

Mendenhall, Allen, Daniel Sutter, and Walter E. Block, 2025. "Business Schools Are Going Woke." *Journal of Private Enterprise*, 40(2): 73-98.

Business Schools Are Going Woke

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Abstract

One would think that business schools, of all colleges at the university, would be the least likely to go woke. After all, the study of markets takes place therein, and that ought to be sufficient immunization against the incursion of this intellectual deficiency. But the facts of the matter are otherwise. In this paper, we try to establish the facts of the matter and make the case that this shift is unwarranted.

JEL Codes: Z0

Keywords: woke; politically correct; business schools; Marxism; ESG

I. Introduction

For much of the postwar twentieth century, businesses remained detached from politics and social causes. Their political participation narrowly focused on policies closely related to their operations. Companies avoided alienating potential customers by taking partisan sides. Today, businesses support issues far removed from their operations: bathroom bills, sex education, or election integrity. This new role of firms has been dubbed "woke capitalism." The Business Roundtable's 2019 redefinition of the purpose of corporations¹ is widely viewed as a watershed moment in this trend. But several events and

¹ See Business Roundtable, "Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans,'" August 29, 2019.

factors have accelerated the notion that business schools should, and are uniquely equipped to, ameliorate complex social and environmental problems, including Brexit (Davies 2016; Boussebaa 2020), race relations after the murder of George Floyd (Francis 2020; Moules 2020), and the COVID-19 pandemic and government lockdowns (Mousa 2021; Laasch et al. 2022; Krishnamurthy 2020).

Here we examine the spread of so-called wokeness into business schools and business education. The elements of wokeness are readily identifiable: environmental, social, and governance (ESG); diversity, equity, and inclusion (DEI); corporate social responsibility; the stakeholder model of the corporation; and sustainability as a core element of business. Scholarly research on these subjects represents one aspect of wokeness in business education. Another is the emergence of programs and centers on these topics in business schools. For instance, students at the Hass School of Business at the University of California Berkeley can enroll in programs and centers² focused on sustainability.³ The Wharton School of the University of Pennsylvania has launched an ESG initiative⁴ with certifications⁵ and a major.⁶ It also adopted programming,⁷ an undergraduate concentration,⁸ and an MBA major in DEI.⁹ This notable example is just another of several revealing how business schools are trending toward leftism rather than staying out of politics.

Yet the existence of scholarship or programs on ESG, DEI, or corporate social responsibility does not tell the entire story. The economics profession has always included some Marxist socialists, but their presence never made the discipline socialist. Business schools were, historically, all things to all people because their alumni populate diverse fields. Alienating executives or their industries might offend donors, alumni, employers, and prospective students (and their parents), so business schools, arguably like businesses, would not take that risk.

² University of California Berkeley, “Sustainability at Hass.”

³ On the wokeness of business schools see Byrne (2022), Hodgson (2022), Ready (2023), and Sheehan (2000); Rhodes (2022) disagrees.

⁴ Wharton School, “The ESG Initiative at the Wharton School.”

⁵ Wharton School, “Wharton Launches ESG Executive Certificate Programming.”

⁶ Wharton School, “MBA Major: ESGP: Environmental, Social and Governance Factors for Business.”

⁷ Wharton School, “Diversity, Inclusion and Belonging at the Wharton School.”

⁸ Wharton School, “Diversity, Equity & Inclusion (DEI) Concentration.”

⁹ Wharton School, “MBA Diversity, Equity & Inclusion (DEI) Major.”

To sustain the charge that business schools are “going woke,” we focus on systemic forces driving a potential transformation of business and business education. We consider external constituencies, like the United Nations, and the premier business school accreditation agencies, the Association to Advance Collegiate Schools of Business (AACSB) and the European Foundation for Management Education. We also examine the United Nations Principles for Responsible Management Education (PRME) initiative. A panel of university presidents, business deans, and other leaders convened by the UN Global Compact formulated the initiative. The principles are built around the idea that companies must accelerate social change and that business education must embrace this transformation (see table 1). AACSB, the European Foundation for Management Education, and PRME are leaders within a broader push for fundamental changes in business education that followed the Enron and WorldCom scandals (Prentice 2002; Mangan 2006; Cabrera 2011; Podolny 2009) and gained momentum after the 2008 financial crisis (Cornuel and Hommel 2012; Holland 2009).

Table 1. Principles for Responsible Management Education

1. Purpose	We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.
2. Values	We will incorporate into our academic activities, curricula, and organisational practices the values of global social responsibility as portrayed in international such as the United Nations Global Compact.
3. Method	We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
4. Research	We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.
5. Partnership	We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.
6. Dialogue	We will facilitate and support dialogue and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

Source: Principles for Responsible Management Education, “What We Do.”

Before detailing the roles of accreditors, the PRME, and the United Nations, we first define wokeness in business and business education. We contend that the common element among ESG, DEI, corporate social responsibility, and sustainability is a transformation of the purpose of business from pursuing the shared interests of the parties involved to serving as a tool of social change and social engineering. Wokeness in business education embraces this transformation of the role of business and investment. Implicit in commanding businesses to be agents of social change is the delegitimization of both profit and the liberty of voluntarily organized enterprises to pursue their chosen goals. Today, business schools embrace political activism and controversial social causes. Purporting a rebranding and refocusing on the pursuit of social good,

they subvert businesses' traditional forms and functions. Insisting that the market system must change, after all, implies that business as now practiced is not sufficiently respectable, reliable, or ethical.

The remainder of this paper is organized as follows. In section 2, we discuss wokeness in business as a transformation of previous practices. Section 3 discusses the role of external actors like the United Nations and the Aspen Institute, while section 4 examines pronouncements of AACSB and the European Foundation for Management Education for elements of wokeness. Section 5 offers a deeper analysis of PRME and its signatory business schools. Section 6 concludes.

II. Wokeness in Business and Business Education

Wokeness emerged as a term within the analysis of racism in society. It described awareness of the depth and extent of alleged racism in modern society and the multifaceted elements of systemic racism. The term broadened, however, to signify the entire worldview of critical race theory, exemplified by Crenshaw (1991), Kendi (2019), and DiAngelo (2018), which has been characterized as a religion (McWhorter 2021; Ramaswamy 2021). DEI is the prominent programmatic manifestation of wokeness.

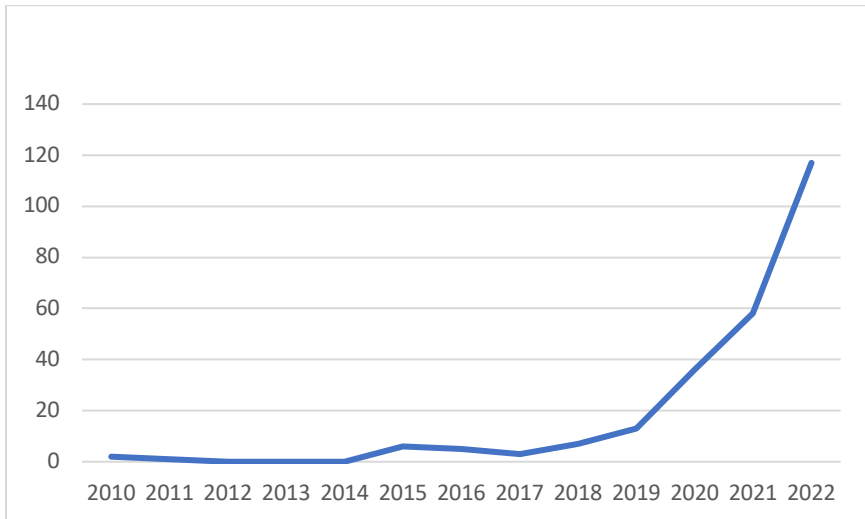
Ross Douhat highlighted the application of wokeness to business. In this context, *wokeness* expanded to include ESG and the corporation's stakeholder model in addition to DEI (Ramaswamy 2021; Soukup 2021; Foss and Klein, 2022). This broader application of *wokeness* expands to concerns about other forms of alleged societal oppression—for example, sexism and LGBTQ+ rights—and emerges from critical theories and intersectionality (Pluckrose and Lindsay 2022; Abbott et al. 2023).

A common theme of these various critiques is the need to harness business to pursue social change or social engineering. Viewing business as a tool for advancing progressive causes epitomizes wokeness. An important element of this transformation is delegitimizing profit. Socially responsible investing and stakeholderism are traceable at least to the 1980s, and various corporate scandals provoked calls for changes in business and business education. A firm that pursues profit while following the law—the essence of the Friedman Doctrine (Friedman 1970)—is illegitimate or insufficiently licit by woke standards. ESG demands that businesses do more than merely follow the law; they must embrace and advance the progressive agenda.

To identify wokeness in business education, one might simply search for expressions of the elements of wokeness in scholarship or

the curriculum. Consider, for example, research on ESG. The impacts of climate change on financial risk, corporate governance on firm performance, and ESG investing on financial markets are all reasonable topics for scholarly investigation in finance. We would expect then that academic research on ESG experienced a takeoff. Figure 1 presents evidence confirming this expectation. The graph displays the count of the number of journal articles by year with the term “ESG” in the EconLit database (which also includes most finance journals). As expected, the count goes from single digits to over a hundred in 2022.

Figure 1. Papers with ESG in the title



Source: Authors' calculations from EconLit.

We could readily produce a dozen similar graphs documenting increased scholarship on corporate social responsibility, ESG, stakeholderism, and DEI in academic journals or books. Yet we do not think a dozen (or more) such graphs would demonstrate in a meaningful sense that business schools have gone woke.

Business schools are part of universities supposedly embracing academic freedom. Faculty, in exercising their academic freedom, engage in research and teaching on a wide range of topics reflecting a wide range of viewpoints. Experts conduct research at universities and business schools and convey accumulated knowledge to students. Academic freedom empowers faculty to conduct research

from various perspectives and on numerous topics, encouraging and protecting heterodox scholars deviating from dominant paradigms. CSR, ESG, stakeholderism, and DEI are hypotheses about organizing businesses or direct investment to achieve success. For example, stockholderism and stakeholderism are competing theories about running corporations; business faculty should examine and evaluate these and other hypotheses in their research. Intellectual diversity also requires business schools to tolerate dissenting viewpoints that challenge those ideals advanced by AACSB, the United Nations, PRME, and others.

Consequently, a claim that business schools are going woke must involve more than simply documenting the emergence of the elements of wokeness (DEI, ESG, corporate social responsibility), as figure 1 does. No volume of research activity on ESG or corporate social responsibility is necessarily problematic if business schools preserve intellectual diversity and academic freedom. Even degree programs on these topics are to be expected. Universities should build degree programs around outstanding faculty or centers of faculty excellence. An entire business school focused on and promoting one of the elements of wokeness would be just part of healthy viewpoint diversity in higher education. In a robust and healthy environment, some business schools could be entirely centered around the Friedman Doctrine.

We, therefore, turn to the more systemic elements of business education to sustain a charge of wokeness. Higher education, especially in the United States, is decentralized, with hundreds of independently governed and operated institutions. However, universities are subject to external forces. Most significantly, accreditation is a systematic influence and homogenizing force, pushing universities generally and business schools particularly to promote DEI.¹⁰ We focus on the premier business school accreditors, AACSB and the European Foundation for Management Education. Business schools need not maintain specialized accreditation to award business degrees. Unlike in fields such as medicine, law, or education, business schools do not feed graduates into a regime of occupational licensing empowering specialized accreditors with formal gatekeeping powers. Business schools desire accreditation, however, because of its perceived prestige

¹⁰ See Karen Sloan, "U.S. Law Students to Receive Anti-bias Training After ABA Passes New Rule," Reuters, February 14, 2022. Florida launched a lawsuit against the US Department of Education over this matter (Knott, 2023).

and influence across higher education. It is the closest approximation of official doctrine in business education. PRME, as we detail in section 5, is part of the United Nations' global effort to reconstitute business. Its principles, from the time of their formalization, have embraced business transformation.

III. External Influences

Numerous external constituencies have sought to transform business conduct and, by extension, business education. These constituencies lend authority and, in many cases, financial resources to the cause of wokeness in business education. We mention several but primarily focus on the United Nations' efforts to transform business to advance its political goals.

The United Nations has inserted itself into business education through the UN Global Compact, launched in 2000 and connected with the Principles for Responsible Investment. The compact engages business and boasts 22,356 participant companies from 162 countries. Its latest strategy report states, "We must accelerate and scale the global collective impact of business, uphold the Ten Principles of the Global Compact, and contribute to delivering the Sustainable Development Goals (SDGs) through companies committed to responsible business practice and through ecosystems that enable positive change" (UN Global Compact 2021).

One initiative of the UN Global Compact was to launch ESG through a 2004 conference and subsequent publication, *Who Cares Wins*. The goal was to transform global finance into a tool of social engineering with the specific goal of achieving sustainable development. The plan was broad and ambitious, with roles for financial institutions, financial analysts, investors, and pension managers. Higher education received little attention in this report, but business schools were invited to "support financial analysts' work in this field by contributing forward-thinking research on ESG risks and opportunities and the related business and investment case, of both a strategic and quantitative nature" (*Who Cares Wins*, p. 10).

The UN Global Compact lays out a role for commercial endeavors going far beyond pursuing business owners' goals while complying with the law. The Global Compact features ten principles within four categories: Human Rights, Labour, Environment, and Corruption. The first two principles offer these commandments on human rights: "Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they

are not complicit in human rights abuses.” Several principles seem benign, calling for eliminating forced labor, for instance. Clearly, however, they set down several normative—and, for signatory businesses, legal—conditions concerning the conduct of firms.

The Global Compact also involves the double-edged sword of woke business in that corporations committing to the compact principles gain widespread recognition and access to capital and investment. Signatory companies enjoy improved ESG profiles from numerous private ratings agencies. Positive ESG ratings enable publicly traded companies to attract individual and institutional investors. The Global Compact also relates to the UN SDGs, adopted in 2015. Table 2 lists the seventeen SDGs, which clearly involve goals beyond profit maximization. They represent another means of harnessing businesses (and other organizations) to advance the UN’s political goals.

Table 2. UN Sustainable Development Goals

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1. No poverty.
 2. Zero hunger.
 3. Good health and well-being.
 4. Quality education.
 5. Gender equality.
 6. Clean water and sanitation.
 7. Affordable and clean energy.
 8. Decent work and economic growth.
 9. Industry, innovation and infrastructure.
 10. Reduced inequalities.
 11. Sustainable cities and communities.
 12. Responsible consumption and production.
 13. Climate action.
 14. Life below water.
 15. Life on land.
 16. Peace, justice and strong institutions.
 17. Partnerships for the goals.
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Source: UN Development Programme, “Sustainable Development Goals.”

An evaluation of the SDGs is beyond the scope of this paper.¹¹ The individual goals are stated so innocuously that seemingly hardly anyone could object. Yet the primary purpose, we believe, is part of UN efforts to induce businesses and business schools to sign on to the Global Compact. The details of exactly what signing will entail can come from bureaucrats later.

We do, however, briefly remark on the first SDG, “No poverty.” While unobjectionable as a goal, poverty is humanity’s natural state, and its elimination requires prosperity. The market economy is the only institution capable of generating prosperity (Otteson 2021). Businesses pursuing the traditional profit goal while complying with the law, as in the Friedman Doctrine, have been the driving force here. Businesses (and markets) have lifted billions of people out of extreme poverty. The proposed repurposing of businesses as auxiliaries of government—the Global Compact—significantly threatens the achievement of this SDG.

We also note the role of external constituencies and government regulators in pushing ESG and sustainability in business. Efforts to construct ESG metrics and advise businesses on improving ESG scores or to comply with the Sustainable Accounting Standards Board rule create a demand for graduates trained with these skills. Business schools will not offer courses and degree concentrations to provide this training. Faculty expertise in ESG or DEI can also be leveraged for lucrative consulting opportunities and high social-impact activities.

The UN is not alone in encouraging business schools to focus on social change. The World Wildlife Fund, Oxfam International, and the UN Global Compact created a Positive Impact Rating for business schools tied directly to AACSB standards.¹² The Aspen Institute’s Business and Society Program collaborated with the UN Global Compact in crafting the PRME. While external constituencies are important, they do not possess decision-making rights over the business curriculum. Consequently, we turn now to accreditation.

IV. Accreditors

Founded in 1916, AACSB has accredited business programs for over a century. It became an international accreditor of business schools during the 1980s and ’90s, a period of rapid globalization. AACSB

¹¹ McGee and Block (2023) suggest that teaching the SDGs as part of the curriculum could require the teaching of bad economics.

¹² See Positive Impact Rating for Business Schools, “Who We Are.”

brands itself as “a global nonprofit association” that “connects educators, students, and business to achieve a common goal: to create the next generation of great leaders.”¹³ The European Foundation for Management Education is a much more recent entrant, founded in 1972, and its membership is largely drawn from Europe.¹⁴ We focus more on AACSB because of our greater familiarity with its efforts.

Our focus on AACSB and the European Foundation for Management Education is motivated by previous research documenting professional associations and accrediting bodies as channels through which DEI and other elements of progressive doctrine have been disseminated across higher education and the professions. For example, in social work, the major accreditor, the Council on Social Work Education, has long emphasized equity and, in 2022, required that anti-racism, diversity, equity, and inclusion be included across the curriculum and that “faculty and administrators model antiracist and anti-oppression practice” (quoted in Farber 2023, p. 20). The Society for Social Work Research, the organizer of a leading conference and publisher of a top-ranked journal, now emphasizes that research must advance social justice, decolonization, and anti-oppression in practice (p. 22). The foremost professional association in anthropology regulates its conference programming to align with progressive ideologies (Weiss 2024). The American Sociological Association enforces progressivism in the profession in numerous ways, perhaps most notably and uniquely through its teaching journal (Riley 2024).

Given our definition of wokeness in business, we consider and offer evidence of AACSB and the European Foundation for Management Education accepting or supporting the transformation of business into a tool of social engineering in its activities. An initial piece of evidence is both groups’ support of PRME. Each was involved in drafting PRME and serves on the PRME steering board.

We begin with AACSB’s own words, in its stated vision, which is to “transform business education globally for positive societal impact.”

The verb *transform* is revealing. Merriam-Webster defines it as “to change in composition or structure,” “to change the outward form or appearance of,” or “to change in character or condition.” AACSB’s

¹³ See AACSB, “About Us.”

¹⁴ See European Foundation for Management Education, “About EFMD.”

vision thus advocates *changing* business education. If *change* means to “make different,” “make radically different,” or “give a different position, course, or direction to,” then AACSB seeks to do those things to business schools.

We believe the emphasis on change and transformation is significant. Repurposing business as a tool of social transformation and engineering represents an enormous change. Businesses in the free market economy have historically been voluntary organizations pursuing the goals of their founders and, ultimately, the customers paying for the goods and services offered for sale. Business and the resulting market-tested betterment have driven the Great Enrichment (McCloskey 2006, 2010, 2014). Businesses surmount, entirely voluntarily, a host of opportunities for the various participants to expropriate the assets invested in an enterprise (Williamson 1985; Cowen 2019; McLean 2023). Voluntarism and each party’s ability to say “No, thank you” at any time ensure that everyone is treated with dignity and respect (Otteson 2019). Pursuing profit favors merit over prejudice and discrimination (Becker 1957; Block 1992; 1998; Sowell 1975; 1983; Williams 1982; 2011).

Informed observers might feel that business requires no transformation. The underlying woke initiative requires foundational change. The Business Roundtable’s redefinition of the corporation’s purpose highlights that business’s new function requires transformative change. Consequently, every voice raised supporting change in business and business education contributes to the impression that the old ways cannot be maintained. Even changes unrelated to what we term wokeness place defenders of the traditional purpose of business on the defensive and contribute to a perception that defense of the old ways is futile.

AACSB’s stated values include “Diversity, Equity, Inclusion, and Belonging,” “Global Mindset,” and “Social Responsibility.” Inclusion is desirable, and commerce, of course, motivates business owners and consumers to value quality products and low prices regardless of a person’s race, religion, or sexual orientation. Higher education, including the elite universities of the Ivy League, historically discriminated against marginalized groups and excluded women until nearly 1970. DEI, however, is grounded in critical race theory, which casts society as permanently partitioned into oppressors and oppressed based on skin color (McWhorter 2021; Pluckrose and Lindsay 2020). The Social Responsibility principle rejects the

Friedman Doctrine. Consequently, AACSB's stated values embrace the woke transformation of business.

The organization's embrace of "societal impact" offers further evidence of aspirational transformation. The AACSB website asserts, "With a vision to transform business education globally for positive societal impact, AACSB is using a collective framework to rethink the business philosophy and leadership competency model for the 21st century."¹⁵

Societal impact as the justification for business education undercuts the rationale of the traditional academic project. If teaching and research are not sufficiently impactful on society, why do universities—let alone business schools—exist? The societal-impact criterion inadvertently equips critics who have argued that business schools should not exist at all (Conn 2018; Parker 2018a; 2018b). An emphasis on societal impact beginning now suggests that prior teaching and research did not benefit society. The current emphasis on impact could also be intended to push business schools into advocacy.

The perspectives AACSB advances through its publications, events, and seminars warrant critical examination. We start with its publication *AACSB Insights*. To be clear, these articles frequently bear disclaimers that "the views expressed by contributors to AACSB Insights do not represent an official position of AACSB unless clearly stated." Yet organizations rarely publish pieces entirely hostile to their views and values. In addition, AACSB publishes no articles disparaging ESG or arguing that *societal impact* is an empty signifier. Editorial selection allows AACSB to advance political positions without claiming an official endorsement.

One such article is titled "Time for Educators to Lead on Societal Impact," which criticizes the profit motive and advises educators to become "change agents" who advance ESG, among other doctrines (Cadotte and Agrawal 2022). More examples abound. Marco De Novellis (2022a) celebrates business schools that champion "people over profit" by "combatting global health challenges," "promoting sustainability," "supporting social enterprises," providing scholarships for Ukraine, and "inspiring new generations" through programming regarding communities, COVID lockdowns, mentorships in refugee camps, and more. In another piece, De Novellis (2022b) presents case studies of three business schools—

¹⁵ AACSB, "Societal Impact at AACSB."

Griffith University, University of North Carolina Kenan-Flagler Business School, and Bocconi School of Management—to suggest that business schools everywhere should incorporate sustainability and ESG into their operations. He boldly asserts, “From leadership to faculty and student clubs to campus building designs, schools need to work from the top down and the bottom up to create a sustainability culture and drive change.”

Nicole de Fontaines (2023) uses *AACSB Insights* to promote “leadership based on collective, not individual, effort.” She opens with the alarming yet contestable assertion that “we are headed for environmental catastrophe if we do not take urgent action.” Her advice for business schools: “integrate sustainability throughout core curricula”; “train students to be comfortable with complexity”; “highlight interconnections,” meaning “links between socioeconomic inequalities and the environmental crisis”; and “partner with practitioners.”

Vishal Agrawal (2021) leverages *AACSB Insights* to market his school’s Business of Sustainability Initiative. This initiative “focuses on how managers can create long-term value by embracing opportunities and managing the risks that derive from economic, environmental, or social developments,” which is to say, from ESG.

Consider, as well, these titles from *AACSB Insights*: “The Social Responsibility of Business Schools” (Read 2022), “Promoting Societal Impact Through an ESG Lab” (Hillman 2023), “Mapping ESG Content and the SDGs to PhD Programs” (Batten 2022), “Operationalizing Societal Impact” (Steidle and Henderson 2023). Then there are instructional videos such as “Committing to ESG Outcomes.”¹⁶ The gist is clear: AACSB has taken sides on ESG and does not support or advertise contrary viewpoints.

The cry that business schools must change has become a refrain. “Business schools must change dramatically if they are to continue to add value and make a positive impact on the world,” says Jean Charroin (2022) in *AACSB Insights*. “As organizations with missions to improve the practice of management,” declares *Harvard Business Review*, “business schools must do much more to raise awareness of climate change in the business community and to show how business and management can address the challenges climate change presents” (Galdón et al. 2022). “In the end,” writes Andrew Hoffman (2023), “there is a powerful need for change within business and within business education.” It is common to

¹⁶ AACSB, “Committing to ESG Outcomes,” February 22, 2023.

find articles with such titles as “Why Business Schools Need Radical Innovations” (Schlegelmilch 2020).

Finally, we note AACSB’s recent embrace of the UN SDGs (McGee and Block 2022). At this point, business schools need not demonstrate fealty to the SDGs to retain accreditation. But as detailed in section 3 and further discussed in section 5, the UN has been at the forefront of the effort to harness businesses to serve social engineering. The SDGs themselves go beyond actions that businesses would pursue to produce goods and services for profit. The modest reference by AACSB could, in isolation, be dismissed as virtue signaling at best. But as an element of a more than two-decade trend, it conceivably represents yet another step to repurpose business—and hence go woke.

The European Foundation for Management Development’s accreditation assessment system features three pillars, the third of which is “Ethics, Responsibility and Sustainability.”¹⁷ It also publishes *Global Focus*, with articles highlighting perceived trends and emphases in management education. One recent issue featured calls to “radicalise responsible management learning and education” (Laasch 2024) as well as engaging in responsible marketing (Voola et al. 2024). According to the former, business schools could stop fueling global crises by realizing that “we have a responsibility and opportunity to radicalise responsible management and learning.” (Laasch 2024, p. 13). Laasch goes on to promote “academic civil disobedience” and performative politics and the use of “theories and theorising as engines to change social realities and shape how they are governed” (pp. 16, 17). Responsible marketing would provide an antidote to traditional marketing, which has been “a contributing force to the many social and environmental ills that face the world” by serving “as a vehicle for increasing consumption of goods and services, with profound impacts on social, economic, and environmental outcomes” (Voola et al. 2024, p. 33). The responsible-marketing approach would “encourage ‘better’ consumer choices based on responsible or socially conscious attributes” and could reduce global inequality by implementing and promoting the U.N. Sustainable Development Goals” (p. 35).

To understand the shifting ideological landscape of business education, one should consider the changing composition of business school faculty. The growing prevalence of non-tenure-track

¹⁷ European Foundation for Management Education, “About EFMD.”

practitioners and instructors may have substantially altered these institutions' political and philosophical diversity (Queenan and Nargundkar, p. 184).¹⁸ Of particular significance is the heightened vulnerability of untenured faculty to administrative pressures, especially regarding curricular content. These instructors, lacking tenure protections, face more substantial institutional incentives to accommodate administrative directives—often shaped by AACSB accreditation requirements—to incorporate contemporary social justice frameworks and diversity initiatives into their coursework. This structural shift in faculty composition and job security may help explain the increasing prominence of woke elements in business education.

V. PRME

The UN Global Compact created PRME by convening an international task force between October 2006 and July 2007 consisting of around sixty “Deans, Presidents, as well as scholars committed to the idea of responsible management education” (What is PRME?). Beyond the UN Global Compact itself, the convening organizations for the task force were AACSB International, the Aspen Institute, the European Foundation for Management Development, the Globally Responsible Leadership Initiative, and Net Impact, a student organization. There were also five supporting or sponsoring organizations: the International Association of Students in Economics and Commercial Sciences, the European Academy for Business in Society, the Center for Business as Agent of World Benefit at Case Western Reserve University, Euromed Marseille, and the Lincoln Center for Ethics in Global Management at Arizona State University.

Table 3 displays PRME's six principles. PRME calls on signatory institutions to embody these principles: “We understand that our own organizational practices should serve as example of the values and attitudes we convey to our students” (UN Global Compact 2007, p. 4). This expectation is the so-called + principle; PRME features “6+ principles” (Godemann et al. 2014).

These principles might appear innocuous in isolation, but additional sources buttress the interpretation that the PRME represents a fundamental shift in the role of business and, consequently, business education. Consider PRME's website, which

¹⁸ The rise of non-tenure-track appointments is a trend across all higher education, not just business schools. See Colby (2023).

proclaims, “Working through Six Principles, PRME engages business and management schools to ensure that they provide future leaders with the skills needed to balance economic and sustainability goals, while drawing attention to the Sustainable Development Goals (SDGs) and aligning academic institutions with the work of the UN Global Compact.” One of the leaders of the 2006–7 task force recalls that effort: “The core question was not ‘Will Big Business Destroy—or Save—the World?’ Instead the summit focused on a cross-cultural search for the best in the Other in relation to breakthroughs, innovations, next practices, new solutions and higher visions of *business as an agent of world benefit*” (Cooperrider 2007; emphasis in original). The effort sought to move beyond “the false dichotomy embedded in ‘the great trade-off illusion’: the belief that good business must sacrifice outstanding performance if it chooses to address society’s well-being.” Finally, Godemann et al. (2014) describe PRME as follows: “[It] addresses the responsibilities of management education institutions in preparing today’s and tomorrow’s business professionals for the challenge of bringing about more responsible and sustainable business. It expects fundamental changes to the conduct of business, on the assumption that companies have wider responsibilities for society and the environment than simple profitability and meeting shareholders’ interest” (p. 16). And “PRME has been referred to as the key catalyst for the transformation of management education and the necessary changes required to meet increasing demands for a responsible economy. . . . As such, the initiative represents a multilateral effort to embed social responsibility and sustainability into management education institutions and core areas of education, research, and organization/operations” (p. 17).

We believe that PRME embodies wokeness in business education. The origins and diffusion of PRME membership consequently offer perspective on the diffusion of social responsibility, sustainability, and social change throughout business education.

Members of the task force drafting the principles—fifty-one individual participants were listed, plus another nine from the sponsoring organizations—hailed from twenty-seven different countries, including fourteen from the United States and sixteen from western Europe (UN Global Compact 2007). This distribution is consistent with Godemann et al.’s (2014) observation that PRME

initially had a strong US and European influence. Moreover, all the sponsoring organizations were based in the US or Europe.

Institutions must become signatories to PRME and then submit Sharing Information on Progress reports at least every two years. Institutions that have not submitted a report for over two years are categorized as noncommunicating signatories; compliant institutions are communicating signatories. Institutions exhibiting the greatest commitment are designated PRME Champions. As of March 2023, institution profiles revealed 576 and 300 communicating and noncommunicating signatories, respectively, plus forty-seven PRME Champions.

Institutions began joining PRME in 2008. Figure 2 reports the total number of PRME signatories worldwide at the end of each year; a second curve shows the total minus the noncommunicating signatories, institutions that have arguably dissociated themselves from the PRME.¹⁹ One hundred sixteen institutions, or 14 percent of total signatories at the end of 2022, joined in 2008. The number of new signatories ranged between thirty-five and sixty for the next eight years before jumping to seventy-three in 2017, a total also reached in 2019. The average number of new signatories was higher in 2017–22 than in 2009–16 (sixty-two versus forty-six). The number of noncommunicating signatories has increased dramatically over the past several years. Through 2018, only thirteen institutions failed to submit Sharing Information on Progress reports (see the first graph in figure 2). By contrast, eighty-four institutions became noncommunicating in 2022, with another eighty-six set to drop in 2023. Consequently, the total number of communicating signatories decreased for the first time in 2022, which Godemann et al. (2014) speculated would occur at some point. However, perhaps business schools fell behind on documentation reports during the COVID pandemic.

¹⁹ Noncommunicating signatories are dropped after two years following the last Sharing Information on Progress report entered on their PRME profile. An institution that submitted its last report during 2016 is included in 2017 and 2018 and then dropped beginning in 2019.

Figure 2. PRME signatories and communicating signatories by year

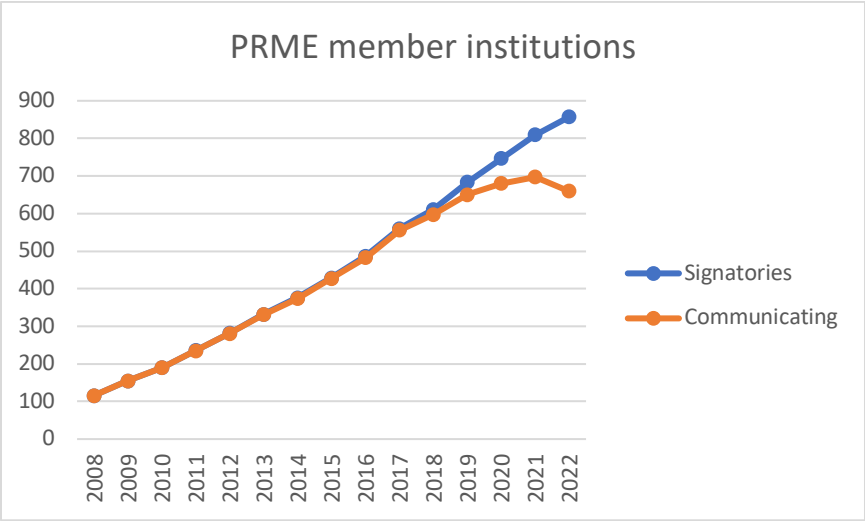


Table 3 presents a geographic analysis of PRME signatories. It reports a breakdown for four groups: all signatories at the end of 2022, the 2008 signatories, PRME Champions, and members of the initial PRME task force. Almost three-quarters of the 2008 signatories were from the US and western Europe, along with over half of the organizing committee and PRME Champions. Current signatories are more balanced: Among regions, Asia/Pacific ranks third behind western Europe and the Americas. Western Europe is undoubtedly overrepresented with PRME.

Table 3. PRME signatories by region

	Organizing committee	2008 signatories	PRME Champions	Current signatories
Africa	1	1	4	29
Americas	22	48	9	247
Asia/Pacific	12	14	9	174
Eastern Europe	2	9	4	98
Middle East	3	3	0	52
Western Europe	16	41	21	277
US & western Europe combined	53.6%	72.5%	51.1%	44.7%

How extensively has PRME, and by extension wokeness, diffused throughout business education? It depends on the count of potential PRME signatories. If we use all colleges and universities as the relevant universe, PRME signatories are a distinct minority. Table 4 reports signatories as a percentage of universities for selected countries among the twenty-five nations with the most such institutions of higher learning. PRME signatories amount to less than one-tenth of universities in all but one case and less than 4 percent in the United States. Some notable differences are apparent, however. The United Kingdom represents an outlier, with PRME signatories totaling over one-third of the nation’s universities, about 25 percentage points higher than the next-highest proportion (Canada).²⁰ Asian nations lag significantly, with PRME signatories amounting to less than 1 percent of Japanese and Indonesian universities.

²⁰ Universities by country are from Statista. Thirty-three of Australia’s forty-three universities are PRME signatories.

Table 4. PRME signatories as a percentage of a nation's universities

Country	Percentage
India	1.1
United States	3.6
Indonesia	0.1
China	1.1
Brazil	1.6
Mexico	1.5
Japan	0.3
France	7.0
Germany	7.8
Canada	8.8
United Kingdom	34.6

Sources: Authors' calculations using PRME Signatories and the number of universities in a nation reported by Statista.

Not all universities offer business programs, so the relevant population of potential signatories may be smaller than the count of all universities. AACSB International had 988 members worldwide as of June 2023, only slightly exceeding the total number of signatories. However, many AACSB members are not PRME signatories; in the US, there are 115 signatories and 550 AACSB members, and not all US PRME signatories are accredited by AACSB International.

Not all universities have equal influence. Elite universities disproportionately influence research and curricula and shape disciplines by training doctoral students. As one gauge of the diffusion of PRME among elite universities, we examined the *Financial Times* list of the top hundred MBA programs.²¹ Forty-eight of these business schools are PRME signatories, a percentage greatly exceeding PRME signatories as a percentage of all universities. The worldwide average obscures some pronounced geographic patterns. Less than a quarter of top US MBA programs are PRME signatories (eleven of forty-eight), while almost 90 percent of programs in Canada and Europe are signatories (twenty-eight of thirty-two).

²¹ See the list at *Financial Times*, "Business School Rankings: Global MBA Ranking 2021."

PRME has made significant inroads among highly ranked business schools, especially top European business schools.

VI. Conclusion

The effort to change business into a social-engineering tool or an agent of world betterment denigrates how every successful business improves lives. The voluntary nature of market transactions ensures that every consumer must judge a company's product or service as comparable to or better than others available, every employee must find their job better than the next-best alternative opportunity, and every investor must find the companies they invest in valuable. The drive to transform businesses into tools of social change ignores how businesses are voluntary organizations formed to advance the shared goals of the participants. Every commercial endeavor has a purpose, the goals the founding entrepreneur sought to pursue, modified as necessary to convince others to join voluntarily and remain part of the organization. Perhaps unsurprisingly, the UN secretary-general would seek to align businesses with the organization's objectives. However, the failure of business education leaders to acknowledge the profound shift this alignment entails highlights the influence of ideological conformity within business schools.

AACSB's embrace of social responsibility, sustainability, DEI, and ESG raises questions related to academic freedom. These movements arguably offer hypotheses about organizing and operating corporations worthy of rigorous investigation. But if social responsibility becomes necessary for accreditation, will faculty be free to criticize this goal? Would faculty research that highlights the potential harms of stakeholders or ESG risk jeopardizing accreditation? Moreover, if fundamental questions about business organization are embedded in accreditation standards as settled truths, how can business research continue to generate meaningful contributions to society?

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