

France Roundtable

Attendees:

Paul Danos, *Dean, Tuck School of Business at Dartmouth, United States*
Hirokazu Kono, *Dean, Keio Business School, Japan*
Xiongwen Lu, *Dean, School of Management Fudan University, China*
Jürgen Schneider, *Dean, University of Mannheim Business School, Germany*
Pierre Tapie, *Dean, ESSEC Business School, France*

Overview

As corporations have become more concerned with social responsibility, academia has also started to pay closer attention to the issue. In response, business schools around the world are attempting to teach business ethics and also demonstrate it to their students. Most institutions are using a mix of classroom training, project work, and extracurricular activities to sensitize students to social responsibility.

In the private sector, corporate social responsibility (CSR) is becoming more important and dedicated departments have been established to address the related issues. Reasons why CSR has assumed a higher profile are varied, ranging from concerns about risk management, to customer and employee pressure. Although many organizations have started CSR initiatives, some appear to be reactive rather than closely aligned with the company mission.

Striking the right balance between regulation and business is an ongoing challenge. As CSR has gained importance, business schools have recognized that they must train students to be knowledgeable about public policy and the societal impact of business decisions. Regulation profoundly affects small and medium sized businesses around the world. Business leaders should advocate for regulations that are tailored for different sizes of companies.

Context

Deans from five top international business schools gathered in Paris to discuss how the current state of corporate social responsibility and government regulation is affecting business education. The roundtable was moderated by Dean Paul Danos from the Tuck School of Business at Dartmouth.

Topic #1: Educating Socially Responsible Business Leaders

Key Takeaways

Over the past 10 to 15 years, corporations and business schools around the world have started to pay more attention to social responsibility. Business schools are striving to teach ethics, as well as to demonstrate it to students. Many institutions have developed mandatory modules that focus on corporate social responsibility and business ethics. In addition, students have the opportunity to participate in consulting projects for non-profits and other extracurricular activities with an emphasis on social responsibility. An overarching concern for all business schools, however, is balancing social responsibility with the obligation for companies to make money.

The panelists described how schools in the United States, Europe, China, and Japan are educating students to become socially responsible business leaders:

- *The United States.* In addition to required social responsibility and business ethics courses, the Tuck School of Business promotes ethics and responsibility by assigning students to small groups for coursework and residential life. This makes students feel more responsible for one another. First year students are required to work with non-profit organizations and the school brings in guest lecturers to participate in roundtables focused on social responsibility. Looking ahead, social responsibility is likely to play a larger role in American business education.
- *Europe.* Since the German social market economy is driven by a social framework, socially responsible business initiatives are not as foreign in Germany as in other parts of the world. Students at the University of Mannheim Business School take CSR and Ethics modules, and participate in student forums and volunteer activities like the Brothers and Sisters initiatives. The Essec Business School in France tries to teach ethical judgment through five tools: experiential learning, student empowerment, personal mentoring and tutoring, social entrepreneurship classes, and school social outreach.
- *China.* As China's business sector has grown rapidly, ethical crises have emerged related to environmental protection and product safety. Business schools try to educate students about social responsibility and encourage them to work with the government to raise ethics standards. Fudan University was the first in China to offer a Business Ethics course. As with other international business schools, students also participate in research projects, as well as extracurricular activities focused on social responsibility.
- *Japan.* Social responsibility tends to be the norm in Japan. As an Eastern society, the country tends to be relationship-based. Keio Business School makes an effort to integrate social responsibility into all its core courses and electives. Faculty research is another way that students learn about business ethics and CSR.

PAUL DANOS, Dean, Tuck School of Business at Dartmouth, United States

In the U.S., for many years, especially after World War II, the Chicago School of Economics attitude about social responsibility, government, and policy prevailed. The theory that dominated most business schools was that, if you took care of your business, cared about the returns, cared about the stockholders' welfare, then everything else would be taken care of by markets and that you didn't have to pay overt attention to social issues. That was one extreme version of thinking about the economics and how economics drives decisions and creates social welfare.

Then there's the other extreme, that there should be regulation of everything and everyone should be controlled by the government. But for a long time, I'd say the top American business schools were very much laissez-faire. In the last 10 to 15 years, since the Enron fiasco and the dot.com crash and now the financial crisis, I think both students and faculty and corporations have paid a lot more attention to social responsibility. Many schools have social responsibility requirements, such as our school. You have to take an Ethics and Social Responsibility course, as part of the MBA program. There's much more interest in schools dealing with business and society.

At Tuck, we have a requirement that all of our students take a course on Ethics and Social Responsibility. Our Center for Business and Society hosts several conferences on the topic, and brings in visiting executives who run not-for-profit enterprises and charitable enterprises. Our students study this for course credit. Students do internships for not-for-profit companies. Our students participate in conferences, such as Climate Control Conferences run by the U.N. and they put on sustainability conferences. And we're part of this Business and Society Council here. I think social responsibility will be a bigger and bigger part of business education.

JÜRGEN SCHNEIDER, Dean, University of Mannheim, Business School, Germany

From the Europeans' perspective, especially from a German perspective, we take a more middle of the road course. We have in Germany, Soziale Marktwirtschaft. That means a social market economy and that is regarded by some as socialism. We regard it as a free economy, nevertheless, driven by a social framework. With regard to our business school, we have the same stress on CSR initiatives. There are a lot of initiatives driven by the students themselves. You can volunteer to join Brothers and Sisters and join in student forums on these matters. We have good participation with stakeholders from all segments, not only from the corporate world. And we have CSR and Ethics as modules in our curriculum. Our Business School is embedded in a University, which gives social scientists an opportunity for interactive cooperation. The MBA students each year have to do a social project—that is an obligatory action within the program. We should not forget, however, that making profits for a company is still the first obligation and I would call it an ethical requirement for a company. You have to look after your cash flow and survival of the company. You cannot only live in a CSR world.

XIONGWEN LU, Dean, Fudan University, China

During the last 30 years, the whole world actually has witnessed the very fast growth in China. We are becoming prosperous very quickly. We have to attribute this success largely to the market system we adopted in the last 15 years. New entrepreneurs are emerging. They invest and develop businesses very successfully. And also, they are very aggressively going abroad. That's the one side of the facts. On the other side, we also are facing a challenge, which actually is about the business ethics. The goal is to develop the economy quickly, so people argue for investment in a local area with little concern for the criteria or requirements for environmental protection. In other countries, these industries cannot exist legally, but they are important in China. And also, the safety problem, like in the food and consumer products sectors has become more and more serious in China.

We are really debating in China now—what responsibility business should take? On the one side, they should take responsibility for developing the economy to give the jobs to employees and improve the welfare for the employees while also making a profit for shareholders. But on the other side, companies also should take care of social responsibility. We are learning very fast in many fields. For example, in the business schools, more and more schools in China are choosing to bring in courses on Business Ethics and Social Responsibility. Those topics are required courses, not only elective courses. In my school, we were the first to introduce Business Ethics and now we also have a Social Responsibility course. Also we encourage our students to do more. We give the students a lot of chances to do research projects and also some practical consulting projects to learn best practices. Also, students voluntarily establish funding, associations, and clubs to help poor people. They deliver educational programs and materials to the primary schools in the village. I think it's good for them to have such a self-learning experience to create a sense of social responsibility. But it's not enough.

We should also have more regulation or policies from the macro perspective because companies can't always self-discipline. We also should create an environment to regulate the companies. From the Business School's perspective, we can do much more than before. But we cannot do everything. I think it's not fair to blame the Business Schools when we have a crisis. All the Business School graduates should take responsibility for crises. It's not fair because usually, the students only spend two years in a school. They already received a basic education, and they have their own philosophy, their own beliefs. It's not easy for us to change the mindset; however, we will give them a certificate that says they are graduating from a school. So in this way, we also have to be responsible. We try our best to change their mindset, educate them, and get them involved in the whole society, as well as to work with the government to lift up the standard of ethics.

As a business school, it's hard to deal with such a dilemma. We definitely want our students to be successful entrepreneurs and to be profit driven. If they cannot make a profit, how can they pursue the goal of economic development for their own company and also for the whole society? How do we help them balance between these two goals? China is catching up very quickly. We are trying very hard from many dimensions, but still, it's a long way to go for China, as well as many others in the whole global market.

HIROKAZU KONO, Dean, Keio Business School, Japan

To educate socially responsible leaders at Keio Business School, we adopted first year core courses which are completely case method. Through this discussion, it's not one way communication and students are educated in the perspective of a leader. We also have an elective Business Ethics course and many students take that. Socially responsibility issues or CSR are scattered throughout in all core courses and electives. It's not wise to separate CSR issues from core topic areas. Another point I want to mention is that Japan is from the East and the society is relationship-based. To think about society is the norm for Japanese people.

What do we mean by social or society? We tend to think about society in a global sense. But at the same time, we have to think about the fact that society is comprised of individuals. If we think about society in a macro perspective, teaching socially responsible leaders is difficult. If we break down society into individuals, it means that 1,000 people are working in an organization. And each individual should be happy. That is the basic point. If we talk about social responsibility, then society

itself is a very macro word. Responsibility is also a very ambiguous word. It's a very complicated issue. So we have to break things down to get to the meaning of society and responsibility. Otherwise, we may go into a wrong direction.

PAUL DANOS, Dean, Tuck School of Business at Dartmouth, United States

One thing we do at Tuck to get the individual person to feel responsible is we have a policy of putting people together in small groups. Our classes are small and students live together and have a lot of interaction. It seems to me, they feel more responsible for each other, in a very close organization like that. Do you demonstrate Ethics and Responsibility or do you teach Ethics and Responsibility. At Tuck, we try to demonstrate a socially functioning organization on a small scale—students knowing each other, being friends, being responsible for each other and being cooperative. And, of course, we have formal course coverage also.

PIERRE TAPIE, Dean, ESSEC Business School, France

Educating business leaders who have a profound sense of commitment to society has been the tradition at Essec. Today, I think that what we are trying to do is to educate and socially engage leaders first. I don't like to think about teaching Business Ethics, but I do like to think about educating the ethical judgment, which is very different.

At Essec, we leverage five tools. The first one is experiential learning. For example, at the end of the Bachelors, we put all the students in a ground breaking, personal experience, where they will be immersed in a deprived social area for three or four weeks, including sleeping in places which take care of the homeless. These experiences are deeply moving. Experiential learning also is, for us, an opportunity to immerse them mandatorily in international cultures. Sometimes, it can be a very tough experience. A second thing is we are empowering our students and giving them the opportunity to create a student body to take care of people in France or abroad, for example. When we empower a group of students, students feel very responsible, one to another. A third tool that we use to educate the moral compass is to provide students with a personal mentoring and tutoring approach. This is a very powerful tool. Fourth, we encourage the students through education towards diversity and social entrepreneurship. The ontology of the finance industry, for example, is a mandatory course for the finance track. They have classes where they go deeper on some of the key questions they have. And fifth is making students aware and making students participate in the school social outreach. Initially, we were devoted to 20 or 30 poor high school students, now we extend nationwide to 50,000 students. We have grasped a few of the nationwide issues to try to propose some prototypes and to answer this social question and we are involving the students in these experiences. And it gives the students two things: a personal experience of unfamiliar situations, and the realization that small things can have a huge impact if we scale them up. In terms of the commitment of our students towards social responsibility here, it's very powerful.

Group Discussion

QUESTION: Do you teach Ethics or do you demonstrate Ethics. Can each of you give examples of what you're doing to address that, specifically?

PAUL DANOS, Dean, Tuck School of Business at Dartmouth, United States

Our most popular Ethics course that is taken by two-thirds of all of our students is a course that is designed to bring in mainstream professors. In the course, maybe five professors – one from accounting, one from marketing, one from finance, etc. will go over a case in their area. In an average year, maybe a third of all of our professors teach in this one Ethics course. That's our approach to making it broad based and integrating it into the curriculum.

We also have a series of lecturers who do special roundtables and fireside chats on crises and on ethical dilemmas inside of corporations. So we teach it and we also demonstrate it, by bringing in people who have lived through ethical crises. But I think the more important thing that we do is that we demand ethical behavior and the students themselves have their own disciplinary process.

XIONGWEN LU, Dean, Fudan University, China

I believe we can teach concepts of Business Ethics to students. However, it's not enough. We invite entrepreneurs and business leaders to come. Not only do they talk about the best practice for the success of business, but also, we want them to share with us what's their perception of business ethics. However, that's still not enough. So that's why I mentioned that we have optional student activities, organized by students themselves and also organized by the school, to create such an environment. It is morally correct to be involved in the establishment of good business ethics. Good business ethics relies on the good ethics of the whole society.

JÜRGEN SCHNEIDER, Dean, University of Mannheim, Business School, Germany

We have theoretical and mandatory courses about CSR embedded in the Bachelors curriculum. There are also student initiatives which rely on their own action. We have, for example, this initiative called Brothers and Sisters which is a mentoring program for underprivileged children. It shows the students the impact they can have in society. And they get credit within their study in our programs.

HIROKAZU KONO, Dean, Keio Business School, Japan

Faculty research can be a good way for students to learn about social responsibility. Ethics should be balanced well with other subjects, including finance strategies and organizations. At another Graduate School, at the beginning of the two year program, students work with intellectually handicapped people. I want to introduce that kind of boot camp into Keio Business School. It is a very good learning opportunity for a student, from the starting day of their program.

PAUL DANOS, Dean, Tuck School of Business at Dartmouth, United States

The very first day students begin, we match every student with a non-profit and they go and work for a day in that organization. We have a clearinghouse that will allow students to become Board Members for not-for-profits. We try to match them up and have them understand not-for-profits.

PIERRE TAPIE, Dean, ESSEC Business School, France

Today 15% to 20% of the students educated in Business at Essec after graduation go either to social entrepreneurship or to NGOs or public offices. So, we want to professionalize management in non-profits. And second, we want to give to every student the feeling of what it is really like in society today. For the Master of Science Program, we immerse students in unfamiliar environments where people are ill, physically violent, poor, etc. This transforms students, so it's interesting to use experiential learning to train students on ethical dilemmas.

Topic #2: Social Responsibility in Corporations

Key Takeaways

Over the past two decades, there has been tremendous growth in the number of major corporations with social responsibility departments. Although CSR has been on the periphery of business in the past, it is more likely to be central to corporate decision-making in the future. The panelists made the following observations about corporate social responsibility:

- *There are a variety of reasons why corporations have increased their focus on CSR.* These include concern about risk management, increased pressure from customers, a sense of a moral imperative, and the fact that young talent often demands it from employers. Many board members are taking greater responsibility for CSR than ever before.
- *Some companies are taking a reactive approach to CSR.* Many organizations have instituted CSR initiatives, but those activities are not aligned with the company missions. Instead, they are reactive responses to society's interest in social responsibility.
- *In the United States, CSR leaders often come from public relations, government relations, or the legal department.* They rarely have backgrounds in finance, marketing, or human resources. Generally speaking, no common language or best practices exist for people who become CSR professionals.
- *Organizations in China are increasingly interested in CSR.* Many public companies and state owned enterprises in China have started to incorporate CSR information into their annual reports.
- *Much of the corporate sustainability movement is indistinguishable from efficiency.* For example, when companies use less energy, it's good for society and it's also more economical.
- *Organizations shouldn't overreact in the name of sustainability.* A balance must be struck to ensure that actions taken in the name of sustainability aren't too extreme. For example, several nuclear power plants in Germany have been shut down in response to the disaster in Fukushima and all nuclear power programs are being discontinued.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

In the last two decades, I've seen tremendous growth of social responsibility departments within major corporations. There are Vice Presidents now whose job is to understand the corporation's impact on society and to be concerned about sustainability. I think that the corporations have started a process—it's happening faster in some countries than others—that will lead to companies having a significant function focused on sustainability and social responsibility. These corporate social responsibility leaders in the United States often come from Public Relations or Government Relations. Occasionally, they will come from the engineering side, due to sustainability concerns. They rarely come from finance, marketing, or human resources. I think in the future, they'll be more mainstream and at the center of decision making. In the past, they've been on the periphery because the function isn't seen as a revenue stream and doesn't create products. It all reflects the changing balance between the power of government and regulation and companies. I think that governments are on the ascendency in most places. And governments tend to want to impose regulations for the benefit of society. Lawyers are another group that populates the social responsibility area. Lawyers tend to be knowledgeable about regulations and about the potential for reputational problems and fines.

Pierre Tapie, Dean, ESSEC Business School, France

There are several reasons for the mainstreaming of corporate social responsibility around the world. The first is risk management. More and more companies know that if, somewhere in the world, a senior company official does something wrong, it can cost billions. So there is a kind of a defensive argument around that, which is more popular, because the risks are higher. The second argument is that the clients are asking for it. The third is a moral argument. The moral argument is present among business leaders because they know that their company can destroy the environment, can behave as a bad citizen, and it will create a wave against the business, which is real. And the fourth argument is the young generation. The people that companies want to hire are smart. The smarter they are, the more conscious they are about these issues, and today, worldwide, there is lack of qualified talent. Young people want companies to be very serious with these issues.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

At Tuck, we were thinking about having a special program, an executive program, just for people who want to get into sustainability management. You have a group of people who need a common language as they are create a field within business. We aren't considering a Major in Sustainability or Social Responsibility yet, but I wouldn't be surprised if some of that doesn't start happening in the U.S.

Hirokazu Kono, Dean, Keio Business School, Japan

I agree that CSR is now becoming a part of the core activity for many companies. A majority of them have quite a clear mission. But at the same time, what they do is not completely following the mission. The mission says something very clear about the responsibility towards society, but the real activity is 50% of that. Corporations should be willing to take the initiative and make CSR activity their own. Otherwise, they are just reacting to the movement of society. There is a difference between full ownership and reactive action. Many companies are just reacting.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

One place that I think there's been tremendous improvement is in the Boardroom. Board Members are more concerned with societal interests than before. And part of it is due to their own personal risk management. Board Members see today that their reputation and their future can be hurt, if the company's involved in anti-social activity. How strong this movement is within a company varies a lot. But I do think there's a much higher awareness of this than ever before.

Xiongwen Lu, Dean, Fudan University, China

CSR is still a new concept in China, although Chinese companies are learning very fast and also carry out such a practice very quickly. For example, more and more companies like to include CSR activities in their annual report, especially when they are the public companies. And also, even some of the state owned companies like to publish CSR reports. Many companies assign such activities to public relations, government relations, or the legal office now. Because they mainly still believe it's about the reputation of the companies. It's kind of a reactive strategy.

I believe CSR activities are in the initial stage, globally. In China, as more companies go public, the government requires external, independent directors. Independent directors are more responsible, to a certain extent, because they have the big picture of social progress. And also, because they are independent, they care about big picture, not only the companies themselves. They also have to protect their own reputations. When the companies they serve are socially responsible then it's good for their reputations, so they have self-interest to push the companies to improve CSR activities.

Jürgen Schneider, Dean, University of Mannheim, Business School, Germany

I agree that the issue of sustainability has become more and more prevalent in business. It is driven by the scarcity of resources, energy consumption, and more. From an economic perspective, you could say the view has changed from a short term view to a long-term view. As you make decisions, you may invest today to be a bit more sustainable in the long run and maybe that is a better decision, instead of a short-sighted and quick action.

In Germany, there has been a long tradition of a relatively strong Green Party. So the concept of Green thinking has been coming to the party programs of the Social Democrats of the Conservatives. It has become quite natural to take these viewpoints. As Dean Kono said, of course, Fukushima has especially hit these issues in Germany about how to produce energy. We have taken the decision to close down eight nuclear power plants and to close down nuclear energy production within the remaining lifetime. The outcome of this has to do with sustainability on one hand, but on the other hand, we have to watch that we are not overshooting in our reactions.

There is also an interesting change in the financial strategies of the companies, which I regard as a sustainable action. From 2000 to 2005 or 2007, there was leveraging and financing was predominant. Leveraging was made to increase returns and the return ratio. Everybody knows about the financial crisis and everybody has seen that too much leveraging limits the success of a company. And there was, again, a de-leveraging, paying back debt, getting to a healthy equity ratio. I think it's a sustainable financial action.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

Much of the sustainability movement is indistinguishable from efficiency. If you use less energy—and energy's very expensive—it's good for society, but it can also be good for the company's bottom line. There are other aspects of sustainability and of ethical behavior and social responsibility, where it does cost more to be ethical and socially responsible, but if all future costs are anticipated, it is a wise financial decision.

Topic #3: Government Regulation and Business

Key Takeaways

Striking the right balance between regulation and business is a challenge. Countries that find the right equilibrium will be very prosperous. Business schools have recognized that they must train students to be leaders who are knowledgeable about public policy and societal impact. The panelists described how they see regulation affecting business:

- *Governments must realize that regulations impact different sized companies in different ways.* Usually, regulations are implemented for the right reasons, such as a cleaner environment or better working conditions. However, an unintended consequence of regulation is that it hurts small and medium sized businesses more than large ones. If regulations were modified for different types of organizations, they might not inhibit business activity for small and medium sized enterprises.
- *In Europe, businesses are burdened with regulations and negative public sentiment.* European companies are bombarded by regulations from the EU Commission. These are particularly onerous to the business community in Germany, because the majority of companies are mid-sized. France is known for not being very business friendly. The public favors governmental operations and 15% of the French labor force works in the public sector.
- *Businesses should work in partnership with governments to set a CSR agenda.* Governments should set the general guidelines for the future when it comes to CSR. However, private sector companies should take the initiative to establish the CSR mission and vision.
- *Large companies set the standard for CSR best practices.* Because large companies have more resources, their CSR work often sets benchmarks for small and medium-sized firms to strive for

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

In the U.S., there's a big debate about regulation hurting, especially, small businesses. Large businesses—the very big ones—can handle almost any kind of regulation, because they've got specialized lawyers and accountants and engineers. The start-up companies and the smaller companies have a very difficult time with the same regulations. They can't afford the specialists. They don't quite know when they are violating a rule. I think that it's incumbent on governments to make sure that they scale regulations so they don't deter business activity. I think that you can over-regulate, especially in the small, emerging sector and even the middle sized sector. I think government should be more refined in how they make regulations. The regulations all aim at good things, like clean water, clean air, working conditions, unemployment insurance, and health insurance. But they impact different sized companies in very different ways.

Jürgen Schneider, Dean, University of Mannheim, Business School, Germany

I agree with what you're saying and I think there's always this conflict, whether the government is imposing rigidity or creating more flexibility. If you look at the politics in Europe and the European crisis, there's a lot of discussion going on. Are we too inflexible? Are we too rigid? Do we have too many prescriptions in the labor market? Are we still competitive? People are demonstrating and going to the street. I have no answer to what the right equilibrium is. Especially since Germany has a lot of midsize companies and we have a very limited number of public companies. We have a vast distribution of midsize companies, mostly family owned. They have to cope with all these prescriptions and governmental restrictions.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

A very important point that some people don't see is that regulation does hurt middle size and small businesses, much more than the big businesses. I don't think that's what government intends. I think government would like to have more middle size and small businesses, but it's one of those unintended consequences of regulations, even though I think they're trying to do something, which is good for society. In America, the other part is that lobbying by the special interest groups is intense. It can be very destructive, because people make money both when business is over regulated and they make money when it's under regulated.

Jürgen Schneider, Dean, University of Mannheim, Business School, Germany

We are bombarded by the EU Commission. For example, yesterday, there was an EU Commissioner who announced that from the year 2020 onwards, 40% of the supervisory board members should be female. And that should be transformed into national law in the different European companies. I was quite happy that our Family Minister stood up, immediately and said—well, this will not work. That would mean that until the year 2020, there is no possibility to promote any men any more in big companies. So inequality persists.

Xiongwen Lu, Dean, Fudan University, China

I believe the government is responsible for creating and improving the whole environment of social responsibility for business. It's not only a part of the legal system, the regulation and also the practice of the regulation, but also about culture. Business ethics is embedded in social ethics, so that's my very strong belief. Further, I do believe the size of the business actually really doesn't matter for the practice of business ethics. Usually, big companies are more profitable, in general, but not always. They have more resources, more impact. If they can do better, the others follow. So they should set up a benchmark for small and medium companies, definitely. So they also have more resources to develop who can believe in social responsibility and also to practice responsibility for the society. So in this regard, we definitely should watch the big sized companies more closely or more tightly. The leading business schools always have a lot of talents for big size companies. So in this way, we also feel responsible for the developing talents for the society also. Let's take China as an example. The government is trying now to do more than before. For example, because most state owned companies in China are big, they take monopoly status in the industry. So they require a SOE (state owned enterprise) to have external directors. That's very different from the past. They require, you know, SOEs to be more transparent and also encourage them to be listed, you know, in the capital market. If more and more SOEs could go public, the companies could be more transparent. It really can create a very good image—the state owned companies also want to be responsible for the society. And also, I do believe, the government should give Business Education more support for developing a coach of Business Ethics. For example, they can find us some companies to send their executives to our school. Then we can easily deliver some Executive Programs for those companies, quickly. Otherwise, it's not easy for the companies themselves to proactively work out budgets for such executive development. Usually, they only care about the executive development for some special knowledge of leadership strategy, marketing or finance.

Hirokazu Kono, Dean, Keio Business School, Japan

Regulations might be necessary in some cases. For example, air pollution. Government can make guidelines for degrees of the pollution. Social awareness cannot be forced—sometimes, goals can be set and achieved. But at the same time, future directions should be decided by companies, by corporations. Otherwise, we have to rely on government and again, the regulation and de-regulation issues come to us. Companies should take the initiative to decide the mission and vision for the future about social awareness and the government should show the guideline for the future. We need a balance in the role played by the government and the corporations. Then methodology is the next question. How do we educate business leaders who are responsible, who are aware about the social aspects. My guess is that we should not rely too much on regulations. We should educate talented leaders who are aware about the CSR and ethical issues.

Pierre Tapie, Dean, ESSEC Business School, France

In the present political scene, your question is highly relevant. The first reason is that, very often, public officers take contradictory decisions. Let me take an example. Take, for example, Solvency 2 and especially Solvency 3 which are the new rules regarding the insurance companies. The level of financial ratio, which has increased the terms of inside internal capital, is such that, today in France, it's impossible to have long-term investors investing in small and medium companies. In France, we are desperately lacking long-term investors in small companies. Today, we are largely lacking growth and largely lacking employment. The fiscal decisions taken recently are hurting people. For example, consider the 75% marginal tax rate for people earning more than one million Euros a year. We know that the fiscal income which will be around 200 million of Euros, taken from that, will be lower than the loss of taxes, which would come from the out flux of these wealthy people. So it is a non-rational decision.

If I take the wealth tax—the global wealth tax—everyone knows that it is a counter-productive tax, but today, in the voting context, even the strong right-leaning party had absolutely no intention to abolish that because of how it will affect the voters. Your question is very deep, because, in fact, it deals with whether a country is business friendly or not. It happens that France is not business friendly, historically speaking. Fifty-six percent of the voters in France are saying that they believe a liberal economy is not the best system to organize a social economic system, while you are 75 in China and around 80 in the U.S. And we have the largest public sector in France, among many OECD countries, 15% of the labor force is within the public sector. This leads to a bit of schizophrenia because 40% of the workforce is working for private employers and they don't like to work for private employer. It's very, very serious. The French are very pessimistic. Yet, we have done an international poll of executives in ten different countries. And France was number two in the world for the level of satisfaction.

On the regulation side, it belongs to the public authority to put norms in place. But the question of what is a legitimate parameter—I think it varies a lot, from one country to another. Germany and France are interesting and Japan, also—in these countries, you have limited space with high density of population, with long history, regulation toward the environment. How we live together is different than in huge countries, where natural space is available and unlimited, like in the United States. It's natural that they would be different. But how we deal with that—it's an open question.

Paul Danos, Dean, Tuck School of Business at Dartmouth, United States

There is no doubt that part of what Business Schools should do in the future is to really think about the balance between what is good for society and what should be regulated and what's good for society and what should be left to the private sector. The countries that get that balance right are going to be very prosperous. The pendulum swings. You go from an unregulated, polluting corporate structure where people don't care about long-term effects. And then you swing and you get into a situation where the controls get to be burdensome and you have lack of employment and lack of opportunity, because the mechanism of business encouragement breaks down under the burden of taxes and regulations. Business schools have trained people to be effective, efficient, good leaders. Now I think, in addition, we're thinking seriously about policy and societal impact.

Biographies



Paul Danos

Dean, Tuck School of Business at Dartmouth, United States

Dean Danos holds a B.S. and MBA from The University of New Orleans and received his Ph.D. in Accounting from The University of Texas. Paul Danos has been Dean of Tuck since 1995, enjoying one of the longest tenures as Dean of a top-tier business school. Widely recognized as a preeminent expert in the field of business education, Dean Danos has served as director of several corporations, schools, and professional associations. Before Tuck, Dean Danos was Senior Associate Dean at the University of Michigan.



Hirokazu Kono

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Dean Kono received a Ph.D. in Engineering from Keio University in 1991. Hirokazu Kono has served as Dean and Professor of the Graduate School of Business Administration at Keio University and Keio Business School since 2009. He is a founding board member of the Asia Pacific Industrial Engineering and Management Society (APIEMS) and has served as Deputy Editor of the Industrial Engineering & Management Systems (IEMS) journal since 2008. Currently, he is the President of the Association of Asia-Pacific Business Schools (AAPBS).



Xiongwen Lu

Dean, Fudan University, China

Dean Lu received his Ph.D. in Economics from Fudan University and was a Research Fellow and Visiting Scholar at Tuck School of Business. Xiongwen Lu is the Dean of the School of Management, Fudan University. He has served as Vice President of the Chinese Society for Management Modernization since 2010 and currently serves as a Board Director of the Graduate Management Admission Council (GMAC) and as a member of AACSB Asia-Pacific Advisory Council.



Jürgen Schneider

Dean, University of Mannheim, Business School, Germany

Dean Schneider holds a M.Sc. and a Ph.D. in Business Administration, both obtained at the University of Mannheim. Jürgen M. Schneider was appointed Dean of the University of Mannheim, Business School in 2010. Before, he was the CFO of Bilfinger SE, an internationally active construction and services group with more than 58,000 employees. Besides his position as a Dean, he chairs the supervisory boards of two German companies.



Pierre Tapie

Dean, ESSEC Business School, France

Dean Tapie holds an Engineering degree from the Ecole Polytechnique of Paris, a Ph.D. in Biophysics from Paris XI University and an MBA from INSEAD. Before becoming Dean and President of ESSEC in September 2001, Pierre Tapie was Dean of Purpan Graduate School in Engineering and CEO of Intellagri. He currently serves as Chairman of the Conference des Grandes Ecoles and a member of the AACSB's internationalization task force. From 2008 to 2011, he was also Chairman of the Board of the Globally Responsible Leadership Initiative, founded by EFMD and UN Global Compact.