



Integration of Business Sustainability Education into the Business Curriculum

Zabihollah Rezaee

Professor of Accountancy
Fogelman College of Business and
Economics, 300 Fogelman College
Administration Building
The University of Memphis
zrezaee@memphis.edu

NICK, J. Rezaee

Memphis University School
Memphis, TN, 38120

SAEID HOMAYOUN

Department of Business and
Economic Studies Faculty of
Education and Economics,
University of Gävle
sadhon@hig.se

ABSTRACT

Business sustainability in all dimensions of economic, governance, social, ethical, and environmental (EGSEE) performance is gaining acceptance as many global stock exchanges either encourage or require their listed companies to issue sustainability reports and investors worldwide demand sustainability performance information. More than 8,000 companies worldwide are disclosing various EGSEE dimensions of sustainability performance. Despite the importance of business sustainability to corporations and investors, there is limited research on the status of business sustainability education (BSE) and its relevance to the curriculum of business schools. This paper examines the importance, relevance, and delivery of business sustainability education. Business schools play an important and everlasting role in preparing the next generation of business leaders and managers who must understand the importance of business sustainability in our society and new accountability and integrated sustainability reporting and assurance. A survey of a sample of graduate business students was conducted to gather information pertaining to the importance, benefit and delivery of business sustainability education (BSE). The majority of respondents believe that BSE is relevant and important to their college education and future career and should be integrated into the business curriculum. Given the dynamics of current changes in business programs, this paper presents relevant information for business schools that are or planning to provide BSE to their students.

Keywords:

1. Introduction

In the aftermath of the 2007-2009 global financial crisis and resulting economic downturn, companies worldwide are focusing on business sustainability as a strategic imperative to achieve not only quarterly financial results but also long-term performance (Rezaee 2015). More than 8, 000 companies worldwide are disclosing various economic, governance, social, ethical and environmental (EGSEE) dimensions of sustainability performance (Ng and Rezaee 2015). Despite the importance of business sustainability and sustainability practices and disclosures to corporations and investors, sustainability education has yet to be properly integrated into the business curriculum. As business schools are the main providers of professional managers and future business leaders, they play important roles in preparing the most ethical and competent future business leaders who understand business sustainability. The public, regulators, and the academic community are taking a closer look at colleges and universities in order to find ways to hold these institutions more accountable for achieving their mission of providing higher education with relevant curricula. The Association of Advanced Collegiate School of Business (AACSB) International has established an Ethics/Sustainability Resource Center in order to promote business sustainability education (BSE) (AACSB 2012a and b). This study attempts to fill the gap in the literature by examining the coverage of BSE in the business school curriculum and presents pedagogical suggestions for the curriculum design and teaching of BSE.

A survey of a sample of graduate business students was conducted to gather information on the importance, benefits, and delivery of BSE. The majority of respondents believe that BSE is relevant and important to their college education and future career and should be integrated into the business curriculum. Given the dynamic of current changes in business programs, this paper presents relevant information for business schools that provide or planning to provide BSE to their students. Business sustainability education (BSE) courses can be structured in many ways including a combination of lecture, presentation, discussion, analysis, reading assignments, and case method. The coverage of BSE topics in a separate course, or the integration of them into business courses, requires the classification of related topics into teaching modules. The use of the

module approach to BSE enables instructors to customize their syllabus by promoting critical thinking and the flexibility to cover all or selected modules in their courses. The author's teaching and research experience in business sustainability suggests that business schools either offering or planning to offer a stand-alone sustainability course or infuse sustainability-related topics into the business curriculum should consider a module approach in designing their BSE coverage.

The remainder of this paper is organized as follows: Section II presents the literature review. Research method is provided in Section III, and results are presented in Section IV. Section V concludes the paper, including suggestions for BSE integration.

2. Literature Review

The global investment community is holding public companies responsible and accountable for their business activities and their financial reporting processes. Many companies have made a conscious effort to 'go green' given the threats of global warming and climate change. Companies must pursue actions that are optimal for a broad class of stakeholders rather than simply the one class of shareholders. Investors who adhere to this more long range view may find environmental and social responsibility important in determining return on their investment (Kiron et al. 2015). Sustainability reports are expected to be value-relevant to both external and internal users of such reports. Investors and other stakeholders including suppliers, customers, government, and society can have more transparent information about all five EGSEE dimensions of sustainability performance, which enables them to make more informed decisions (Rezaee 2015). Thus corporations have started to issue sustainability reports that provide relevant information on all dimensions of EGSEE performance. Sustainability reporting can also improve internal management practices by enabling companies to establish better relationships with investors, customers, suppliers, employees, regulators, and society. Sustainability reporting can also create more incentives for management to refocus its goals, strategic decisions, and actions from a short-term to a long-term perspective. More transparent sustainability disclosures on EGSEE performance create opportunities to identify and correct operational inefficiencies and reputational and financial risks,

which would improve economic performance (Jain, Jain and Rezaee 2016).

Organizations worldwide recognize the importance of business sustainability and thus focusing more on achieving sustainable performance in all areas of EGSEE. However, proper determination of business sustainability concepts, guidelines, implementations and best practices and education remains a major challenge for organizations of all types and sizes. Many global regulators and standard-setters and other organizations, including the Sustainability Accounting Standard Board (SASB), Global Reporting Initiative (GRI), and International Integrated Reporting Council (IIRC), are now promoting and suggesting guidelines for Integrated/Sustainability Reporting and Assurance. Despite the importance of business sustainability and sustainability disclosures to corporations and investors, there is limited research on the status of business sustainability education (BSE) in general and its relevance to the curriculum of business schools in particular. Business schools are realizing the importance of business sustainability and thus incorporating business sustainability education into their curriculum.

The Association to Advance Collegiate Schools of Business (AACSB) International is promoting sustainability research and education and suggests that business schools renew their commitment to business sustainability education in preparing business leaders for the 21st century (AACSB 2012a and b). The proposed integrated framework for defining the post-2015 United Nations (UN) development agenda suggests a vision based on the core values of human rights, equality, and sustainability for the entire world's present and future generations (UN Global Compact, 2014). Four key dimensions of the UN integrated framework are inclusive social development, economic development, environmental sustainability, and peace and security. The Institute of Chartered Accountants in England and Wales (ICAEW) has developed the Business Sustainability Program to promote business sustainability and corporate accountability (ICAEW 2011). Despite all progress in BSE development, it appears that research and books in business sustainability are fragmented with a lack of an integrated approach covering all EGSEE and many universities have yet to integrate BSE into their curriculum.

The public, regulators, the accounting profession, and the academic community are taking a closer look at colleges and universities to find ways to hold these institutions more accountable for achieving their mission of providing higher education with affordable and relevant curriculum and preparing students for leadership roles in the technology-driven and competitive marketplace. A 2012 study of 1700 public and private institutions of higher education indicates that about one-third of colleges and universities have been on an unsustainable financial path and another 28 percent are at risk of becoming unsustainable (Blumenstyk 2012). Tuition at public universities and colleges has significantly increased in the past decade (about 9% in 2012) as state governments have slashed university funding (Blumenstyk 2012). Recent higher education is perceived as costing too much and achieving too little. Nonetheless, long-term sustainability of colleges and universities is vital to the economic growth and prosperity of our nation in preparing the next generation of human capital.

Sustainable education starts in the classroom, where education professionals train future generations of workforce and leaders to better understand community and market demands for higher education. Realizing the importance of incorporating sustainability into curricula, academics are trying to integrate sustainability into higher education, including studies focused on business, management and accounting education. For example, the Association for Advancement of Sustainability in Higher Education (AASHE 2010) tries to explore the needs of a curriculum that "prepares learners for living sustainably, both professionally and personally, and that explicitly helps the learner deeply understand the iterations, inter-connections, and the consequences of actions and decisions." However, sustainability has to be taught in a holistic manner and the different aspects of sustainability have to be covered and linked effectively.

The academic community, including business schools, is responding to the emergence and development of business sustainability. Business sustainability is much broader than corporate social responsibility (CSR) and ethics performance, which has been integrated into business academic programs for some time now. The AACSB requires sustainability curricular coverage, as evidenced in its recent accreditation standards (AACSB 2013). The

4 / *Integration of Business Sustainability Education in to the ...*

AACSB has also sponsored annual sustainability conferences and has recently added a Sustainability Resource Center to its website (AACSB 2013). Motivated by the emergence of business sustainability and recent initiatives by the AACSB in encouraging business schools to provide coverage of BSE, university business programs are incorporating sustainability topics into their curricula. For example, Rusinko (2010) presents a matrix of options for integrating sustainability into management and business education, and illustrates how the matrix can be used with the example of a business school in the Northeastern United States, including lessons learned. The matrix provides a framework for discussion, as well as a framework for action, since it provides faculty, staff, and administrators with options for integrating sustainability and includes advantages, disadvantages, and recommendations for using each option.

Business sustainability practices require an integrated approach to sustainability reporting and assurance, and sustainability education demands a knowledge base in both financial ESP and non-financial EESG sustainability performance and reporting. Despite the importance of sustainability disclosures to corporations and investors and the move toward integrated sustainability reporting and assurance, there is limited research on the integration of sustainability education into the business curriculum. Rezaee and Homayoun (2014) examine the coverage of sustainability education and find that as demand for and interest in sustainability education has increased in recent years, more business schools are planning to provide such education. The coverage of sustainability education topics in a separate course or their integration into existing business courses requires the classification of related topics into teaching modules covering all five EGSEE dimensions of sustainability performance. Business schools can provide BSE with a main goal of providing cutting-edge sustainability education in all aspects of sustainability from theories to practice and sustainability performance, reporting, and assurance. The achievement of the sustainability education goal is constrained by many factors, including the availability of teaching resources, cost and benefit feasibility, quality accreditation, technology and innovation, regulatory compliance, and commitment from administrators and faculty.

North American and European business schools typically offer their sustainability education works at the graduate level (Bridges and Wilhelm 2008). Christensen et al. (2007) examine how deans and directors at the top 50 global master of business administration (MBA) programs respond to questions about the inclusion and coverage of the topics of ethics, corporate social responsibility, and sustainability at their respective institutions. They find that a majority (about 84 percent) of business schools require that one or more of the three topics (ethics, corporate social responsibility, and sustainability) be covered in their MBA curriculum and that there is a trend toward the inclusion of sustainability-related courses. More students are interested in these topics and the experiential learning and immersion techniques used to teach them.

Rundle-Thiele and Wymer (2010) report that only 27% of universities in Australia and New Zealand required students to take one or more ethics, social responsibility, and/or sustainability core course. Rusinko and Sama (2009) also find that the institutions of higher education are exploring means to integrate sustainability into curriculum. The area of sustainability is often discussed in isolation by business academic disciplines with a focus on green reporting in accounting, sustainability development in management, and supply chain sustainability strategies in marketing and finance. It is also covered in other disciplines such as social sciences, engineering, and biological science in the content of the global move toward sustainability. Khan (2013) performs content analysis of a sample of sustainability accounting courses from websites of universities that have signed the Talloires Declaration and finds that about 30 percent of these universities have information about their sustainability accounting education on their websites and the coverage of sustainability education is on post-graduate, research education rather than undergraduate stand-alone courses and integration with other courses.

This study attempts to fill the gap in literature by examining the coverage of BSE in the business school curriculum and presents pedagogical suggestions for the curriculum design and teaching of BSE. Business sustainability education (BSE) courses can be structured in many ways, including a combination of lecture, presentation, discussion, analysis, reading assignments, and case method. The coverage of BSE

topics in a separate course, or the integration of them into business courses, requires the classification of related topics into teaching modules. The use of the module approach to BSE enables instructors to customize their syllabi by promoting critical thinking and the flexibility to cover all or selected modules in their courses. The authors' teaching and research experience in business sustainability suggests that business schools either offering or planning to offer a stand-alone sustainability course or infusing sustainability-related topics into the business curriculum should consider a module approach in designing their BSE coverage.

3. Methodology

Business schools worldwide were searched to determine which ones are currently offering sustainability courses. Their syllabi were then obtained using key search words such as "sustainability," "business sustainability," and "sustainability education." Fifteen syllabi were selected for their BSE content analysis in the development of the sustainability questionnaire. A three-page questionnaire was then prepared, pretested, revised, and sent to the selected academics. The four main sections asked respondents for their perceptions of the future demand for and interest in business sustainability practice and education, methods of delivery of business sustainability education, benefits, and support for BSE coverage, and the degree of relative importance of topics related to business sustainability education. The last section offers respondents an opportunity to make comments regarding business sustainability in general and BSE in particular. These four sections were developed based on the content analysis of the identified 15 BSE syllabi, a review of related prior studies, and the authors' teaching and research experiences in business sustainability.

The survey was conducted at the author's university. A total of 78 students enrolled in two graduate courses at the master level participated in the in class survey. The selected graduate students had prior knowledge of business sustainability through the related courses taken at the graduate school. To improve the response rate, a cover letter stating the survey objectives, assuring confidentiality of the responses was included in the survey instrument, students were directed not to identify themselves, and

sufficient time was given to complete the questionnaire in class. The Appendix presents a copy of our questionnaire.

4. Results

Results are presented in the following three sections: (1) importance of business sustainability practice and education; (2) the perceived benefits of BSE; and (3) perceptions toward business sustainability practice and education.

4.1. Importance of Business Sustainability Practice and Education

Table 1 presents the results from our analysis of the future demand for and interest in both business sustainability practice and education. The high majority of respondents (87.5 and 84.5 percent respectively) believe that the future demand for and interest in business sustainability practice and education will increase. Results pertaining to the continuous increase in demand for business sustainability are consistent with the substantial upward trend in the issuance of sustainability reporting and assurance by global companies in the past decade reported by the Global Reporting Initiative (GRI 2013). The overwhelming majority of surveyed graduate students reported that the trend in sustainability practice will also be reflected in the business curriculum. Given the persistence of the global financial crisis, the ever-demanding move toward corporate social responsibility (CSR), environmental consciousness, and governance compliance and accountability, the future interest in business sustainability practice and education is expected to continue increasing at an increasing rate. The higher expected growth in business sustainability practice and education is probably a reflection of the need for a greater focus on long-term and enduring sustainable performance in ESG dimensions. Currently, many business schools do not emphasize the coverage of BSE, and thus any efforts by these schools to integrate BSE into their curricula are a move in a right direction.

Table 1

| Status of Business Sustainability | | |
|--|----------------------------------|-----------------------------------|
| Do you expect future demand for and interest in business sustainability practice and education to: | | |
| | Percentage | |
| | Business Sustainability Practice | Business Sustainability Education |
| Increase? | 87.5% | 84.4% |
| Remain the same? | 9.4% | 6.2% |
| Decrease? | 0% | 6.2% |
| Unsure? | 3.1% | 3.2% |
| Total | 100% | 100% |

4.2. Perceived Benefits of Business Sustainability Education

We asked respondents to rank the importance of perceived benefits of BSE on a seven -point Likert scale, with “7” indicating very important and “1” representing unimportant. Table 2 shows that

respondents considered the following benefits of coverage of BSE important with the mean response rate of greater than 5.5 and in the order of the mean response: (1) promote environmental conscience and performance; (2) promote ethics awareness and corporate culture of integrity and ethics performance; and (3) improve long-term and sustainable economic performance. The following benefits of BSE coverage also considered somewhat important: (1) promote corporate social responsibility commitment and performance; (2) satisfy business sustainability education requirements of educational standard setters; (3) promote corporate governance effectiveness and performance; and (4) satisfy the emerging demand for sustainability practice and education. These results indicate that the surveyed academics consider business sustainability education important and beneficial to business students, who are the next generation of business leaders.

Table 2
Perceived Benefits of Business Sustainability Education*

| Benefits | Mean Response | Standard Deviation |
|---|---------------|--------------------|
| Promote environmental conscience and performance. | 6.26 | 1.23 |
| Promote ethics awareness and corporate culture of integrity and ethics performance. | 6.13 | 1.17 |
| Improve long-term and sustainable economic performance. | 6.03 | 0.98 |
| Promote corporate social responsibility commitment and performance. | 5.98 | 1.02 |
| Satisfy business sustainability education requirements of educational standard-setters. | 5.92 | 0.89 |
| Promote corporate governance effectiveness and performance. | 5.82 | 1.23 |
| Satisfy the emerging demand for sustainability practice and education. | 5.64 | 1.38 |
| Other | | |

*Results presented in this Table (mean responses) are determined based on seven-point Likert scale, with 1= “Least important”, “2= “Less important”, 3= “Slightly less important”, 4= “Neutral”, 5= “Slightly more important”, 6= “More important” and 7= “Most important”.

4.3. Perceptions toward Business Sustainability Practice and Education

We asked several questions regarding participants’ perceptions of business sustainability practice and education. Responses to these questions are ranked on a seven-point Likert scale with “7” indicating strongly agree and “1” representing strongly disagree. Table 3 reveals that academics agree that: (1) business schools

should advance students’ sustainability awareness, critical thinking skills, and focus on sustainable performance (mean response = 5.79); (2) business sustainability should be demanded and promoted by stakeholders, including investors, customers, suppliers, and society(5.64); (3) business sustainability should be mandated by regulators and standard-setters (5.48) ; and (4) business sustainability should be promoted through voluntary initiatives by businesses and

professional organizations (5.42) . The responding academics also somewhat agreed that: (1) there are adequate materials for teaching business sustainability; (2) there should be a stand-alone course in business sustainability; and (3) the current curriculum is not sufficiently responsive to the demand for sustainability education. Taken together, these results suggest a positive perception toward the promotion and advancement of business sustainability practice and education.

5. Conclusion and discussion

Business schools play an important role in preparing the next generation of business leaders, who must understand the importance of business sustainability, social responsibility, ethical conduct, and corporate governance. Results suggest that the demand for and interest in business sustainability practice and education will continue to increase and that business colleges and accounting programs should integrate ESG dimensions of sustainability performance education into their curricula. Respondents viewed business sustainability practice and education as beneficial to business students, the business community, and the accounting profession. The majority of suggested business sustainability topics are considered important to be integrated into business and accounting curricula.

This paper suggests that business colleges and accounting programs in reviewing and revising their curricula address issues pertaining to feasibility, delivery, and content of business sustainability education in light of the results presented in this study. Business colleges and accounting programs should determine whether there is room in the curriculum to offer a course in BSE, the demand from students, and the interest from the business community for such a course, as well as the department that should offer the BSE course (preferably the accounting department). Business colleges should also address how BSE should be integrated into the business curriculum, either as a separate course or infusion into a variety of accounting and business courses and the development of an actionable and sustainable plan of implementation. The business sustainability education (BSE) can be taught at either undergraduate and/or graduate level. Despite the method of delivering BSE, business colleges and accounting programs should agree and

commit to a set of topics in business sustainability suggested in this study.

References

- 1) Association to Advance Collegiate Schools of Business (AACSB). (2008). "Eligibility procedures and accreditation standards for business accreditation". Available at http://www.aacsb.edu/accreditation/process/documents/AACSB_STANDARDS_Revised_Jan08.pdf
- 2) Association to Advance Collegiate Schools of Business (AACSB) International. (2013). Contests for Business Students in Sustainability – Marketing Focus, January 7, 2013. <http://primetime.unprme.org/2013/01/07/contests-for-business-students-in-sustainability-marketing-focus/>
- 3) Association to Advance Collegiate Schools of Business (AACSB) International. (2012a). Outside Classroom: New Ways to Feature Sustainability in Business Courses-Maastricht University. October 22, 2012. <http://primetime.unprme.org/2012/10/22/outside-of-the-classroom-new-ways-to-feature-sustainability-in-your-courses-maastricht-university/>
- 4) Association to Advance Collegiate Schools of Business (AACSB) International. (2012b). Ethics/Sustainability Resource Center, Available at <http://www.aacsb.edu/resources/ethics-sustainability/>
- 5) Association for Advancement of Sustainability in Higher Education (AASHE). (2010). Sustainability Curriculum in Higher Education: A Call to Action.
- 6) Blumenstyk, G. (2012). "One-Third of Colleges Are on Financially 'Unsustainable' Path, Bain Study Finds. The Chronicle of Higher Education (July 23)". Available at http://chronicle.com/article/One-Third-of-Colleges-Are-on/133095/?cid=at&utm_source=at&utm_medium=en#top
- 7) Bridges, C. M., & Wilhelm, W. B. (2008). Going beyond green: The "why and how" of integrating sustainability into the marketing curriculum. *Journal of Marketing Education*, 30(1), 33-46.
- 8) Brockett, A. & Rezaee, Z. (2012). *Corporate sustainability: integrating performance and reporting*. John Wiley and Sons, Hoboken, NJ, USA.

- 9) Christensen L. J., Peirce E., Hartman L. P., Hoffman W. M. and Carrier J. (2007). "Ethics, CSR, and sustainability education in the Financial Times top 50 global business schools: Baseline data and future research directions", *Journal of Business Ethics*, Vol. 73, No. 4, pp. 347-368.
- 10) Global Reporting Initiative (GRI). 2013. G4 Sustainability Reporting Guidelines. Available at: <https://www.globalreporting.org/resource/library/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>.
- 11) Institute of Chartered Accountants in England and Wales (ICAEW) (2011). "Business sustainability program", available online at: <http://www.icaew.com/businesssustainability>.
- 12) Jain, P.K., Jain, A., & Rezaee, Z. (2016). Value-relevance of corporate social performance: Evidence from Short Selling. *Journal of Management Accounting Research*, forthcoming 2016
- 13) Khan, T. (2013). Sustainability accounting courses, Talloires Declaration and academic research. *International Journal of Sustainability in Higher Education*, Vol.14, No.1: 42-55.
- 14) Kiron, D., Kruschwitz, N., Haanaes, K., Reeves, M., Fuisz-Kehrbach, S., & Kell, G. (2015, January 12). *Joining Forces: Collaboration and Leadership for Sustainability*. MIT Sloan Management Review, the Boston Consulting Group, and the United Nations Global Compact (UNGC). Available at <http://marketing.mitsmr.com/PDF/56380-MITSMR-BGC-UNGC-Sustainability2015.pdf?cid=1>
- 15) Ng, A.C., & Rezaee, Z. (2015). Business sustainability performance and cost of equity capital. *Journal of Corporate Finance*, 34, 128-149.
- 16) Rezaee, Z. & Homayoun, S. (2014). Integrating Business Sustainability Education into the Business Curriculum: A Survey of Academics. *Journal of the Academy of Business Education*, Spring 2014, Volume 15:66-83.
- 17) Rezaee, Z. (2015). *Business sustainability: Performance, Compliance, Accountability and Integrated Reporting*. Greenleaf Publishing Limited, forthcoming 2015.
- 18) Rundle-Thiele S. R. and Wymer W. (2010). "Stand-alone ethics, social responsibility, and sustainability course requirements: A snapshot from Australia and New Zealand", *Journal of Marketing Education*, Vol. 32, No. 5, pp. 5-12.
- 19) Rusinko, C. A. (2010). Integrating sustainability in management and business education: A matrix approach. *Academy of Management Learning & Education*, 9(3), 507-519.
- 20) Rusinko C. A. and Sama L. M. (2009). "Greening and sustainability across the management curriculum: An extended journey", *Journal of Management Education*, Vol. 33, No. 3, pp. 271-275.
- 21) Sustainability Accounting Standards Board (SASB). (2013). *Conceptual Framework of Sustainability Accounting Standard Board*. (October 2013). Available at <http://www.sasb.org/wp-content/uploads/2013/10/SASB-Conceptual-Framework.pdf>
- 22) United Nations Global Compact (UNGC). 2014. *Guide to Corporate Sustainability*. Available at: https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf