Featured School:

INCAE Business School
Alajuela, Costa Rica, and Managua, Nicaragua

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INCAE Business School: Leading in Sustainable Development

Most modern business schools have gradually awakened to the idea that teaching ethical concepts and sustainable perspectives on business is important for the education of future managers and business leaders. However, as the INCAE Business School demonstrates, it’s one thing for a school to the work to incorporate such ideas into existing courses and programs, and another to be quite literally founded on those principles.

Shaped by Context

The Instituto Centroamericano de Administración de Empresas (INCAE) first opened in Nicaragua in 1964, with technical supervision and counseling from the Harvard Business School, as well as support from USAID and the governments and business communities of several Central American nations, including Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Each founding country has an associated National Committee, which serves to offer advice, support, and promotion of INCAE activities in their respective nation, though INCAE serves the needs of other nations in the region as well. In 1982, Ecuador became the seventh nation, and the first in South America, to support INCAE with a National Committee, due to its identification of developmental needs similar to those of the original six countries.¹ Two years later, a second INCAE campus was opened in Costa Rica to accommodate the growing institution.

The current president of INCAE Business School, Arturo Condo, notes that from the very beginning INCAE’s mission has included bringing positive change to the region through fostering dialogue, education, and research on sustainable development. He recalls that INCAE’s founding chairman, Salvadoran business leader Don Francisco de Sola,² made a speech to a 1969 graduating class. In that speech, Condo says, without using any of the modern-day terminology of sustainable development, de Sola spoke about how INCAE was developed to help create wealth and employment for the region, but to do so in ways that eradicate poverty, and address the issues of social justice and ecological preservation.

The context of the school’s locale has brought issues of ethics and sustainable development to the fore for INCAE throughout its history. In Central American countries, President Condo says, there is oftentimes a disconnect between what is legal in business, and what is ethical or moral. This makes the business cases involving such dilemmas that INCAE has developed for its mandatory ethics course particularly salient.

The faculty of INCAE have been involved with such issues for the vast majority of the institution’s existence, according to President Condo. INCAE’s experience of being “situated in the trenches,” he says, means that they are always looking for opportunities to provide the greatest impact. For example,
since most nations in the region INCAE serves are net energy importers, the oil crisis of the 1970s inspired a number of faculty to do research on energy issues and explore ways for the region to become more self-sustaining, work that has developed into a number of the school's current initiatives.

**Impact through Research and Outreach**

In order to have impact, in accordance with its mission, INCAE supports several major initiatives designed to create and disseminate knowledge in the sustainable development sphere. The oldest of these is the Latin American Center for Competitiveness and Sustainable Development (CLACDS, the acronym of its Spanish name), which was founded by INCAE in 1996 with the support of the Central American Bank for Economic Integration and the Avina Foundation. CLACDS has 14 faculty and staff, as well as an equal number of affiliated consultants, who work to provide research and training programs focus on practical solutions to regional problems in diverse fields such as energy policy, water resources, poverty reduction, and rural versus urban development.

President Condo describes CLACDS as a “think-and-do tank,” which leads some of the most far-reaching projects in which INCAE has been involved. One of the most ambitious examples of its ongoing work is the Technology Needs Assessment for Climate Change project, undertaken in tandem with the Costa Rican government, to propose a technological and policy strategy to reduce climate change, with the ultimate goal of enabling the entire country to become carbon-neutral by 2021. Another CLACDS project with significant impact is the Ecobanking Project, undertaken in partnership with the Gesellschaft für Internationale Zusammenarbeit (GIZ), a German federal government agency. This project aims to improve and support the understanding of Latin American financial institutions regarding the direct relationship between their environmental and financial performance, and to identify and develop international best practices for them to follow.

The Poma Foundation Chair for Overcoming Poverty is a more recent example of INCAE’s continuous efforts to combat this perennial regional issue. Founded in 2006, the Chair is a research center whose goal is to create and disseminate case studies and other applied research regarding innovative solutions to the problems and structural causes of poverty in Latin America. As with other INCAE research initiatives, the Poma Foundation Chair focuses on disseminating practical action plans that bring together leaders from both the public and private sectors.

INCAE Business School was also one of the first 100 signatories of the Principles for Responsible Management Education (PRME), according to President Condo. PRME is an initiative of the United Nations Global Compact, which was launched in 2007 with the goal of “inspir[ing] and champion[ing] responsible management education, research, and thought leadership globally.” President Condo claims
that PRME is a great forum for reporting on best practices in the areas of ethics and sustainability, as well as launching new efforts such as the MBA Oath Project, in whose development he was personally involved. Condo says that INCAE MBA students are very motivated about the Oath, to the point that they have created a student/alumni club around it for mutual support, and even agitated for greater academic preparation for abiding by its tenets.

**Embedded in the Academics**

INCAE’s educational programs maintain their historical strong focus on training regional leaders in the principles of sustainable development. President Condo says that every professor at INCAE incorporates at least some degree of such topics into each course they teach, whether through the use of case studies, lectures or simulation exercises. The most common means for doing so is through the case studies that drive much of INCAE’s curricula. Since INCAE’s own faculty develop roughly 70% of the case studies used in teaching, says Condo, they are best able to include material that is relevant to students’ context as well. The various executive education and degree-granting programs that INCAE runs have incorporated content specifically having to do with sustainability and/or ethical judgment for at least the past 25 years.

Additionally, INCAE offers a growing number of educational programs that are specifically focused on ethical and sustainable economic development. The first such program was the master’s degree-granting Natural Resources Management Program (MARN), which ran from September 1992 until 1998, when it was subsumed into the INCAE MBA program as the Sustainable Development Concentration. This concentration trains MBA students to “formulate and implement sustainable development strategies for an organization, country, or region.”

The Sustainable Development Concentration of INCAE’s MBA includes an eight-week management consulting project for groups of 4-5 MBA students, according to President Condo, which require them to work on projects that are specifically focused on developing and using resources in a sustainable manner. He states that students have done a wide variety of such projects, such as creating financial models for eco-tourism in the Galapagos Islands, or aqueduct construction in the Mexican state of Chiapas.

The non-degree executive Sustainability Management Program (SMP), offered in concert with the German GIZ since 2005, “consists of an in-depth review of sustainable development including compliance, cleaner production, eco-efficiency, and the concept of advanced sustainable development, together with corporate social responsibility.” Each year’s class includes a specific practical focus, such as financing sustainable development, or renewable energy. Business leaders from over 20 countries in
Latin America, the Caribbean, Europe, and the U.S., have graduated from the SMP in the past six years. President Condo says that while the grasp of the SMP is not as large as that of the MBA and other master’s programs at INCAE, the access it grants to actual business practitioners and their concerns allows the faculty to directly demonstrate the relevance of ethics and sustainable practices, making the program a “live case,” in a way.

Challenges and the Future

President Condo concedes that teaching ethical and sustainable business practices can be very difficult. Particularly in the highly Catholic region of Latin America, he says, students frequently grow up with a very “black-and-white” cultural view of ethical issues. Teaching ethical sophistication about the shades of grey inherent in doing business, particularly in areas that have historically experienced endemic corruption, can be challenging.

Condo maintains that it can be done, however, and that INCAE has proven it time and again. The success of INCAE Business School can be measured by its substantial leadership in and promotion of sustainable development in its home region. INCAE’s continuing commitment to the principles on which it was founded is the basis of the school’s many accomplishments, and there is every evidence that those accomplishments will continue to grow in accordance with that dedication.

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End Notes