



MBA students Bharath M. H. Naidu and LaTrece Holland meet with the Pittsburgh Hill District Community Development Corporation as part of a retail development project.

Changing LIVES Changing the WORLD

A LEGACY OF ETHICS AND SOCIAL RESPONSIBILITY

Before she enrolled in the Two-Year MBA program at the Katz School, LaTrece Holland, 31, worked as a management consultant with Booz Allen Hamilton in Virginia, just outside the nation's capital. She had security clearances for projects with the Department of Defense and the Marine Corps. There was also another side to Holland: In her free time, she volunteered as an event coordinator for a nonprofit focused on economic revitalization in Prince George's County, a suburb of Washington, DC.

"I learned that I have a passion for developing nonprofit organizations," says Holland, whose MBA concentration is in strategy, specifically the area of change management.

This past spring term, through Katz's Kenneth R. Woodcock Fellows Program, Holland combined her business talents with her interest in social responsibility. She and fellow MBA student Bharath M. H. Naidu served as guest board members of Pittsburgh's Hill District Community Development Corporation.

The organization is dedicated to making the neighborhood, which has high crime and poverty rates, a better home for people and businesses. Holland assisted with the Tiny Retail project, an effort that converted vacant retail space on Centre Avenue into one-day-only temporary pop-up shops.

"Spending time on the board of directors helped me put myself in their shoes to understand how decisions are made," Holland says.

To some, Holland's project may seem outside the normal purview of business schools. Not at Katz. Not at the undergraduate College of Business Administration. The school's support of student projects and academic research in the social responsibility and business ethics domains dates back to the late 1960s. Back then, long before discussions of social audits, the triple bottom line, or LEED building certifications found their way into boardrooms across America, Pitt Business established itself as a forerunner in the field, quickly building up one of the nation's strongest faculty groups and doctoral programs.

The legacy continues today, driven by the school's emphasis on Experience-Based Learning, says John T. Delaney, Henry E. Haller Jr. Dean. At the forefront of the school's efforts is the David Berg Center for Ethics and Leadership, which offers Experience-Based Learning programs for students, faculty, staff, even alumni. In addition to Holland's Woodcock Fellows project, the Berg Center offers an MBA project, the Berg Center offers an MBA corporate social responsibility fellowship in partnership with BNY Mellon, and a variety of undergraduate consulting projects with businesses through the Certificate Program in Leadership and Ethics. With the center's support, the school hosts two nationally known ethics-oriented case competitions — the Berg Cup Business Ethics competition at the College of Business Administration and the BNY Mellon Katz Invitational Case Competition. Additionally, Pitt Business is conducting a national search for the inaugural professor for its H. J. Zoller Chair in Ethics and Leadership. The goal of the chair is to advance research and teaching in ethics, and to promote interactions with both business and the nonprofit sector.

Transforming Pittsburgh and India with DC Electricity

Pitt Business faculty members are examining a wide range of business issues in the context of business ethics and social responsibility. Perhaps none have set their sights higher than John Camillus, the Katz School's Donald R. Beall Professor of Strategic Management. Along with his colleague Kristy Brondier, who is the program manager for the Business of Humanity® Project, and Bopaya Bidanda, the Ernest E. Roth Professor and Chair of Industrial Engineering at the Swanson School of Engineering and a professor at Katz, he plans to change how electricity is delivered in Pittsburgh and around the world.

For the past two years, Camillus and Bidanda have worked with colleagues from Pitt's schools of engineering and social work on an ambitious project to shift power distribution from the established alternating current (AC) power system to direct current (DC) power. Camillus says DC power is significantly more energy efficient, is naturally compatible with renewable energy sources, and can now be safely delivered through long-distance high-voltage grids.

"DC is extraordinarily energy efficient compared with AC power, particularly with lighting, all electronic equipment, and newly designed motors. Energy consumption goes down significantly, and, moreover, locally generated DC power can be from renewable sources, all of which means a smaller carbon footprint and lower costs for low-income communities," Camillus says.

Their initiative is called the DC HEART (Humanity, Energy, and Regional

Transformation). In 2014, Camillus and Bidanda received a \$400,000 grant from the Hillman Opportunity Fund to advance their projects and research. To prove that the economics of DC power can work locally, they have several test sites planned in Pittsburgh's Homewood neighborhood. Later this year, they will break ground on multiple greenhouses using DC equipment powered by photovoltaic solar panels. The greenhouses will grow fresh produce and plants for the neighborhood. They also will be retrofitting a neighboring triplex of row houses with DC power. The row houses will demonstrate the ease of use and energy savings achieved through DC power. Camillus says the end result will be an innovative DC microgrid serving multiple institutions in Homewood.

Camillus relied on MBA students in his Business of Humanity® course to develop a business plan ensuring the profitability of the greenhouses. To ensure that the engineering was sound, Camillus and Bidanda received support from local technology companies as well as experts in DC power in India. Also, a group of business and engineering students and alumni have started a company, SolarCell Design LLC, to design and implement DC systems, starting with the Homewood projects.



Camillus is partnering with the Narottam Lalbhai Rural Development Fund and Ahmedabad University on the project, which will start with 50 households before later expanding to more than 250 households. The goal is to create a model for replication elsewhere in India and other emerging economies. Once the homes have power, a new world of possibilities will exist. Suddenly, impossible things like electric light for studying at home, charging a cell phone, having access to the

Meanwhile, Pitt School of Social Work faculty member John Wallace has provided the land and buildings in Homewood. The DC power projects fit into Wallace's ongoing social enterprise initiative, the Oasis Project, through which he intends to create a sustainable food ecosystem in Homewood.

"The marriage of the School of Social Work and the business school, with a focus on social entrepreneurship and social enterprise, is an exciting opportunity," says Wallace, who in addition to being the Philip Hallen Chair in Community Health and Social Justice also holds secondary appointments at Katz and the Department of Sociology.

The Homewood project is only one prong of the DC HEART project. Simultaneously, they are pursuing an effort to build a DC power microgrid for poor rural households in Gujarat, India. The residents have extremely limited access to electricity. They rely on kerosene for lighting, and firewood or dried cow dung for cooking. Since the majority of homes are poorly ventilated, the occupants are exposed to harmful particles, with more than 500,000 women dying annually as a result.



Internet, operating a water purification plant, or running a fan to help with home ventilation are possible. Camillus says the business plans for this "self-sustaining, total quality-of-life system" were also designed by students in his Business of Humanity® course.

"Once you provide power, you can bring them from the Middle Ages to modern times," Camillus says.

The Indian and Homewood projects are designed to stimulate transnational innovation. Camillus says the latest DC microgrid technology from India will be brought to Homewood, and Homewood's experience of using greenhouses as income-generating opportunities in low-income communities will be exported to India.

DC HEART is part of Camillus and Bidanda's broader Business of Humanity® (BoH) project. The BoH project designs and demonstrates strategies by which businesses generate greater profits, while simultaneously better serving societal needs. The project has received \$1 million

in funding from several university, government, and foundation sources, and has significant long-term support from the Beall Family Foundation.

"When you recognize the extreme complexity and uncertainty caused by globalization, the demands of multiple and increasingly powerful stakeholders, and the necessity of innovation, the Business of Humanity® project offers a potent strategic response to all of these forces," Camillus says.

Prominence as a Plan

In the 1990s, the School of Business Administration, like the University of Pittsburgh as a whole, was known as a regional school. International acclaim would come later.

"The question was, 'How does one build an environment that can be nationally acknowledged as having certain qualities of excellence that would enhance the national reputation of the school?'" recalls H. J. Zoller, dean emeritus and professor of business administration, who served as dean of the business school from 1968 to 1996.

"It was almost ridiculous to think we could compete with the mother church schools in accounting and marketing and finance. They had far more people than we did in these areas. We would always be fighting to catch up. The long-range solution was to increase the size and quality of the faculty in those areas, but this would take time. The re-opening of the undergraduate business school was the answer to that challenge, but in the short run, the school needed a solution that would pay dividends more quickly," he says.

School administration therefore chose to focus on "new and underdeveloped" areas where it would be easier to make a difference.

At that time, information technology and business ethics fit the objective. Zoller says the school tried to hire as many of the top faculty members as it could in these fields. Another way the school distinguished itself was by being one of the few institutions to offer a one-year MBA program. The combination of new hires for the new undergraduate program, an emphasis on information technology and ethics and social responsibility, and a concentrated public relations program provided a strategy that worked. Katz was once ranked in the top 25 of graduate schools in *U.S. News & World Report* and in the top 10 in the two disciplines it had chosen as concentrations. As enrollment continued to increase, the school was able to hire more faculty members in the other disciplines, making it competitive with the country's best business schools.

In the 1960s, Professor Emeritus of Business Administration Bill Frederick, one of the country's most distinguished authors and researchers in ethics and corporate social responsibility, helped to anchor the newly established faculty group in ethics and social responsibility. He worked with colleague James Wilson to recruit a world-class faculty group with diverse disciplinary orientations. The ranks grew to include Barry Mitnick (political science), David Blake (international affairs), Ian Mitroff (philosophy of science), Donna Wood (sociology and history) and Mildred S. Myers (management communication and research), among others.

"From the early 1970s, well through the '80s and '90s, Pitt had one of the strongest programs in the country," Frederick says.

Faculty members held the top leadership positions in the Academy of Management's Social Issues in Management (SIM) division, the Society for Business Ethics,

the Society for Advancement of Socio-Economics, and the International Association of Business and Society. Frederick, Mitnick, and Wood each went on to win the Summer Marcus Award from the SIM division of the Academy of Management, the highest award in the field. In 2001, the World Resources Institute ranked Katz as tied with the Wharton School at the University of Pennsylvania for No. 1 in the world for research in the area of business and society. In 1998, the faculty was ranked No. 1 in the world in terms of research productivity at the annual meetings of the SIM division of the Academy of Management.

The doctoral program in the business ethics and social responsibility disciplines grew as well. Graduates included Rogene Buchholz (PhD '74), Legendre-Soule Professor of Business Ethics Emeritus at Loyola University College of Business Administration, New Orleans; James E. Weber (PhD '88), a professor of business ethics and former executive director of Duquesne University's Beard Institute for Ethics at the Palumbo-Donahue School of Business; Kathleen Getz (PhD '91), dean of Loyola University Chicago's Quinlan School of Business; and Diane Swanson (PhD '96), professor of management and Edgerley family chair in business administration at Kansas State University's College of Business Administration.

"These and other PhD graduates went on to build their own careers in corporate social responsibility, which extended the influence of the Pitt Business school very widely," Frederick says.

Zoller and Frederick said Pittsburgh was a welcoming environment in which to establish the business ethics and social responsibility program. In the early 1970s, Pittsburgh was third in the United States for its concentration of



John Camillus (center), with colleagues Bopaya Bidanda and John Wallace, at a vacant lot in Homewood that is the future site of sustainable greenhouses run on DC electricity and solar panels.

Fortune 500 company headquarters, trailing only New York City and Chicago. Gulf Oil, Rockwell, and Koppers Co. were among the corporations that once made Pittsburgh their home. Frederick says Pittsburgh CEOs were receptive to working with Katz professors on social responsibility research. They sought guidance on government regulation, environmental impact, worker safety and health, and racial and gender discrimination within their companies.

"It was a two-way street. They profited from our ear, and we profited from having good examples to give others in our writing and research," Frederick says.

The positive relationships with Pittsburgh's business leaders have continued through the years. Frederick says it is fitting that the school's new chair in ethics will be named after Zoufer. "We could not have progressed

without his leadership and the protection he offered to the whole CSR area. He was a hero in that sense," Frederick says.

Origins of Student Work in the Community

In the late 1990s, as Katz was building up its faculty group in business ethics and social responsibility, students started tackling projects to help small businesses in Pittsburgh's inner city, many of which were minority-owned and run by people who did not have a formal business education. Student William Tige Tita (MBA '70, PhD '77) created the volunteer effort, which became known as the Student Consulting Project.

As popularity of the Student Consulting Project grew, it was converted into a for-credit course called Experience in Entrepreneurship and Small Business Management. Clarence Curry (MBA '71), now senior diversity coordinator of the Sports & Exhibition Authority in Pittsburgh, taught the class for about 20 years until 1995. The course, which ultimately supported about 100 Pittsburgh small businesses, was the genesis of Pitt's Small Business Development Center, which then became the Institute for Entrepreneurial Excellence.

In his student consulting project, Shekar Narasimhan (MBA '73) worked with a family-owned retail store downtown. The owner was seeking a \$50,000 bank loan to make renovations and reinvest in other

areas of the business. He was denied the loan, however, because his financial records were not in order.

"His biggest problem was that all of his accounts were in a shoebox. I got him a part-time accountant who organized his records and who made sure his payroll taxes were paid on time," Narasimhan recalls.

The experience had a profound effect on Narasimhan. After graduation, he sought a position in economic development and ended up in about the farthest place from Corporate America — a coal town in Kentucky's Appalachian Mountains. Narasimhan was executive director of the David Community Development Corporation. His job was to revitalize the town, which had all but collapsed after the coal mine in which everybody worked closed down. His organization created a financing system that enabled people to buy homes and repay the loan to buy the town. The organization funded a water and sewer system, a fire station, and the construction of several new homes. All were small but important steps to rebuild the economy.

Today Narasimhan is co-founder and managing partner at Beekman Advisors Inc., a Washington, DC, firm offering real-estate advisory services. He is also the chairman of Papillon Capital LLC, a venture capital firm investing in early-stage startups that create sustainable businesses in emerging markets. Narasimhan is also serving on President Obama's Advisory Commission on Asian American and Pacific Islanders (AAPI).

"Pitt Business taught me that there were legitimate business ways to help others. I don't know if giving can be taught. But ethics can be taught," Narasimhan says. "People should be working in the community and giving back. You never know what effect it can have on your life."

The Next Generation of Progress

Students today continue to be heavily involved with consulting-based projects that help local businesses and other organizations. This past spring, MBA student Claire

Marcus was one of two students to complete projects for Phipps Conservatory and Botanical Gardens in Pittsburgh. Phipps

sought Marcus's help in reaching a more diverse audience for youth science education programs. The other project examined the therapeutic benefit of plants and greenery in hospital settings. Marcus was a good fit for her project because of her background in nonprofit management. She previously worked in Pittsburgh as education director for the Pittsburgh Center for the Arts, in San Francisco for an organization that provided discounted legal services for artists, and in New York City for an organization that placed artists as teachers in schools in low-income areas.

"The nonprofit world is led by passionate, mission-driven professionals. But in many cases, they have not had the formal training that would enable them to anticipate, prevent, and manage business-related challenges," Marcus says. Her MBA concentration is in marketing, and she plans to work in private industry before starting her own consulting business for nonprofits.

The David Berg Center for Ethics and Leadership offered this experience to Marcus through the BNY Mellon Corporate Social Responsibility Fellows program. The program's real-world experiences can lead to job offers. MBA student Kristy Murray, who will graduate this summer, joined

The PNC Financial Services Group as vice president, environmental and social risk officer in January. As a Katz BNY Mellon CSR Fellow, Murray and her partner Kendall Simon created an International Rating System Matrix to identify and link

specific sustainability criteria of the Global Reporting Initiative, Dow Jones Sustainability Index, and Carbon Disclosure Project with Sustainable Pittsburgh's Southwestern PA Sustainable Business Compact.

"The Berg Center CSR Fellowship has proven to be the single-most valuable and influential experience of my MBA program," Murray says.

Many experiences exist at the undergraduate level as well. Students completing the 16-credit Certificate Program in Leadership and Ethics (CPLÉ) have completed dozens of projects for Pittsburgh nonprofits and businesses since the program's inception. They have done everything from help Pittsburgh Guitars implement a new scholarship program to help UPMC better understand its hospitals' energy and sustainability impact. CPLÉ students are involved in other ways as well. This past summer, 11 CPLÉ students completed ethically focused internships with such Pittsburgh organizations as the Alcoa Foundation, Pittsburgh Public Schools, Asbury Heights, and Habitat for Humanity.

"We offer students the soft side of what is needed to be successful in business. They learn that leadership without ethics is not good leadership, nor is ethics without leadership very effective," says Heidi Bartholomew, interim director of the Berg Center.

This past year, the Berg Center also provided \$40,000 in funding for ethics and social responsibility research across a wide range of disciplines. Assistant Professor of Business Administration Dave Lebel, for example, has studied which conditions are optimal for encouraging

employees to speak up and challenge management in corporate settings. The feedback prevents organizations from falling prey to the bystander effect, which occurs when an employee sees unethical behavior but does nothing.

Despite Pitt Business having a rich legacy and promising future in the areas of business ethics and social responsibility, the school is not immune to resistance from some faculty members who question the need for business ethics as a separate subject. This questioning occurs at every school across the world.

Professor of Business Administration Barry Mitnick, who in 1973 was one of the two independent originators of the theory of agency, says business ethics is often misunderstood. "We believe the area often labeled 'ethics' in business schools is a core area of management. Many academics in other business school fields, including some of my colleagues, don't understand this. They think ethics courses involve moral teaching — indeed, they see it as preaching. It has nothing to do with preaching morality and has everything to do with understanding how decisions with ethically distinct (as well as, often, legally compliant) consequences are made in business, and how firms can be managed to engage and respond to the demands of diverse stakeholders."

Mitnick says the study of business ethics is as relevant today as ever given the wave of corporate fraud scandals dating back to Enron in the early 2000s, the financial crisis of 2008, and many recent regulatory crises.

"The inadequacy of ethics education and the lack of recognition for ethics scholarship in some business schools today is a major problem in business education but it's also a major opportunity," Mitnick says.