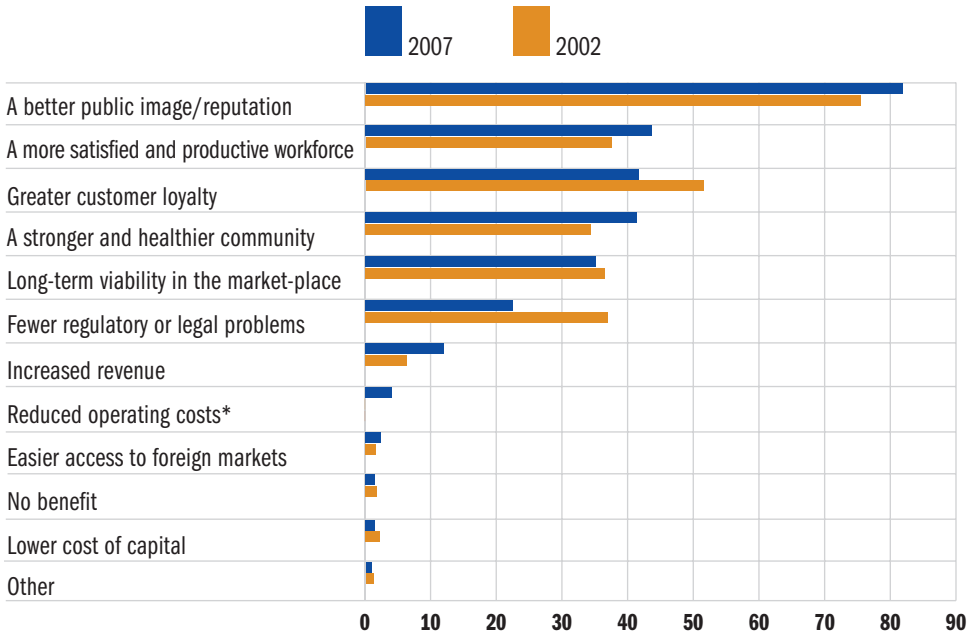


- Responses to the question about a "well-run" company seem to suggest *how* students think companies fulfill their primary responsibilities.
- Students' definition of a "well-run"company has remained quite consistent over the past five years—retaining and attracting exceptional employees and providing excellent customer service topped the list in 2007, as they did in 2002.
- Despite recent public discussion of the environment—global warming, alternative energy sources, and the like—students rank the importance of companies having progressive environmental policies near the bottom of the list.

How do you think companies benefit from fulfilling their social responsibilities?

- Today's MBA students more readily make the connection between good corporate citizenship and a stronger, healthier community.
- But they are still looking at the benefits of social responsibility in a conventional way—good public image—and not making the connection to increased corporate revenues and reduced operating costs.

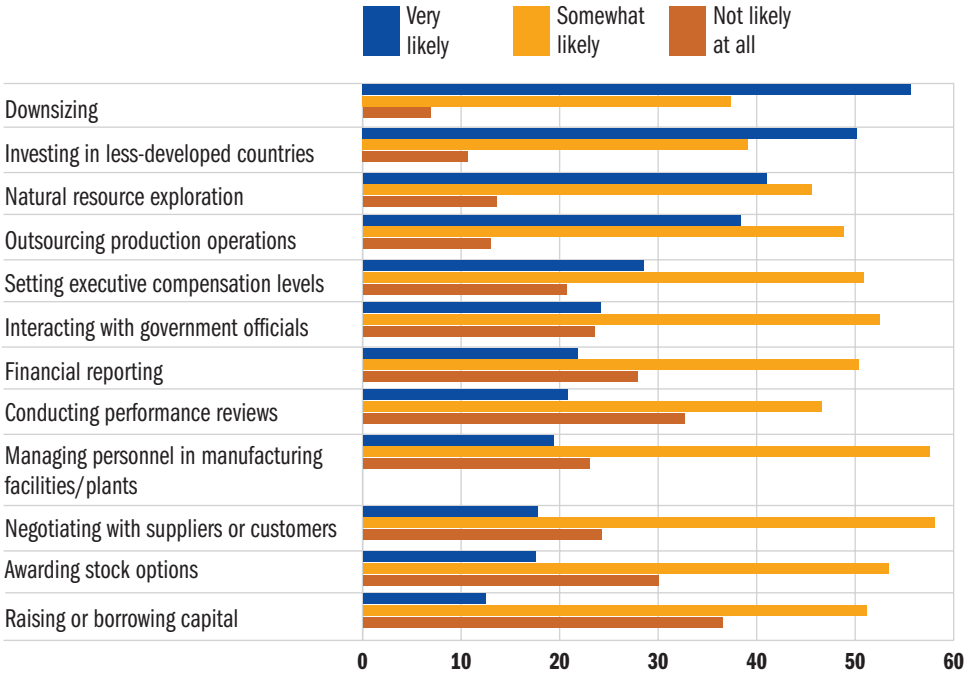
Please choose a maximum of three alternatives.



*This option was not offered in 2002

Assume you are engaged in each of the following business activities/practices. How likely do you think it is that values conflicts would arise?

Please indicate whether it is "very likely," "somewhat likely," or "not likely at all" that values conflicts would arise.



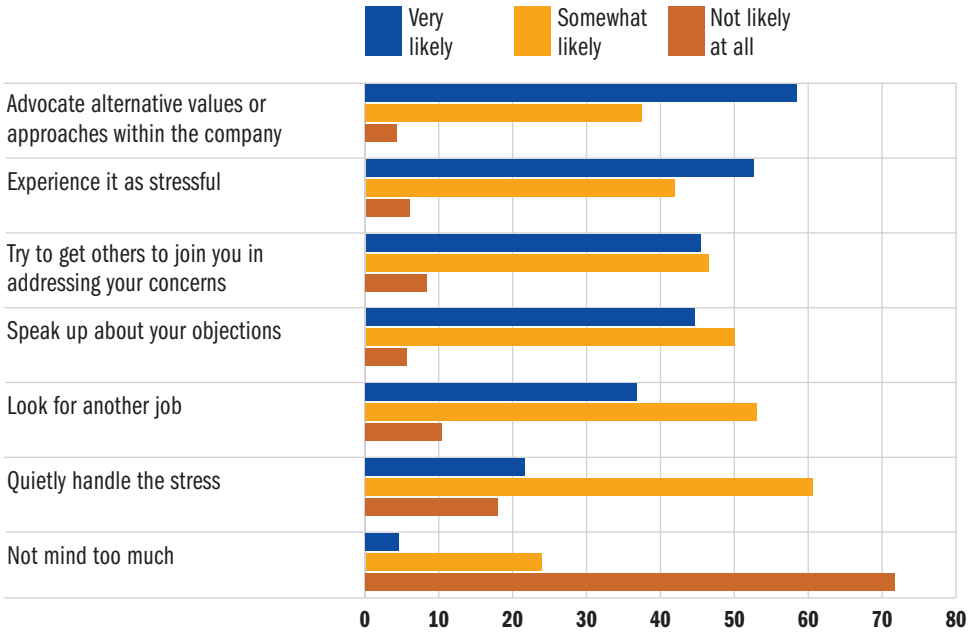
- In answer to a question about the probability of facing values conflicts in the workplace, 83% of students believe that their values will sometimes conflict with what they are asked to do in business.
- As to where they expect to encounter those conflicts, "downsizing" and "investing in less-developed countries" top the list.
- Compared with first year students, students graduating soon are less convinced about the possibility of values conflicts occurring in many business areas—among them downsizing, investing in less developed countries and financial reporting.

BUSINESS LEADERSHIP AND VALUES

If you find that your values conflict with those of the company where you work, how likely it is that you will:

- As in the previous surveys, students confirm that they would find such values conflicts stressful.
- A majority of students expect to deal with those conflicts by advocating for alternative actions or approaches.
- However, even in a post-Enron world, only 45% say they are very likely to speak up about their objections.
- Of particular interest to companies: nine out of ten students say they are "very likely" or "somewhat likely" to look for another job if they find their values in conflict with those of the company where they work.

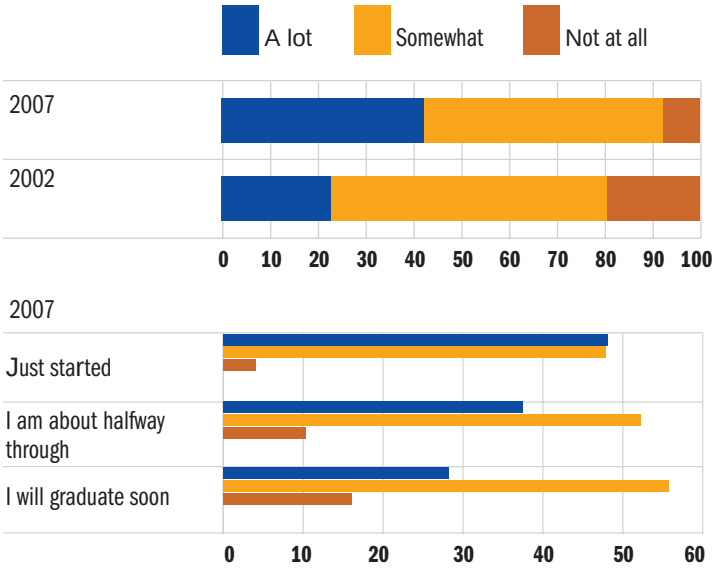
Please indicate whether it is "very likely," "somewhat likely," or "not likely at all."



BUSINESS SCHOOL PREPARATION

To what extent do you agree with the following statement: my business education is preparing me to manage values conflicts?

Please indicate whether it is "a lot," "somewhat," or "not at all."

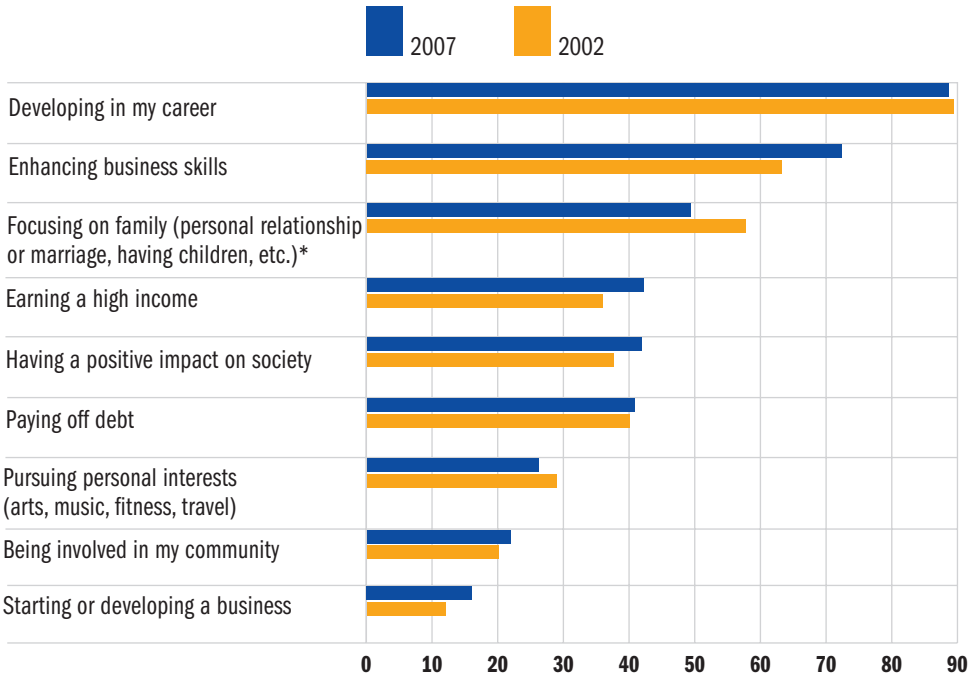


- Students in 2007 feel more prepared for managing values conflicts than those in the 2002 survey. However, their confidence in that preparation falls consistently throughout the program.
- Discussion of business and society issues has become more commonplace in business schools. In 2007, three-quarters of the respondents strongly agree that they feel free to raise issues related to the social responsibility of companies in the classroom—up from 70% in 2002.
- 55% of students strongly agree that faculty are interested in such discussions, compared with 40% of respondents in the 2002 survey.
- 55% of students in the 2007 survey who have just started business school strongly agree that they have opportunities to practice ethical/responsible decision making as part of their MBA. That agreement decreases to 48% for students halfway through the program and drops further to 41% for those about to graduate.

In the first year after receiving your MBA, what will be most important to you?

- Career opportunities consistently top the list of what will be important to MBAs immediately after they receive their degrees.
- Students in 2007 are more interested than those in 2002 in finding work that offers the potential of making a contribution to society.
- Yet the importance of "having a positive impact on society" decreases over the course of the MBA program, especially for men. By the time they are close to graduation, only 29% of men place high importance on this issue, compared with 43% of men in their first year. There is only a small drop in its importance for women students as they move through the MBA program (52% when they start out vs. 50% as they near graduation).

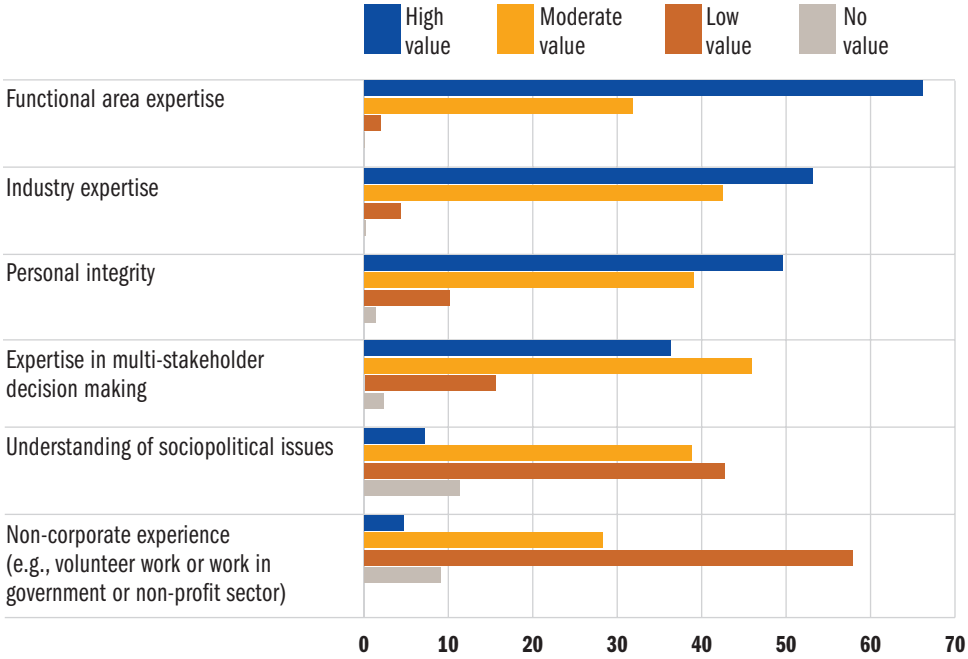
Please indicate whether each of the following is "very important," "somewhat important," or "not important at all." (Only "very important" data shown here.)



*In 2002, this option was phrased "Building a family or developing/maintaining a significant relationship"

How much value do you think recruiters place on each of the following factors when evaluating a candidate for employment?

Please indicate whether each of the following is "high value," "moderate value," "little value" or "no value".



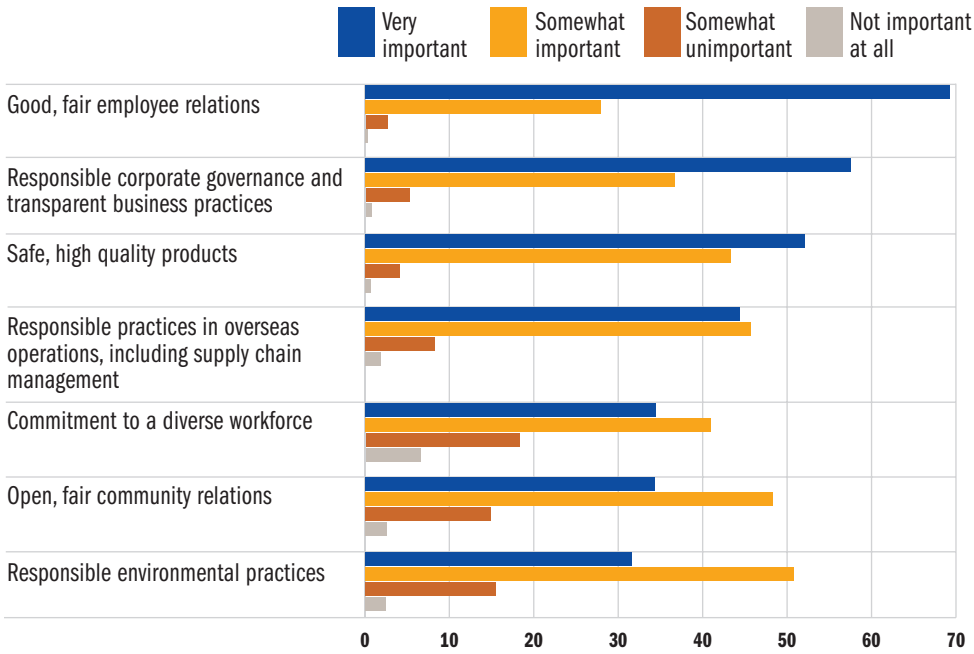
- Students feel that recruiters are primarily looking for candidates with functional industry expertise.
- Only half of the 2007 respondents think that their personal integrity figures largely in corporate recruiters' evaluation of them as a potential employee.
- 54% think that recruiters place little or no value on how well a job candidate understands current sociopolitical issues.

JOBS AND RECRUITING

As you decide whether to accept a job offer, how much importance will you place on whether your potential employer has:

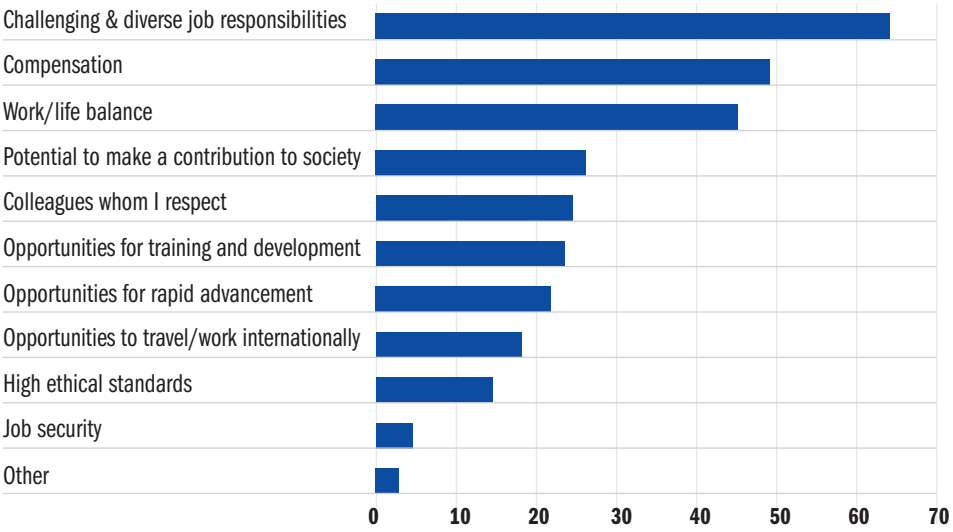
- The most important factor in students' decisions about where to work is how well a company treats its employees.
- 2007 MBA students are also concerned about responsible corporate governance and the transparent business practices of a potential employer.
- A company's environmental practices and its commitment to diversity rank relatively low on their list of criteria when deciding where to work.

Please indicate whether each of the following is "very important," "somewhat important," "somewhat unimportant" or "not important at all."



What factors will be most important in your job selection?

Please choose a maximum of three alternatives.



- Top factors in job selection are the nature of the job itself, compensation and whether the position allows for a reasonable work/life balance.
- The potential to make a contribution to society through one's job is more important to MBA students in 2007 than it was in previous years (26% compared to 15% in 2002).
- However, its importance goes down for men as they continue through their business school program. On the other hand, women who will graduate soon choose it more often than women just beginning their MBA programs.

GENDER DIFFERENCES

As with past surveys, the 2007 responses were significantly different for men and women.

- Generally, women place more importance on the role business needs to play in creating and maintaining a healthy community and society. Unlike male students, that concern increases as women move through the MBA program.
- When choosing a job, the potential to make a contribution to society is a more important decision point for women (33% of women vs. 22% of men say it is very important). It becomes even more so for women approaching graduation.
- Responsible environmental practices also are more important for women than men when considering a potential employer (38% of women vs. 28% of men report these practices are very important.).
- Women more than men feel it is very important for potential employers to provide information during the recruiting process on how they fulfill their social responsibilities (36% for women vs. 25% for men).
- Women students are more likely to feel it will be very important to be able to have a positive impact on society in the year following their graduation (48% for women vs. 39% for men).

- When defining a “well-run” company, women place a greater emphasis on whether a company adheres to its values and a strong code of ethics (83% of women say it is very important vs. 75% for men). They place less emphasis on offering high financial returns to shareholders than their male colleagues (41% for women vs. 51% for men).
- Women are less apt to feel that their business education is preparing them “a lot” to manage values conflicts (35% for women vs. 47% for men). The closer they are to graduation the less satisfied they feel with that preparation. Interestingly, men start out feeling better prepared and end up nearly as dissatisfied as their female colleagues with what they have learned about managing values conflicts.
- Women are more likely than their male colleagues to see values conflicts arising in a broad spectrum of business activities/practices. In addition to downsizing, which both men and women see as a probable area for such conflicts, women are also concerned about investing in less-developed countries and natural resource exploration.

CONCLUSION

Opportunities and Challenges for Business Schools:

- Students clearly see the benefits of social responsibility in terms of a good public image, but aren't learning the connection to other business benefits, such as increased revenue, fewer legal or regulatory problems or reduced operating costs.
- Despite public discussions about environmental issues and the role of business in helping to address those issues, students still don't identify progressive environmental policies as a very important component of a well-run company.
- The further along students are in their MBA program, the less prepared they feel to manage the values conflicts that they believe they will confront in the workplace.
- While a majority of students see downsizing as a very likely area of concern, a far smaller percentage feel the same about a number of other problematic areas, such as financial reporting and setting executive compensation levels.
- Students feel that the best way to learn about issues relating to companies' social responsibilities is through integration into the content of core MBA courses. Yet when asked to choose what courses should address such issues, areas such as marketing, communications, finance and economics are comparatively low on their lists.
- As they move through business school, students find fewer opportunities to practice ethical/responsible decision making as part of their MBA program.

Opportunities and Challenges for Companies:

- Students place significant emphasis on the reputation of a future employer—over 60% of the respondents strongly agree that corporate reputation is an important factor in their selection of a potential employer.
- But they do not rate responsible environmental practices high on their list of very important criteria in job selection.
- Many students feel that corporate recruiters do not place high value on personal integrity when interviewing potential employees. They also feel that being well-informed on sociopolitical issues is not highly valued by recruiters.
- 93% strongly or somewhat agree that managers place too much emphasis on short-term performance measures when making business decisions.
- Only 12% of students strongly agree that most companies accurately report their earnings and profits.
- They are apt to leave a job if values conflicts occur.
- In focus groups of students who participated in the survey, participants did not see mainstream corporate work as offering them the opportunity to make a positive impact on society.

Deloitte.

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The Aspen Institute Center for Business Education (CBE) equips business leaders for the 21st century with a new management paradigm—the vision and knowledge to integrate corporate profitability and social value. To that end, it provides business educators cutting edge classroom resources and creates peer networks to incorporate social and environmental stewardship into teaching, research and curriculum development. CBE websites draw over 75,000 visits monthly and its events and networks attract over 1,000 participants each year.

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