



## ESG driver of value creation for business schools

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### Abstract

Environmental, Social, and Governance (ESG) principles have gained prominence as a framework for long-term value creation, yet their application within business schools remains conceptually underdeveloped. This study examines ESG as a strategic driver of value creation in business schools through a parameter-based institutional analysis. Adopting a qualitative and conceptual research design, the paper analyzes key institutional parameters including infrastructure, permanent faculty, student intake, student–faculty ratios, student progression, vision, mission, strategy, research activities, and academic social responsibility through environmental, social, and governance dimensions. Drawing on secondary data and existing literature, the study demonstrates that ESG integration enhances academic quality, governance integrity, stakeholder trust, and institutional sustainability. The findings suggest that parameters traditionally viewed as compliance measures acquire strategic significance when aligned with ESG principles. The study contributes to the discourse on responsible management education by extending ESG analysis beyond corporate contexts to academic institutions and offers a structured framework to inform institutional strategy, accreditation practices, and future empirical research.

**Key Words:** Environmental, Social, and Governance (ESG); Business Schools; Value Creation; Institutional Sustainability

### Introduction

In recent years, Environmental, Social, and Governance (ESG) principles have gained prominence as a comprehensive framework for evaluating long-term value creation and institutional sustainability. Originally developed within the corporate and financial sectors, ESG has gradually expanded into non-corporate domains, including public institutions, non-profit organizations, and higher education. This shift reflects a growing recognition that institutions of learning, particularly business schools, play a decisive role in shaping not only economic outcomes but also ethical norms, social responsibility, and governance standards in society.

Business schools find themselves in a peculiar space in the higher education ecology. They are unique among academic institutions in that instead of operating at an academic distance, they actually shape managerial decision-making, corporate leadership, and policy in direct and immediate ways via teaching, research, and executive education. Thus, the values baked into business school systems reverberate through organizations, and ultimately across economies. Historically, business school performance on criteria such as infrastructure, faculty strength, student intake, placements, and research output has been largely measured through quantitative and compliance-oriented frameworks. But these kinds of assessments tend to ignore the qualitative aspects of sustainability, equity, ethical governance, and longevity.

The growing emphasis on ESG challenges this narrow perspective by introducing a broader conception of value creation. ESG shifts attention from short-term performance metrics to long-term institutional resilience, stakeholder engagement, and social legitimacy. For business schools, ESG is not merely an ethical add-on or reputational instrument; it functions as a strategic framework capable of integrating academic excellence with responsible governance and social contribution. Institutions that internalize ESG principles are better positioned to respond to evolving expectations from students, faculty, employers, regulators, and society at large.

Within the context of higher education, ESG manifests across multiple dimensions. Environmental responsibility is reflected in sustainable infrastructure, digital optimization, energy efficiency, and environmentally conscious campus operations. Social responsibility encompasses equitable access to education, diversity and inclusion, student welfare, faculty development, community engagement, and academic social responsibility. Governance relates to transparency in decision-making, ethical leadership, accountability mechanisms, strategic planning, and alignment between institutional vision and operational practice. Together, these dimensions form an interconnected system that influences both academic quality and institutional credibility.

Despite the increasing relevance of ESG, its application in business schools remains fragmented and uneven. Existing studies predominantly focus on ESG reporting, sustainability rankings, or curriculum-level interventions, often treating ESG as an external compliance requirement rather than an internal value creation mechanism. Moreover, much of the literature remains centered on corporate organizations, with limited scholarly attention devoted to institutional parameters specific to business schools. As a result, there is a lack of structured frameworks that map ESG principles onto core academic and administrative parameters such as faculty composition, student–faculty ratios, student progression, research orientation, and institutional strategy.

This gap is particularly significant in contexts where business schools are evaluated through accreditation and quality assurance frameworks that emphasize measurable indicators without adequately accounting for sustainability and governance depth. Parameters such as infrastructure, permanent faculty strength, student intake capacity, and research activities are often assessed in isolation, without examining how ESG integration enhances their long-term value. Consequently, institutions may achieve formal compliance while failing to generate meaningful academic or social impact.

The present study addresses this gap by examining ESG as a driver of value creation in business schools through a parameter-based analytical approach. Rather than treating ESG as a peripheral concern, the study positions it as an integrative framework that connects institutional vision, mission, strategy, academic processes, and social responsibility. By systematically analyzing key institutional parameters through the ESG lens, the study seeks to demonstrate how sustainability, inclusivity, and governance quality contribute to academic excellence, stakeholder trust, and institutional resilience.

The objectives of this study are threefold. First, it aims to conceptualize ESG as a value creation framework applicable to business schools rather than solely to corporate entities. Second, it

seeks to analyze core institutional parameters such as infrastructure, faculty strength, student intake, student progression, research activities, and academic social responsibility through the environmental, social, and governance dimensions. Third, the study endeavors to propose an integrated understanding of how ESG alignment enhances long-term academic quality, reputational capital, and societal relevance.

The scope of the study is confined to business schools operating within the higher education sector, with a particular focus on institutional structures and academic processes. The research adopts a conceptual and analytical approach based on secondary data sources, policy documents, and existing scholarly literature. While the study does not rely on primary empirical data, it offers a structured theoretical framework that can inform future empirical research, accreditation practices, and policy formulation.

By situating ESG at the core of institutional value creation, this paper contributes to the evolving discourse on responsible management education and sustainable higher education governance. It argues that business schools must move beyond symbolic adoption of ESG rhetoric and instead embed ESG principles within their academic, administrative, and strategic foundations. Such integration is essential not only for institutional sustainability but also for the broader goal of cultivating responsible leaders capable of addressing complex economic, social, and environmental challenges.

## **2. Review of Literature**

The concept of Environmental, Social, and Governance (ESG) has evolved significantly over the past two decades, transitioning from a peripheral concern associated with corporate social responsibility to a central framework for assessing long-term value creation and institutional sustainability. While early academic discourse treated ESG as an extension of ethical or philanthropic responsibility, contemporary scholarship increasingly positions it as a strategic mechanism that influences organizational performance, stakeholder trust, and systemic resilience. This section reviews existing literature across four thematic areas: ESG and value creation, ESG in higher education, responsible management education in business schools, and the emerging research gap that necessitates the present study.

### **2.1 ESG and Value Creation**

The literature on ESG and value creation is largely rooted in stakeholder theory and the broader sustainability discourse. Scholars argue that organizations generate sustainable value not solely through financial performance but through balanced attention to environmental stewardship, social responsibility, and governance quality. ESG-oriented institutions are often found to demonstrate improved risk management, enhanced reputational capital, and stronger long-term performance. Studies emphasize that governance structures play a mediating role by ensuring accountability, transparency, and alignment between organizational objectives and stakeholder expectations.

Several researchers highlight that ESG integration facilitates a shift from short-term profit maximization toward long-term strategic orientation. Environmental responsibility reduces operational and regulatory risks, social responsibility strengthens stakeholder relationships, and governance ensures ethical oversight and institutional continuity. Importantly, the literature underscores that ESG functions most effectively when embedded within organizational strategy rather than treated as a reporting or compliance exercise. This insight

is particularly relevant for non-corporate institutions, where value creation must be understood in terms of social legitimacy, knowledge generation, and institutional credibility rather than financial returns alone.

However, much of the existing ESG literature remains corporate-centric. Metrics, models, and empirical studies predominantly focus on firms, investors, and capital markets. While these studies provide valuable theoretical foundations, their direct applicability to academic institutions especially business schools is limited due to differences in organizational purpose, stakeholder composition, and performance indicators.

### **2.2 ESG in Higher Education Institutions**

Research on ESG in higher education has expanded in response to global sustainability agendas and policy-driven reforms. Universities are increasingly viewed as anchor institutions that contribute to environmental sustainability, social inclusion, and ethical governance. Scholars note that higher education institutions influence sustainability outcomes through campus operations, curriculum design, research agendas, and community engagement.

Environmental sustainability in universities has been examined primarily through campus greening initiatives, energy efficiency programs, waste management practices, and digital transformation. Studies indicate that environmentally responsible infrastructure not only reduces ecological footprints but also enhances institutional reputation and operational efficiency. Social dimensions of ESG in higher education have been explored through access to education, equity and inclusion policies, student welfare, faculty development, and community outreach. Governance-related studies focus on leadership structures, decision-making transparency, accountability mechanisms, and regulatory compliance.

Despite this growing body of work, the literature often treats ESG dimensions in isolation. Environmental sustainability, social responsibility, and governance are frequently addressed as separate domains rather than as an integrated framework. Moreover, research tends to adopt a descriptive approach, documenting initiatives and best practices without sufficiently examining how ESG contributes to institutional value creation over time. The absence of structured models linking ESG to academic performance, stakeholder trust, and institutional resilience remains a notable limitation.

### **2.3 Business Schools and Responsible Management Education**

Business schools occupy a distinctive position within higher education due to their direct engagement with managerial knowledge, leadership development, and organizational practice. The literature on responsible management education emphasizes the ethical responsibility of business schools to cultivate socially conscious and environmentally responsible leaders. Scholars argue that business schools must go beyond technical skill development to address moral reasoning, social awareness, and sustainability-oriented decision-making.

Curriculum integration has been a central focus of this discourse. Studies document the incorporation of sustainability, business ethics, corporate governance, and social entrepreneurship into management education. Faculty engagement and research orientation are identified as critical drivers of responsible management education, with emphasis placed on interdisciplinary research and real-world problem-solving. Additionally, institutional

mission statements and strategic priorities are often analyzed as indicators of commitment to responsible education.

However, critiques within the literature point to a gap between rhetorical commitment and institutional practice. While many business schools articulate sustainability and ethics in their vision and mission statements, actual implementation across infrastructure, faculty policies, student intake, and governance structures remains uneven. Scholars caution against symbolic adoption of responsibility frameworks that lack operational depth. Furthermore, existing research tends to focus on curricular and pedagogical reforms, paying limited attention to structural parameters such as student–faculty ratios, permanent faculty strength, student progression pathways, and academic social responsibility.

#### **2.4 Governance, Accountability, and Institutional Strategy**

Governance has emerged as a critical but underexplored dimension of ESG in academic literature. Studies highlight that effective governance ensures alignment between institutional vision, mission, and operational strategy. Transparent decision-making, ethical leadership, and stakeholder participation are identified as key governance attributes that enhance institutional trust and long-term sustainability.

In the context of business schools, governance structures influence faculty recruitment, research priorities, student policies, and resource allocation. Literature suggests that governance quality directly affects academic autonomy, innovation capacity, and institutional adaptability. However, governance is often examined through regulatory compliance or accreditation outcomes rather than as a strategic value creation mechanism linked to ESG principles.

#### **2.5 Research Gap**

A review of existing literature reveals three significant gaps. First, while ESG is widely recognized as a value creation framework in corporate contexts, its systematic application to business schools remains limited. Second, studies on ESG in higher education often adopt fragmented or descriptive approaches, lacking integrated analytical frameworks that connect ESG dimensions with institutional parameters. Third, research on business schools tends to prioritize curriculum and pedagogy, overlooking structural and governance-related parameters that shape long-term academic and social value.

The present study seeks to address these gaps by developing a parameter-based ESG framework for business schools. By mapping ESG principles onto core institutional parameters such as infrastructure, faculty composition, student intake, student progression, research activities, and academic social responsibility the study advances a holistic understanding of ESG as an internal driver of value creation rather than an external compliance tool.

By extending ESG analysis from corporate organizations to academic institutions, this study contributes to the evolving theoretical understanding of ESG as a multi-institutional value creation framework rather than a firm-centric governance tool. In doing so, it aligns with contemporary scholarship that conceptualizes ESG as an integrated system shaping long-term legitimacy, resilience, and stakeholder-oriented outcomes across organizational forms.

### **3. Research Methodology**

The present study adopts a qualitative and conceptual research design aimed at examining Environmental, Social, and Governance (ESG) principles as drivers of value creation in business schools. Given the exploratory nature of the research and the limited availability of structured empirical models linking ESG to institutional parameters in higher education, a conceptual and analytical approach is considered appropriate. This methodology enables a systematic examination of existing theoretical perspectives, policy frameworks, and institutional practices relevant to ESG integration in business schools.

#### **3.1 Research Design**

The study is descriptive and analytical in nature. It does not seek to test hypotheses through statistical methods but rather to develop an interpretive framework that explains how ESG dimensions contribute to institutional value creation. By focusing on institutional parameters commonly used in quality assessment and accreditation processes, the study bridges the gap between abstract ESG principles and practical academic evaluation criteria. The research design emphasizes depth of analysis and theoretical coherence over empirical generalization.

#### **3.2 Sources of Data**

The study relies exclusively on secondary data sources. These include peer-reviewed academic journals, books on sustainability and management education, policy documents related to higher education governance, accreditation and quality assurance frameworks, and reports published by international and national organizations concerned with sustainability and responsible management education. Secondary data are deemed suitable for this study as they provide a comprehensive foundation for conceptual analysis and allow for synthesis across multiple disciplinary perspectives.

To ensure academic rigor, sources were selected based on their relevance, credibility, and contribution to the discourse on ESG, higher education, and business school governance. Preference was given to recent publications in order to reflect current debates and evolving institutional practices.

#### **3.3 Analytical Framework**

The analytical framework of the study is grounded in the ESG paradigm, which serves as the primary lens for evaluating institutional value creation. ESG dimensions are mapped onto eleven institutional parameters commonly used to assess business schools, including infrastructure, permanent faculty strength, student intake, student-faculty ratios at undergraduate and postgraduate levels, student progression, institutional vision and mission, strategic planning, research activities, and academic social responsibility.

Each parameter is examined through one or more ESG dimensions to identify how environmental sustainability, social responsibility, and governance quality contribute to academic effectiveness and institutional sustainability. This parameter-based analysis enables a nuanced understanding of ESG integration by linking abstract principles to tangible institutional practices.

#### **3.4 Scope of the Study**

The scope of the study is confined to business schools within the higher education sector. The analysis focuses on institutional structures and academic processes rather than individual

behavioral outcomes. While the framework developed in this study is broadly applicable, it is particularly relevant for institutions operating within formal accreditation and quality assurance systems, where parameters such as faculty strength, student intake, and research output play a critical role in institutional evaluation.

### **3.5 Limitations of the Study**

As a conceptual study based on secondary data, the research does not incorporate primary empirical evidence such as surveys, interviews, or case studies. Consequently, the findings are interpretive rather than predictive in nature. The study also does not account for contextual variations across countries or institutional types, which may influence ESG implementation. Despite these limitations, the research provides a structured analytical framework that can inform future empirical studies and policy-oriented research.

## **4. Conceptual Framework: ESG and Value Creation in Business Schools**

The concept of value creation in higher education has traditionally been associated with academic outcomes such as teaching quality, research productivity, graduate employability, and institutional reputation. While these indicators remain significant, they are increasingly insufficient to capture the broader responsibilities and long-term sustainability of academic institutions. In this context, Environmental, Social, and Governance (ESG) principles offer a comprehensive framework for reinterpreting value creation in business schools by integrating academic performance with ethical responsibility, institutional resilience, and societal relevance.

### **4.1 Rethinking Value Creation in Business Schools**

Unlike corporate organizations, business schools do not generate value primarily through financial returns. Their value lies in knowledge creation, human capital development, leadership formation, and social contribution. Consequently, value creation in business schools must be understood as a multidimensional construct encompassing academic quality, stakeholder trust, institutional legitimacy, and long-term sustainability. ESG provides a structured lens through which these dimensions can be systematically examined and aligned with institutional processes.

Value creation in this context extends beyond immediate academic outputs to include long-term outcomes such as responsible leadership, social mobility, ethical governance practices, and sustainable organizational behavior. Business schools that integrate ESG principles are better positioned to align their academic mission with societal expectations, thereby enhancing both internal effectiveness and external legitimacy.

### **4.2 Environmental Dimension and Institutional Sustainability**

The environmental dimension of ESG emphasizes responsible resource use, ecological stewardship, and sustainable infrastructure. In business schools, this dimension manifests through environmentally efficient campus design, digital learning platforms that reduce resource consumption, energy management systems, and environmentally conscious procurement practices. These initiatives contribute to operational efficiency while reinforcing institutional commitment to sustainability.

From a value creation perspective, environmental responsibility enhances institutional resilience by reducing long-term operational costs and regulatory risks. Moreover, sustainable

campuses serve as living laboratories for students, reinforcing sustainability-oriented learning through practice rather than abstraction. The environmental dimension thus supports both operational sustainability and pedagogical relevance.

#### **4.3 Social Dimension and Stakeholder Engagement**

The social dimension of ESG addresses equity, inclusion, well-being, and social impact. In business schools, social value is created through inclusive student intake policies, balanced student–faculty ratios, faculty development programs, student support services, and community engagement initiatives. These practices enhance learning outcomes, promote social mobility, and strengthen stakeholder relationships.

Students, faculty, alumni, employers, and local communities constitute the primary stakeholders of business schools. ESG-aligned social practices foster trust, participation, and long-term engagement among these groups. Furthermore, social responsibility in academic institutions extends to the ethical formation of future managers, who are expected to navigate complex social and organizational challenges. By embedding social responsibility within academic structures, business schools contribute to sustainable leadership development.

#### **4.4 Governance Dimension and Institutional Integrity**

Governance forms the structural backbone of ESG-driven value creation. Effective governance ensures transparency, accountability, ethical decision-making, and strategic coherence. In business schools, governance influences faculty recruitment, curriculum design, research priorities, student policies, and resource allocation. Governance quality directly affects institutional credibility and the alignment between stated values and actual practices.

An ESG-oriented governance framework emphasizes participatory decision-making, performance monitoring, and long-term strategic planning. It ensures that environmental and social initiatives are not isolated activities but integrated into institutional strategy and operational processes. Governance also plays a critical role in maintaining academic integrity, safeguarding autonomy, and managing institutional risks.

#### **4.5 Integrative ESG Framework for Business Schools**

The conceptual framework proposed in this study positions ESG as an integrative system rather than three independent pillars. Environmental sustainability, social responsibility, and governance quality are interdependent and mutually reinforcing. For example, sustainable infrastructure initiatives require governance support and social acceptance, while inclusive academic policies depend on transparent governance structures and resource allocation.

By mapping ESG dimensions onto core institutional parameters, the framework enables a structured analysis of how value is created across academic, administrative, and strategic domains. Infrastructure, faculty strength, student intake, research activities, and academic social responsibility are not merely operational variables but strategic assets whose value is enhanced through ESG alignment.

This integrated framework provides the foundation for the parameter-wise analysis presented in the subsequent section. It allows for a systematic examination of how ESG principles transform conventional evaluation parameters into drivers of long-term institutional value.

**Figure 1: Conceptual Framework of ESG-Driven Value Creation in Business Schools**

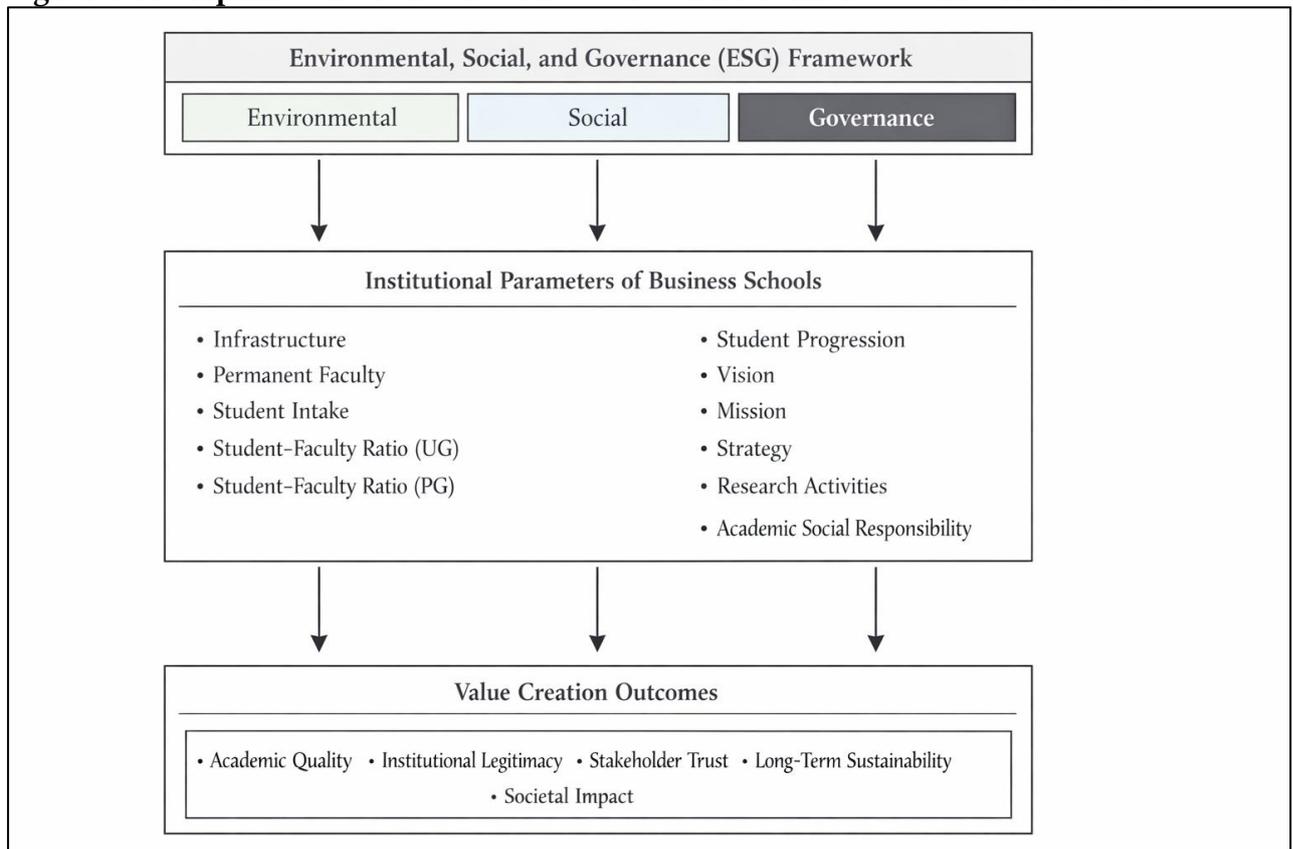


Figure 1 illustrates the conceptual framework underpinning this study. The framework positions Environmental, Social, and Governance (ESG) principles as an integrated system influencing institutional value creation in business schools. ESG dimensions operate through core institutional parameters including infrastructure, faculty strength, student intake, student-faculty ratios, student progression, vision, mission, strategy, research activities, and academic social responsibility to generate long-term academic quality, institutional legitimacy, stakeholder trust, and societal impact. Governance functions as the enabling mechanism that aligns environmental and social initiatives with institutional strategy and accountability.

## 5. ESG-Based Analysis of Institutional Parameters

This section constitutes the core analytical component of the study. It examines how Environmental, Social, and Governance (ESG) principles function as drivers of value creation across key institutional parameters commonly used to assess business schools. Rather than treating these parameters as isolated compliance indicators, the analysis positions them as interconnected elements of an ESG-driven institutional system that shapes academic quality, stakeholder trust, and long-term sustainability.

### 5.1 Infrastructure

Infrastructure represents one of the most visible and strategically significant dimensions of value creation in business schools. Traditionally, infrastructure has been assessed in terms of physical capacity, classroom availability, libraries, and technological resources. However, when examined through the ESG framework, infrastructure emerges as a critical site where environmental responsibility, social usability, and governance oversight intersect.

From an environmental perspective, ESG-aligned infrastructure emphasizes sustainable campus development, energy-efficient buildings, digital learning platforms, and responsible resource management. Green buildings, renewable energy integration, water conservation systems, and waste reduction initiatives contribute to lowering the environmental footprint of institutions. These practices not only align with global sustainability goals but also generate long-term cost efficiencies by reducing energy consumption and operational expenses. ESG-aligned infrastructure investment has been increasingly recognized as a mechanism for reducing long-term institutional risk while enhancing organizational legitimacy and stakeholder confidence (Elkington, 1997; De la Torre et al., 2020).

The social dimension of infrastructure focuses on accessibility, inclusivity, and learning effectiveness. Well-designed academic spaces enhance student engagement, faculty productivity, and overall learning outcomes. Digital infrastructure, in particular, expands access to education by enabling blended and remote learning, thereby supporting equity and continuity in academic delivery. Inclusive infrastructure that accommodates diverse needs such as accessible classrooms and student support facilities reinforces the social value of business schools.

Governance plays a crucial role in ensuring that infrastructure development aligns with institutional vision and sustainability objectives. Transparent planning, responsible budgeting, and lifecycle assessment of infrastructure investments reflect sound governance practices. When infrastructure decisions are guided by ESG principles, business schools transform physical assets into long-term value drivers that support academic excellence, environmental stewardship, and institutional resilience.

## **5.2 Permanent Faculty**

Permanent faculty constitute the intellectual and ethical foundation of business schools. Conventional evaluations often emphasize numerical strength and qualification levels, yet an ESG-oriented analysis reveals deeper dimensions of value creation associated with faculty permanence and stability.

Stable and ethically governed faculty systems reflect the governance dimension of ESG, reinforcing institutional accountability and long-term intellectual capital formation (Freeman, 1984; García-Sánchez et al., 2022). From a social perspective, permanent faculty ensure continuity in teaching, mentoring, and academic guidance. Stable faculty-student relationships contribute to improved learning outcomes, research supervision, and student progression. ESG-aligned faculty policies emphasize fair recruitment, diversity, professional development, and academic well-being, thereby fostering an inclusive and supportive academic environment.

The governance dimension of permanent faculty is particularly significant. Transparent recruitment processes, merit-based promotions, and ethical performance evaluation systems reflect institutional accountability and integrity. Permanent faculty also play a central role in academic governance through curriculum committees, research councils, and decision-making bodies. Their participation strengthens institutional autonomy and strategic coherence.

While environmental considerations may appear less direct, faculty engagement in sustainability research and environmentally conscious academic practices indirectly contributes to the environmental dimension of ESG. Collectively, a strong permanent faculty base enhances institutional credibility, academic depth, and long-term value creation by anchoring business schools in stable, ethical, and knowledge-driven governance structures.

### **5.3 Student Intake**

Student intake is a critical parameter through which the social dimension of ESG is most visibly expressed. Traditionally assessed in terms of enrollment capacity and demand, student intake acquires broader significance when examined through the lens of equity, inclusion, and transparency.

ESG-aligned student intake policies prioritize fair and merit-based admissions while actively promoting diversity across socioeconomic, gender, and regional dimensions. Access to education, particularly for underrepresented groups, enhances the social legitimacy of business schools and aligns institutional objectives with broader societal goals. Scholarship programs, need-based financial assistance, and inclusive admission criteria are key mechanisms through which social value is generated.

Governance plays a central role in ensuring transparency and accountability in admission processes. Clear admission guidelines, standardized evaluation criteria, and grievance redressal mechanisms reflect ethical governance practices. Institutions that uphold integrity in student intake strengthen stakeholder trust and institutional reputation.

From a value creation perspective, diverse student cohorts enrich classroom discussions, foster cross-cultural learning, and prepare graduates for complex organizational environments. ESG-driven student intake thus transforms enrollment processes into strategic instruments that support academic quality, social responsibility, and long-term institutional sustainability.

### **5.4 Student–Faculty Ratio at the Undergraduate Level**

The student–faculty ratio at the undergraduate level is a critical determinant of teaching quality and learning effectiveness. While often treated as a quantitative compliance indicator, this parameter assumes deeper significance within an ESG framework.

The social dimension emphasizes quality education, individualized attention, and student well-being. Lower student–faculty ratios enable interactive pedagogy, continuous assessment, and effective mentoring, which are particularly important at the foundational stage of management education. Such conditions contribute to higher student engagement, retention, and academic performance.

Governance influences this parameter through faculty planning, workload allocation, and academic scheduling. Institutions committed to ESG principles prioritize pedagogical quality over enrollment expansion, ensuring that growth strategies do not compromise educational standards. Transparent academic planning and resource allocation reflect responsible governance practices.

By fostering meaningful academic interaction and supportive learning environments, ESG-aligned undergraduate student–faculty ratios contribute to long-term value creation by strengthening academic foundations and student satisfaction.

### **5.5 Student–Faculty Ratio at the Postgraduate Level**

At the postgraduate level, the student–faculty ratio assumes heightened importance due to the research-oriented and specialized nature of advanced management education. ESG-based analysis underscores the social and governance dimensions of this parameter in shaping academic rigor and research quality.

From a social perspective, optimal student–faculty ratios facilitate intensive supervision, research mentorship, and individualized academic guidance. Postgraduate students often engage in dissertations, projects, and applied research that require sustained faculty involvement. ESG-aligned practices ensure that faculty workloads are balanced to maintain academic quality and student support.

Governance structures determine faculty deployment, research supervision policies, and academic standards. Institutions that integrate ESG principles prioritize research integrity, ethical supervision, and academic accountability. These practices contribute to knowledge creation and institutional reputation.

In value creation terms, balanced postgraduate student–faculty ratios enhance research output, innovation capacity, and graduate employability, reinforcing the academic and societal value of business schools.

### **5.6 Student Progression**

Student progression represents one of the most significant indicators of institutional effectiveness and social value creation in business schools. It encompasses students' movement through academic programs as well as their transition into employment, entrepreneurship, higher education, or research. Within an ESG framework, student progression is closely aligned with the social dimension, while also reflecting governance quality in academic planning and support systems.

From a social perspective, effective student progression reflects an institution's commitment to student development, employability, and long-term career sustainability. Business schools aligned with ESG principles emphasize academic advising, skill development initiatives, career guidance, and experiential learning opportunities. These support mechanisms enhance student confidence, reduce attrition, and promote more equitable outcomes across diverse student groups. Through such practices, business schools contribute to broader social objectives by facilitating social mobility and professional advancement.

Governance plays a critical role in systematically monitoring and evaluating student progression outcomes. Responsible institutional stewardship is reflected in the transparent collection and analysis of data related to graduation rates, placement outcomes, transitions to higher education, and alumni engagement. ESG-oriented institutions utilize progression data not merely for reporting purposes but as feedback mechanisms for curriculum revision, faculty development, and strategic decision-making.

Value creation through student progression is realized when graduates emerge as competent, ethical, and socially aware professionals. ESG-driven progression frameworks thus strengthen institutional reputation, alumni networks, and stakeholder trust while reinforcing the social legitimacy of business schools. From a stakeholder perspective, student progression outcomes represent a key indicator of social value creation, linking educational access with employability, mobility, and societal contribution (Marginson, 2018; Porter & Kramer, 2011).

### **5.7 Vision**

Institutional vision provides the normative foundation for long-term value creation, in contrast to an exclusive emphasis on short-term performance outcomes. Within an ESG context, vision

statements are not merely symbolic declarations but function as instruments of institutional prioritization, governance orientation, and academic culture formation.

An ESG-aligned vision embeds sustainability, ethical leadership, and social responsibility as core institutional commitments. Rather than focusing solely on competitive positioning, such a vision emphasizes purpose, long-term value, and sustained societal impact through responsible management education. By articulating a future-oriented and values-based vision, business schools signal alignment between their academic mission and broader societal aspirations.

From a governance perspective, vision serves as a guiding framework for policy formulation, resource allocation, and performance evaluation. Institutions with clearly defined ESG-oriented visions are better equipped to align infrastructure development, faculty recruitment, research priorities, and student policies with sustainability goals. This alignment enhances institutional stability and strategic consistency.

In value creation terms, an ESG-integrated vision strengthens institutional identity, enhances reputational capital, and fosters stakeholder confidence. It positions business schools as purposeful institutions capable of addressing complex economic, social, and environmental challenges.

### **5.8 Mission**

While the institutional vision articulates long-term aspirations, mission statements translate these aspirations into commitments that guide day-to-day academic and administrative operations. From an ESG perspective, mission statements define how business schools seek to generate sustainable value through teaching, research, and societal engagement.

The social dimension of ESG occupies a central place in mission formulation. ESG-aligned missions emphasize inclusive access to education, the development of responsible leadership, and meaningful societal impact. These commitments are operationalized through learner-centered pedagogy, faculty excellence, and sustained engagement with external stakeholders and communities.

Governance considerations ensure that mission statements are actionable rather than rhetorical. Clear institutional missions guide curriculum design, faculty evaluation, student support systems, and research orientation. Governance mechanisms that monitor mission alignment across institutional activities reinforce accountability and integrity.

A well-defined ESG-oriented mission enhances institutional coherence and operational effectiveness. It enables business schools to translate values into practice, thereby generating sustained academic quality, stakeholder trust, and long-term institutional value.

### **5.9 Strategy**

Strategy represents the mechanism through which institutional vision and mission are translated into concrete action. Within an ESG-oriented framework, strategy occupies a central role by integrating environmental sustainability, social responsibility, and governance quality into long-term institutional planning. Alignment with these principles enables business schools to transform commitments to sustainability from aspirational statements into systematic architectures that permeate both academic and administrative processes.

From a governance perspective, ESG-focused strategies emphasize long-term planning, risk management, and accountability. Strategic decisions related to program expansion, faculty

recruitment, infrastructure investment, and research priorities are evaluated not only for their immediate outcomes but also for their long-term implications for academic quality and societal impact. In doing so, ESG-oriented strategy shifts institutional decision-making away from short-term performance considerations toward sustainability, credibility, and enduring value creation.

The social dimension of strategy is reflected in policies that promote inclusive growth, student-centric learning, faculty development, and community engagement. Strategic initiatives such as curriculum renewal, interdisciplinary programs, industry partnerships, and international collaborations enhance academic relevance while addressing societal needs. Environmental considerations, including sustainable campus development and digital transformation, further strengthen strategic coherence.

Value creation through strategy is achieved when ESG principles guide institutional decision-making across all levels. Such strategic integration enhances competitiveness, adaptability, and stakeholder trust, positioning business schools as responsible and future-oriented institutions.

#### **5.10 Research Activities**

Research constitutes a core academic function through which business schools generate intellectual capital and contribute to societal development. Within an ESG framework, research is evaluated not merely in terms of volume or citation-based metrics, but also in relation to its relevance, integrity, and contribution to sustainable development.

The growing emphasis on ESG-oriented research responds to the persistent disconnect between academic knowledge production and contemporary sustainability and governance challenges. By extending the notion of value creation beyond publications to include societal problem-solving and policy relevance, ESG-oriented research enhances the broader impact of business schools (Hahn & Figge, 2011; Sachs, 2015).

The environmental and social dimensions of ESG are increasingly reflected in research agendas that address sustainability, ethical governance, inclusive growth, climate risk, and responsible business practices. By prioritizing research that engages with real-world challenges, business schools enhance their academic relevance and policy impact. Such research contributes to evidence-based decision-making and supports the development of sustainable organizational practices.

Governance plays a central role in safeguarding research quality and ethical standards within business schools. Transparent research policies, robust ethical review mechanisms, and accountability in funding allocation and publication practices collectively strengthen academic integrity. ESG-aligned governance further encourages interdisciplinary collaboration and facilitates the dissemination of research beyond the academic domain, thereby enhancing societal relevance.

ESG-oriented research also contributes to institutional value creation by strengthening reputation, attracting external funding and partnerships, and enhancing global visibility. More importantly, it reframes business schools as active contributors to societal problem-solving rather than merely as transmitters of managerial knowledge.

#### **5.11 Academic Social Responsibility**

Academic Social Responsibility (ASR) represents the social outreach dimension of value creation in business schools. It extends the concept of corporate social responsibility into the

academic domain, emphasizing the ethical obligation of educational institutions to contribute to societal development through knowledge, expertise, and engagement.

From a social ESG perspective, ASR includes community-based learning, outreach programs, policy engagement, entrepreneurship support, and capacity-building initiatives. Business schools that actively engage with local communities, small enterprises, and public institutions enhance social inclusion and knowledge accessibility. Such initiatives reinforce the societal relevance of management education.

Governance ensures that ASR activities are systematically planned, monitored, and aligned with institutional objectives. Clear policies, dedicated structures, and impact assessment mechanisms reflect responsible governance practices. Environmental considerations may also be integrated through sustainability-focused outreach and awareness programs.

Academic Social Responsibility contributes to value creation by strengthening public trust, enhancing institutional legitimacy, and fostering socially conscious graduates. ESG-driven ASR thus bridges the gap between academic knowledge and societal application, reinforcing the transformative role of business schools.

## **6. Discussion: ESG as an Integrated Value Creation Model**

The parameter-wise analysis demonstrates that ESG functions most effectively as an integrated framework rather than a collection of isolated initiatives. Environmental sustainability, social responsibility, and governance quality are interdependent dimensions that collectively shape institutional value creation in business schools. Infrastructure development, faculty strength, student intake, academic ratios, research activities, and strategic planning gain coherence and long-term significance when aligned with ESG principles.

According to the findings, the integration of ESG enhances the quality of the academic environment by improving learning conditions, increasing faculty engagement, and strengthening the practical relevance of research. Simultaneously, ESG reinforces institutional legitimacy by promoting transparency, inclusiveness, and ethical governance. A holistic adoption of ESG equips business schools with the foresight and adaptability required to respond effectively to evolving stakeholder expectations, regulatory changes, and broader societal needs.

More fundamentally, ESG reframes the evaluation of business schools by shifting attention from short-term performance metrics—often aligned with investor time horizons—to indicators of long-term impact and institutional resilience. From this perspective, the health of academic institutions becomes closely linked to the health of society, thereby reinforcing the role of business schools as contributors to responsible leadership and sustainable development.

## **7. Findings of the Study**

The key findings of the study can be summarized as follows. First, ESG principles provide a more holistic understanding of value creation in business schools that extends beyond traditional academic outputs. Second, when viewed through an ESG lens, institutional parameters commonly used for evaluation acquire strategic significance rather than remaining compliance-driven indicators. Third, governance emerges as the central enabling mechanism that integrates environmental and social initiatives with institutional strategy. Fourth, ESG-aligned practices contribute to enhanced stakeholder trust, institutional reputation, and academic relevance. Finally, the study underscores the need for business schools to move beyond symbolic adoption of ESG and toward its systematic integration across both academic and administrative domains.

## 8. Conclusion

This decomposition shows that ESG is best viewed as an interrelated system of initiatives rather than a loose collection of activities. The environmental, social, and governance pillars of sustainability are conceptually linked to each other and collectively play a role in creating sustainable institutional value in business schools. That coherence and attributional integrity to an institutional direction comes from the systematic embedding of core ESG principles across relevant policy domains — infrastructure, faculty, student development, academic processes, research, and strategic planning, amongst others.

The results also show that ESG integration leads to improved academic quality due to better learning environment, greater research importance and higher faculty involvement. Simultaneously, ESG enhances institutional legitimacy through transparency, inclusiveness, and ethical governance. Embracing ESG as a holistic spectrum then enables business schools to better respond to the continuously shifting expectations of stakeholders, regulatory environments, and societal issues emerging today.

In an era marked by complex economic, social, and environmental challenges, business schools bear a responsibility to cultivate leaders capable of responsible decision-making. ESG provides a coherent framework through which this responsibility can be operationalized and sustained.

## 9. Implications and Scope for Future Research

This study identifies several implications for academic institutions, policy-makers, and accreditation processes. It offers an intellectual framework that can inform curriculum design, institutional assessment, and future research orientation. From a policy perspective, the framework provides a basis for integrating ESG considerations into quality assurance and accreditation mechanisms. At the institutional level, it encourages academic leadership to adopt ESG as a strategic planning tool rather than treating it merely as a compliance-driven requirement.

Future research may empirically test the proposed framework through case studies, surveys, or comparative institutional analysis. Context-specific studies across regions and accreditation systems can further refine ESG indicators relevant to business schools. Such research would strengthen the empirical foundation of ESG-driven value creation in higher education.

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