



Business - Opinion & Analysis
New breed of business leaders learn to use their conscience

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Social responsibility is a growing area of study, writes Cheryl Kernot.

A TALENTED entrepreneur never lets a crisis go to waste. Take the global financial meltdown. As the world's business educators rake through the financial rubble there is one especially uncomfortable question on their minds. If it was a high-risk, short-term "profit extraction" mentality which wrecked the system, where did the business schools go wrong?

The Harvard Business School has articulated some very public self-criticism, and is currently subjecting itself to the same case study technique it usually reserves for dissecting the performance of corporations in crisis. At the MIT Sloan School of Management, business students are learning how to weigh the effects of their actions on society, not just investors, and the Stanford Graduate School of Business is developing critical thinking on leadership in small groups, not impersonal lecture halls.

For one group of creative entrepreneurs, this soul searching represents a new opportunity to be heard; and emulated. While the crisis has kept the spotlight on the world's fast-money, "millionaire by 30" gamblers, another type of business player has been quietly emerging: the "social entrepreneur".

The difference is in the bottom line. Social entrepreneurs and enterprises use conventional business models to deliver social or environmental returns. For some, the sole raison d'etre is to meet a specific social need, like the "mightylight" project dreamed up five years ago by Matt Scott, then a student at Stanford Business School.

Scott found an Indian partner for his efficient, portable solar-powered lights, which replace expensive and dangerous kerosene lamps for tens of millions of people without access to electricity. The durable lights are sold at a reasonable price, not given away. It's capitalism, not charity.

The success of social enterprises since the first tentative steps in the 1980s is remarkable; micro-finance for the poor, for example, has attracted 600 million clients. The for-profit sector has responded by building social and environmental add-ons, under the corporate social responsibility banner (CSR), with many hybrids in between.

But while greed may no longer be good, market conditions are about as tough as they get. With businesses cutting costs and margins, is social return a feel-good idea we can't currently afford? Not if trends from business schools are anything to go by. A steadily increasing number of US business courses with social-benefit content suggest it is not just money that matters and that the ideological tide had started to turn before the economic crunch. The Aspen Institute's study of more than 110 US schools shows a 79 per cent increase in courses relating to social benefit and social sectoral management from 2005-07.

In February this year, the Bridgespan Group, a global not-for-profit consultancy, surveyed 10 top US graduate business schools, all of which reported social-benefit content and identified demand from students as a key driver. At Harvard, for example, demand for social-enterprise electives increased by 61 per cent from 2003-08.

Australia is on the verge of a similar shift. Opportunities will expand rapidly as the University of NSW-based Centre for Social Impact (CSI) begins its "social" business course from September.

By next academic year, CSI's Graduate Certificate in Social Impact, an Australian first, will be offer at UNSW's **Australian School of Business**, the Melbourne Business School at the University of Melbourne and the Faculty of Business and Enterprise at the Swinburne University of Technology.

The picture which is emerging is in sharp contrast to the pre-crisis stereotype of young, rich MBAs

writing their own cheques. Today's business students may be the first wave of a new generation that expects to incorporate social good into their careers.

It is, of course, possible that tough times may yet prove a blinker to social and environmental needs, and there has long been a debate over CSR as a potential fig leaf for more rapacious corporate behaviour. But social enterprises are not new; there are now many successful projects which have achieved systemic change.

The infusion of social content into business curriculums worldwide will entrench values-based business practices and demonstrate it is possible to wield an MBA to save the world - not just run it.

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