

THE BUSINESS OF BUSINESS IS SAVING THE PLANET

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ABSTRACT

As an AACSB accredited institution, we are required to demonstrate how learning occurs and what steps must be taken to ensure learning. As experiential learning is understood as an engaged learning process, where students “learn by doing” and by reflecting on the experience, creating these opportunities can take many forms. As the AACSB, is encouraging and really urging member institutions, consistent with accreditation standards, to educate future business leaders, so that they understand the importance of making a positive impact on society and understand that to mean something beyond acts of service, charity or benevolence. Toward that end, students should have the opportunity to engage in course activities that position them to address some of our most vexing social challenges.

In this paper, the work of business students in addressing sometimes daunting societal problems will be examined. This is the focus of a specialized certificate program in which students pursue, in addition to their major, a Certificate of Professional Leadership in Ethics (CPL). Specifically, the work that is done in this capstone course provides students with the opportunity to consider social challenges such as the future of juvenile detention, how we might best prepare individuals to build careers in the emerging green economy, what the fundamentals of a municipal climate action plan might be, creating a community benefit trust for communities that have endured the challenges of living with poor air quality and the dual challenges of homelessness (housing insecurity) and affordable housing.

INTRODUCTION

Ray Anderson, was the founder and Chairman of Interface Inc, one of the world’s largest manufacturers of modular carpets for commercial and residential applications. His modular carpets represented an innovative approach, but nonetheless manufacturing carpets in any form still involved the use of fossil fuels. He launched his business in 1973, but in 1994, he decided to embark on a different course, one that would transform Interface into a truly sustainable business. His epiphany came after reading Paul Hawken’s “The Ecology of Commerce”, which he said hit him like “a spear in the chest.” Hawken maintained that the expansion of business could either lead to ecological destruction or bring about potent, restorative change. It was a call for a course correction that Anderson chose to answer. He also famously observed that business leaders in the future who engage in business practices similar to his own, will go to prison.

Ray Anderson’s personal awakening began long before The Business Roundtable stunned many in corporate America and in academia in 2019, with a new statement on the Purpose of the Corporation, signed by 181 CEOs, who committed to running their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. The Business Roundtable began issuing Principles of Corporate Governance statement in 1978 and since 1997, each statement has endorsed principles of shareholder primacy – that corporations exist principally to serve shareholders. With this statement, the Roundtable effectively redefines the purpose of the corporation to “promote an economy that serves all Americans.”

The statement seems to establish a modern standard for corporate responsibility, which over time has had many iterations. At its core it appears to be a rebuke of the longstanding wisdom of economist Milton Friedman that “the social responsibility of business is to increase its profits.”

In “We’re Entering the Age of Corporate Social Justice,” Lilly Zheng, writing in the Harvard Business Review, suggests that traditional notions of CSR may no longer work. In other words, Corporate Social Responsibility, may not be enough. Zheng proposes, what she refers to as “Corporate Social Justice.” Its focus requires attention to “the measurable lived experiences of groups harmed and disadvantaged by society.” It might be understood as “an ongoing commitment to achieve a vision of justice or equity in partnership with shareholders.” It is a new paradigm. “that imagines a healthier and mutually beneficial relationship between companies and the communities they interact with.”

Of course this vision has been met with skepticism in many quarters and understandably so. A growing cadre of corporate leaders, many of whom are in the twilight years of their successful business journeys, including Nick Hanauer, Ray Dalio and Larry Fink, have been sounding the social alarm to rouse corporate leaders from their slumber, with respect to what business must commit to doing. But our history and our firmly entrenched understanding of the purpose of the firm, makes it clear that a yearning for a different paradigm, may not be enough. In “For Profit: A History of Corporations,” William Magnuson reminds us that “corporations constantly renounce their responsibility to fulfill human needs when their profits are on the line. Either people will survive or the corporation will.” We are however at a moment in which public faith in our most durable institutions, is declining. In 1985, 24 percent of Americans said they had little or no confidence in big corporations. Today that

figure stands at 41%. Magnuson, a lawyer and professor explains: “Corporations have always been motivated by profit, but where that pursuit once improved society, it now threatens to destroy it.” As the power structure in our society evolves, millennials and GenZ’ers, are inclined to embrace this dark view of business and its intentions. The coming generational shift in leadership, may open the door to a more meaningful re-assessment of the proper role of business in a society.

Business Cannot Succeed in Societies that Fail.

Michael Porter, longtime Professor of Strategy at the Harvard Business School, delivered a TED Talk in 2013 entitled “Why Business Can Be Good at Solving Social Problems.” Porter argues that “all wealth is created by business and business creates wealth when it meets needs at a profit.” Of course, the needs of societies across the globe are not retreating. Paul Pollman, climate activist and former CEO of Unilever has made it his life’s work to shine a light on our most vexing and seemingly insoluble social problems. His goal is to awaken the business community, to enlist them in a crusade to eradicate poverty and inequality, and just to keep it interesting, to tackle climate change. It does seem that increasingly, business is finding its voice and on many matters that seem crucial to our survival, it is a clarifying voice. Public issues and concerns are issues of humanity. We cannot divorce business and society. We are pretty skilled at compartmentalizing and it works to insulate us from what we don’t want to deal with, but what shared values we have, warrant that we emerge from our silos and coordinate a response to these problems with all who have a shared stake in the outcome. And that must include business.

Educating for Social Impact

The Certificate of Professional Leadership in Ethics (CPLE), is a specialized certificate program in the business school at the University of Pittsburgh, that awards a certificate of completion to students who complete a five course (15 credit) sequence of courses that focus on the study of ethics. During the Fall 2023 semester, I taught the capstone course, to 22 students. All were seniors and had completed the first four courses in the sequence. Our school completed its reaccreditation process by the AACSB in the spring of 2023. In a white paper that was compiled by the AACSB in 2023, the accrediting body called special attention to the corporate shift from a “purely shareholder focus to more of a stakeholder focus” and explained how the organization, in their assessment of a quality business school education, emphasized societal impact as a central component. They went so far as to say that “societal impact does not simply include acts of service,nor acts of charity or benevolence. Instead societal impact encompasses all areas of teaching, research and service.” As the AACSB explained, their recommendations do not take the form of an edict, rather they recommend activities “aligned with each school’s mission, strategic plans, resources, existing efforts and internal and external stakeholder interests.” But they are clear that “business schools contribute their specialized expertise to help mitigate some of society’s most pressing economic, social, human and environmental problems.” And that they do so using a “multi-stakeholder approach that brings together parties with complementary skill sets to collectively address these deeply complex issues.”

Making Meaning, Making a Difference

I am a fulltime member of the business school faculty. But I do lead a double life. In addition to my substantial teaching load and other school responsibilities, I am a public office holder in Allegheny County, Pennsylvania, of which the City of Pittsburgh is the county seat. Specifically, I am a member of the Allegheny County Council, the 15 member legislative branch of county government. The executive branch is led by the County Executive. The council is in the Jeffersonian mold, a part-time council; as per Jefferson’s vision, a group of citizen-legislators. Of course our work is in the realm of public policy, which affects all of us, including business.

This course is project based and so the students spend most of the semester working on their assigned project. My priority for this course is to ensure that this vehicle provides an opportunity for students to participate in “the process whereby knowledge is created through the transformation of experience.” Toward that end I selected five projects that would in some measure use the United Nations Sustainable Development Goals (SDGs), of which there are seventeen, to bring student attention to the possibilities for real societal impact, within the confines of this course of study. As business is being encouraged to shift from being socially responsible to solving social problems, this classroom experience Could provide a social laboratory for learning through experience.

The Projects

The most difficult societal challenges that we face are in most cases not unique to particular communities. Whether we speak of homelessness/the unhoused, food insecurity, access to health care, affordable child care or the quality of the air that we breathe, communities across this country and across the planet face the same too often enduring struggles. It has long been the expected lot of government, to organize and build essential coalitions to address these and the growing list of social ills that we face. But we can’t look to government alone for our salvation.

The subject areas of the semester projects were the following:

- a. Juvenile Justice Reform
- b. Affordable Housing and Housing the Unhoused.
- c. Climate Action Planning
- d. Creating the Clean Energy Workforce of the Future
- e. Air Quality and the Creation of a Corporate Benefit Trust.

All of these projects were centered in Allegheny County, a region with 1.3 million residents. Students worked in teams with four to five members and could express their project preferences. Once project teams were formed, each team was tasked with working to understand the particulars of the larger issues implicit in the subject matter of their team's project. This preliminary work was important because before students could proceed with the particulars of their project, they had to demonstrate some measure of literacy regarding the specific problem they were assigned to address.

In their research on their particular project, teams were required to address the following:

- Describe the larger subject area that your team will be examining and describe the problems you are likely to encounter, the resistance you might face, the competing perspectives on how this might be addressed.
- Why is this a problem?
- What are the contributing factors that might explain the causes of this problem?
- What preventative efforts have been deployed up to this point to reduce or eliminate this problem? (Mitigation Efforts).
- What are the possible solutions and the perils that might impact these proposed solutions?
- Why should society and why should business care?

Each team presented the subject of their inquiry to the larger class in order to elevate their own understanding of the particular problem that they were trying to address and also open the eyes of others as to why it matters.

PROJECT SYNOPSIS

The Future of Juvenile Detention

In 1970, The Shuman Juvenile Detention Facility opened its doors in Allegheny County. Two years ago, after 52 years of operation, the facility, in the face of mounting challenges, closed its doors. The explanations for the closure focused on safety concerns inside the facility, a deteriorating infrastructure, a declining population of juvenile offenders and a loss of its accreditation by the Pennsylvania Department of Human Services. At the time of the closure there was no discussion of alternative arrangements for this at risk population and so the courts were left to their own devices in seeking out accommodations in other parts of the state for young people who did pose some threat to society.

Shortly after the closure there was talk of privatizing the facility, which met with considerable opposition. In April 2023, members of the Allegheny County Council toured the vacant facility. The county administration, at the urging of the courts, agreed to make some physical improvements to the facility. County Council decided to create a task force charged with charting a course going forward for the facility. The work of this project team was to examine what possibilities might exist for meaningful reform of a facility of this kind and the development of a set of recommendations, drawn from best practices of like facilities in other parts of this country and beyond. The team is to address the larger question- What is and what should be the future of juvenile detention in our society? The attendant questions to be addressed included- what have we learned and how might we do better?

Affordable Housing/Housing the Unhoused

The challenge here represents two sides of the same coin. This project team was assigned to work with an organization that was the brainchild of Pittsburgh business icon and philanthropist Richard King Mellon, and Mayor (later Governor), David L. Lawrence, founded in 1957. Its guiding principle was that a vibrant city must have strong neighborhoods and good housing for its residents. In the face of an uptick in homelessness in this region, Action Housing, the largest non-profit housing developer in this region, was the recent recipient of a Hillman Foundation grant of \$2.5 million dollars to investigate ameliorative steps that might be taken to ease the growing challenge of meeting the housing needs of the unhoused in this region. The task of this team was to explore options for using these resources in a thoughtful and targeted way and considering the work that has been done on this front in Houston, (Housing First Model).

Implementing the County Climate Action Plan

In August 2023, Allegheny County Council enacted legislation requiring the Allegheny County Chief Executive to develop and implement the county's first ever climate action plan by July 1, 2024. The work of this project team is to scrutinize such municipal plans and prioritize the elements of such a plan. This is obviously an expansive undertaking and the team had access to the county's Sustainability Director and the Director of the Department of Public Health, both of whom must mount a coordinated effort in order to implement the plan. The team was also attentive to the City of Pittsburgh's plan that was first implemented in 2005, as well as the state's Climate Action Plan.

Creating the Clean Energy Workforce of the Future

The project team worked with Sustainable Pittsburgh, an organization that views sustainability as a comprehensive process that integrates social equity, environmental stewardship and economic prosperity in decision making. Their larger goal is to bring sustainable solutions to communities and businesses. By reducing their resource usage, creating jobs and promoting diversity and inclusion, public, private and non-profit organizations play a part in supporting sustainable communities. Sustainable Pittsburgh has been named as a Quality Green Jobs Regional Challenge member by Jobs for the Future. The project team worked with the organization's Director of Government Affairs and Partners 4 Work in an effort focused on:

- Advancing workforce training programs.
- Addressing employment barriers.
- Improving visibility and accessibility of clean energy jobs.
- Strengthening the clean energy workforce ecosystem connectivity.

The project team was enlisted to assist in mapping the regional clean energy workforce ecosystem, identifying gaps and barriers to employment and drafting educational information for Sustainable Pittsburgh's Clean Energy Roundtable which convenes community colleges, public and private workforce development programs, government, business and community organizations.

Air Quality and the Creation of a Community Benefit Trust

Pittsburgh, once the center of the steel industry and still known as "The Steel City" is currently the home to only three mills, none of which are located in the city of Pittsburgh. Still the impact of what many regard as it's unholy past, is felt in many ways. Notably, scientific research has shown that Pittsburgh and southwestern Pennsylvania is still carrying the burden of dangerous pollutants, among the worst in the country. In fact most days are not good air days in this region according to the Environmental Protection Agency (EPA). The Breathe Project is administered by the Air Quality Collaborative, which is a grantee of The Heinz Endowments. It uses the best available science to promote clean air and inspire healthy communities across the region. The Breathe Project, where a team of our students were deployed, is a clearinghouse for information on air quality in Pittsburgh and the southwestern Pennsylvania region. The Collaborative is a coalition of citizens, environmental advocates, public health professionals and academics working to improve air quality, eliminate climate pollution and make this region a healthy and prosperous place to live. The project team worked with the organization's Executive Director to improve the efficacy of the Community Benefit Trust that was the result of a consent decree for violations of the Clean Air Act by U.S. Steel, that resulted in its creation. Such a trust is intended to benefit those communities that have suffered the most deleterious effects of the dangerous pollutants emitted by the steel company's production facilities. The work of the project team was to develop an understanding of the Community Benefit Trust concept and devise recommendations as to how such a trust might be meaningfully utilized in these communities.

THE OTHER SIDE OF SOCIAL IMPACT PROJECTS

What renders such projects most meaningful, is the opportunity for the team to share findings and recommendations with decision-makers. In all of these project situations, that is the ultimate upshot of the work that has been done. With respect to The Breath Project, the work of the project team was shared with the Executive Director who will draw from their work in calling for the implementation of Community Benefit Trusts in communities that experienced the worst of the many dark air quality episodes that communities have had to deal with. The project work completed with Sustainable Pittsburgh, was completed under the tutelage of the Director of Government Affairs, and the team's work and recommendations will be elevated to a larger stage by that director. The project team that focused on homelessness and affordable housing in this region, worked with Action Housing's Vice- President and General Counsel and the work that the team completed, will enable the organization to prioritize how grant money will be earmarked to address the challenges faced by the unhoused population in our communities. The project team that examined the prospects for an improved juvenile detention facility and a new model

for a more effective approach to such detention efforts, will be given full expression as the team's work is presented to the new County Executive's administration. The creation of an oversight board to hold the facility accountable to the highest standard of operations consistent with the most effective models in use today, may certainly be in the offing. Finally, the team that examined best municipal models for implementing a climate action plan knows that their work will also be presented to the new county administration and will guide the continuing work of County Council's Committee on Sustainability and Green Initiatives as they discharge their oversight responsibilities relative to the implementation of the climate action plan.

CONCLUSION

The new order of business calls for business schools to be positioned at the nexus of business, government and civil society. Unless we work toward this kind of convergence, we will not move the needle on critical societal issues. By exposing students to the complex and interrelated social and environmental issues that affect the world today, such as poverty, inequality, climate change and human rights challenges, we give meaning to social impact education and help students to develop a broader and deeper understanding of our accountabilities beyond how we might define ourselves as business people. At its best, social impact education should be experiential and interactive.

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