



THE ASPEN INSTITUTE

Business and Society Program



WHERE WILL THEY LEAD?

2003 MBA STUDENT ATTITUDES
ABOUT BUSINESS & SOCIETY

WHERE WILL THEY LEAD? 2003

MBA Student Attitudes About Business & Society



Over the last two years we have faced a series of disturbing and destabilizing events—terrorist attacks, a sharp economic downturn, continuing revelations about corporate misconduct and the prospect of war. In this environment of uncertainty, fundamental questions are being asked about the foundations of our global economy, the purpose and leadership of corporations and the responsibilities of individuals to their companies as well as to their communities.

What does the next generation of business leaders think about these issues? What kinds of dilemmas do they expect to face in this changed business climate? Do they feel prepared to meet the challenges of this new environment?

In November 2002, the Aspen Institute's Business and Society Program (Aspen BSP)* launched a follow-up to a longitudinal survey of MBA student attitudes released in December 2001. (For 2001 survey findings, see www.aspenbsp.org.) Like the earlier survey, the current study probes students' views on the role of the company in society. However, it also seeks to learn how those views may have changed in the midst of a dramatically different political, social and economic landscape.

Conducted via the internet by Universum Communications, a global consulting and communications firm, the 2002 survey includes responses from 1700 MBA students at 12 leading international graduate schools of business.

* Formerly called the Aspen Institute's Initiative for Social Innovation through Business (Aspen ISIB).

Twelve International Business 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)
- London Business School
- Mendoza College of Business, University of Notre Dame
- Richard Ivey School of Business, University of Western Ontario
- Rotman School of Management, University of Toronto
- Schulich School of Business, York University (Toronto)
- University of Michigan Business School
- The Wharton School, University of Pennsylvania
- Yale School of Management

Survey findings reveal that the events of the past two years have had a significant impact on MBA students' thoughts about business, their careers and the content and structure of their MBA programs. Today's MBAs have a far more sober view of their own career prospects than MBA graduates in the spring of 2001. They are concerned about possible values conflicts and unsure that their business schools are adequately preparing them to deal with such conflicts. Their belief in the importance of the integration of issues of social responsibility into all business school disciplines also suggests that today's MBAs are thinking more broadly than past students about the role of business in society.

Demographic Profile of Survey Respondents

- Gender: 65% of respondents are male; 35% are female.
- Citizenship: 56% of respondents identify themselves as U.S. citizens. Of the non-U.S. citizens, 20% are from Canada, 12% from Asia, 9% from Europe, and 9% other.
- Age: The largest group of students is between 26 and 30 years old (67%), followed by 31 to 35 years old (19%).
- Year in Business School: 48% of respondents are first year MBA students; 52% are in their second year.

In a changed landscape, MBA students are rethinking the criteria for business success.

- The primacy of shareholder value seems to be slipping in MBA students' view of what constitutes a well-run company. Satisfying customer needs is now seen as the primary responsibility of a successful business.
- While attracting and keeping good employees and providing excellent customer service are still considered hallmarks of a well-run company, operating according to corporate values and a strong code of ethics has gained importance for students in 2002.
- While expressing serious misgivings about the accuracy of companies' financial reporting, many students still feel that personalities, rather than business practices or systemic issues, are to blame for recent cases of corporate fraud.
- Students expect that companies will pay less attention to their social roles and responsibilities during an economic downturn. Yet they feel there are important business advantages to be gained by socially responsible behavior—a better public image, a more satisfied and productive workforce, fewer regulatory and legal problems and long-term viability in the marketplace.
- MBA students see three key challenges for today's CEOs: lack of investor confidence, the spate of corporate scandals and the economic downturn. They also believe that a breakdown in trust—between management and the public as well as between employees and management—is creating problems for business leaders.

MBA students are anticipating the challenges that they will face as business leaders in a global society.

- Revelations of corporate fraud and misconduct are prompting students to rethink their responsibilities as future business leaders and to place greater emphasis on personal values.
- In the 2002 survey, fewer students feel that they will have to make business decisions that conflict with their values—perhaps because they have seen the consequences of unethical behavior.
- Students do acknowledge that there are a number of business activities where potential values conflicts could develop, especially downsizing, investing in less developed countries and natural resource exploration.
- If values conflicts do arise, students in 2002 would not leave their jobs—the course of action favored by respondents in 2001. Rather they would stay and try to work with others to bring about changes in the company.
- Students once again tell us that if they were leading a company they would strive to create a better balance among multiple stakeholders—shareholders, employees, customers and society and the environment—than current business leaders do.

MBA students in the 2002 survey are concerned about how well their business schools are preparing them to manage values conflicts.

- Only 22% of students say their schools are doing “a lot” to prepare them to manage value conflicts, while 1 in 5 respondents feel they are not being prepared at all.
- Half of the students surveyed acknowledge that the priorities communicated during the MBA program may have been a contributing factor in corporate misconduct.
- So what would they advise their business schools to do? Integrate social responsibility issues throughout the curriculum.
- Overall, students would like to see more discussion in core courses about issues relating to social responsibility.

The 2002 survey reveals significant gender differences in MBA students’ attitudes.

- Women MBAs are more likely to be concerned about the corporate social responsibility of companies than their male colleagues.
- Women are also less satisfied with how well their business schools are preparing them to manage values conflicts.



RETHINKING BUSINESS SUCCESS

Recent headlines figure largely in MBAs' assessment of the greatest challenges for CEOs and senior executives.

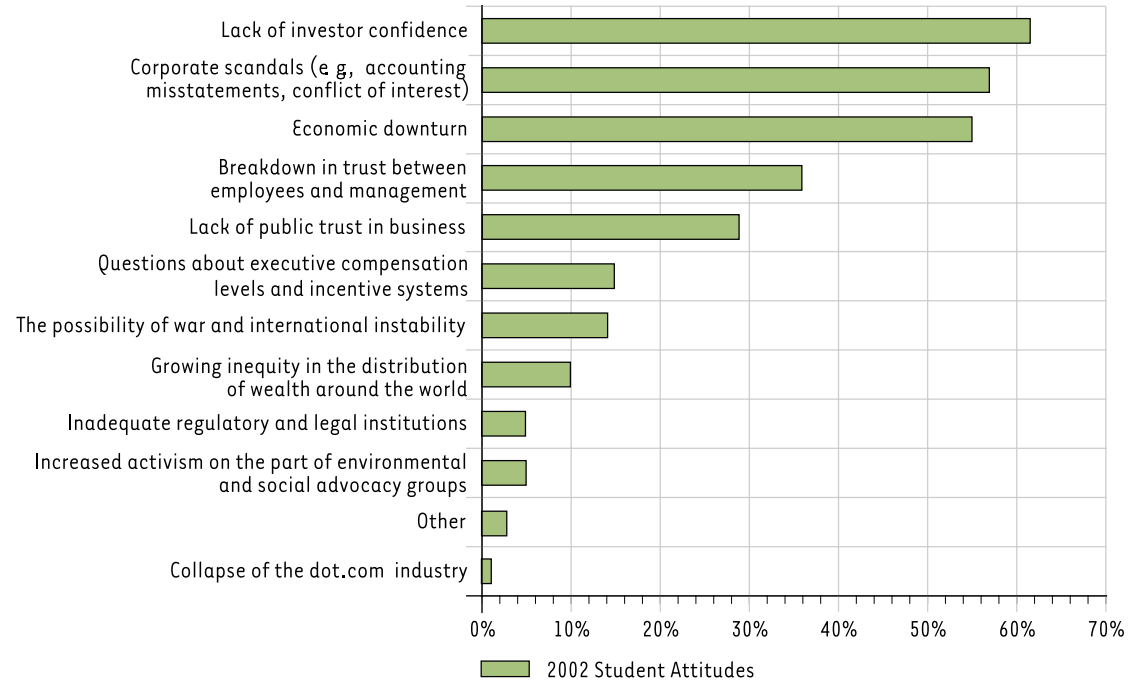
- Lack of investor confidence, corporate scandals and a poor economy top the list of challenges, followed by a breakdown in trust between employees and management as well as a general mistrust of business.
- Few students think growing inequity in the distribution of wealth or increased social and environmental activism pose major challenges for today's CEOs.

1

GREATEST CHALLENGES TO BUSINESS LEADERS

"Which of the following issues pose the greatest challenges for today's CEOs and senior executives?"

(Please choose a maximum of three alternatives.) Shown here by percentage.



In an environment of corporate misconduct and economic downturn, MBA students are rethinking the responsibilities of a company and the definition of business success.

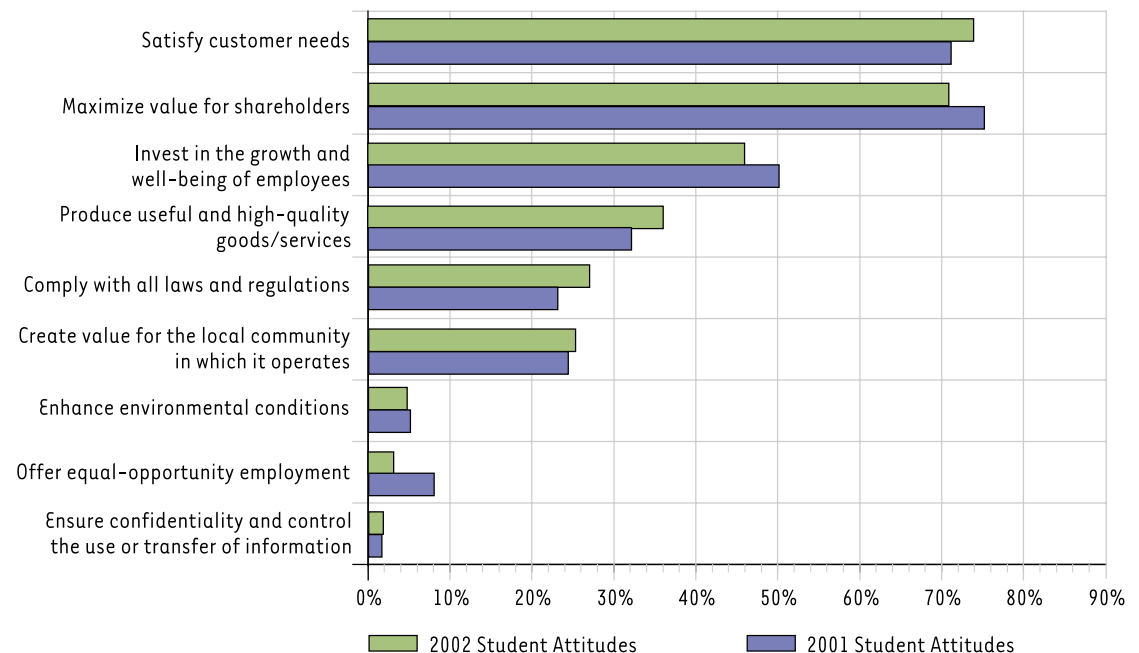
- In 2001, students identified maximizing shareholder value as the primary responsibility of a company. In the 2002 survey, it ranked second behind satisfying customer needs.
- Providing good customer service and retaining and attracting exceptional employees are considered hallmarks of a “well-run” company in both surveys. However, by 2002, operating according to corporate values and a strong code of ethics has become a more important indicator of business success.

2

PRIMARY RESPONSIBILITIES OF A COMPANY

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

(Please choose a maximum of three alternatives.) Shown here by percentage.



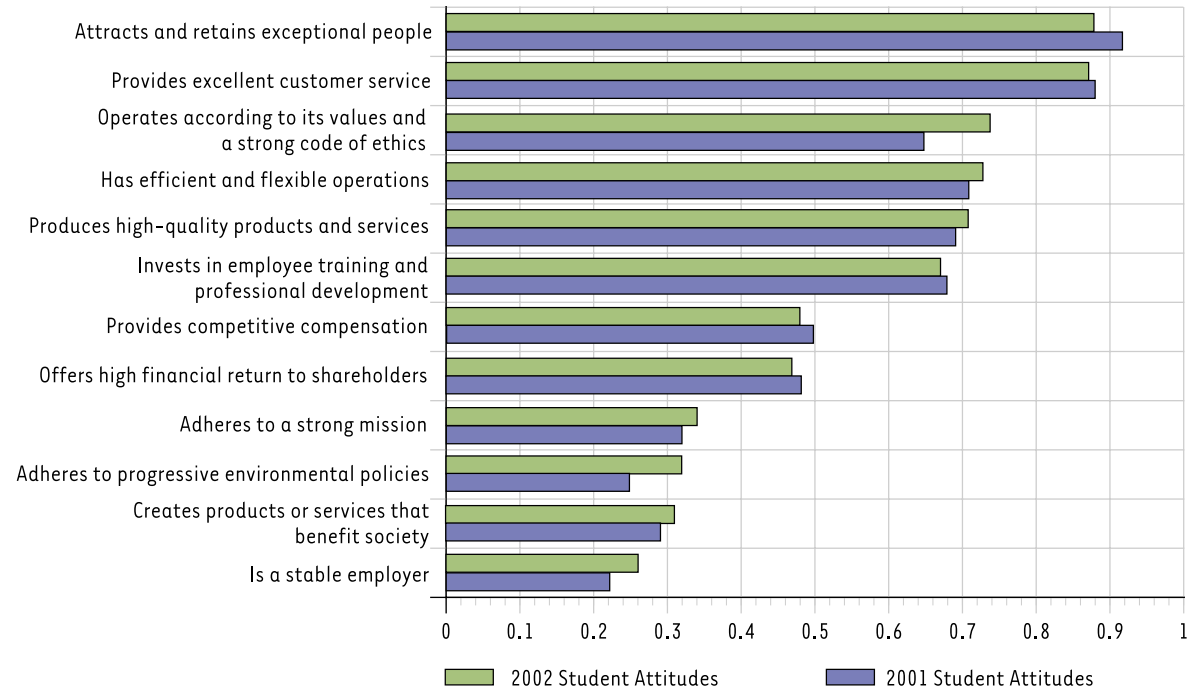
NOTE: For all comparison charts. “2002 Student Attitudes” refers to data collected in November, 2002. “2001 Student Attitudes” refers to data collected in Spring, 2001.

3

DEFINING A WELL-RUN COMPANY

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

(Please indicate whether each one of the following is “very important,” “somewhat important,” or “not important at all.”) *Index -1 to +1*



MBA students place blame for the recent spate of corporate scandals largely on the personality/character of the business leaders involved.

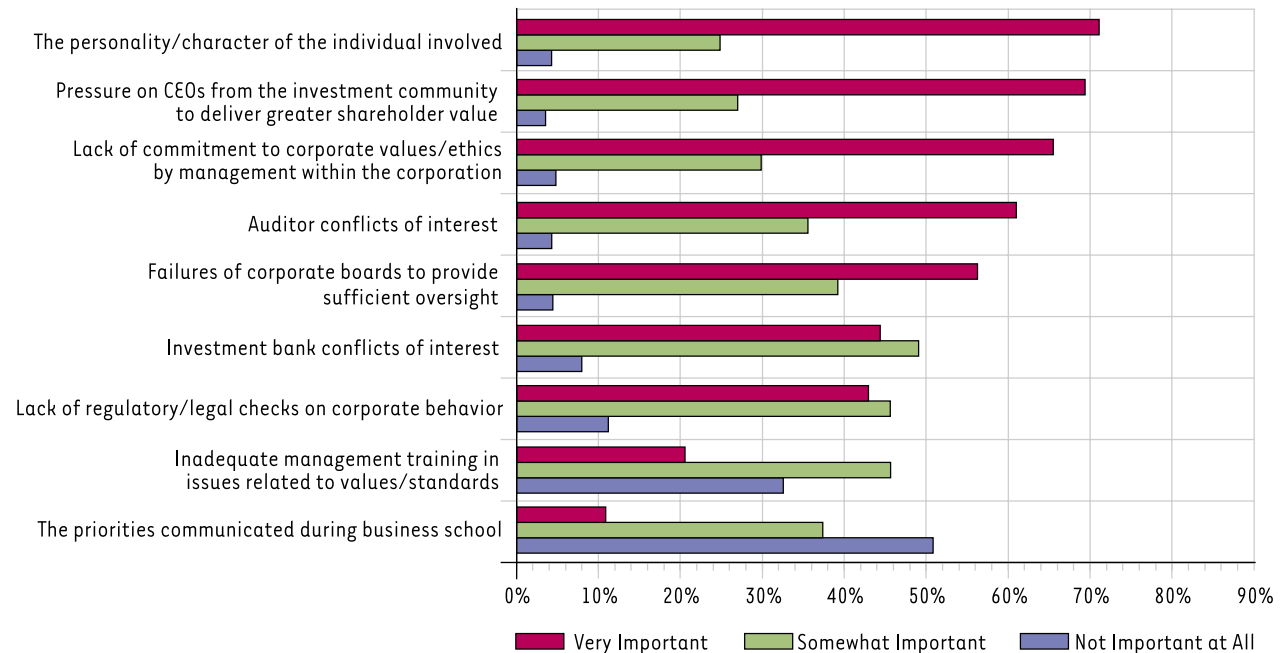
- Lack of commitment to values/ethics on the part of corporate management and insufficient oversight by corporate boards are seen as key factors.
- Students also see outside forces—pressure from the investment community and problems with auditors—as important.
- Nearly half of MBA students surveyed agree that the priorities communicated during business school contributed to recent corporate scandals.

4

FACTORS CONTRIBUTING TO CORPORATE SCANDALS

“How important are the following factors in contributing to the recent corporate scandals in the U.S.?”

(Please indicate whether each one of the following is “very important,” “somewhat important,” or “not important at all.”) Shown here by percentage

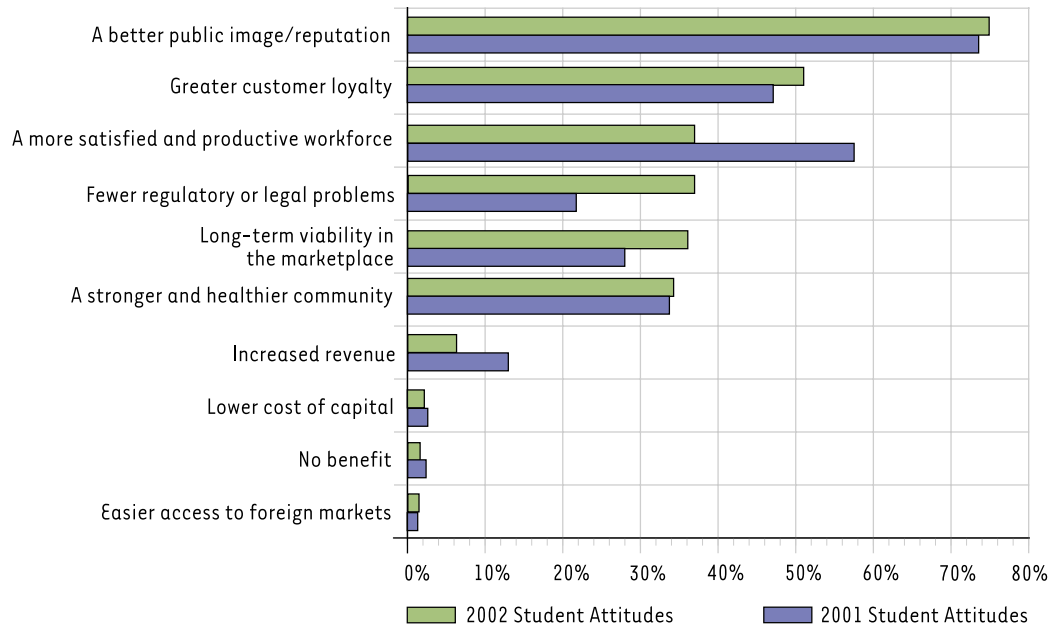


5

BENEFITS OF SOCIAL RESPONSIBILITY

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

(Please choose a maximum of three alternatives.) Shown here by percentage.



Fulfilling social responsibility has definite business benefits: a good reputation, loyal customers and a more satisfied and productive workforce.

- In the 2002 survey, students are increasingly aware that fewer regulatory and legal problems and long-term viability in the marketplace are also benefits for socially responsible companies.



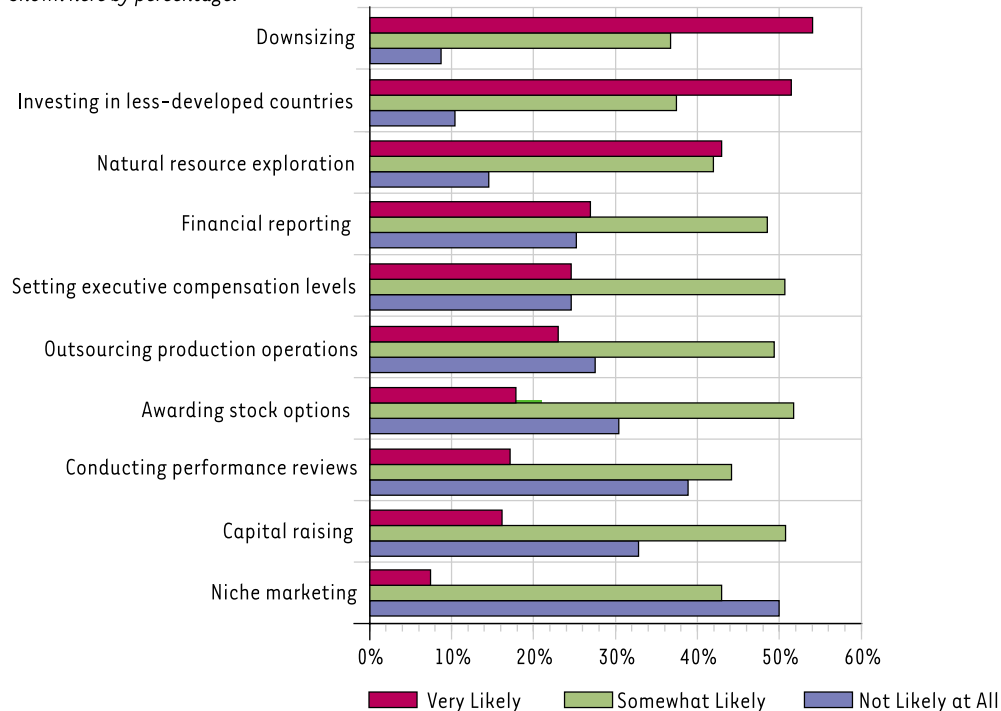
BUSINESS LEADERSHIP AND VALUES

6

BUSINESS PRACTICES AND VALUES

“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.)
Shown here by percentage.

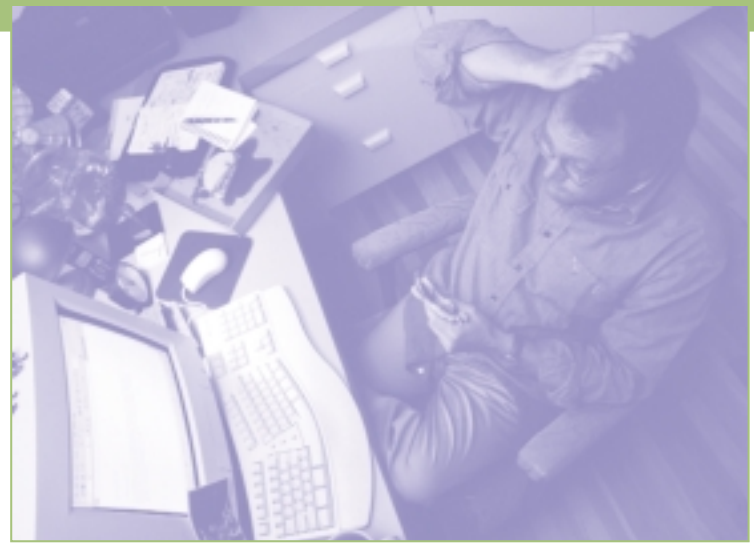


With stories of corporate fraud and misdoing making headlines in 2002, students are thinking about the importance of adhering to personal values.

- Half the students in 2002 feel that they will have to make business decisions that conflict with their values.
- When asked in an open-ended question to specify what kinds of values conflicts they might face, respondents often cite integrity conflicts and having to make trade-offs between shareholders, employee/customer well-being and social/environmental responsibility.
- They also acknowledge that there are a number of business activities where potential values conflicts could develop. Top among them: downsizing, investing in less-developed countries and natural resource exploration.
- Students also express concern about values conflicts in other core business activities such as financial reporting and setting executive compensation.

If values conflicts arise on the job, students expect they are likely to stay and work with others to bring about changes in the company.

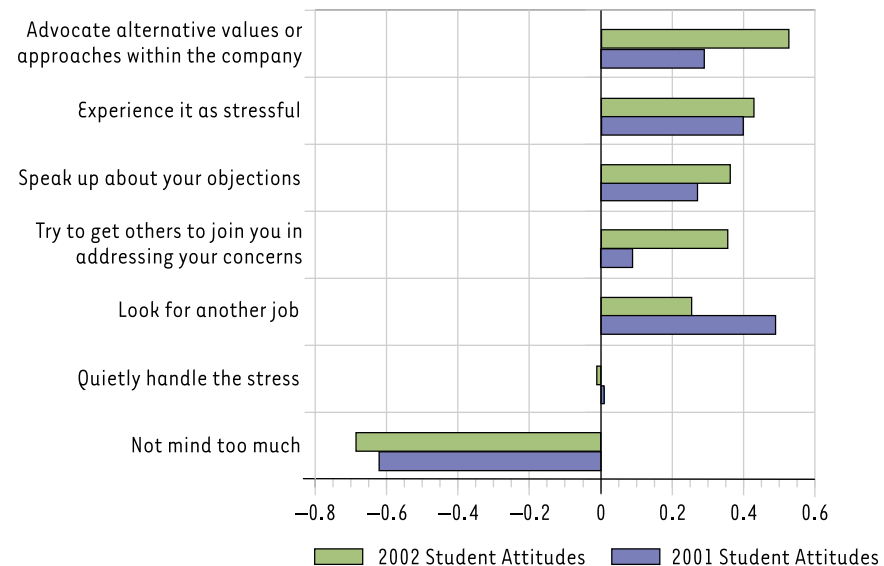
- These findings contrast sharply with 2001 results when 53% of students said they were “very likely” to look for another job in response to values conflicts. In 2002 only 35% of students give this response.
- 2002 responses may stem from students’ widespread concerns about the economy and their prospects for finding a job when they graduate. In 2002 only 24% strongly agree that their employment prospects after graduation are very good—versus 67% in 2001.



7 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 it is “very likely,” “somewhat likely,” or “not likely at all.”) Index -1 to +1



BUSINESS SCHOOL PREPARATION

In the 2002 survey students are thinking more broadly about the relationship of business and society and want more content about corporate responsibility in their classes.

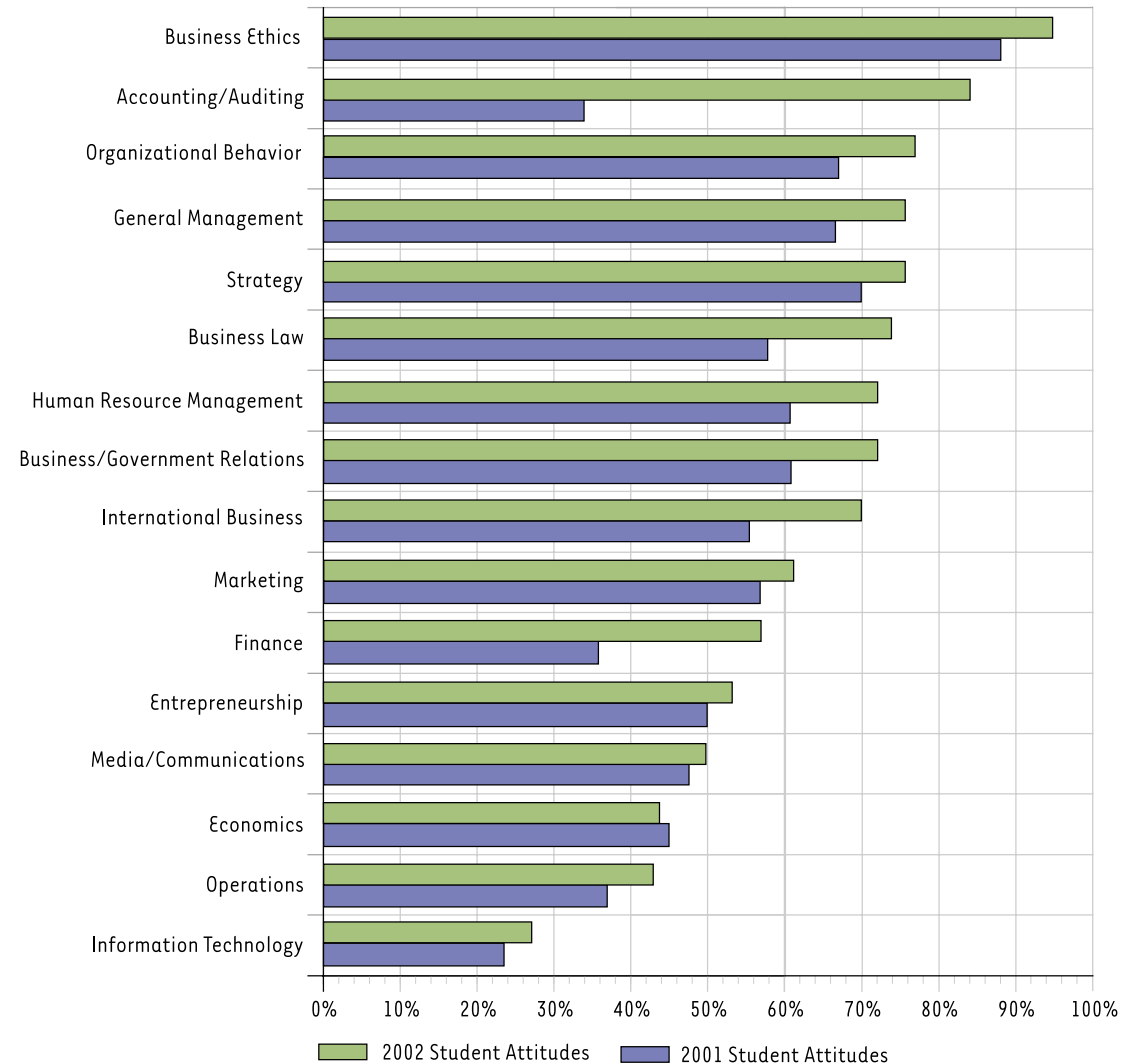
- When asked in an open-ended question to identify changes they would recommend at their business school to educate students better about the social responsibility of companies, respondents frequently suggest integrating social responsibility into core and other courses.
- In the 2002 survey, the percentage of students who think courses should address the social responsibility of companies went up for every discipline except for economics, which decreased slightly.
- Particularly noteworthy changes from 2001 to 2002 are in accounting and finance.
- Survey responses show that current course content falls short when it comes to incorporating issues of social responsibility.



COURSES THAT SHOULD ADDRESS SOCIAL RESPONSIBILITY

“Which of the following MBA courses do you think should address issues related to the social responsibilities of companies?”

(Please choose as many courses as applicable.) Shown here by percentage.

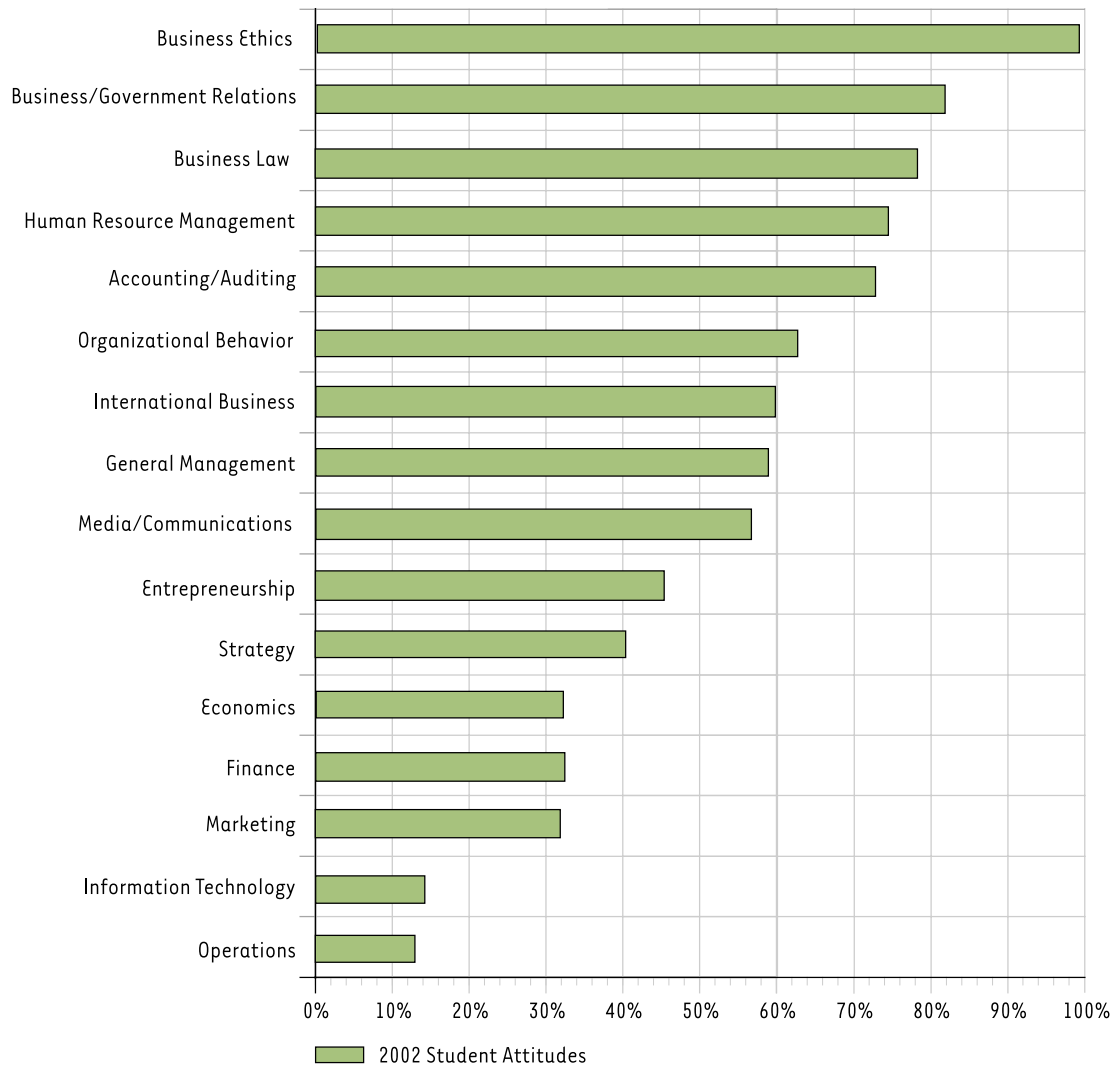


9

CURRENT COURSES AND SOCIAL RESPONSIBILITY

“For the courses you have taken, indicate whether these courses addressed issues related to the social responsibilities of companies.”

Shown here by percentage.



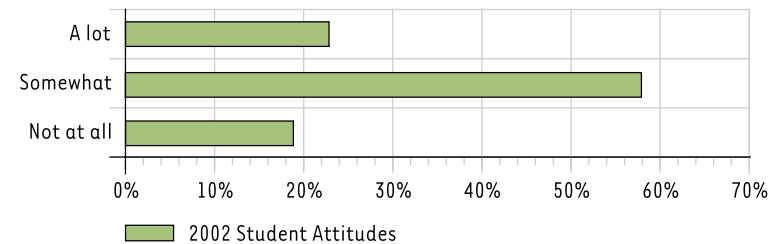
Only 22% of the MBA students surveyed in 2002 feel their business schools are doing “a lot” to prepare them to manage potential conflicts, while 1 in 5 respondents (19%) say they are not being prepared “at all.”

10

PREPARATION FOR MANAGING VALUES CONFLICTS

“To what extent is your business education preparing you to manage values conflicts?”

(Please indicate “a lot,” “somewhat,” or “not at all.”) Shown here by percentage.



GENDER DIFFERENCES

The 2002 survey reveals significant differences in the responses of women and men.

- When defining a “well-run” company, women place more emphasis on having efficient and flexible operations, adhering to a strong mission, investing in employee training and development and operating according to corporate values and a strong code of ethics than do men. They also place less emphasis on offering a high financial return to shareholders than their male colleagues. [Chart 3]
- When choosing a job, women place greater emphasis on factors such as work/life balance and challenging and diverse job responsibilities and less emphasis on long-term compensation potential. Women also agree more strongly that corporate reputation is important when choosing an employer.

- Women see more potential for value conflicts in various business activities. [Chart 6]
- Women are more apt to strongly agree that a multinational company entering a new market in a less developed country has a responsibility to go beyond business success and contribute to the development of the community.
- As to the causes of recent corporate scandals, women are more likely to think that pressure on CEOs from the investment community, inadequate management training in issues related to values/standards and lack of management commitment to corporate values/ethics are important factors. [Chart 4]
- Women are less satisfied than men with their business education. 25% of women (vs. 19% of men) say their business schools are not preparing them “at all” to manage values conflicts. [Chart 10]
- Women are more convinced than men that issues relating to social responsibility belong in the classroom. [Chart 8]
- Women are more likely to agree strongly that there should be more discussion related to social responsibility in core MBA courses. They are less likely to agree strongly that their business school is the kind of place where such issues can be raised.
- Women are more likely than men to want the recruiting process to provide more information about how companies fulfill their social responsibilities.





THE ASPEN INSTITUTE

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The mission of the Aspen Institute's Business and Society Program is to increase the supply of business leaders who understand and seek to balance the complex relationship between business success and social and environmental progress. Our vision is one of businesses committed to addressing complex global problems led by executives who possess the skills, values and long-term view required to consider the social impact of business decisions and who employ social innovation as a key element of business strategy.

We work with educators to integrate social impact management into research and teaching (see www.CasePlace.org). We convene business faculty and leaders, invest in innovation in MBA programs, and conduct research to understand and track change in business education and student attitudes.