www.efmd.org

Volume 09 | Issue 01 | 2015

global focus

The EFMD Business Magazine

The 'clouds of change' threaten society. Charles Handy identifies one such possible danger – the dysfunctional behaviour of our large corporations

CLOUDS OF CHANGE

INSIDE THIS ISSUE

Digital world
Managers need to be taught how to love it

Half-baked
'Unfinished' managers will rise to the top

Corporate MBA
Business and academia must be new partners

Diversity
Is it dying a slow and painful death?

Mindfulness
Relax, it's only an MBA programme

Future-proof
Eight ways to prepare for the unknown

www.efmd.org/bsis

BSIS
BUSINESS SCHOOL
IMPACT
SURVEY

The key tool for measuring your
business school's impact
on the world around it

EFMD
GLOBAL
NETWORK

In association with:

FNEGE
Fondation Nationale pour l'Enseignement
de la Gestion des Entreprises

Find out more:

Volume 09 Issue 01 | 2015

In focus

Welcome to the first issue of *Global Focus* in 2015. May we wish all our readers a happy and prosperous New Year. Quite a large wish. The world remains a troubled place.

In our cover story (page 8) even Charles Handy, normally of an optimistic nature, paints a rather gloomy picture. In an article based on a recent presentation to the European Forum Alpbach he conjures a somewhat dystopian vision of the modern large corporation. He writes:

"...the public corporations are the great elephants of our economies.

We ride on their backs. They provide the greater part of the new wealth of society as well as the bulk of the jobs, directly or indirectly. If they falter or do not live up to their responsibilities we all suffer.

So when I see these great beasts getting fewer in number, particularly in America, as well as older, fatter and greedier I start to worry. They have served us well over the last 70 years but success can be the enemy of progress, blinding one to the need to change."

But, of course, there are also positive messages as well.

On page 14, for example, Soumitra Dutta explains why business schools must take the lead in creating managers who can harness the power of business and technology. And David Dotlich (page 18) explains why "unfinished" leaders – adaptable, collegiate, and always ready and willing to learn – are the ones who will succeed in today's complex and paradoxical business world.

And although Ulrich Hommel (page 26) worries that the business school sector has entered a process of homogenisation and that diversity as we know it is dying a slow and inescapable death, on page 22 Dan Pontefract shows that true partnership between business and academia can create learning opportunities that benefit an organisation, its employees and the academic institution itself.

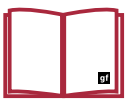
In two separate but dovetailing articles, Anne S Tsui (page 36) and David Oglethorpe (page 52) address the issue of social responsibility and its relationship with management education. The former suggests ways the ME sector can respond to the growing criticism of irrelevant and self-serving research, while the latter argues that business schools themselves need to embrace social responsibility more actively than they have so far.

Finally, though most students love the busy atmosphere of an MBA programme, Dianne Lynne Bevelander and David Bond (page 32) suggest this may not be the right way to teach them the soft skills, particularly leadership, that employers say they want.

Instead, she writes, a little peace and quiet giving time for reflection may be the best things for them – and perhaps for all of us once in a while?

gf

More ways to read *Global Focus*



You can read *Global Focus* in print, online and on the move, in English, Chinese or Spanish

Go to www.efmd.org/globalfocus to access the online library of past issues

Or search iTunes for your iPad edition

EFMD

We are always pleased to hear your thoughts on *Global Focus*, and ideas on what you would like to see in future issues.

Please address comments and ideas to Matthew Wood at EFMD:

matthew.wood@efmd.org

Volume 09 Issue 01 | 2015

Contents

Global Focus
The EFMD Business Magazine

Executive Editor
Matthew Wood
matthew.wood@efmd.org

Advisory Board
Eric Cornuel
Howard Thomas
John Peters

Consultant Editor
George Bickerstaffe
georgebickerstaffe@gmail.com

Contributing Editors
Dianne Lynne Bevelander
David Bogle
David Bond
David Dotlich
Soumitra Dutta
Alessandra Ginante
Charles Handy
Ulrich Hommel
Tracey Keys
Alison Lloyd
Teresa Martini
David Oglethorpe
Dan Pontefract
Anne S Tsui
Martine Van den Poel
Graham Ward

Design & Art Direction
Jebens Design
www.jebensdesign.co.uk

Photographs & Illustrations
©Jebens Design Ltd / EFMD
unless otherwise stated

Editorial & Advertising
Matthew Wood
matthew.wood@efmd.org
Telephone: +32 2 629 0810

EFMD aisbl
Rue Gachard 88 – Box 3
1050 Brussels, Belgium

www.efmd.org/globalfocus

©EFMD

1
In focus

8
Clouds of change
Charles Handy, like Peter Drucker, has always sought to identify the 'clouds of change' threating society. Here he identifies one such possible threat – the dysfunctional behaviour of our large corporations

14
Harnessing the power of the digital economy
Soumitra Dutta explains why business schools must take the lead in creating managers who can harness the power of business and technology to improve the world and how one school is aiming to do just that

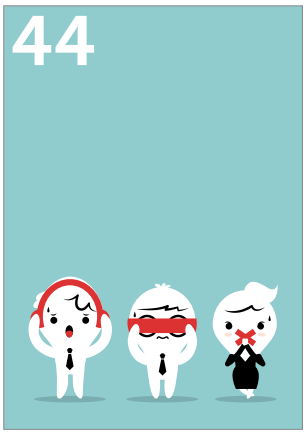
18
Why complete leaders are unfinished
David Dotlich explains why leaders who are 'unfinished' – adaptable, collegiate, and always ready and willing to learn – are the ones who will succeed in today's complex and paradoxical business world

22
Eureka! The new corporate MBA
Dan Pontefract demonstrates how true partnership between business and academia can create learning opportunities that benefit an organisation, its employees and the academic institution itself

26
Diversity is dead! Long live diversity!
An increasing number of pundits argue that the business school sector has entered a process of homogenisation – that diversity as we know it is dying a slow and inescapable death. Ulrich Hommel examines the evidence and analyses the possible impact it may have on accreditation systems

32
Mindfulness – the antidote to macho leadership?
Most students love the buzzy, busy atmosphere of an MBA programme. But is it the right way to teach them the soft skills, particularly leadership, that employers say they want? Dianne Lynne Bevelander and David Bond suggest that 'mindfulness' courses may be the answer

MIX
Paper from responsible sources
FSC® C003371
FSC www.fsc.org



36
Socially responsible scholarship
Anne S Tsui suggests how business school scholars can overcome the growing criticism of irrelevant and self-serving research

40
Learning, development and personal growth
Alessandra Ginante argues that companies must do more to meet the personal needs and ambitions of their managers if they expect them to perform effectively

44
Why the digital generation needs communication training
The 'digital generation' are roughly 30 or younger. As they arrive in a workplace dominated by the non-digital generation, one thing becomes clear, says Teresa Martini. They are challenged when it comes to communication skills

48
How small group coaching can accelerate leadership development
Martine Van den Poel and Graham Ward describe the unique advantages of small group coaching in leadership development

52
The socially responsible business school: corporate compromise or competitive advantage?
David Oglethorpe argues that business schools need to embrace social responsibility more enthusiastically than they have done so far

56
Fulfilling the needs of business students
As the Asian economy develops and the environment changes, Alison Lloyd suggests there is the need to bring about a renewal of business education

60
The thoroughly modern doctorate
David Bogle highlights some of the key changes that have occurred in PhDs (and more that are to come) and their particular resonances to management and business education

64
Thinking differently: prepare for the future
Tracey Keys explores how leaders need to think – and act – differently to prepare themselves and their organisations for the future.

P22

Eureka! Dan Pontefract shows how true partnership between business and academia can create real learning opportunities

AdjunctFinder.com

www.adjunctfinder.com

Taking the headache out of managing part-time faculty

Professor Francis has a headache; in fact a number of headaches.

As Deputy Dean of Programmes in a well-credentialed business school, he manages a core of full-time faculty and a large cohort of part-time Adjuncts servicing graduate, undergraduate and executive education programmes. With face-to-face, online and intensive courses, his job is complex and often unpredictable.

Managing the existing cohort of Adjuncts is challenging enough but with a new semester beginning and full-time faculty teaching allocations complete, some classes are still without the right instructors.

His spreadsheet of current Adjuncts has limited information, his networks are exhausted and the bundle of unsolicited Adjunct resumés in the filing cabinet could be diamonds or dust – who knows and who has time to read them?

Student feedback indicates some of the course instructors need refreshing – new brains with new ideas - and those executive education programmes on the horizon definitely need tweaking.

Professor Francis also convenes a Business Advisory Committee giving strategic programme advice to the Dean and faculty. He is keen on fresh perspectives but is unsure if he has the right mix of members or is getting the best advice – a dull ache to add to the headache.

The professor's pain was relieved when he discovered **AdjunctFinder.com** – the international central "commons" for accessing and managing business school Adjunct Faculty. Launched by former academic programme managers, **AdjunctFinder.com** gave Professor Francis simple, on-line management of his current Adjuncts and easy access to new high-quality Adjuncts.

He registered his school on **AdjunctFinder.com**, and as a subscriber, manages his existing Adjunct Faculty in a customised, branded database unique to his school. He also accesses the wider international database of available Adjuncts, searching for new talent for changing needs.

Business education is global, and so are Adjuncts. Professor Francis now recruits from across town or across the world. He quickly found **AdjunctFinder.com** offered hundreds of competent, well-qualified and experienced Adjuncts – people seeking roles as sessional lecturers, tutors, executive educators, research supervisors, markers, guest speakers, mentors, coaches, advisory board members and study tour leaders – covering face-to-face, online and intensive teaching modes. Their backgrounds include company directors, board members, business managers (full-time, part-time/retired or semi-retired), professionals, current faculty seeking more diverse experiences and post-doctoral researchers.

The AdjunctFinder.com partnership with EFMD ensures quality, effective, affordable Adjunct Faculty management – without the headaches.

Contact

Professor John Toohey
jtoohey@adjunctfinder.com

Victoria O'Connor
voconnor@adjunctfinder.com

www.adjunctfinder.com

AdjunctFinder.com
— connecting part-time faculty and business schools —

The AdjunctFinder.com in partnership with EFMD ensures quality, effective, affordable Adjunct Faculty management, without the headaches.

EFMD

AdjunctFinder.com

The Institutional Development of Business Schools

Edited by

Andrew M. Pettigrew, Eric Cornuel and Ulrich Hommel

In recent times, the fastest growing part of the higher education system has been business schools.

With an established set of university based business schools in the USA since the early part of the 20th century, the growth since then has come in Europe between the 1960s and the 1990s, and in Australasia and Asia over the past 20 years. This has meant that, for example, in the UK by 2010 management and business studies staff made up 7% of the UK higher education sector and taught 14% of the students. In that same year, 1 in 8 undergraduates, 1 in 5 postgraduates and 1 in 4 international students were studying management business studies in UK business schools.

This growth has inevitably attracted the interest of those applauding and sceptical of these developments, and more scholarly literature on business schools has also developed. The purpose of this book is to assess the character and quality of selected research themes on the study of business schools and to articulate a forward looking research agenda on the study of business schools as institutions. The book provides novel empirical findings on the change and development of business schools, the causes and consequences of the ranking, and branding wars around business schools in particular and higher education systems more generally. The book also offers a stimulating critique of some of the intellectual, professional and economic challenges facing business schools in the contemporary world.

14%

In the UK by 2010 management and business studies staff made up 7% of the UK higher education sector and taught 14% of the students

1:8

Also in 2010, 1 in 8 undergraduates, 1 in 5 postgraduates and 1 in 4 international students were studying management business studies in UK business schools

OXFORD

The book provides novel empirical findings on the change and development of business schools, the causes and consequences of the ranking, and branding wars around business schools in particular and higher education systems more generally

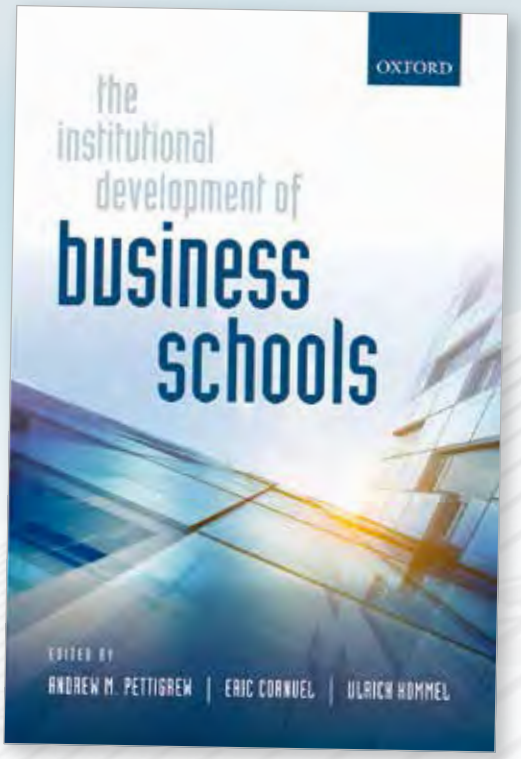
The book's authors are internationally renowned scholars from the fields of organisation theory, strategic management, management development, and higher education management and policy.

About the editors

Andrew M. Pettigrew
(Professor of Strategy and Organisation, Saïd Business School, University of Oxford)

Eric Cornuel
(Director General and CEO, EFMD)

Ulrich Hommel
(Chair of Corporate Finance and Higher Education Finance and Director, Strategic Finance Institute (SFI), EBS Business School)



ISBN **978-0-19-871336-4**

SPECIAL OFFER FOR GLOBAL FOCUS READERS

£38.50 inc **30% DISCOUNT**

OUP are offering a 30% online discount to readers of *Global Focus* (full price £55). Go to:–

www.oup.com/uk

and use promotion code **AAFLY6**

The discount is valid until 31/03/2015 and there is a limit of 10 copies per transaction. This offer is only available to individual (non-trade) customers and this offer is exclusive and cannot be redeemed in conjunction with any other promotional discounts.

One of [Peter Drucker's] skills was his ability to spot the clouds of change in society while they were still far off on the horizon, long before the thunderstorm broke. I try to emulate his skill in my own work so that people can better prepare themselves for new futures

CLOUDS OF CHANGE

Charles Handy, like Peter Drucker, has always sought to identify the 'clouds of change' threatening society. Here he identifies one such possible threat – the dysfunctional behaviour of our large corporations

Peter Drucker has been a big influence in my life and work. I valued hugely my occasional meetings with him and my bookshelves groan under the weight of his many books.

One of his skills was his ability to spot the clouds of change in society while they were still far off on the horizon, long before the thunderstorm broke. I try to emulate his skill in my own work so that people can better prepare themselves for new futures.

One of the clouds on the horizon that currently worries me is the behaviour and the future of large corporations. Much though I admire and encourage the entrepreneurs of all sorts who are our futures and much though I enjoy my contacts with small organisations and family businesses, the fact is that the public corporations are the great elephants of our economies.

We ride on their backs. They provide the greater part of the new wealth of society as well as the bulk of the jobs, directly or indirectly. If they falter or do not live up to their responsibilities, we all suffer.

So when I see these great beasts getting fewer in number, particularly in America, as well as older, fatter and greedier I start to worry. They have served us well over the last 70 years but success can be the enemy of progress, blinding one to the need to change.

The Greeks of old called it *hubris*, which I was taught to translate as overweening pride, that which comes before a fall, the arrogance that infuriates the gods and brings down their wrath.

The basic facts suggest that the corporate fall may be nearer than we know. A recent Brookings Institute research report found that firms aged 16 or older now represented 34% of all economic activity in the US, up 50% in 20 years. They are also lasting less long with fewer new entrants coming along, which bodes ill for the future. There are now 50% fewer publicly listed companies in America than there were 15 years ago; nor is it very different in the rest of the world. Business, the Brookings Report concludes, is getting old and fat.

Commenting on the report, the journalist Simon Caulkin says that "the quoted company, the engine of capitalism for the last 150 years is beginning to look like an endangered species". That should give us all cause for concern. There are more worries.

Those elderly elephants may be increasingly in danger of falling foul of what St Augustine called the great sin, that of being so "turned in on oneself" that you forget your greater purpose. This charge could be levelled against many of the boards of those companies who have been indulging in an orgy of share buybacks.

16

A recent Brookings Institute research report found that firms aged 16 or older now represented 34% of all economic activity in the US, up 50% in 20 years

50%

There are now 50% fewer publicly listed companies in America than there were 15 years ago; nor is it very different in the rest of the world

PHOTOGRAPHY COURTESY: © ELIZABETH HANDY

$2.4t

The *Harvard Business Review* in 2014 noted that 449 companies in the S&P 500 index used 54% of their earnings, a total of a colossal $2.4 trillion, to buy back their own stock in the open market

> *To put it bluntly... directors are pocketing the seed corn of future generations and nobody is noticing or, if they are, nobody is caring. Am I not right to be worried?*

William Lazonik, writing in the *Harvard Business Review* of September 2014, points out that the 449 companies in the S&P 500 index that were publicly listed from 2003 to 2012 used 54% of their earnings, a total of a colossal $2.4 trillion, to buy back their own stock in the open market. With dividends taking up a further 37% only a paltry 9% of earnings were left for reinvestment.

There are sometimes technical reasons to buy back stock, to compensate, for instance, for any temporary lowering of the share price when stock options are exercised. But the main reason has to be either that the board members have run out of ideas of how to spend their earnings on new projects or, quite simply, need to boost the value of their own stocks or options. Why, one might ask, would they need to do that given that the average annual take-home pay of the chief executives of those companies was $30 million?

It is only when you realise that 83% per cent of that pay is in the form of stock grants or options that the reason becomes clear, the buybacks are needed to preserve the underlying value of their pay packets. To put it bluntly, those directors are pocketing the seed corn of future generations and nobody is noticing or, if they are, nobody is caring. Am I not right to be worried?

Of course there are exceptions. Not all boards are so self-interested, but the exceptions are just that, exceptions. We need many more of them to set a new tone. Lazonick, who is professor of economics at the University of Massachusetts Lowell and co-director of its Center for Industrial Competitiveness, comments that from the end of the second world war until the late 1970s the prevailing orthodoxy in the boardrooms of the world was to *retain and reinvest* ones earnings. Now it is *downsize and distribute*, to ourselves and our supportive shareholders. We have moved from value creation to value extraction. He is right.

When I started work in 1956 in the Royal Dutch Shell Group I remember only too well the opening briefing that we fledgling executives received from one of the managing directors in our first week of training: "We are," he said, "an important part of the energy supply system of the world. Our job is to supply our customers with their needs and to secure the long-term future of the business. We need to make substantial profit in order to finance that future. We also pay a rent to our shareholders,

in the form of dividends, for the use of their money, a rent that includes a risk premium, although in our case that premium is low and we want to keep it that way."

There were no stock options or bonuses on offer then. We were all paid a rate for the job. You got more if you were promoted. The top management was well paid but not excessively so. The shareholders were bystanders, seen more as an indicator of public approval or disapproval, our business thermometer if you like, than as real investors since all new money had to come from our own earnings. So what was it that changed in the 1970s?

In 1970 Milton Friedman declared that the purpose of a business was the maximising of shareholder value, "the business of business is business".

This was developed by two ex-colleagues, Michael Jensen and William Meckling, into Agency Theory, which argued that the directors and managers were in no way the owners of the business, they were only the agents of the real owners, the shareholders.

It was well intended; it gave the business a clear objective and it implied that if the business made its owners rich this would in due course enrich society. All would be well for all. As it turned out all would only be well for some.

Directors and senior managers were quick to claim that if they were working for the shareholders, it was only sensible that their rewards should tie in with those of the shareholders, creating a community of interest. The world of stock options and bonuses tied to share prices came into being, and a new story began.

Perhaps John Maynard Keynes was right when he said that "Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of some years past."

Whatever the cause, the whole culture and *raison d'etre* of business changed from then on. The money men were in charge, supported, I am sorry to say, by enthusiastic business schools who now had one simple yardstick for success which they could pass on to their eager students.

Forty years later it is clear that the new formula has not worked for most. Not for society as a whole, which has had to live through two recessions and a financial crash; not for most individuals given that the median salary in both America and the UK has remained constant in real terms for the last 30 years; and, intriguingly, not even for the shareholders, the focus of the new philosophy. The rate of return on US capital in 2011 was one-quarter of what it was in 1965 and Roger Martin, former Dean of the Rotman School of Management at the University of Toronto, has calculated that the overall returns to shareholders in the 40 years before 1970 was larger than in the 40 years after.

It is odd, in hindsight, that nobody challenged the idea that a business should be seen as a piece of property to be owned by its financiers. That might have made sense to the Victorian mill owner in his mansion looking down at the mill he had built and then hired labour to work the machinery. But now the machinery and the buildings serve the workers not the other way round.

A company is more truthfully a community, a community of companions with a common purpose and no one can legally or even metaphorically own the people of a community. That would be slavery. In any case those shareholders are very seldom the original contributors of finance, who long ago passed on their right to the hoped for stream of dividends to a succession of others who can now be only passive onlookers, betting on their chosen stocks.

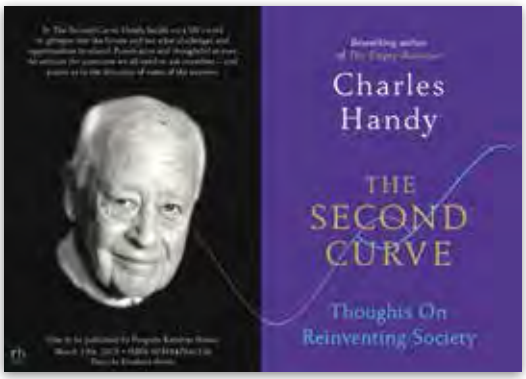
Their only rights are to elect the directors or to vote if the directors want to sell the company to another. Even if they were allowed to challenge the strategy of the company they are unlikely to have the competence to do so. Responsible owners they cannot be.

"In 1970 Milton Friedman declared that the purpose of a business was the maximising of shareholder value, 'the business of business is business'

30

It is clear that the new formula has not worked for most, not for society as a whole; not for most individuals given that the median salary in both America and the UK has remained constant in real terms for the last 30 years; and, intriguingly, not even for the shareholders

> *Is it not time to return to the idea of a business as a responsible community that pays due heed to all its constituents, one whose core purpose must be to seek immortality through continuous self-improvement and investment?*



Above
In *The Seond Curve*, Handy builds on a life's work to glimpse into the future and what challenges and opportunities lie ahead. Provacative and thoughtful as ever, he sets out the questions we all need to ask ourselves – and points us in the direction of some of the answers.

The shareholder value doctrine, as it came to be labelled, is even wrong in law. As the leading legal expert Professor Lynn Stout, the Distinguished Professor of Corporate & Business Law at the Cornell Law School in the US, has shown, a company is an independent entity, it belongs to no one. The directors of a company have no reason to give preference to the shareholders. They are instead responsible to the company as a whole for its longer-term survival. They cannot, in law, give priority to any one group of stakeholders, be they shareholders or managers or workers. This is not peculiar to America.

Company Law in most other countries is similar. In Germany, the requirement that a business has a social as well as a financial purpose is written into their constitution, at the instigation, as it happened, of the Allied occupying powers who neglected to do likewise back home.

I see further worries looming. Some of those elephants are growing so large and so global that they are becoming beyond the scope of governments to control, since they can choose to domicile themselves wherever the tax regime is most favourable.

Nor are some of them subject to the usual disciplines of the regulators. How do anti-trust regulations apply when the dominant firm has no competitors because in the internet businesses the winner takes all and leaves everyone else stranded? Even the normal market constraints will not work in these situations. How does one compete with a business like Amazon that seeks to be the largest shop on the planet and feels no need to make a profit en route?

So, I ask, can we safely trust these huge, ageing, bloated and selfish organisations with our futures? Is it not time to return to the idea of a business as a responsible community that pays due heed to all its constituents, one whose core purpose must be to seek immortality through continuous self-improvement and investment?

I have concentrated on America where market capitalism has been most developed but the same trend is discernible in other economies. Continental Europe is protected to a degree by its more rigorous governance structures and its greater reliance on the banks as the longer-term financiers but even here the temptations and pressures of the shareholder value model can be felt. Capitalism is a wonderful social invention, but like all inventions it can turn on its creators if it is not used with care.

I have no easy or immediate solutions. I am not sure that any fiddling with the legal structures of a company will work. What we need is what the Drucker Forum in Vienna is calling for: "A Great Transformation", particularly in the attitudes and examples of those at the top of our great businesses. They need to be reminded that their responsibilities go way beyond themselves and their financial friends, that they cannot rely on the market to keep them fair and honest, and that their people are more than human resources, they are their community and not their property.

It is vital, in short, to all our futures that our business leaders remember St Augustine's warning that to be lost in oneself, to focus on means rather than greater ends, is a misuse of your talents, a waste and a sin, and that it applies to organisations just as much as it does to individuals.

gf

This article is an edited version of a presentation by Professor Charles Handy to the European Forum Alpbach in August 2014.

ABOUT THE AUTHOR

Charles Handy has moved through careers as an oil executive, a business school professor and BBC broadcasting and is widely acknowledged as a world leader in management thinking. His prolific authorship includes books which are standard works on bookshelves worldwide, including his memoir, Myself and Other More Important Matters, *as well as* The Elephant and the Flea, *and* The Empty Raincoat. *His new book,* The Second Curve *will be published in March 2015. His concern for society and individuals as the world faces the changes that technology, demography and economics bring, has been awarded with a dozen doctorates or fellowships, numerous prizes, and a CBE.*

WWW.EFMD.ORG/EIP

THE EFMD 2015 EXCELLENCE IN PRACTICE AWARDS

CALL FOR ENTRIES

The EFMD Excellence in Practice Awards (EiP) recognise outstanding and impactful Learning & Development partnerships in the domains of Leadership, Professional, Talent and Organisation Development.

The EFMD Excellence in Practice Awards attract case studies describing an effective and impactful Learning and Development (L&D) initiative between partner organisations.

The L&D programme can be deployed by an organisation either together with its in-house Learning & Development unit or with external L&D providers.

Award Winning Cases must demonstrate:

- Strong Business Impact
- Excellent Programme Management
- Operational Excellence

The programme we have created with Ashridge is really helping our key talents to be our leaders for the future. We still have many great challenges ahead to realise our ambition, so we are grateful for the extra energy this 2014 EiP Gold Award gives us.

Willem van der Lee
Corporate Director of Talent, FrieslandCampina

Deadline for Submission: 30 March 2015

For more information on the assignment brief, submission guidelines and FAQs visit: www.efmd.org/eip

Contact:
florence.gregoire@efmd.org

Excellence in Practice AWARD 2015
Learning & Development Partnerships
EFMD

PREVIOUS EiP WINNERS

Amsterdam Business School	Lufthansa
ArcelorMittal	MAN
Ashridge Business School	Merck
Atos	Microsoft
BAE Systems	ORMIT
Bentley University	Pon Holdings
CEAGA	Prism Venture Capital
Center for Creative Leadership (CCL)	Promsvyazbank (PSB)
Chicago Booth School of Business	RBS (Royal Bank of Scotland)
Danone	Royal Philips Electronics
Danske Bank	Saïd Business School (University of Oxford)
EDF	Siemens
Emerging World	State Street Corporation
FrieslandCampina	SSE IFL Executive Education
Goldman Sachs	Stora Enso
HEC Paris	Swiss Re
HSBC	The National Trust
IMD	The Wharton School
Impact	'the world we work in'
INSEAD	TMA World
ING	Toulouse School of Economics
KickApps Startup	UMass Boston
Lake Forest Graduate School of Management	University Medical Center Groningen
Leeds University Business School	University of St. Gallen
London Business School	WHU, Otto Beisheim School of Management
Lonza	

Soumitra Dutta explains why business schools must take the lead in creating managers who can harness the power of business and technology to improve the world and how one school is aiming to do just that

Harnessing the power of the digital economy

In July 2013 the Samuel Curtis Johnson Graduate School of Management at Cornell University took a bold step, announcing a new MBA programme that would stand at the intersection of business and technology in a way not done before. It would develop individuals who are more than MBA graduates and savvy business people—but rather leaders for the digital economy.

The digital revolution is changing everything about the way business is conducted today. It is changing existing companies, accelerating entrepreneurship and innovation within them, spawning new enterprises, bringing with it tremendous opportunities and equally stout challenges.

Technology—specifically information and communication technology—drives the digital revolution in business in several key ways.

It has made business much faster than ever before. Computer processing and the internet have created streamlined operations, instant communications and agile responsiveness.

The internet has also opened unprecedented collaboration among workers and companies across the globe. The result is greater productivity and reduced costs to companies through outsourcing, video conferencing and other technology-enabled communications.

Of particular interest are the ways in which technology encourages businesses and individuals to innovate. As technology advances, prices drop and the technological tools used to create innovative solutions become more accessible to everyone. For example, when an employee sees a problem in delivering value to customers, he or she can readily innovate a solution by utilising existing technological tools—and at relatively low cost.

The pace of business, hyper-connectedness to talent and markets, the power for individuals and companies to rapidly innovate all call for a new business professional, a manager who deeply understands the role of technology in commerce and who can work collaboratively with engineers and technology specialists. It also calls for a new technologist—one who understands business well enough to see the path from prototype to market.

The need for these new engineers and managers, along with the conviction that technology-fuelled innovation could invigorate the economies of New York City and New York State, led to the creation of Cornell Tech.

> *Cornell Tech focuses on creating pioneering leaders and technologies for the digital age through research, technology commercialisation and graduate education*

This concept was born in 2010 when the City of New York asked top universities to propose a new or expanded applied sciences and engineering campus, with the city providing land on Roosevelt Island, a narrow island in East River between Manhattan and the borough of Queens, plus a seed investment to make the project a reality.

Cornell University won the bid and in 2012 launched a revolutionary model for graduate education that fuses technology with business and creative thinking in the heart of New York City's vibrant tech ecosystem.

Cornell Tech focuses on creating pioneering leaders and technologies for the digital age through research, technology commercialisation and graduate education at the masters, doctoral and post-doctoral levels.

The Cornell Tech campus is currently housed in Google's Chelsea building and in 2017 we expect to move to a new campus on Roosevelt Island designed to foster an energetic environment for bringing together ideas, people and technology to spark innovation.

The new 2 million square feet campus will include academic spaces, an executive education centre and a hotel, plus housing for 2,000 students and 280 faculty and 2.5 acres of new green space.

Offering an MBA on a tech campus was unprecedented yet the leadership of Cornell Tech viewed a focus on business as being integral to its very fabric and purpose. The campus was not to be just about technology but rather about technology, business and economic impact. The belief that tremendous economic growth will come from the coupling of technology and business underlies the collaborations on which Cornell Tech was created—a remarkable partnership between the government of New York City, a major research university, private-sector business and civil society.

This is how transformation is created. And we were committed to re-imagining business education and creating an MBA programme that will develop people to lead that transformation.

In May 2015, the first students will graduate from the Johnson Cornell Tech MBA programme.

From the moment we embarked on this journey, we considered carefully what would be the ideal graduate of the programme. He or she would be prepared to understand the technological landscape, to work with technologists and to use technology to solve functional problems. These graduates are not technologists, yet they understand technology deeply enough to work with sophisticated technologists to find effective solutions to real-world problems.

I have even greater hopes for this class of MBA students—and for MBA students from business schools everywhere. They can change the face of local environments and the world. They are pioneers on the global stage, taking the collaborative vision behind Cornell Tech and bringing it to reality in the world of business. They share a fundamental belief that business and technology are improving the state of the world.

Business can and should be a force for good in the world. And — by combining technology with business and society — we can make the world a better place.

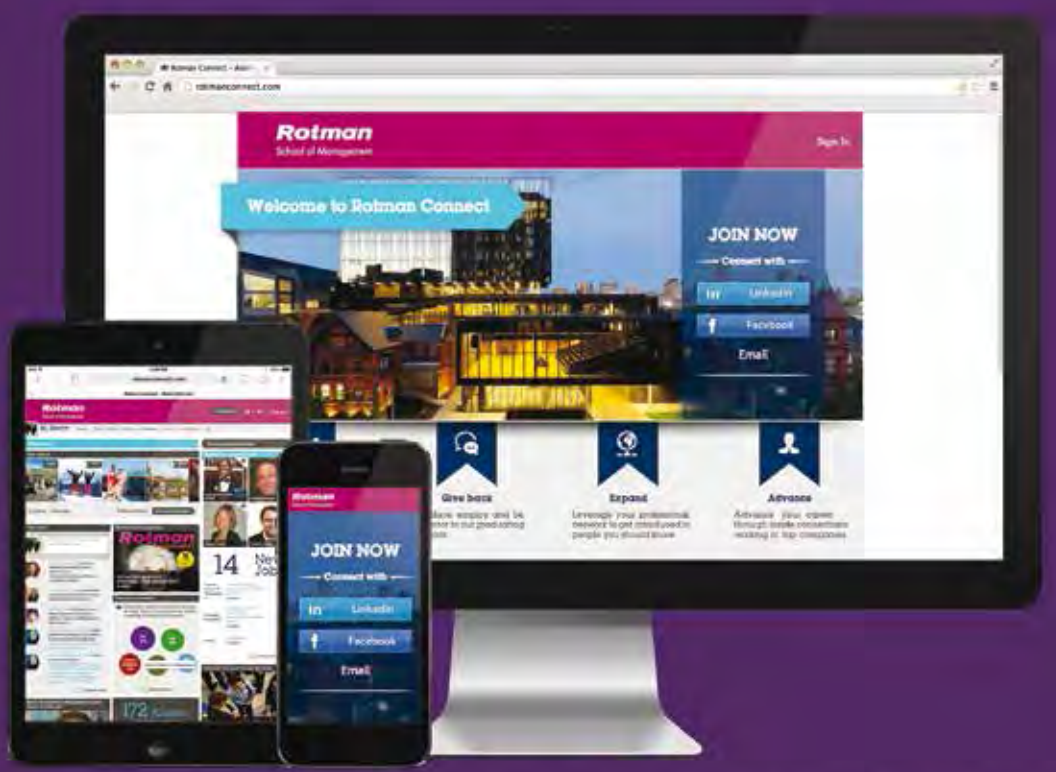
gf

ABOUT THE AUTHOR

Professor Soumitra Dutta is Anne and Elmer Lindseth Dean and Professor of Management at the Samuel Curtis Johnson Graduate School of Management at Cornell University in the US.

EFMD & Graduway partnering to raise standards in alumni relations

Join the many EFMD schools already using Graduway



EFMD member schools are entitled to a 10% discount and no set up fee.

Graduway
Empowering Alumni Relations

www.graduway.com

EFMD

"By staying humble and constantly remembering that you are never quite done learning, you remain in a permanently unfinished state with 'fresh eyes' as you face the barrage of everyday decision-making

Why complete leaders are unfinished

David Dotlich explains why leaders who are 'unfinished' – adaptable, collegiate, and always ready and willing to learn – are the ones who will succeed in today's complex and paradoxical business world

> *When moved up the executive ranks, problem-solving clear wins are hard to come by. Instead, executives must shift their leadership skills to managing paradoxical challenges by encouraging collaboration, inspiring innovation and finding ways to generate creative input*

Recently, Pivot Leadership ran an executive programme for the top leaders of one of the world's largest and most successful companies. Each participant received feedback from their team members, and a summary of how they were viewed by their direct reports as a whole. What was the prevailing request embedded in the feedback for this group of very senior leaders? "Stop micromanaging us!" Or, more to the point: "We wish that you trusted us as much as we trust you!"

This insight instigated a provocative moment of reflection. Why did these executives feel the need to get overly involved in the work of those below them?

Multiple explanations were discussed, but everyone agreed on one simple explanation: as senior executives they were attempting to cope with overwhelming complexity. With so much more to learn and understand and with many more relationships to forge in their matrix-based organisation, these executives were micro-managing in an attempt to achieve consistency, control and closure. They were making lists, conducting reviews, managing projects and asking for financial updates to make some sense of it all. In the end, they were not effective and they were not creating value for shareholders.

Every day, leaders face difficult challenges that generally fall into two distinct camps—puzzles and paradoxes. Puzzles are problems with clear and defined answers such as "How can we increase productivity by 20%?" or "Should we invest x dollars into research and development?"

Paradoxes, on the other hand, are defined by two or more opposing options that can never be resolved. These challenging, persistent dilemmas are now experienced more frequently and consistently by senior executives. They appear in the tension between purpose and profit, short-term returns and long-term investments, maintaining today's business model while disrupting it for future growth, and standardising processes and procedures while encouraging breakthrough innovation and creativity.

Today, most problems faced by executives are paradoxes. They are tricky, complex and constantly changing and the ability to lead through paradox has become the critical competency required for any senior leader in any organisation today. In our research, we found that leaders who see themselves as learning, adapting and growing, and remaining "unfinished" are best able to navigate through paradox successfully. In our book *The Unfinished Leader: Balancing Contradictory Answers to Unsolvable Problems* we argue that you need to develop some new mindsets, especially staying "unfinished" when faced with paradoxical problems.

Being flexible, adaptive and open to creative solutions and new opportunities is an example of a new mindset leaders will require. You have to acknowledge and navigate the vast amount of information and ideas generated every day—both internally and externally to the organisation you lead. By staying humble and constantly remembering that you are never quite done learning, you remain in a permanently unfinished state with "fresh eyes" as you face the barrage of everyday decision-making.

The first thing that an unfinished leader must do is to embrace paradoxes instead of denying them.

Managers are typically encouraged and then rewarded for solving puzzles such as lowering costs, executing a project, resolving customer problems and so on. But when moved up the executive ranks, those kinds of clear wins are hard to come by. Instead, executives must shift their leadership skills to managing paradoxical challenges by encouraging collaboration, inspiring innovation and finding ways to generate creative input.

30

To help GSK leaders viscerally connect with the challenges and opportunities—and inherent paradoxes—that they faced, we took 30 senior GSK executives to Kenya as part of an 18-month, multi-segment, leadership development experience

One of the most effective ways to navigate a paradoxical challenge is to use the organisation's core purpose as a lens through which a leader can navigate to the right action or outcome. That is what pharmaceutical giant GlaxoSmithKline (GSK) did when it was exploring better ways to serve unmet medical needs of people in Africa. Andrew Witty, the CEO, was determined both to tap Africa's commercial opportunity and fulfil GSK's mission to serve patients and allow access to new medicines.

Witty saw a huge commercial potential in the region but was also faced with several complex and seemingly contradictory paradoxes. How could GSK make money and serve its shareholders by providing access to people who have little or no money? How do you respond to overwhelming health care needs in the developing world while delivering the premium performance expected of a global corporation? How do you increase value for investors while decreasing the price of medicines for those who need them most?

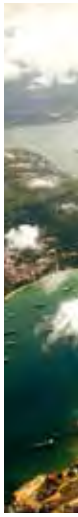
To help them viscerally connect with the challenges and opportunities—and inherent paradoxes—that they faced, we took 30 senior GSK executives to Kenya as part of an 18-month, multi-segment, leadership development experience. Among the places we visited were clinics and hospitals in Nairobi to expose GSK leaders to the current healthcare system. The experience touched everyone deeply—on a personal and an emotional level.

Before they departed for Africa, GSK executives disagreed about the right way to market their products in Kenya and other developing countries. Some perceived a moral duty to ease the plight of disadvantaged populations even though they did not believe any real commercial opportunities existed in the region. Others argued that the burgeoning middle class offered huge commercial potential and saw the humanitarian benefits as a less significant by-product.

After the immersion experience, Witty asked his executives to look to GSK's higher purpose to find the right strategy. He essentially asked: "What if we don't highlight the question of how to profitably run and expand the business? Instead, what if we asked how to fulfil the company's mission, serving the sick of the world?"

After all, mission, not money, gives meaning to the company's work, particularly in the eyes of most employees. The executives still had the faces and concerns of those they visited in Africa fresh in their minds. They had to do something.

> *There are many other tools that unfinished leaders can use and one of the most useful is scenario thinking, which is an informal method for questioning assumptions, exploring alternatives and analysing the upsides and downsides of multiple possibilities*



25%

One of the actions that GSK executives identified and implemented was selling HIV-preventative compounds, vaccines and other patented drugs in the world's 49 poorest nations at no more than 25% of the developed-world price

One of the actions that GSK executives identified and implemented was selling HIV-preventative compounds, vaccines and other patented drugs in the world's 49 poorest nations at no more than 25% of the developed-world price. GSK would no longer hold to consistent pricing the world over—which would obviously have reflected a puzzle-solving mentality. Witty, and other unfinished leaders like him, asked his team not to think outside the box but above the box. They adopted a policy of flexibility, a purpose-driven solution to an age-old paradox.

The key here is that they found the right next step together. Managing paradoxes at the executive level is a team effort and it takes open dialogue, deep listening and real collaboration to achieve real alignment.

There are many other tools that unfinished leaders can use to do this effectively but one of the most useful is scenario thinking, which is an informal method for questioning assumptions, exploring alternatives and analysing the upsides and downsides of multiple possibilities.

It can also be a disciplined way for looking at current and future factors shaping your world, your industry and your markets and then analysing how your organisation can plan for, and react to, future contingencies. Scenario thinking forces you to loosen control enough to rise above conventional wisdom and your own biases.

That is what Frank Appel, CEO of German logistics group Deutsche Post DHL (DPDHL), and his team did when faced with the many contradictions that plague global corporations today: continuity versus disruption, globalisation versus localisation and sustainability versus profitability.

DPDHL executives wanted to explore what the world might be like in five or 10 years. They wanted to know what could disrupt their current organisation and their investments in businesses for the future. More specifically, they considered five scenarios that guided their discussion.

- An out-of-control global economy with countries exploiting and competing with each other for natural resources
- Mega-cities growing at astonishing rates
- Lifestyles that have become more "customisable"
- Paralysing protectionism creating barriers to competition around the world
- Climate change that creates global resilience and local adaptation

Appel then convened groups of younger, high-potential leaders around the world and asked them to critique, challenge or reinforce the company's strategic assumptions and input different ideas and scenarios from their unique generational perspective. Appel and team assumed that technology would play a larger role in logistics and that younger employees, being more "wired" and technology savvy, could provide the best input. They were right—the young leaders challenged, revised and ultimately produced a much better strategic plan that took into account the future role of tools the younger managers knew intimately—social media, mobile computing, location tracking and so on.

After diverging and converging, DPDHL's leaders had a much broader, robust discussion about its corporate strategy and which paths to pursue and developed new options for both individual businesses and the collective whole. It helped them get beyond the data, which never shows the entire picture and can be heavily biased during analysis.

Scenario thinking enabled DPDHL leaders to pull back and look at the bigger picture and encourage a constructive dialogue with differing points of view. Scenario thinking is an enabler of creative thinking that can inspire teams to think imaginatively about paradox, triggering new thoughts and encouraging people to devise a range of provocative future possibilities, as well as estimating the risks associated with them.

These examples, among many others in the book, illustrate one important take-away: business threats and opportunities that leaders must now address are multi-faceted, extremely complex and often contradictory. The leaders who strive for consistency, control and closure will not be successful in a paradoxical world. By staying open, flexible and comfortable with ambiguity, you can build the most important competency for leaders today: embracing and managing paradox.

gf

ABOUT THE AUTHOR

David Dotlich is Chairman and CEO of Pivot Leadership, a strategic leadership consulting firm, with European headquarters in London, and US Headquarters in Portland, Oregon, that works with global companies such as Walmart, Johnson & Johnson, GSK, Nike, Microsoft, Ericsson, Aetna, Best Buy, Deutsche Post DHL, Lloyds, AbbVie and Telstra on strategy implementation through executive development. He is the co-author of The Unfinished Leader: Balancing Contradictory Answers to Unsolvable Problems*, his 11th book on leadership. For more information, visit www.pivotleadership.com or follow @pivotleadership.*

Innovation is an interesting concept. For many people it presupposes a "aha" or "eureka" moment in order for something new to have been created.

Others (wrongly) pronounce *ad nauseam* that innovation is a behaviour selectively developed and held by the likes of mainstream media stars such as Steve Jobs, Richard Branson or Mark Zuckerberg.

"They're so innovative," you read over and over again as if there was not a team of learned brains surrounding them to assist their final and often collaborative efforts. Of course there was the innovation disruption (eruption, one might argue) sparring match between Clayton Christensen and Jill Lepore in the summer of 2014 that proved the debate is far from being settled (Lepore queried Christensen's celebrated theory of "disruptive innovation").

I've always been intrigued by the concept of innovation. Perhaps, in part, it is due to my personal fascination with Thomas Edison.

Now there was an innovator. His list of inventions was as long as the river Nile. Interestingly, if this electromechanician – what Edison was originally called – were alive today, he would be the first to tell you his inventions were a team effort, not anything singular and certainly the polar opposite of any eureka-like moment.

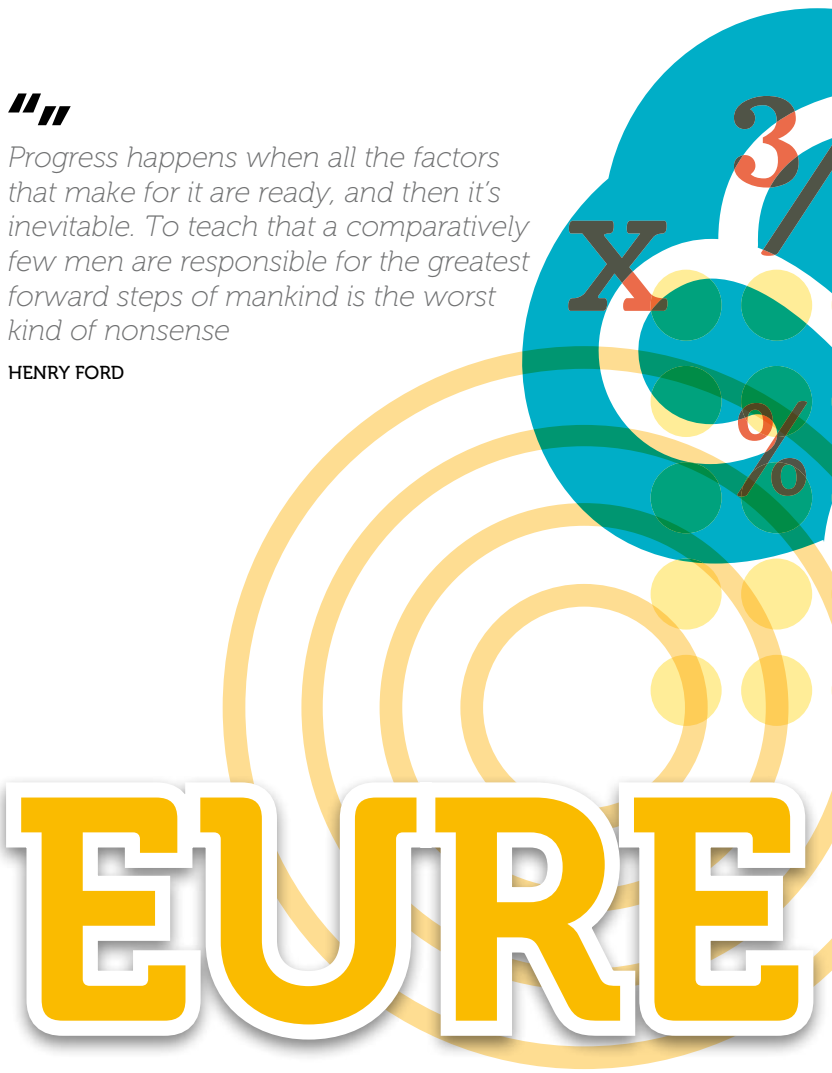
Edison's Newark, New Jersey, Menlo Park working lab in the 1870s and 1880s reflected his appreciation for different-minded individuals working collaboratively on new, inventive technologies. His team of inventors was a working lab of innovation, building upon previous learning and past experiences.

Henry Ford — famed creator of the Model T car — further debunked the fallacies of the single inventor or the eureka moment. He once said:

"I invented nothing new. I simply assembled into a car the discoveries of other men behind whom were centuries of work. Had I worked 50 or 10 or even five years before, I would have failed. So it is with every new thing. Progress happens when all the factors that make for it are ready, and then it's inevitable. To teach that a comparatively few men are responsible for the greatest forward steps of mankind is the worst kind of nonsense".

Innovation, therefore, is the origination of one from many.

> *Progress happens when all the factors that make for it are ready, and then it's inevitable. To teach that a comparatively few men are responsible for the greatest forward steps of mankind is the worst kind of nonsense*
>
> HENRY FORD



THE NEW CORPORATE MBA

Dan Pontefract demonstrates how true partnership between business and academia can create learning opportunities that benefit an organisation, its employees and the academic institution itself

Scientific or business-like?

I ask now whether you believe higher education is any different. In particular, when corporations seek to utilise higher education to assist in the development of their employees, why is it that the way in which learning is developed and delivered by the university has remained the same since the days of Taylor and Sloan?

Why is an innovative and collaborative partnership model between higher education and corporations not becoming the norm for any sort of learning opportunity? Specifically, the potential for the "Corporate MBA" should not be thought of as negative. It should become an innovative norm, a collaborative working partnership.

According to Global Silicon Valley Advisors, a US education consultancy, worldwide corporate and government spending on various forms of external learning and education is set to reach $449 billion by 2015 and $524 billion in 2018.

With organisations spending millions each year sending employees to higher-education learning (including MBA programmes) where the curriculum is independently designed by just a few faculty (and their myopic research tendencies) inside one institution's higher education firewall, does this equate to innovation or is it merely the wretched *status quo* of "this is how we've always done it"?

Indeed, the *status quo* lurks. In the May 2005 issue of *Harvard Business Review*, Warren Bennis and James O'Toole referred to the predicament of business schools and their lack of innovation by suggesting they were drawn to the vortex of "the scientific model". It was a warning.

It is clear to me a decade later that their call has been mostly unanswered. Business is not an academic discipline, rather it is a profession like law and medicine. As Bennis and O'Toole write: "The distinction between a profession and an academic discipline is crucial. In our view, no curricular reforms will work until the scientific model is replaced by a more appropriate model rooted in the special requirements of a profession".

524

According to Global Silicon Valley Advisors worldwide corporate and government spending on various forms of external learning and education is set to reach $449 billion by 2015 and $524 billion in 2018

PowerPoint and logos

How does a corporation that is paying for the development of its employees — and which outsources part of its employees' development to business schools — truly benefit if it has no say in the definition or development of the pedagogy?

I am not referring to the concept of "tailoring the curriculum" or "customising the content" either, where business school administrators replace corporate logos on PowerPoint slides and paper printouts of common curricula. Might the university learn from the sponsoring organisation through its own business experiences and ideas? Might this involvement create a more innovative and successful programme?

Another question to contemplate is whether the employee — who is being financially sponsored by the organisation — will improve his or her own personal performance if the learning outcomes are misaligned to the mission, objectives and values of the paying organisation.

If an organisation, for example, decides to invest $2 million in its future leaders by enrolling a cohort of employees into a public MBA programme at a business school, should said organisation be held hostage by the singular innovation and ideas of faculty members from that one university through their "scientific model" tendencies?

Or, perhaps, might it be appropriate for corporations to invest the time — and more importantly, their innovative and experienced minds — into the co-development of a higher-education programme such that both institutions might metaphorically replicate Edison's working lab of collaboration, ideas and innovation to achieve Bennis and O'Toole's moon shot of establishing the "business model" in business schools?

It is time universities and corporations got together and created their own Menlo Park of higher-education innovation, collaborating with one another to craft something very special for both parties. It is time for a new definition of eureka.

Magna cum latte

In the spring of 2014, Starbucks announced with great fanfare it was scrapping its existing employee tuition reimbursement programme in favour of an exclusive partnership with Arizona State University.

Open to any of its 135,000 "partners" who work at least 20 hours per week, including part-timers, Starbucks offered to pay for a bachelors degree. Fantastic, many claimed, though employees had to earn 21 credits from ASU's online programmes first (and pay themselves) before reimbursement would happen toward the other 99 credits required for graduation.

What worried me most, however, was that the investment was allegedly being made by Starbucks without involvement by the company on how the degrees might benefit the organisation, employees and the university itself in the long run.

Yes, it is an excellent example of corporate citizenship and a demonstrable illustration of improving employee engagement and the lives of its employees. The question remains whether Starbucks, ASU and employees missed an opportunity to build an innovative Edison-esque working lab to provide a truly innovative (and successful) higher-education programme.

135

In the spring of 2014, Starbucks announced an exclusive partnership with Arizona State University, open to any of its 135,000 "partners" who work at least 20 hours per week, including part-timers, Starbucks offered to pay for a bachelors degree

What if?

TELUS is a global telecommunications company headquartered in Vancouver, Canada, with $11.7 billion in revenues and millions of customer connections. Like countless other corporations worldwide, we are proud of the investment we make in our team members.

Since 2010, for example, TELUS has invested well over $200 million in various learning and development efforts for the 44,000-plus team members that are a part of our organisation. When we work with external education partners, one of our steadfast rules of engagement is that the partnering educational institution must become immersed in our mission, objectives and leadership values.

In simpler terms, the education institution becomes one of us… not the other way around. TELUS does not simply send its team members to external courses and hope for the best. On the contrary, we want the education institutions we collaborate with to be as engaged as possible with our corporate culture. We want them to act as if they might be TELUS team members themselves.

It is important for us to have a two-way, innovative partnership that benefits our team members, our objectives and the partnering institution. It most certainly is a working lab of innovation and an example of the Bennis and O'Toole business model not the scientific model.

In early 2014 we made the decision at TELUS to take our learning and development efforts one step further. Never one to believe in the *status quo*, we issued a request for proposals to 10 business schools across Canada for a new type of MBA: the TELUS Masters of Business Administration in Leadership and Strategy.

44k

Since 2010 TELUS has invested well over $200 million in various learning and development efforts for the 44,000-plus team members

> *"It is time universities and corporations got together and created their own Menlo Park of higher-education innovation, collaborating with one another to craft something very special for both parties – it is time for a new definition of eureka*

If we were going to invest thousands of additional dollars in our team members, why not do so in an Edison-like business model living lab, where both TELUS and the winning business school could co-create the final outcome, experiencing communitas along the way?

The winning institution — University of Victoria's Peter B Gustavson School of Business, accredited by AACSB and EFMD's EQUIS — understood our vision and is now hard at work (with us in partnership) on a new Corporate MBA.

The launch of the new programme, developed and delivered in partnership with TELUS, means there will soon be a new cadre of leaders with a unique mindset that allows them to see the world differently.

The first TELUS cohort is slated for 2015 and we are even entertaining the possibility of offering this unique MBA to our consumers, customers and partners in the future.

Business as unusual

TELUS is now in a friendly and collaborative partnership with the University of Victoria to develop something for the future that will benefit our team members, our organisation, our customers and, of course, our partnering university.

The programme will be co-developed by university faculty and TELUS team members, taught by both the University of Victoria and TELUS, and utilise face-to-face and virtual methodologies. Our Executive Chair, Darren Entwistle, is fully engaged in the project.

It is definitely "business as unusual" but in the spirit of Edison, Ford, Bennis and O'Toole. Isn't that what innovation should be about? Eureka!

gf

ABOUT THE AUTHOR

Dan Pontefract is Chief Envisioner at TELUS and prime for the TELUS Masters in Business Administration Leadership and Strategy programme. He is also author of Flat Army: Creating a Connected and Engaged Organization. *Visit him on Twitter (@dpontefract) his blog (www.danpontefract.com) or at TELUS Transformation Office (www.telustransformationoffice.com)*

An increasing number of pundits argue that the business school sector has entered a process of homogenisation – that diversity as we know it is dying a slow and inescapable death. **Ulrich Hommel** examines the evidence and analyses the possible impact it may have on accreditation systems

DIVERSITY IS DEAD!

LONG LIVE DIVERSITY!

Respecting diversity is one of the core values of EFMD; the holistic nature of the EQUIS and EPAS systems reflects this positive predisposition towards diversity. Business schools are encouraged to produce institution-specific responses to the quality challenge.

Indeed, a closer look at the portfolio of EQUIS- and EPAS-accredited institutions demonstrates that business schools can travel many different development paths in their quest of achieving excellence.

The relationship between local conditions and the development path chosen can explain the historical persistence of diversity. Distinctive environmental features, socio-economic factors as well as academic values and traditions have led to the conservation or even the amplification of differences across cultural areas, higher-education systems and business school types.

A rising number of pundits, however, are arguing that the business school sector has entered a process of homogenisation and that diversity as we know it is dying a slow and inescapable death.

The purpose of this article is to evaluate this claim and, to the extent that it can be upheld, discuss its implications for accreditation. How can accreditation continue to shape quality improvement and innovation in management education? How can accreditation avoid falling into the trap of merely deflecting threats to the business school establishment and invite procrastination where change is needed?

A rising number of pundits, however, are arguing that the business school sector has entered a process of homogenisation and that diversity as we know it is dying a slow and inescapable death

Diversity's first death: Mimicry

Despite considerable achievements in terms of sectoral growth and broadening the educational mission, the legitimacy of business schools is nowadays severely challenged in academic circles and beyond (Hommel/Thomas, "Research on Business Schools: Themes, Conjectures and Future Directions", in: Pettigrew et al *The Institutional Development of Business Schools*, Oxford: Oxford University Press, 2014).

One of the most persistent criticisms relates to the detrimental influence of mimetic isomorphism or, as Wilson/McKiernan ("Global Mimicry: Putting Strategic Choice Back on the Business School Agenda", in the *British Journal of Management*, 22(3), 2011, 457-469) have termed it, "global mimicry".

In this context, accreditation and rankings are seen as parts of a constraining process that forces business schools to resemble their immediate competitors. The sector may be characterised as a multi-layered system with considerable diversity across layers, driven above all by the availability of financial resources, and rising homogeneity within each layer.

Mimetic isomorphism can partially be the result of business schools struggling to interpret accreditation standards at the initial accreditation stage and possibly even beyond. As a work-around, they are searching for the idealised (but non-existing) business school underpinning accreditation systems and are using accredited institutions as reference points.

In other words, the uncertainty emanating from the holistic nature of accreditation systems invites mimicry.

Isomorphism has two effects we need to be particularly concerned with.

First, it stifles innovation and puts business schools into a mode of emulating perceived state-of-the-art practices observed at other places.

Second, it weakens the role of accreditation as a catalyst for continuous quality improvement with the alternative being that it acts more like an entry barrier.

Diversity's second death: Structure-focused business school leadership

The most challenging aspect of business school accreditation is to develop a perspective beyond the structural characteristics of an institution or a degree programme. There is, for example, the continuous danger of evaluating internationalisation based on international student and faculty mix as well as graduate placement statistics, which do not capture the international dimension of student learning very well.

As another example, the evaluation of business school research is increasingly biased towards top-level academic publications included in readily available performance statistics (for example, based on Web of Science, an online citation indexing service).

In contrast, no such metrics exist for applied research targeting management practice, thereby potentially depreciating its impact on accreditation outcomes and market recognition.

The other side of the coin is that an increasing number of business school deans are following a structure-oriented management approach based on quantitative performance indicators, which do not capture learning and knowledge generation processes well.

Part of the problem is the role of accreditation as a gatekeeper for international rankings. Ranking indicators are shaping the decision making of accredited business schools, which then ultimately feeds back into the way quality is evaluated in an accreditation context.

Alignment of management goals with externally legitimised and periodically inspected performance indicators has a stabilising influence on a business school. The implied loss of diversity may not be overly concerning as long as intra-institutional realities are sufficiently de-coupled from formal organisational structures.

However, this divergence is becoming progressively smaller, mainly because the spread of entrepreneurialism in business schools strengthens the influence of market rivalry on institutional behaviour.

Business school deans carry the "indicator logic" into accreditation practice as part of their volunteer work – through the back door so to speak. Addressing this aspect is the most critical on-going challenge in the development of the EQUIS and EPAS systems.

Indicator-driven accreditation can partially be avoided by managing the quality of information passed on from one stage to the next (for example, peer review reports), how information is consumed (reviewer training) and the experience as well as heterogeneity of the expert panels involved in decision making.

"Divergence is becoming progressively smaller, mainly because the spread of entrepreneurialism in business schools strengthens the influence of market rivalry on institutional behaviour

Strengthening diversity: Accreditation-push

What are potential ways forward? On an operational level, one can map the diversity principle more explicitly into the accreditation documents. The recognition of a wider range of research outputs and more clearly defined minimum expectations with regard to traditional academic research are obvious candidates in this context.

Contextualising internationalisation standards is another, which will also remove the need to apply *ad hoc* work-arounds when evaluating schools located in large, culturally diverse countries. Accreditation standards could be further amended to include more explicit encouragements for institutionalising innovation.

Fostering diversity can also involve a critical review of the performance criteria (implicitly) applied in the accreditation process with the objective of strengthening the emphasis on impact.

> *Fostering diversity can also involve a critical review of the performance criteria applied in the accreditation process with the objective of strengthening the emphasis on impact*

These are currently largely defined in absolute terms such as: intake quality (which tends to favour students with privileged socio-economic backgrounds); career placement and progression (measured by the ability to place graduates with blue-chip employers and salaries); research quality (based on journal impact scores); and executive education volume (ideally with international corporations as contract partners and upper management as the main focus group).

But how do these conventional achievements compare to an institution consistently lifting socially disadvantaged students onto a more stable economic path; or an institution focused on shaping regional development rather than traditional research?

While few would doubt that the latter schools are mastering the bigger challenge, they are so far falling through the international accreditation net. The label "vocationalism" is typically applied to explain exclusion. Outside the business school establishment, however, this may be perceived as a very narrow definition of "excellence" based on a socio-economically biased success metric. Creating more options for gaining market recognition may be the solution.

Strengthening diversity: Market-pull

The challenge of revitalising the role of diversity should also be tackled more fundamentally and in the light of the disruptive change currently taking place in the business school sector – the spread of technology-enhanced provision and the emerging financial non-viability of the traditional research-based business model (Hommel/Lejeune, "Major Disruption Ahead", in *Global Focus* 7(2), 2013, 10-14).

Both developments promise to alter the institutional ecology in significant ways, largely triggered by the unbundling of educational provision, competitive entry of non-academic players and the limited ability of established schools to react to these challenges due to tightening financial constraints.

New forms of institutional diversity will emerge, which will justify revisiting the scope of international accreditation. One option is casting a wider net to capture a broader range of institutions.

The unbundling of educational provision will require a more flexible definition of what constitutes a business school in an accreditation context. The future will be shaped by collaborative provision within institutional networks rather than integrated production.

Minimum scope and minimum size requirements could therefore be put on the discussion block to capture and potentially even foster the evolution of new organisational models utilising arms-length resource sharing.

More flexibility may be desirable with respect to defining an institution's minimum track record (currently formulated in terms of years in operation) to encourage market entry and in particular green-field investments by established players in related sectors.

Rejuvenating the push towards diversity

Current market dynamics will produce new forms of institutional heterogeneity, which will help to overcome the widely lamented phenomenon of global mimicry. The disruptive influence may be feared by established players but will ultimately help to foster quality improvement in the business school sector. The challenge for accreditors is to evaluate these developments prospectively and demonstrate inclusiveness when they start to materialise.

The issues raised in this article are bound to appear on the accreditation reform agenda in the years to come. Higher education is in the process of transitioning from a public to a private good and management education is leading the way.

For-profit institutions are currently mostly servicing the fringe of the market but have clearly set their sails on becoming part of the mainstream. They will not be bound by current conventions and will opportunistically embrace impact as a performance criterion.

Failing to demonstrate inclusiveness in this instance would be equivalent to Don Quixote's fight against windmills; for-profits providers will, without question, gain a sizable share of the market in the years to come and, in the process, push more diversity into the business school sector.

gf

"New forms of institutional diversity will emerge, which will justify revisiting the scope of international accreditation. One option is casting a wider net to capture a broader range of institutions

ABOUT THE AUTHOR

Ulrich Hommel is Director, EFMD Research and Surveys Unit, and Professor of Finance, EBS Business School.

smart diploma™

Your grads' central online space to store and showcase all their credentials.

TURN YOUR ACADEMIC CREDENTIALS INTO A POWERFUL MARKETING TOOL ON LinkedIn™

GRANT SMART DIPLOMA™ TO YOUR GRADUATES AND THANKS TO THE NEW LINKEDIN Add to profile *FEATURE, THEIR CREDENTIALS WILL TURN INTO A POWERFUL MARKETING TOOL TO PROMOTE YOUR INSTITUTION AND PROGRAMS.*

CONTACT US NOW. FREE OF CHARGE FOR YOUR ALUMNI.

Smart Diploma™ is a highly secure, easy to use software solution that allows educational institutions to deliver thousands of academic credentials in just a few clicks. It lets graduates collect diplomas, certificates, transcripts, badges, etc. inside a centralised academic portfolio and use them as a great career tool on social media. It also allows your institution to keep in touch with alumni, get in touch with lost alumni and leverage the analytics behind it all to manage your community efficiently.

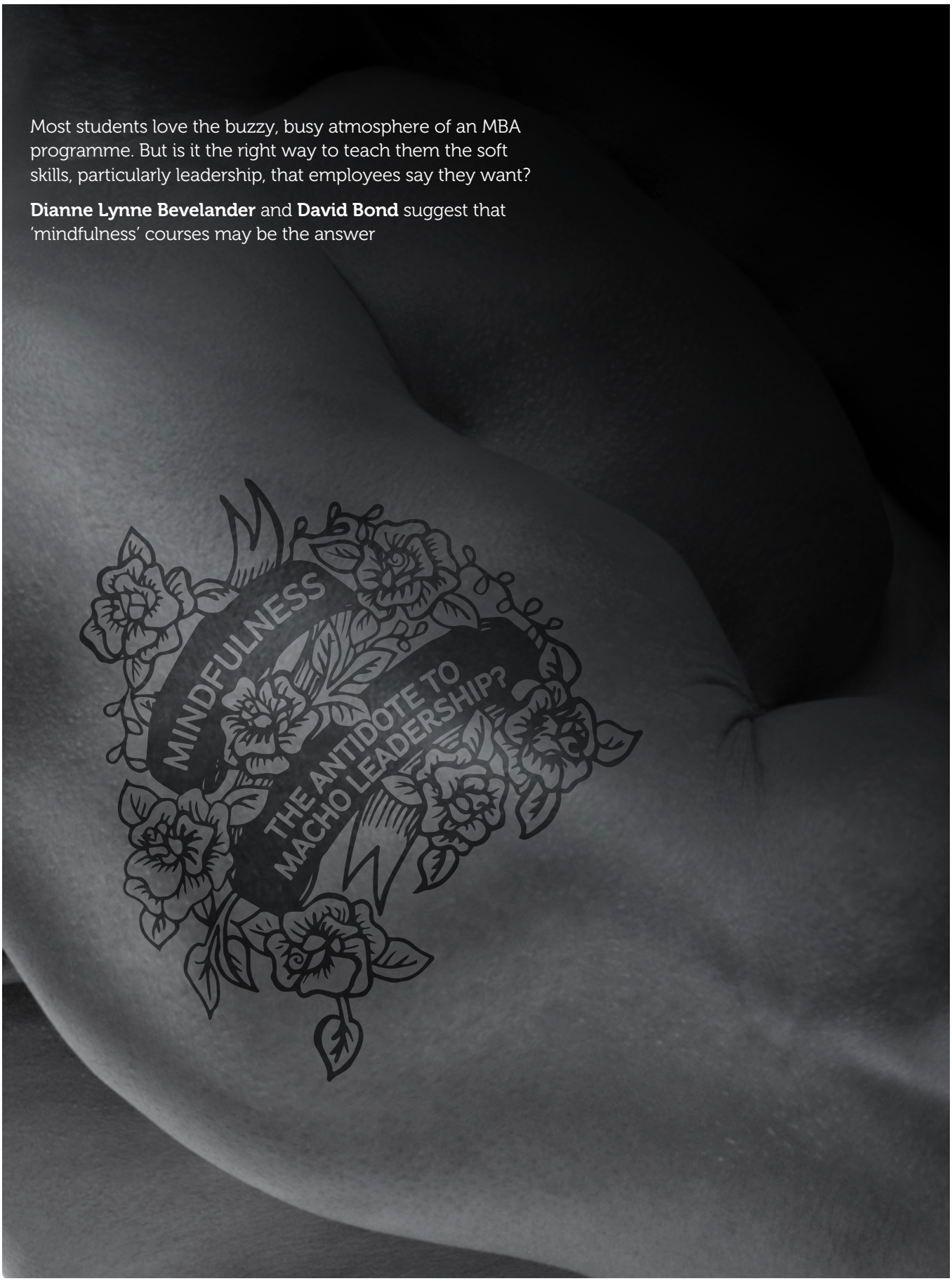
CLICK FOR OUR PLANS & PRICING

cvtrust

EFMD

Most students love the buzzy, busy atmosphere of an MBA programme. But is it the right way to teach them the soft skills, particularly leadership, that employees say they want?

Dianne Lynne Bevelander and **David Bond** suggest that 'mindfulness' courses may be the answer



"Good leadership is about dealing with crises in a considered rather than reactionary way. It is about responsibility and self-control and the ability to cope with the physical and emotional toll of high-level responsibility in today's extremely dynamic environment

Are business schools teaching leadership effectively? Some critics have argued that business programme graduates are too focused on the corporate bottom line, insufficiently concerned about broader societal implications and educated in a way that over-emphasises the left at the expense of developing the right side of the brain.

While not fully accepting the extent of the culpability claimed by their detractors, business schools have responded by introducing curricula innovations that further stress the development of holistic thinking and so-called "soft skills". The expansion of leadership, social responsibility and bottom-of-the-pyramid experiential courses on both core and elective curricula around the world reflects this trend.

Several business schools are leading the way by introducing "mindfulness" courses and retreats into their MBA programmes. IMD in Switzerland, for example, offers a meditation and self-management course. Rotterdam School of Management, Erasmus University, Netherlands, offered its first mindfulness leadership retreat in 2013. And Georgetown University's McDonough School of Business in the US provides a six-week course on meditation and leadership.

Mindfulness courses do not entail spending extended periods sitting crossed-legged with arms outstretched meditating. Rather they are about helping participants learn to slow down and resonate with others. Being mindful helps in making choices with a richer appreciation of how these choices may be informed by our emotions and with a stronger understanding of the impact we are having on others.

These courses are about developing an appreciation that how we view ourselves has a significant impact on how we lead others and how others see us, which impacts on their preparedness to follow.

Mindfulness is about paying more attention to our emotional responses to circumstances and to our environment. It is about understanding oneself and appreciating the impact you are likely to have on others when making a decision or taking action before actually doing so.

Considerable scientific evidence exists connecting mindfulness to improved decision making, creative problem-solving ability, memory and resilience, among other things. Its inclusion in MBA programmes will therefore undoubtedly improve the development of the students and subsequently help imbue this way of thinking into the organisations they join and lead, benefiting the societies they serve.

Historically, MBA programmes have been highly intensive, interactive, and pressurised, with limited time to reflect. Going from one course to the next at a seemingly accelerating pace, students experience high stress, frequent assessment, concerns about immediate application of learning and pressure to secure graduate employment almost from the day the programme begins.

Mindfulness argues that we can achieve better leadership results if we reduce our instinctive tendency to run from one moment to the next and learn to slow down so that we take the time to think about ourself and about the impact we have on others.

The challenge for business schools is whether this reflective ability can be developed during MBA programmes and how (if at all) they need to be transformed to enable such development.

15

In 2013, 15 MBA students from Rotterdam School of Management full-time MBA and Global OneMBA programmes chose the new experiential mindfulness retreat elective

In 2013, 15 MBA students from the Rotterdam School of Management, including participants from Global OneMBA chose the new experiential mindfulness retreat elective recognising that they were no longer going to be reading about leadership but actually doing it.

They travelled from Rotterdam into a stunning nature reserve in the middle of the South African Karoo. As the course outline describes, "this makes it the perfect environment to learn the unexpected value of mindfulness, slowing down, making friends with silence, nature and storytelling – to help you reflect on issues of core importance in your professional, societal and personal existence".

Participants had access to electricity for only two hours a day. Only vegetarian food was available, no alcohol was served and no connection to the outside world existed. For many of the students who had only lived in a connected world, having absolutely no wi-fi was scary! But without electricity, the night sky presented more stars than many big-city dwellers could conceive and the sounds of nature proved to be unbelievable for some.

This begs the question: if they have never really experienced nature, how can they understand the impact that business has on it? More importantly, when they are in leadership positions that expose them to difficult choices, can they make a truly informed choice?

The answers, of course, lie in the understanding that experiential learning is more powerful and more sustainable than listening to a lecture. Experiential learning connects one to the purpose of the lesson in a visceral way. The way students learn is changing – educators and business schools need to catch up.

The retreat drew on ancient and modern leadership practices and was built on the assumption that today's business knowledge and benchmarking is inadequate for meeting all of tomorrow's challenges. Tomorrow's leaders will need individual and collective capacities to sustain a values-based commitment to engage the world, to engage with the future as it emerges and to contribute to shaping that emergence.

The learning outcomes of the retreat were to develop participants' abilities to:

- develop structures that nurture high-quality thinking
- build climates of trust that enable challenging conversations
- introduce brief "in-the-moment" centring and longer reflective processes that enable executives to "go slow to go fast"
- present a "prototyping" as an innovation tool for uncertain environments – enabling executives to "fail fast to learn fast"
- frame busy and challenging urban environments by tapping into silence, nature and the wild. To "sense and see"
- use "awareness-based action" that incorporates personal values that can be sustained across work and life.

Participants were taught through a range of structured, semi-structured and unstructured processes spanning three themes:

Mindfulness: The ability to be aware amid the bustle of daily leadership and management – developed through a range of practices from disciplined meditation methodologies to various "in-the-moment" awareness exercises.

> *Mindfulness: The ability to be aware amid the bustle of daily leadership and management – developed through a range of practices from disciplined meditation methodologies to various "in-the-moment" awareness exercises*

Storytelling: Being able to craft stories of possibility for the future while being open to the dynamic shift in stories as you narrate them to others and as life flows forward. This is developed through fostering attention to the power of stories and enhancing students' abilities to shape and share them while appreciating the limiting assumptions and voices of judgement, cynicism and fear that might be embedded in them.

Silence: The ability to "make friends with quietness", to listen without responding, and have a calm non-judgmental "centre" that enables one to "sit in the fire" of a volatile, uncertain and ambiguous world and be open to whatever sound or sight next impresses itself upon you. This is achieved by being alone and remaining silent for periods of time in nature without the need to report back or have an anticipated outcome.

The first stage of the retreat was an initial period of connecting with the new environment and each other, coupled with a deliberate slowing down, to facilitate reflection and review of life and leadership journeys thus far.

It then moved to a "downward" phase that involved diving more deeply into purpose, values and intent – what is the story I have lived so far, what story is currently emerging for me and how do I want to craft clear leadership intentions into my story going forward?

The retreat concluded with re-emergence and re-engagement – what "ballast and compass" do I need to put in place to support the leadership story I have connected with during the retreat as I step into the uncertainty and turbulence that await me in the global workplace?

Participants chose the mindfulness retreat because of the opportunities it presented for self-reflection, personal development, and learning how to transfer the idea of mindfulness into practice within teams and the workplace. As importantly, they also chose it for the unique experience of time spent communing with nature.

Months after the retreat, graduates of the course consistently reference valuable lessons learned and internalised.

One participant spoke of how she previously rushed from group encounters and avoided speaking out in public and how the trusting environment of the retreat enabled her to develop an authentic voice and greater confidence. On returning to her leadership role in a management team, she volunteered for a key negotiating role in an important, high-profile venture.

Another participant spoke of a welcome re-identification with his personal and family values that is now guiding his emerging career choices against the pressure he felt to be a conventional "MBA career man".

A third participant reported that the retreat helped him "find myself after years of difficult circumstances... exploring my story has led to an inner stillness and new strength".

The relational dynamic that develops during a retreat of this nature brings out and encourages qualities that many of the emerging leaders had not experienced before. A growing sense of trust in each other emerges as participants lift the veil on their stories, just as it serves to substantially deepen self-trust.

Months after the RSM full-time and OneMBA participants completed their MBA degrees and began establishing their careers they continue to reach out to each other with emails, new stories, reunions and requests for support – important connections that sustain the learning and mindfulness intentions as the workplace demands attention. Due to its success and impact on the participants, the mindfulness retreat takes place annually as part of the MBA curricula.

Taking time to slow down, to reflect, to think holistically and to choose responses rather than react automatically in the moment will become increasingly important for leaders as our world becomes ever more dynamic and uncertain.

Systematically introducing mindfulness into business school curricula, particularly the post graduate MBA, will contribute substantially to developing leaders. Additionally and unequivocally, it will help address the criticisms levelled at business schools.

gf

ABOUT THE AUTHORS

Dianne Bevelander is a Professor of Management Education at Rotterdam School of Management, Erasmus University. Teaching highlights include developing the curricula and serving as the lead faculty for personal leadership development across the full portfolio of MBA programmes as well as teaching leadership development and managing people for MBA students and executives internationally

David Bond is an international retreat leader, facilitator and executive coach, focusing on personal leadership development and courageous conversations. He's particularly interested in the use of radical presence, generative dialogue, mindfulness and storytelling to foster substantive change. He works across multiple sectors and within a number of top-ranked business schools

Anne S Tsui suggests how business school scholars can overcome the growing criticism of irrelevant and self-serving research

Reconnecting with the business world

SOCIALLY RESPONSIBLE SCHOLARSHIP

For the past 25 years, business school research has been criticised for its serious disconnection from the world of business practice and for being an insulated and self-serving activity on the part of both school leadership and individual scholars.

These criticisms seem severe but collectively we, professors and doctoral students of business schools worldwide, are spending a lot of our time writing papers with unclear value for practice or perhaps even for knowledge. It seems that we have forgotten both the scientific and social mission of scholarship.

Some deans of business schools refer to research as the "paper production function". (A scholar used the term "machine shops" and another "Taylorising business school research".) In such scenarios, the faculty is the workforce in the paper production factories.

Then, there are the journals, which publish the papers written by the workers in these paper factories. Journal editors (who are usually esteemed senior "workers") use "workers" in different factories to judge the papers submitted to them in terms of theoretical and methodological rigour.

A third group, such as the *Financial Times*, *US News and World Report* or Thomson Reuters, which publishes the *Science Citation Index* and *Social Science Citation Index*, ranks the journals and the schools.

Research factories, journals and ranking publishers thus form the three legs of the research enterprise operating today.

Interestingly, practising managers, ostensibly the consumers of the "knowledge" supposedly produced, play no part unless they are needed as "research subjects". Researchers look to the papers published in the "top" journals for ideas to study. Their primary goal or motivation is not to help practising managers solve their problems but to garner approval from the editors and reviewers of the journals.

Journals and school rankings are important to business schools. Highly ranked schools attract the best students, outstanding scholars, research grants and endowments. Schools value the highly ranked journals because only these are counted in school rankings. Journals are ranked not by the topics they study or the practical relevance of the research but by the frequency of citations by other academic journals. The relevance of the content for management practice is largely inconsequential in the ranking formula.

However, evidence is mounting that publication in top academic journals is no guarantee that these articles are of high quality or relevance.

A 2012 study in the *Academy of Management Perspective* substantiates the research–practice gap. The study found that the names or ideas of 384 of the most cited, hence most respected, scholars rarely appear on Google.com websites or webpages that the general public, including managers, read. The authors conclude: "The science–practice gap does not seem to be narrowing".

Is it socially responsible to produce scholarship that provides no value for practice, especially scholarship in practice-oriented disciplines such as business and management? Is it socially responsible to apply valuable intellectual and financial resources to the paper production function for the sole purpose of improving school rankings?

The pressure to publish fuels questionable research practices in all scientific fields. A 2005 *Nature* article, "Scientists behaving badly," discusses the problem in the natural sciences. A 2010 article, "Management science on the credibility bubble: Cardinal sins and various misdemeanors," showed serious violations of research ethics such as withholding methodology details, selective reporting of results, using others' ideas without credit, dropping observations to improve statistical results and even fabricating results.

A *Science* article, "China's publication bazaar," reports that top journal publications are the tickets to financial rewards, promotion and occupational prestige, giving rise to an industry of "fake" authorships.

The *Science* editors investigated 27 agencies in China that advertised papers and authorship for sale, with the value of an authorship ranging from $1,600 to $26,000.

Even without direct monetary involvement, the "Management science credibility" study reported researchers join "article publication communes" to increase the number of papers. Eight in 10 respondents in this study had witnessed faculty inappropriately accepting or assigning authorship credit. Is it socially responsible scholarship to engage in these questionable research practices?

384

A 2012 study found that the names or ideas of 384 of the most cited, hence most respected, scholars rarely appear on Google.com websites or webpages

This production culture and a narrow journal list carry a third unintended consequence: the worldwide convergence of research paradigms. New ideas and new discoveries are lacking in a "homogenisation of scholarship".

Most scholars and schools in Asia, Europe and South America, with Africa coming along, are following the dominant research paradigm because of the focus on a common set of "top" journals. International scholars adapt their research approach to meet the expectations and preferences of the "A-journal" editors and reviewers.

By choosing the most popular topics and using the most prevalent theories and methods, papers are looking more and more alike with fewer and fewer new ideas.

Is it socially responsible scholarship to write papers solely to get them published without regard to their intellectual and social value? It is no overstatement to say that our research enterprise is at risk. By disconnecting from the world of practical management, engaging in questionable research practices, focusing on career needs and pursuing high rankings, scholarship is largely socially *irresponsible*. It is failing to meet the goal of science: to discover truth and improve the human condition.

How long will taxpayers, private and public funding agencies, and society at large tolerate these self-serving, inward-looking, "castle in the sky" research practices?

The good news is that these criticisms and discontent are beginning to motivate actions.

Scholars are recognising that we should reconsider how we evaluate research quality and impact. Many admit that citations in academic journals do not necessarily indicate practical, social and perhaps even intellectual impact.

On December 16, 2012, 155 editors and publishers of scholarly journals in a variety of disciplines representing 82 organisations worldwide gathered in San Francisco to sign a declaration along with specific suggestions for a new framework for assessing research contribution.

They declared: Do not use journal-based metrics, such as Journal Impact Factors, as a surrogate measure of the quality of individual research articles to assess an individual scientist's contributions or in hiring, promotion or funding decisions.

An article in the Sept/Oct 2014 issue of *BizEd* discussed the topic of "Measuring faculty impact", advocating a broadened metric that includes books, chapters, professional services, media coverage and expert witness appearances. In 2013

82

On December 16, 2012, 155 editors and publishers of scholarly journals representing 82 organisations gathered to sign a declaration for assessing research contribution

20%

Analyses of articles in leading management journals reveal that 80% of published research focuses on economic outcomes. Much less research, only 20%, focuses on social outcomes such as stress, health, satisfaction, justice, social responsibility and environmental stewardship

80%

Workplace stress in the US causes major human havoc: studies have shown that between 40% and 80% of employees experience stress at work and about 50% have symptoms of burnout

AACSB revised its standards for accreditation to include sustainability and impact. All business schools will be assessed using the new standards by 2016.

EFMD's EQUIS accreditation system considers contribution to world sustainability as a criterion in assessing teaching and research quality. The Research Excellence Framework in UK revised its assessment of institutional research quality by putting a 25% weighting on social or practical impact. Similar efforts are being introduced in Australia, the Netherlands and France. Those are important steps toward socially responsible scholarship.

Analysis of articles in leading management journals reveal that 80% of published research focuses on economic outcomes such as firm performance, productivity, market value, innovation or efficiency. Much less research, only 20%, focuses on social outcomes such as stress, health, satisfaction, justice, social responsibility and environmental stewardship.

We spend much of our time and funds helping firms gain profits without concern about possible harmful consequences to other stakeholders and the world at large.

Socially responsible scholarship should aim to understand how firms could be people-friendly and planet-friendly. An example of an important people-friendly topic is work stress.

Workplace stress in the US causes major human havoc: studies have shown that between 40% and 80% of employees experience stress at work and about 50% have symptoms of burnout. Stress-related expenses such as accidents, absenteeism, and mental or physical health problems cost the US about $300 billion in 2012, not including intangible costs to employees in terms of lost mental wellbeing, happiness and longevity.

Socially responsible research should identify the major work stressors and test management policies and practices that can reduce stress.

Studies can compare planet-friendly and unfriendly practices in organisations. It can study how firms can be profitable without depleting the earth's natural resources and without damaging our environment. It can strive to develop a new model of business that holds firms accountable for the natural resources used and damaged, and for the damage done to the environment during production processes. Changing the focus of research from benefiting the firm or shareholders primarily to a balanced focus on benefiting all stakeholders is another important step toward socially responsible scholarship.

> *Socially responsible scholarship means that we think about how our research can benefit our research participants and beneficiaries as much as it benefits ourselves. It means that we treat research participants with gratitude and respect*

Socially responsible scholarship means that we think about how our research can benefit our research participants and beneficiaries as much as it benefits ourselves. It means that we treat research participants with gratitude and respect.

Why should managers and employees support business school research that is irrelevant to them? Why should they participate in studies that are undertaken to produce papers that meet researchers' or schools' needs but not theirs?

Why should granting agencies support research that gives researchers promotions and employment security but makes no contribution to society through important discoveries or inventions? What entitles researchers to use public goods for their private gains? Considering these value proposition questions is an important part of socially responsible scholarship.

Who should take responsibility for ensuring that business school research fulfils the social mission of contributing valid and useful knowledge?

In my conversations with faculty and school leadership, everyone passes the buck. Faculty researchers point to the school leadership or deans. Deans point to the university administration or the senior faculty on tenure and promotion committees. University administrators point to the government research grant and assessment bodies.

However, as Gandhi said: "be the change you want to see in the world". We should all take responsibility to solve this problem and save our research enterprise.

Randy Schekman, recipient of the 2013 Nobel Prize in physiology and medicine, is one who has taken a personal initiative. Recognising that journals encourage researchers to pursue fashionable topics, distort the scientific process and encourage short-cuts, he declared the day before he received the Nobel Prize that he will no longer submit papers to *Nature*, *Cell* and *Science*, the three top science journals.

Researchers can collectively change journal policies and practices. As some editors have said, "journals can only publish papers submitted." Scholars and journal editors (who themselves are important scholars) can bring about a shift from writing journal-focused papers to knowledge-generation and practice-improvement scholarship. They can change research from controlled paper production to a sacred journey of scientific inquiry. That is the spirit of socially responsible scholarship.

The most important beneficiaries of research – business leaders – are also the most distant from and dispassionate about business school research. Although they have been largely passive recipients, they could have tremendous power if they become active consumers demanding relevant research.

Academic–practitioner collaboration could be a win-win proposition. Business leaders could influence research by providing funding and offering their companies as research laboratories. Practitioners' interests, understandably, are aligned more with the traditional emphasis on economic than the much-needed social outcomes. To ensure balanced attention to social outcomes, funding agencies should devote more of their research dollars to addressing social outcomes affected by organisational policies and practices.

All parties in the research enterprise – scholars, school leaders, grant agencies, policymakers, business leaders and journal editors – can contribute to the pursuit of socially responsible scholarship by remembering the goal of science: the discovery and application of true knowledge to improve the human condition.

gf

FURTHER INFORMATION

References to original work mentioned in this article are available from the author – anne.tsui@asu.edu

ABOUT THE AUTHOR

Professor Anne S Tsui is the Visiting Distinguished Professor at the Mendoza College of Business, University of Notre Dame, in the US. She is also Distinguished Professor at Peking University, Fudan University and Shanghai Jiao Tong University, all in China, and Emeritus Professor of International Management, Arizona State University. She has served as the 67th President of the Academy of Management and Founding President of the International Association for Chinese Management Research. She is the 14th Editor of the Academy of Management Journal *and Founding Editor-in-Chief of* Management and Organization Review, *a journal dedicated to research about China and emerging economies.*

Alessandra Ginante argues that companies must do more to meet the personal needs and ambitions of their managers if they expect them to perform effectively

Learning, development & personal growth

In today's knowledge-based, complex and ever-changing business environment it is paramount for organisations to have highly qualified professionals if they are fully to realise their economic growth opportunities.

Yet the typical corporate environment – full of volatility, uncertainty, complexity and ambiguity – is gradually becoming a place where less and less people plan to spend their lives and invest their talents.

In Brazil, a recent survey – Cia de Talentos study "Empresa dos Sonhos dos Jovens" (2014) – of over 50,000 students and early career professionals concluded that 46% did not admire any business leader in particular and 42% of them could not nominate a corporation of their dreams.

Moreover, another survey – Telefônica Foundation study "Juventude Conectada" (2014) – of 1,440 Brazilians aged between 16 and 24 revealed that 71% want to start their own business and only 16% of them could see themselves as employees in corporations.

This reveals a change in the wishes and needs of the job market. On Abraham Maslow's hierarchy of needs, individuals nowadays aspire not only to fulfil their basic needs but also their personal growth needs and to make a difference in society as part of the pursuit of their own self-actualisation (defined as the motivation to realise one's own maximum potential and possibilities).

Therefore, they seek to belong to organisations where professionals can achieve such personal growth ambitions while also delivering shareholders' expectations.

In the particular case of Brazil, this might come from the standard of living and working improvements the country has experienced in the last 20 years with, according to Datapopular Institute, around 11 million additional workers – particularly women – who entered the formal job market during the period.

If we then take corporations' perspective on this, the differentiating power of talent in business has never been so evident as a true source of sustainable competitive advantage. We now live in a time where the business tangibles such as products, factories and cash are quickly copied or readily available and business intangibles such as company culture, knowledge, reputation, brand, core competencies – strong drivers of economic value creation – are held mainly by people.

Given these circumstances, it is reasonable that companies that are able to nurture an environment where people can be self-actualised by gaining new talents while pursuing results meaningful to employees will more likely enjoy longer-lasting success.

Hence, organisations have heavily vested interests in becoming places that not only attract, retain and recognise people but also, and more importantly, enable the self-actualisation of their employees.

46%

A recent Brazilian survey of 50,000 students and early career professionals found that 46% did not admire any business leader in particular

71%

Another survey of 1,440 Brazilians aged between 16 and 24 revealed that 71% want to start their own business...

16%

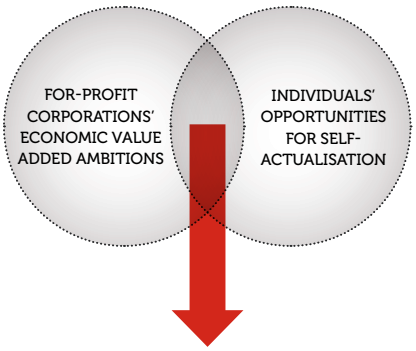
...and only 16% of them could see themselves as an employee in a corporation

11m

In the last 20 years Brazil has experienced around 11 million additional workers – particularly women – who entered the formal job market during this period

> *"Individuals nowadays aspire not only to fulfil their basic needs but also their personal growth needs and to make a difference in society as part of the pursuit of their own self-actualisation – defined as the motivation to realise one's own maximum potential and possibilities*

FIGURE 1:
LINKAGE BETWEEN COMPANIES' AND ASSOCIATES' BUSINESS AND PERSONAL GROWTH



JOINT INTERESTS FOR PERSONAL AND BUSINESS GROWTH; AREA THAT CAN BE AMPLIFIED WITH THE RIGHT COMPANY-EMPLOYEE PURPOSES FIT AND ADEQUATE LEARNING AND DEVELOPMENT OPPORTUNITIES

"Effective leaders are increasingly required to be very well developed people emotionally speaking and also self-actualised in their needs and fears

This creates new opportunities for business schools and learning and development professionals within corporations to add value to organisations and individuals.

To fully capitalise on these opportunities, though, companies and business schools should revisit their current approach to executive education so as to increase their contribution to organisations, leaders and associates and, at the same time, enlarge the business opportunities for the sector.

In doing so, they could address current issues related to:

- *narrow and scattered scope of executive education offerings*
- *weak linkages between executive education and the personal and career motives of individuals*
- *lack of disciplined execution of executives' individual development plans*
- *non-existent long-term measurements of personal growth and performance to measure effectiveness of learning and development investments made.*

A new approach could be based on identifying emerging executive education wishes and needs and relating them to long-term effectiveness measurement.

This means learning solutions that are:

Focused both on extrinsic and intrinsic learning

In other words, not only delivering knowledge and experiences that make individuals more competent technically and professionally (also important elements given the poor education quality present in some countries, particularly in the emerging economies) but also offering learning approaches that can help people become all that they are capable of becoming in a holistic manner.

Effective leaders are increasingly required to be very well developed people, emotionally speaking, and also self-actualised in their needs and fears. Achieving such results would require exposure to peak experiences with full concentration and total absorption, growth-led (not fear or comfort zone-led) learning choices and the pursuit of self-awareness to help people find out who they are.

Connected with the individuals' self-actualisation motives and with the purpose and meaning they attribute to their work

For example, ensuring that the individual's most deeply rooted values are taken into account when designing learning interventions and objectives.

Integrated with the career ambitions and progress of individuals

...as they move up and around in their organisation as well as across employers so that the employee's life journey is supported without interruptions.

Connected to key elements of the associate's lifecycle management, HR/people management programmes already in place

This is to say, for example, that when certain focus areas arise during recruitment, promotion assessments, performance reviews and succession planning, this information is fully utilised to tailor the future growth actions for the employee.

FIGURE 2:
LEARNING AND DEVELOPMENT APPROACH TO SUPPORT INDIVIDUALS' SELF-ACTUALISATION AND CORPORATE SUCCESS

BROADEN LEARNING AND DEVELOPMENT SCOPE

EXTRINSIC AND INTRINSIC LEARNING

FOCUS ON LEARNER`S PERSONAL MOTIVES AND SELF-ACTUALISATION ASPIRATIONS

INCREASE LEARNING AND DEVELOPMENT EFFECTIVENESS

PROPER GOVERNANCE TO STIMULATE LEARNING PLANS EXECUTION

PORTABILITY OF INDIVIDUAL DEVELOPMENT PLANS ALONG THE EMPLOYEE CAREER REGARDLESS THE EMPLOYER

CONSULTATIVE LEARNING AND DEVELOPMENT DESIGN

BUSINESS SCHOOL-LED LEARNING NEEDS ASSESSMENT

CONNECTION WITH EMPLOYEES CAREER LIFECYCLE MILESTONES

INTEGRATION WITH THE HR/PEOPLE MNGT TOOLS IN PLACE

Business schools could also play a proactive role and support a more accurate learning needs assessment by taking the initiative to review an executive`s learning track record, performance reviews outcome, succession and career plans, and an individual`s motivation and dispositions.

Portable personal growth files

These are ideally stored digitally as they are the property of the employee and not of the employer. This would not only avoid interruptions in the development cycle but also potentially save investment in repetitive learning interventions due to lack of historical data.

Consultative learning and development solutions designed around organisation and individual needs

Most companies know little about the best way in which adults learn. Therefore they need specialists who can help employees, leaders and HR heads to decide the most effective way to invest resources, including vendors other than the business schools, in developing the learning architecture.

Built with the right governance and cadence that stimulates execution

A self-actualisation journey is hard work and plans only change reality when they are implemented but they lose priority over time among the many other topics of day-to-day organisational life.

This type of comprehensive executive education learning solutions would certainly be of interest to CEOs and CHROs who are faced with the challenge of attracting and retaining top talents and need to find more meaningful ways to make people stay and give their best at work while growing and realising their full potential.

Business schools that can effectively fulfil such a business need will substantially increase their customers switching costs by designing and implementing consulting services that are tailor made not only to the corporation but to each one of their executives.

gf

"Business schools could also play a proactive role and support a more accurate learning needs assessment by taking the initiative to review an executive`s learning track record, performance reviews outcome, succession and career plans, and an individual`s motivation and dispositions

ABOUT THE AUTHORS

Alessandra Ginante is vice-president of HR at Avon Cosmetics, Brazil.

Why the digital generation needs communication training

The 'digital generation' are roughly 30 or younger. As they arrive in a workplace dominated by the non-digital generation, one thing becomes clear, says **Teresa Martini**. They are challenged when it comes to communication skills (or at least 'communication' as it is traditionally understood).

10k

According to Jane McGonigal, a game designer and author, by the age of 21 the average young person in the US has 10,000 hours of gaming under his or her belt...

24

...that is just 24 hours less than they spend in a classroom (middle and high school combined) if they have perfect attendance

50%

Half of the world belongs to the digital generation; according to the UN, today roughly 50% of the world's population is under the age of 30

What makes the "digital generation" different? It is widely known that while the non-digital generation adopted the use of technology, the digital generation was born into a world where technology was an inherent part of their life and the use of – and exposure to - technology in their formative years changed their cognitive process.

This means the digital generation processes information in a different way to the non-digital generation. This has led to differences in how the digital generation relates to the world and how they understand it.

The digital generation was born into a world of video games, internet, mobile communications, digital social interactions, television, the ability to stream video content, the technology to create their own media content and so on.

Take video games alone. According to Jane McGonigal, a game designer and author, by the age of 21 the average young person in the US has 10,000 hours of gaming under his or her belt. That is just 24 hours less than they spend in a classroom (middle and high school combined) if they have perfect attendance.

Add to this the hours spent surfing the internet, texting on mobile devices, watching TV, streaming video content and the rest, then the amount of hours understanding and relating to the world via a screen is significantly greater than the time spent at school, one of the most important environments where children learn key interpersonal and social skills.

Given the non-linear nature of the internet and the amount of information that technology makes available nowadays, the digital generation has been conditioned to best process information when it is presented:

- with simultaneous and multiple stimuli
- in short amounts and at a fast pace
- in a non-linear sequence
- involving constant interaction

Consequently, it is clear why the digital generation has a short attention span for traditional ways of presenting information (such as reading a book or attending a lecture) but in turn has the ability to spend long periods of time consuming information when it is presented with the characteristics mentioned above.

The challenge then is on. In business, companies must learn to package their marketing messages differently in order to reach out to digital generation consumers. In the education system, some institutions are developing video games to teach subjects to students. It is, then, no surprise that the interpersonal communication sphere has also been affected and traditional ways to relate to one another are being challenged, and this clash also needs to be addressed.

Half of the world belongs to the digital generation; according to the UN, today roughly 50% of the world's population is under the age of 30. As the digital generation advances into spaces until now controlled by the non-digital generation, both groups face challenges, especially when it comes to personal interaction and the ability to engage in a dialogue.

Communication is the ability to pass on a message to an audience. The communication is successful when the recipient understands what the sender intended to convey, there being no misunderstandings.

Any message has two dimensions: what is said; and how it is said.

The sender will have to have the right communication skills to make the right selection of information and present it in a way that aids the message to be understood, making it clear, engaging and therefore memorable.

Looking at both the content ("what") and its presentation ("how") we have identified three major areas where the communication between the digital generation and non-digital generation usually clashes.

Let us start with the "what", the content. There seems to be two areas of difficulty:

Written and verbal skills: the digital environment has developed its own language, from abbreviations to emoticons. The limit to the amount of characters a message can take (Twitter or text messages) or the level of comfort a device provides to type a message (small keyboards) have taught young users to be both succinct and creative to convey a message.

Emotions get abbreviated ("OMG") or completely replaced by visual symbols such as emoticons. In the confined space of a digital communication, and the fast space of the environment where it takes place, there is no room for long, elaborated ideas.

These written habits have filtered into verbal skills. This abbreviated way of communicating is effective among the digital generation. The problem arises when the digital generation transfers this "digital language" to interpersonal communications with the non-digital generation. They are forgetting one key characteristic of an effective communicator: *the ability to adjust their message to the audience*.

The digital generation's failure to adjust their communication style to the non-digital audience is especially problematic in the workplace – dominated as it is by the non-digital generation – where business communication has very different expectations and requirements.

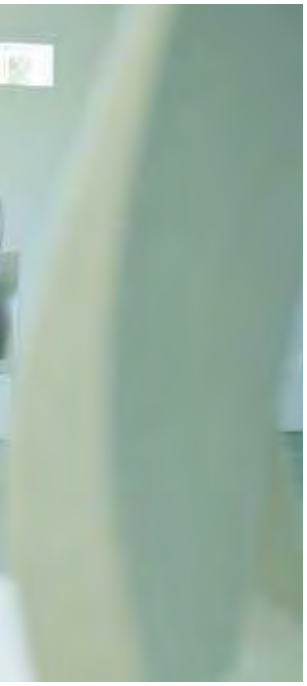
Non-digital managers get frustrated with emails that look more like a chat box than correspondence addressing issues following a rational or analytical line of thinking. This also takes its toll on verbal communication, which takes us to the next point: the lack of ability to reflect on issues and elaborate arguments with supporting evidence – in other words, logical reasoning.

Reasoning: to create and sustain an argument requires the ability to build a certain narrative with a beginning, middle and end. It is a linear way of thinking that the internet does not teach with its possibility to constantly click away.

The short span of attention for linear narratives characteristic of the digital generation challenges their ability to elaborate an argument, support it with evidence and present it in a logical linear way which is the way the non-digital generation conducts business.

> *"The digital generation often forget one key characteristic of an effective communicator: the ability to adjust their message to the audience*

> *Communication among the digital generation is based on authenticity. They write what they think without delays: they type it and it is published*



This same short attention span is reflected in the digital generation's inability to focus during long meetings. They quickly switch off and start fiddling with their mobile devices, tuning out and disconnecting from their non-digital managers giving the wrong impression of themselves as professionals.

Body language is the third area of communication where we see clashes between the digital and non-digital generations. We are now talking about the "format" or the "how" in communication.

Communication among the digital generation is based on authenticity. They write what they think without delays: they type it and it is published. Again, there is no time for reasoning or analysing what they are about to publish. It all happens in an instance and that is partly what makes it authentic.

This authenticity lives behind a screen; it is communicated to the world without having to literally see the world face to face and sometimes without even saying a word verbally. Therefore problems arise when the digital generation steps out of the room and into the business world.

Once again they transfer their "digital body language" without filters, failing to adapt it to the non-digital business code. That is when HR recruiters are faced with, for example, candidates who show up to job interviews wearing bermudas.

Because interpersonal interactions among the digital generation happen largely via a digital device, when at work they struggle to use gestures and voice projection to convey their professional image, therefore limiting their career progress.

As we mentioned earlier, half of the world's population is aged 30 or younger. But the business world is still largely shaped and controlled by the non-digital generation. Therefore a communication clash is bound to happen in the business world.

The challenge is mutual but leadership belongs to those who have the flexibility to adjust. Clearly, if they want to stay in business, the non-digital generation must learn to communicate with the following two audiences of the digital generation:

Digital consumer: a large percentage of consumers belong to the digital generation, and that percentage will only keep growing as the digital generation gets older. Businesses will have to be able to design marketing communication campaigns that can successfully engage the digital consumer. This will only be possible if they listen to the digital generation's needs and interests.

Digital employee: non-digital managers must make an effort to connect and open communication channels with their digital employees because they are the only ones who will be able to provide insight from their generation and develop the right marketing tools to reach out to them and engage them.

At the same time it is key for digital generation graduates to learn non-digital communication skills to make the transition to the offline work environment less painful.

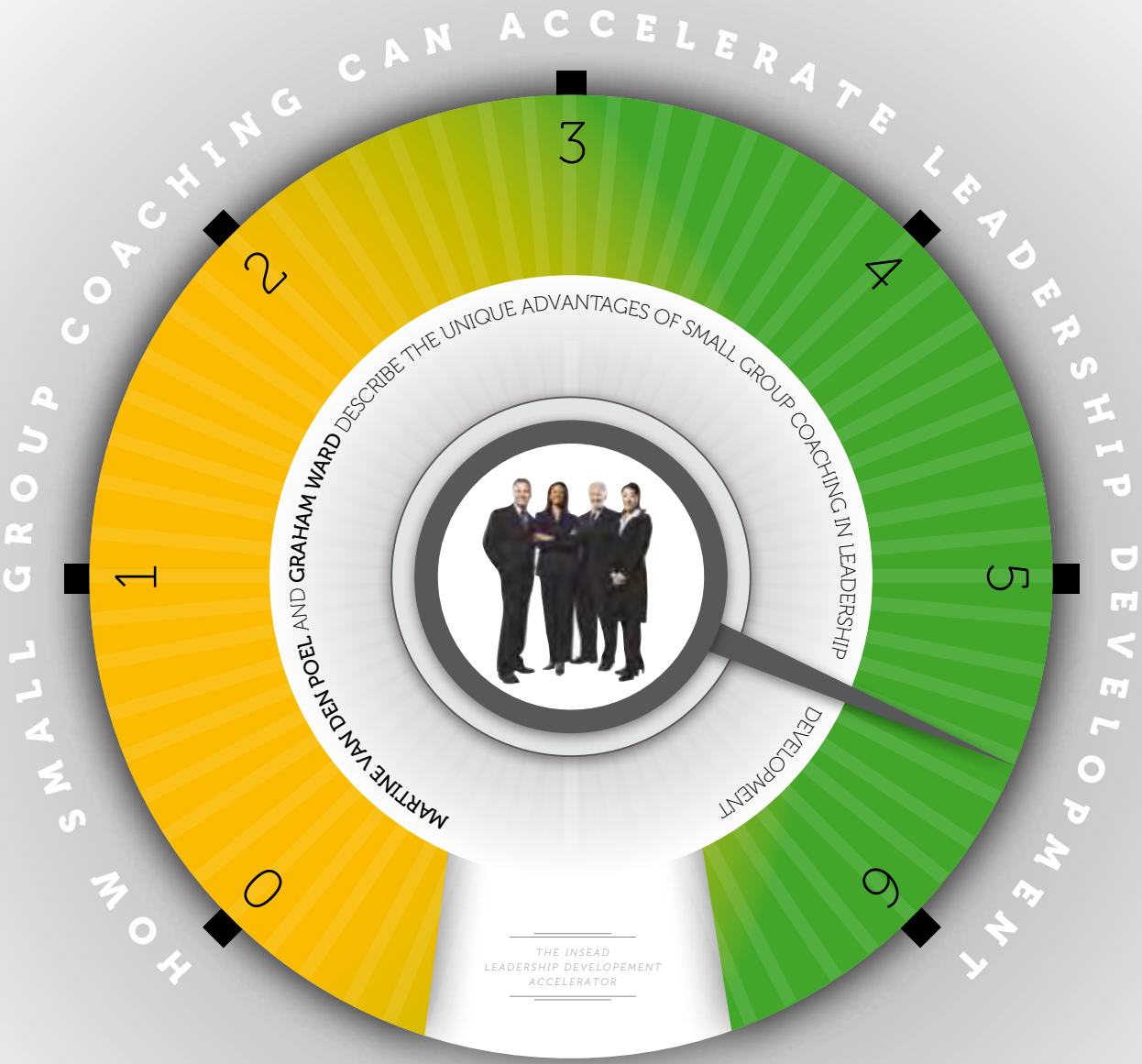
They must make an effort to understand the business needs and ways of the non-digital generation. They will learn useful skills such as linear reasoning and analytical thinking, the power of body language and the power of speech.

Only then they will have the best of both worlds and a brilliant career ahead of them.

gf

ABOUT THE AUTHOR

Teresa Martini is an international media and communication coach and speaker and former CNN International producer. www.mediacoaching.biz


HOW SMALL GROUP COACHING CAN ACCELERATE LEADERSHIP DEVELOPMENT
0
1
2
3
4
5
6
MARTINE VAN DEN POEL AND GRAHAM WARD DESCRIBE THE UNIQUE ADVANTAGES OF SMALL GROUP COACHING IN LEADERSHIP DEVELOPMENT
THE INSEAD LEADERSHIP DEVELOPEMENT ACCELERATOR

Individual coaching for leadership development has slowly but surely made its way into many organisations around the world, with professional coaches helping executives assess their leadership challenges, change their behaviours and become more authentic leaders.

More recently, small group coaching has emerged as a credible alternative to address similar challenges and a number of business schools and companies are now systematically offering small group coaching to their executives either within the company itself or as part of development programmes.

Rather than being merely a cheaper, diluted alternative, we suggest that small group coaching has unique advantages and is actually an accelerator of leadership development at the individual, team and organisational levels, which allows over time the creation of an overall "coaching culture" in the host organisation while offering a more cost-effective way of addressing major leadership challenges.

Under the leadership of Professor Manfred Kets de Vries, the INSEAD Global Leadership Center (IGLC) has since 2003 pioneered and successfully developed a psychodynamic group coaching process for leadership development.

Today, the Center carries out over 100 group coaching interventions per year across INSEAD's campuses, supports a global network of 100 executive coaches and works with over 4,000 executives every year.

There is an enduring demand, with a 20% yearly growth in group coaching, mostly as a smaller portion of a broader development programme, either via open enrolment programmes or as part of a customised development partnership with a corporate client.

> *"The three major elements of a successful group coaching intervention are the psychodynamic approach as the driver of the process, the group, which functions as the context, and the coaching methodology as the method to achieve change*

What is group coaching and what are the key ingredients?

One-on-one leadership coaching is often defined as a co-creation process between the coach and the coachee, whereby the coach helps the client arrive at a mutually determined goal based on greater self-awareness and focused on actionable results.

What leadership coaching in small groups brings in addition is a true accelerator of the insights and learning process of the coachee and the group as a whole. How does this happen?

The three major elements of a successful group coaching intervention, as practised at IGLC are the psychodynamic approach as the driver of the process, the group, which functions as the context, and finally the coaching methodology as the method to achieve change.

The psychodynamic approach gives the participant the ability to understand and reflect on deeper aspects of themselves.

In today's fast-paced digital age, this self-reflection is at least a pause, a small hiatus in the executive's life: at best it is pure catharsis. Through the act of talking about a personal history, of recapitulating one's dreams and hopes, and ultimately seeing oneself in a broader context, the executives will often undergo a process of restructuring their story and thereby create greater meaning.

The group context is a defining factor in all of this. The group listens, reflects back, questions, supports and challenges the participant. The emotional engagement around the table is high, sometimes fevered. It is no surprise to us, as practitioners, that many of these groups stay intact as self-supporting networks way beyond the end of their programme.

100

The INSEAD Global Leadership Center (IGLC) carries out over 100 group coaching interventions per year across INSEAD's campuses, supports a global network of 100 executive coaches and works with over 4,000 executives every year

20%

There is an enduring demand, with a 20% yearly growth in group coaching, mostly as a smaller portion of a broader development programme

What does the typical group coaching "leadership journey" look like?

A proprietary global 360-degree feedback report combined with qualitative feedback from one's personal environment and a brief biography constitute the key "multi-source feedback elements" of each executive before his or her arrival on campus.

Once on campus, the "group-coaching day" constitutes the major element where groups of four or five executives work together in a fully safe and confidential "space" on their leadership challenges, facilitated by the professional coach.

The day has a specific structure with the participants drawing a "self-portrait" around key dimensions, which constitutes the basis for a presentation in the group of their life story, and an open sharing of their 360-feedback results within the group in a context of respectful challenge and genuine support.

The outcome of the day is a detailed leadership action plan for each executive, which they then share with a "peer" from the group as well as other group members and the coach.

A virtual follow-up call with one's peer a month after the programme and a group call with the coach one to two months after the programme supports the process of actionable change.

More elaborate versions of this typical group leadership journey often spread the leadership segment over two modules of the programme with one full coaching day in each module. This is complemented with individual one-on-one coaching on campus and occasionally also with outdoor experiential learning exercises before the group coaching and/or with specific action learning on strategic company projects.

Other group coaching interventions address top teams in companies with specific IGLC 360 Leadership Archetype Questionnaires. Still other interventions specifically assess and discuss the organisational culture of companies and use the IGLC's OCA (Organisational Culture Audit) questionnaire in group coaching settings.

What are the key underlying reasons for the positive impact of the group coaching process?

The group process as described above brings together a complex set of sub-processes such as validation of every coachee's personal experience, a sharing of life narratives and 360° feedback results. The creation and holding of a sense of community and support and a problem-solving approach lead towards an action plan supported by follow-up with a peer, the group and the executive coach.

Below are some quotes from executives after group coaching and we link them to key elements of the group coaching process:

- "This day really allowed me to think, to tackle some deeper challenges I am facing": This echoes the notion of transitional space, a place "neither here nor there" where people can experiment with a different sense of self.
- "I felt really connected, there was a flow": An example of the profound sense of meaning and connection people can experience through the process.
- "The value was more from talking together than having comments on our 360 graphs, which are self-explanatory": Here we see the value of having a courageous conversation, of exploring personal and professional themes in this safe transitional environment.
- "Drawing on experiences from other group members particularly in areas of commonality brought out the feeling 'I am not alone' in this journey": An example of how such a group experience, as in group therapy, can alleviate the suspicion or worry of a personal deficit.
- "Experienced and professional coach asking the right questions and creating a safe space with a constructive team": Confidentiality and safety are two of the key ingredients for making the process work. Setting up the process properly is directly correlated with a positive outcome.

4.4/5

Our evaluations show the group coaching intervention is systematically highly rated with an average of 4.4/5

90%

It is estimate that roughly 90% of all coachees who followed a group coaching leadership journey dutifully and systematically checked in for the virtual follow-up call, where progress on their action plan is discussed

How do we measure the impact of group coaching?

As in all coaching interventions the ROI (return on investment) of coaching is a challenging subject. Qualitative data suggests progress. Quantitative data at the individual, group or systemic level, is harder to put a figure on.

Our evaluations show the group coaching intervention is systematically highly rated with an average of 4.4/5. Though as we well know such "happy sheets" are merely a short-term indication.

Second, the presence and active participation during the virtual follow-up call is also an indicator of progress and we estimate that roughly 90% of all coachees who followed a group coaching leadership journey dutifully and systematically checked in for the virtual follow-up call, where progress on their action plan is discussed. Without the threat or promise of follow-up, we suspect the impact would be greatly lessened.

One thing we note from our research on an open enrolment programme over time is that not only do participants have a high success rate of delivering on their action plan over a three-month period but they also have a desire to work on further actions with the support of the group.

The true changes with an executive we often observe as a result of his or her leadership journey often happen at two levels: a first level where the executive will work on a very specific behaviour immediately after re-entry, for example "better listening". He or she will then start to experiment with a new leadership style, which on a second level and over time will bring him or her to a deeper level of change affecting his or her leadership identity – such as impacting the image they would like to project themselves as a leader, for example by becoming less heroic and more empowering.

An additional important possibility is to aggregate and summarise anonymously the key themes that come out of the group coaching sessions. This can be helpful in guiding organisations to work on aspects of their culture, for example articulating a clearer strategic vision or enhancing interdependency between business units.

Conclusion

In summary, through small group coaching over many years we have seen deep individual reflection coupled with the development of long-term relationships, where executives find true and constant peers to help them navigate the inevitable choppy waters of corporate and personal life.

gf

"

We note from our research on an open enrolment programme over time is that not only do participants have a high success rate of delivering on their action plan over a three-month period but they also have a desire to work on further actions with the support of the group

ABOUT THE AUTHORS

Martine van den Poel and Professor Graham Ward are respectively Coaching Practice Director and Executive Coach, and Adjunct Professor and Coaching Practice Director of IGLC, INSEAD, France. www.insead.edu/iglc

David Oglethorpe argues that business schools need to embrace social responsibility more enthusiastically than they have done so far

The socially responsible business school: corporate compromise or competitive advantage?

Last year's EFMD publication *Securing the Future of Management Education* by Thomas, Lee, Thomas and Wilson made plain that business and management education needed a paradigm shift.

The publication drew together a narrative that implied business and management schools were complicit in the financial crisis of 2007-2008 through the delivery over many years of financially motivated, risk-driven business education and through the promotion of what the book called "casino capitalism", lacking an ethical and moral compass.

This had to change, the authors said, requiring the development of students who were not just hired hands but had higher aims that reflect the EFMD 2012 manifesto prerequisite that "issues of ethics, moral responsibility and sustainability should be embedded in the core curricula of management education as well as in the broader practices of schools".

The notable addition of commentary required around ethics, social responsibility and sustainability in each dimension of self-improvement and a distinct chapter requirement for EQUIS accreditation documentation also reflects this.

However, the notion of social responsibility (as a catchall phrase for ethical, moral and sustainable dimensions) as a virtue in both business and business schools still tends to polarise.

On the one hand, it is seen as something additional that "we must do" to ensure acceptability, respectability and market resilience – a corporate compromise, if you like.

On the other, it is seen as something that has become an integral means of doing business, something that inherently adds value, enables product differentiation, improves productivity and creates competitive advantage.

This was reflected in the 2013 ABIS/EFMD survey into the extent to which issues relating to environment, society, governance and economy (ESGE) have become a priority for management education.

One would expect that the "compromise" position may be occupied by those who accept that the issues have become more important but who are relatively passive in their engagement with them. Equally, those who see these issues as delivering competitive advantage might be expected to have integrated them as key messages within their mission statements.

> *A key to developing and ensuring a business school can move from compromise to competitive advantage can therefore lie in the successful integration of its research with the external community it serves.*

The survey suggested that 82% of business school deans agree that such issues had moved to the mainstream in management research and education but only 42% of deans thought that business schools were "close enough to the corporate ESGE agenda to formulate an appropriate response".

For faculty members, the figures were lower but again very much reflected a split vote (61% and 37% respectively). The proportion of faculty who thought that the ESGE agenda was fully integrated into their institution's mission, values and sense of purpose, was 52%, clearly, an evenly balanced dichotomy.

The reluctance to embrace fully a position of social responsibility and to see a related competitive advantage in business schools could be the resistance anticipated from external stakeholders.

Indeed, the ABIS/EFMD survey showed that resistance from trustees, governors, alumni and external donors was seen by faculty members as a major reason not to engage with the agenda. However, journal rankings and research funding were also blamed as major blockages to enable successful adoption of the ESGE agenda; but this is a common complaint of the interdisciplinary research community who are perhaps more active in this area.

A key to developing and ensuring a business school can move from compromise to competitive advantage can therefore lie in the successful integration of its research with the external community it serves.

In convincing stakeholders and organisations that research into social responsibility is relevant and that it should also drive business strategy, it is vital that a major conceptual message is put across: the research is not suggesting that any organisation would ever set out to be socially irresponsible but the alternate position to take is not just simply to be passive.

42%

Business school deans agreed that ESGE issues have moved to the mainstream but only 42% of deans thought that business schools were 'close enough to the corporate ESGE agenda to formulate an appropriate response'

37%

For faculty members, the figures were lower but again very much reflected a split vote (61% and 37% respectively)... .

52%

...the proportion of faculty who thought that the ESGE agenda was fully integrated into their institution's mission, values and sense of purpose, was 52%, clearly, an evenly balanced dichotomy

In order to generate competitive advantage, a business needs to positively differentiate from just ensuring that it does not take irresponsible decisions to taking positive action to improve the ethicality, social responsibility or sustainability of any product, practice or process.

But some of us have been conscious of this and have been doing this for a while. At Sheffield University Management School in the UK, we have a reputation and specialised research focus that understands and drives socially responsible and sustainable work practices and processes.

However, this has taken a long time to develop and its evolution is linked to the origins of the university itself, which was founded formally in 1905 through penny donations from local citizens to bring higher education within reach of the people working in the great industries of Sheffield. In recognition of this, the Sheffield University has always had a reciprocal civic and social responsibility.

It is a major competitive advantage that is reflected in the mission of the Management School, which explicitly refers to promoting socially responsible work practices in organisations and societies throughout the world.

The acceptance of and engagement with our socially responsible research by the organisations we work with has developed over time and has shaped our sub-disciplines.

Within the accounting academic community, for example, our research became known in the early 1990s as the "Sheffield School" – a school of thought around critical and socially responsible accounting practices and business accountability.

In the management disciplines, our research has mirrored this school of thought and in each of our sub-disciplines, our research has emerged as leading thinking on socially responsible work practices and processes, across the spectrum of the ESGE issues defined by EFMD.

Our research in organisational behaviour and human resource management leads on employment relations and the notion of "decent work" and the long-standing and world-leading Institute of Work Psychology has pioneered research around the effects of work on employee well-being and performance.

Our research into supply chain management has developed a focus on whole-chain carbon management and sustainable systems and our marketing group has developed a specific specialism in green labelling and the responsible use of advertising to children.

In strategic management, we focus on risk and resilience to assure more sustainable long-term business solutions and in international business we look at the ethical basis of mergers and acquisitions, especially in vulnerable emerging markets.

This may all sound very familiar and the development of research groups around the world are probably following similar pathways. But once one starts to break down the actual subject matter of what we mean by "social responsibility" in business, we get onto much more acceptable and interesting ground though one has to invest time in the research. Doing this means we move away from the rhetoric and towards being able to help business achieve competitive advantage through engagement with the agenda.

Our students, too, espouse and champion socially-responsible business and it is by no coincidence that the Sheffield University team for the Enactus programme, the global social enterprise initiative for students, half of whom come from the Management School, are present UK Enactus champions and were runners-up to the hosts in this year's Enactus World Cup held in Beijing.

"Within the accounting academic community, our research became known as the "Sheffield School" – a school of thought around critical and socially responsible accounting practices and business accountability

Above
Professor David Oglethorpe with Jahaan Abdurahman, winner of the Chancellor's Medal

© PHOTOGRAPHS COURTESY OF SHEFFIELD UNIVERSITY MANAGEMENT SCHOOL

> *"If we are to critically shape thinking around how businesses build their resilience, sustainability and social capital, we need to be thinking about the grand challenges of the latter part of this century*

In the same respect that business and management schools have become international in everything they aspire to, rather than internationalism being something they do separately, I believe this is how we should view our efforts around social responsibility and sustainability. This is now part of mainstream thinking for businesses and organisations around the world and should be the mainstream of our research, education and outreach.

Indeed, business and management schools need to stay ahead of this agenda and anticipate the future development of this pathway. It is not good enough to say that we should follow the mainstream of thinking in businesses and organisations around the world but we should be shaping that thinking, pushing boundaries and anticipating developments.

If we are to critically shape thinking around how businesses build their resilience, sustainability and social capital, we need to be thinking about the grand challenges of the latter part of this century.

Given population growth, political balance and shifting economic power bases, business competitiveness will become more related to resource availability than the availability of finance. Growth will be increasingly driven by eastern demand rather than western prosperity and market compatibility will supersede market penetration as an inhibitor to globalisation.

Our research will need to focus on the health and cultural fit of organisations, the ethical acceptance of products and services, and the social agility of supply chains. We must do this by continuing to embrace financial success and economic resilience but do so in a way that continually and positively improves our ability to differentiate between seeing social responsibility as a compromise and something that adds real value.

gf

ABOUT THE AUTHOR

Professor David Oglethorpe is Dean of Sheffield University Management School in the UK and has a long-term involvement in sustainability and related issues.

As the Asian economy develops and the environment changes, **Alison Lloyd** suggests there is a need to bring about a renewal of business education

The 50+20 Agenda

Fulfilling the needs of business students

Business schools are often criticised for failing to provide students with the right competencies, in particular a strong ethical framework. Such failures are often attributed to the lack of integration between theory and practice as well as between the task and the individual. Employers and experts have been central to the call for moving beyond just *knowing* to include *doing* and *being* in business education today.

Much of our present-day society is built upon the twin canons of expansion and consumption. These behaviours assume that we have infinite resources.

Participants at the United Nations Rio+20 Conference held in Rio de Janeiro in 2012 shared evidence of the worsening global sustainability crisis. Businesses were called on to embrace further sustainability but businesses should not be the only ones to tackle this issue.

Can business education serve a role in bridging this gap?

Currently, much of business education draws on the logic of the "take, make and throw-away" philosophy of the 20th century.

To tackle the sustainability crisis, we have to develop leaders capable of resolving this issue before they reach the workplace. This requires a fundamental transformation of business education.

Where can we make a start?

50+20 is a collaborative initiative between three organisations: the World Business School Council for Sustainable Business (WBSCSB), the Globally Responsible Leadership Initiative (GRLI) and the UN-backed Principles of Responsible Management Education (PRME).

50+20 aims to reset the management education agenda for the coming 20 years and offers a vision of how management education can contribute to a world worth living in.

The "50" in the title signals that 50 years have passed since the agenda for management education was set; "+20" refers to the Rio+20 UN Conference on Sustainable Development that marked the 20th anniversary of the landmark 1992 Rio Summit, where governments were urged to rethink economic development and find ways to halt the destruction of irreplaceable natural resources.

The 50+20 agenda envisions three new roles for business education

- develop globally responsible leaders
- enable business organisations to serve the common good
- engage in the transformation of business and the economy

50+20 advocates cross-disciplinary learning that results in the creation of competencies such as holistic and divergent learning, systemic understanding, consideration of multiple perspectives, integral decision making and a talent for breaking down complexity. These are qualities deemed essential for future leaders.

50+20 revolutionises the way a subject is approached and what skills are developed. It moves intellectual innovation by transforming single-discipline teaching to trans-disciplinary learning.

Instead of having piecemeal subjects such as finance, strategy and human resources, it stipulates that students should look for solutions to existing and emerging environmental, societal and economic challenges.

Such challenges could include hunger, climate change, migration and an ageing population. This represents a movement away from a traditional or discipline-based approach to a curriculum where programmes of study are divided into units around important concepts.

This *issue-centred learning* approach will require more than just the addition of a subject on ethics or sustainability. Instead, a full transformation of the curriculum to build subject knowledge around the context of real problems will enable students to anchor what they learn on real stories.

Another important enabler of the 50+20 agenda is transformative learning, which fosters awareness of the viewpoints of others.

The heart of transformative learning is a fundamental change in perspective or frame of reference. Diverse perspectives can be brought into the curriculum by including relevant stakeholders in the class discussion and practical field work on global issues.

The third enabler of the50+20 agenda is *reflective practice and fieldwork*, which is a part of experiential learning.

"

Instead of having piecemeal subjects such as finance, strategy and human resources, the 50+20 agenda stipulates that students should look for solutions to existing and emerging environmental, societal and economic challenges

3

The 50+20 agenda envisions three new roles for business education:

– develop globally responsible leaders
– enable business organisations to serve the common good
– engage in the transformation of business and the economy

A common consensus is that leaders cannot be developed without practical experience. Guided reflection is an important skill that enables the understanding of where a learner is and what challenges they need to embrace to advance.

The Hong Kong Polytechnic University provides an illustrative example of fulfilling the needs of business students based on the 50+20 agenda. Its Faculty of Business has recently launched a project to revamp the curriculum for undergraduate business studies, known as the IDEAS Project.

IDEAS (Innovation-driven Education and Scholarship) uses action-based inquiry involving students, faculty, employers and the broader community to map out future education needs (including specification of future graduate skills, competencies and attitudes) using the 50+20 agenda as a guide.

The vision is to develop a new curriculum, aligned with the challenges of today and tomorrow, based on a holistic and multidisciplinary approach and focused on embedding the three roles of management education indicated in the 50+20 agenda.

The following sections share an overview of the phases of an innovative project that promises to revolutionise the business curriculum while bringing the unique cultural contexts of Asia to light.

The process has four distinct stages and the faculty is, at present, in its first stage of action.

The first stage is about assessing business and educational needs for both graduates and employers. The aim of the discussions will be to unveil the skills, attributes and attitudes that graduates need to develop, thus providing insight into curriculum development.

The second stage of the IDEAS project will involve mapping out a future curriculum design based on the principles of the 50+20 agenda and the needs of business.

This stage will provide a better picture of the changes needed to facets of the learning experience including intended learning outcomes, desired graduate attributes, assessment and defining thresholds of success.

Tackling global challenges stipulated in the 50+20 agenda provides an opportunity to blend diverse disciplines including design and engineering in devising solutions. The transition from *knowing* to *doing* and *being* may demand making experiential learning a core part of learning and assessment.

Experiential learning encourages students to deal with issues in more realistic settings and provides the opportunity to pull together a broad base of knowledge in solving issues. New learning methods will also present the possibility of revitalising assessments, activities and subject coverage.

The third stage will involve the launch of new subjects that address the challenges presented by 50+20.

In these new subjects it is intended that students will be able to better understand typical constraints on innovation and meaningful behaviour due to cultural factors, cognitive styles and personal experiences. New subjects also stimulate the development of meaningful solutions to global challenges by making use of multiple perspectives.

In stage four, the effectiveness of this revamped business curriculum on student learning will be evaluated. The project will tap both direct and indirect measures from students, faculty and industry experts. Insights from this final stage will further help to shape the future business curriculum.

The IDEAS project could initiate a paradigm shift in management education resulting in potential influence on faculty training and development, business education curricula and defining new measures for management education.

The 50+20 agenda is a concept increasingly embraced by European business schools. However, its footprint on Asian business schools is not yet deeply entrenched. With the Greater China and Asian regions undergoing impressive growth, the need for sustainability to be embedded in learning, research and services is even greater, hence the need to embark on sowing these seeds of change today.

gf

ABOUT THE AUTHOR

Dr Alison Lloyd is Associate Dean (External Relations and Development) of the Faculty of Business of The Hong Kong Polytechnic University. Dr Lloyd currently oversees branding and marketing, internationalisation, student development and alumni/faculty relations. Her research has been published in the Journal of International Business Studies, Journal of Services Marketing, Tourism Management *and others.*

THE THOROUGHLY MODERN DOCTORATE

David Bogle highlights some of the key changes that have occurred in PhDs (and more that are to come) and their particular resonances to management and business education

Do we need more PhDs? What are they for? How can we make them more valuable to the knowledge economy?

These are some of the questions that have been raised in recent years. And the answers have created considerable change in doctoral education in all fields and more is to come.

The number of PhDs that Europe produces has grown quite significantly in recent years. We tend to look for very strong motivation in applicants because it is a tough assignment over three to four years full time but there are many who seek to pursue this track.

It allows concentrated exploration of a topic that someone feels passionate about – and about making an original contribution with the potential for significant impact.

For much of the last century candidates pursued a PhD because they saw it as a route into an academic career. But with our knowledge society and the value placed on new ideas and approaches that fuel economic growth, society and the labour market have signalled a need for more researchers trained with a research qualification. The highest-level qualification to demonstrate this is the PhD.

Reform has been going on for some time and one key statement was the 10 Salzburg Principles of Doctoral Education articulated by the European Universities Association (EUA) and its members (EUA2007). A League of European Research Universities (LERU) report states that researchers are trained to be "creative, critical, autonomous intellectual risk takers pushing at the boundaries of frontier research" (LERU2010).

The modern doctorate is an interplay between original research and developing sophisticated skills useful in the workplace. It is no longer an academic apprenticeship. Some will enter academic careers but most will enter a wide range of careers (in the UK, France and Germany more than half of doctoral graduates immediately leave academia for careers outside). The Royal Society tells us that in the UK only 3.5% of PhD graduates end up in permanent academic positions (RoySoc2010).

There are many research opportunities in the public, private and charitable sectors, of course, and recruiters to non-research jobs often seek individuals who can marshal and sift large amounts of evidence for complex decision making. In our LERU report we highlighted a few examples of non-academic careers pursued by doctoral graduates using the transferable skills developed during their doctorate studies.

A key role of doctoral graduates as trained researchers is to generate and develop new ideas as drivers of innovation in knowledge-intensive societies. The European Commission (EC) has estimated that Europe needs around a million new researchers. Most developing countries are increasing the numbers of doctoral graduates both to help train new generations and to drive innovation and development.

The skills researchers need are very similar across all these roles both inside and outside academia:

- to come up with original ideas
- to plan how to verify these ideas and to effectively execute that plan, usually with others
- to communicate complex ideas and results to peers, stakeholders and, increasingly, to wider society

Clearly entrepreneurship is something we need to have in our doctoral training programmes.

"A key role of doctoral graduates as trained researchers is to generate and develop new ideas as drivers of innovation in knowledge-intensive societies

3.5%

In the UK, France and Germany more than half of doctoral graduates immediately leave academia for careers outside. The Royal Society tells us that in the UK only 3.5% of PhD graduates end up in permanent academic positions

A strong research environment is necessary for training researchers but now it is also necessary to provide explicit transferable skills training opportunities for all doctoral candidates – not just hoping that good supervisors will provide the training. We also believe that it is necessary to train our researchers to have international, interdisciplinary and inter-sectoral perspectives and experience.

The EC, aiming to provide further momentum to reform, has published seven principles of innovative doctoral training (EC 2011). They reinforce the need for a broad and consistent environment for doctoral education:

- research excellence
- attractive institutional environment
- interdisciplinary options
- exposure to non-academic environments
- international networking
- transferable skills training
- quality assurance

A recent EC survey found broad agreement with the principles and considerable progress towards their deployment. The area that proved weakest was working with non-academic sectors.

Schools of management and business should have the edge here. The disciplines are very much oriented towards business objectives. The research projects give space to reflect deeply on existing practices and formulating radically new ways of organising and working.

Research degrees offer many opportunities for joint working with business, and also giving doctoral candidates the chance to work through internships, to develop their ideas while embedded in the workplace, or to gain broader experience. This is becoming more common across all disciplines. EFMD itself attests to the international perspectives of research training along with collaborations well beyond Europe.

Interdisciplinarity also perhaps deserves attention to ensure that researchers explore ideas emanating from other disciplines within the social, natural and life sciences, and the humanities, which will bring fertile new ideas and perspectives. Of course much of this already goes on. It seems many, perhaps even most, new ideas come at the edges of currently recognised disciplines.

Our recent report *Good practice elements in doctoral training* (LERU2014) seeks to demonstrate some of the ways in which we, the 21 LERU universities, train our doctoral candidates to fulfil their potential in achieving these aims in their future careers: developing and driving new ideas and providing a rigorous critique of the *status quo*.

The report presents a selection of activities that our members are proud of in four sections:

- formal research training addressing a wide range of topics useful in research and research careers
- activities driven by doctoral candidates – developing independence and giving opportunities to practise it is a key tenet of doctoral training
- career development for both academic and non-academic jobs across a wide range of sectors
- a range of novel concepts and structures

Our report stresses the need for closer interaction with society in the research itself as well as in its dissemination and in future research careers.

We did not explicitly address the professional doctorate, of which the DBA is the most well-known example.

A strong research environment is necessary for training researchers but now it is also necessary to provide explicit transferable skills training opportunities for all doctoral candidates

The professional doctorate has a range of forms but most commonly it includes a major research component anchored in professional practice. The thesis is usually considerably shorter and less comprehensive than a PhD thesis and is undertaken alongside other taught and practical elements. However, it still contains a major research project developed as part of training a researcher and so the principles outlined above still very much apply.

The need for originality and rigour will remain but perhaps the aspect of doctoral studies that is changing most quickly is the need to prepare people to engage more fully with society: to be able to discuss and defend ideas not just with peers but with the wider world.

This is both to enhance the impact of the research and also to ensure that the context, uncertainty and consequences are properly understood as widely as possible. This means becoming familiar with how to convey complex and nuanced messages clearly but succinctly through social media as well as traditional media.

Science (in the widest sense) is becoming more open – open access and open data are two key trends – along with involving the wider public in research through "citizen science". Our doctoral graduates must engage and lead in this endeavour.

Many universities now have training opportunities for this but we still have a way to go to ensure that all our researchers are comfortable and properly prepared for the wider role society now expects.

All the indicators say that we need more doctoral graduates to help drive innovation and to help tackle the challenges that face society. They need a range of sophisticated skills to face this challenge and our research-intensive universities across Europe – and beyond - have reformed doctoral education to better prepare doctoral graduates for this enhanced role.

We all want to prepare researchers for 21st century research challenges which we particularly see as needing approaches that are interdisciplinary, international and inter-sectoral.

gf

ABOUT THE AUTHOR

Professor David Bogle is Pro-Provost of University College London's (UCL) Doctoral School, overseeing UCL's 4,500 research students. He is Chair of the League of European Research Universities Doctoral Studies Community and was a member of the European Research Area Human Resources and Mobility Working Group on Doctoral Education. He is a chemical engineer with research interests in systems engineering of manufacturing and physiological systems.

FURTHER READING

[EUA2007]
European Universities Association (2006)
The Salzburg principles for doctoral training
http://www.eua.be/eua/jsp/en/upload/Salzburg_Report_final.1129817011146.pdf

[LERU2010]
League of European Research Universities. (2010).
Training talented researchers for society: Doctoral studies beyond 2010.
http://www.leru.org/files/publications/LERU_Doctoral_degrees_beyond_2010.pdf

[EC2011]
European Commission. (2011).
Principles for innovative doctoral training.
http://ec.europa.eu/euraxess/pdf/research_policies/Principles_for_Innovative_Doctoral_Training.pdf

[LERU2014]
League of European Research Universities (2014)
Good practice in doctoral education.
http://www.leru.org/files/publications/LERU_AP_15_Good_practice_elements_in_doctoral_training_2014.pdf

[RoySoc2010]
The Royal Society (2010).
The Scientific Century – securing our future prosperity.
http://royalsociety.org/uploadedFiles/Royal_Society_Content/policy/publications/2010/4294970126.pdf

THINKING DIFFERENTLY

EIGHT PRINCIPLES FOR PREPARING FOR THE FUTURE

Tracey Keys explores how leaders need to think – and act – differently to prepare themselves and their organisations for the future

Reliable crystal balls are in short supply – which is a problem as leaders and executives need to cope with an increasing amount of change coupled with uncertainty and volatility in the environment and their markets.

"If you are not able to manage ambiguity, and you need to understand everything before you start doing anything, you narrow everything and reduce your options and possibilities. This will not work in the future," Clara Gaymard, president and CEO of GE France, says.

Preparing an organisation for the future requires thinking differently. The playing field in which companies operate is changing. So too are the players, their roles and even the game itself. Old mindsets need to be replaced with a fresh approach based on what the world is becoming, not what it used to be.

Easily said. But most organisations, and the executives leading them, are very busy. However, not taking the time to prepare for the future is a choice. A bad one. Companies such as Kodak and Nokia failed to keep up with changes in technology and consumer behaviours that they themselves once shaped – respectively resulting in bankruptcy and selling off the "crown jewels".

This article offers eight principles for thinking differently, recognising that the value is in the thinking and readiness for the future that this brings rather than in detailed planning, as plans will need to evolve over time.

1 EMBRACE AMBIGUITY: DON'T JUST THINK OUTSIDE THE BOX, THROW AWAY THE BOXES

Executives typically divide the world into boxes (industry, market, products, functions) to simplify thinking and activities. But these boxes no longer reflect the realities of cross-boundary competition and an increasingly interconnected world.

Today, no individual firm can own and manage all of the critical assets or supply all the products and services required to provide consumer or customer experiences. Rather, the challenge facing leaders is to throw away the boxes, to embrace the ambiguity and the opportunities of the growing interdependence between industries, countries, companies, organisations and functions.

BMW's revolutionary i3 and i8 cars do just this, combining intelligence, new energy solutions and a clear understanding that what they are doing is meeting end-users' personal transportation needs, not making cars.

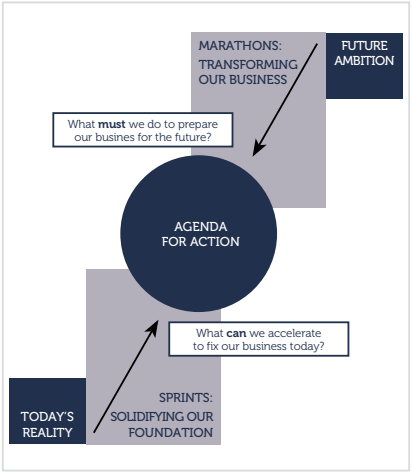
2 THINK FIRST FROM THE OUTSIDE-IN, THEN INSIDE-OUT

Many leaders define and look at the world with their organisation – and its products and offerings – at the centre, locking thinking internally and into the past.

Preparing for the future requires taking a fresh, clear-eyed look at the changes happening in the world – from the perspective of what customers, consumers and other stakeholders will need and what others will do, *not* what you do now. It means recognising that your organisation will need to change to meet those needs and new roles.

For example, the growth and increasing reach of companies such as Tencent and Alibaba is built on embracing global insights, balancing this with local offerings. The key is to embrace the perspective of others to challenge today's assumptions, business models, value propositions and ways of working and to build a view of what it will take to succeed in a very different future.

> *Preparing for the future requires taking a fresh, clear-eyed look at the changes happening in the world – from the perspective of what customers, consumers and other stakeholders will need and what others will do, not what you do now*



3 IDENTIFY AND ADDRESS ROOT CAUSES, NOT SYMPTOMS

Many businesses are firefighting, tackling the symptoms of common challenges – such as commoditisation, more demanding customers and non-traditional competitors – without asking why the fires are starting. The result is often exhausted organisations repeating the same activities and hoping for different results.

Leaders must step away from symptom management to identify and remedy the underlying root causes of today's problems while incentivising the organisation to spot risks early.

For example, one leader recommended "zero-basing", which means recognising that tinkering with an approach that has not worked is unlikely to improve things. Instead, stop what is not working, look at the problem with fresh eyes and find an approach that will. Past formulae for addressing short-term threats will not prepare organisations for addressing long-term opportunities.

4 PRACTISE TWO-DIRECTIONAL THINKING

Many organisations are trapped in yesterday's choices, planning to achieve constant growth rates starting from today's base. The mindset is often what can we do today as opposed to what must we do to succeed in the future?

The only real option to challenge this approach is two-directional thinking.

The first direction is thinking from where you are in the present towards where you want to be in the future, identifying what can be achieved with the business as it is. The aim of these "sprints" is to accelerate on-going initiatives to build the foundation for growth.

The second direction – which must happen at the same time – means having a point of view on the future and defining the organisation's ambition for success, irrespective of its position today. From there executives must look backwards towards the present to identify the fundamental steps to achieve the stated ambition.

The aim here is to identify "marathons", which are long-term platforms to drive future success and on which it is essential to start to act today.

5 MANAGE IN RELATIONSHIPS/ NETWORKS VERSUS TRANSACTIONS

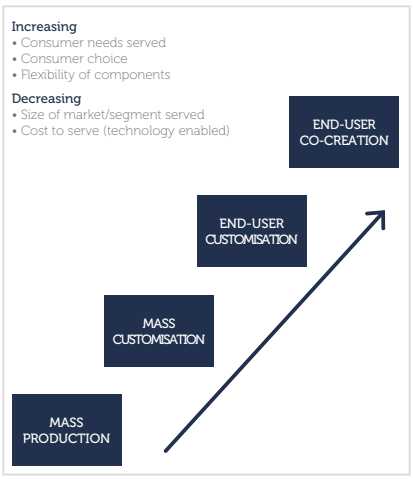
Relationships will be central to success in the future. In a world defined by networks and connections, an organisation that focuses only on maximising its own benefits through transactions with individual stakeholders and controlling resources and power will fail.

Preparing for the future requires recognising the growing interdependence among players. No single individual or organisation has all the insights, knowledge, resources or capabilities needed to succeed in the future. Agility and influence to shape the future will be as important, if not more so, than control over today's activities.

Emerging industries are better created through partnerships, for example between business and government. Take electric cars, where automakers need infrastructure and regulations provided by government, R&D from academia and consumer buy-in to build the required ecosystem.

Leaders must therefore engage with stakeholders inside and outside their organisation – you are either at the table shaping the future or you are outside waiting to play catch-up. When business is about connections, how those connections are made and maintained matters.

"Leaders must step away from symptom management to identify and remedy the underlying root causes of today's problems while incentivising the organisation to spot risks early



6 FOCUS ON CO-CREATION

Businesses are no longer at the centre of value creation; consumers and customers are. As their power rises, the focus of consumption is shifting from products, to services, to the overall experience.

In this landscape companies need to look outside their own labs and inventions to understand what consumers really will pay a premium for and what they want in the companies they associate with.

Companies also need to recognise that consumers and customers are not just interested in buying products but in co-creating the overall experience – and have the awareness, interest and ability to do so. While GE embraces the maker movement, Disney and Tencent are tapping into the needs and behaviours of the next generations of co-creating consumers through game-based approaches.

Co-creation is more than customisation, involving consumers in innovation and consumption experience design and even in reshaping business models. The challenge for leaders is to embrace co-creation with a mindset that prizes curiosity, continuous exploration and creativity.

7 ALIGN PURPOSE AND PROFIT

Some executives view the sole role of business as making profit; anything else is pure philanthropy or propaganda. Business should take care of business.

But while operational rigour and delivering results will obviously remain critical, in the future it will not be sufficient. Leaders must also address people's need for meaning and purpose and societal expectations and demands of organisations.

Paul Polman, CEO of Anglo-Dutch consumer products group Unilever, suggests: "There is a huge opportunity for businesses that embrace this new model of responsible capitalism, but it does require a different approach. This goes well beyond CSR. It's about moving to a licence to lead".

Purpose clarifies why an organisation exists and why customers, employees and other stakeholders should wish to interact with it. In an increasingly interdependent world, purpose will play a greater role in shaping successful organisations for the future, complementing the pursuit of profit.

8 EMBED CONTINUAL CHALLENGE; AVOID COMPLACENT COMPLIANCE

We hire for diversity but fire people because they are different. We talk long term but reward only on short-term activities. Leaders say: "Don't worry, we have time. Our leadership position will protect us". Even in a rapidly changing world, resistance to change can be strong.

However, whenever the pace of change in the outside world is faster than the pace of change inside, the organisation is falling behind. The challenge is not to avoid change but to embrace it as a continual necessity in a dynamically changing world.

Take Royal DSM, which began 110 years ago as a coal mining company and has undergone a number of transformations to become today's materials and life sciences firm. Its CEO explicitly states that a goal is to redefine the business while it is still doing well. Such an approach requires tackling complacency to build the courage, capacity and commitment of individuals right across the organisation so that they are willing and able to challenge the status quo and to take ownership of the firm's long-term success.

THE CHALLENGE OF THINKING DIFFERENTLY

Thinking differently is not easy. The last principle – building the courage, capacity and commitment to challenge the *status quo* – is perhaps the most difficult, not only for leaders and their organisations but also for the business schools tasked with helping them to prepare for the future.

But thinking differently is essential to staying ahead of change.

Ask yourself: what do I and my organisation need to do to embrace these principles?

gf

ABOUT THE AUTHOR

Tracey Keys is the director of Strategy Dynamics Global SA, a Switzerland-based consultancy. She is the co-author, with Thomas Malnight, of The Global Trends Fieldbook, *from which this article is adapted, (www.GlobalTrends.com) and of* Ready: The 3Rs of Preparing Your Organization for the Future, *with co-authors Thomas Malnight and Kees van der Graaf (www.3RsReady.com).*

Upcoming events

JANUARY 2015

EVENT
Conference for Deans & Directors General
DATES / VENUE
29-30 January / Barcelona, Spain
HOST
ESADE

FEBRUARY 2015

EVENT
EQUIS XXL Accreditation Seminar
DATES / VENUE
18-19 February / Brussels, Belgium
THEME
In-depth Guidance on the EQUIS Process
HOST
EFMD

EVENT
Entrepreneurship Education Conference
DATES / VENUE
25-27 February / Copenhagen, Denmark
THEME
Entrepreneurial Leaders, Educators and Students – A Mindset for the Future
HOST
CBS – Copenhagen Business School

MARCH 2015

EVENT
EFMD (ESMU) – HUMANE Winter School
DATES / VENUE
1-6 March / Valencia, Spain
HOST
UPV Universitat Politècnica de València

EVENT
MBA Conference
DATES / VENUE
8-10 March / Rome, Italy
THEME
Redesigning the MBA
HOST
LUISS School of Business and Management

EVENT
Conference for International and External Relations, PR, Marketing, Communication and Alumni Professionals
DATES / VENUE
25-27 March / Vancouver, Canada
THEME
Understanding, Identifying and Building a Distinctive Business School Brand
HOST
Beedie School of Business, Simon Fraser University

APRIL 2015

EVENT
EFMD Conference in the MENA Region
DATES / VENUE
12-14 April / Doha, Qatar
THEME
Building Dynamic Networks and Partnerships for the Region
HOST
HEC Paris

MAY 2015

EVENT
Doctoral Conference
DATES / VENUE
11-13 May / Vilnius, Lituania
HOST
ISM University of Management and Economics

JUNE 2015

EVENT
Higher Education Research Conference
DATES / VENUE
3-4 June / Oxford, United Kingdom
THEME
The Legitimacy and Impact of Business Schools and Universities
HOST
Saïd Business School, University of Oxford

EVENT
EFMD Annual Conference
DATES / VENUE
7-9 June / Brussels, Belgium
HOST
EFMD

OCTOBER 2015

EVENT
Executive Development Conference
DATES / VENUE
14-16 October / Barcelona, Spain
THEME
Learn to Transform in Unpredictable Times
HOST
Barcelona School of Management

EVENT
EFMD GN Americas Annual Conference
DATES / VENUE
19-21 October / Quebec City, Canada
HOST
Laval University

gf

For more detailed information, please visit our website:
www.efmd.org
or email info@efmd.org

www.efmd.org/events

2015 EFMD Conference for **International & External Relations, PR, Marketing, Communication & Alumni Professionals**

25-27 March 2015

Beedie School of Business Simon Fraser University
Vancouver, Canada

Understanding, identifying and building a distinctive business school brand

An essential event for all International and External, PR, Marketing, Communication and Alumni Professionals in business schools.

The conference will cover everything you need to know about Branding and how you can support your own business school brand, including sessions on:

- Leveraging local identity and attributes for global success
- Framing and making strategic choices for your brand
- How do you use international partnerships to enhance your school's brand?
- How do you communicate your brand?
- How do you use your alumni to enhance your brand?

For more information and registration, go to:
www.efmd.org/events
or contact:
Delphine Hauspy, Manager
Business School Services Unit
+32-2-6290810
delphine.hauspy@efmd.org

Looking for more students?

Recruit the best talent from around the world

- Leverage a global database of nearly 400,000 highly diverse leads.
- Save time and money by recruiting globally from your office.
- Broaden or refine your recruitment efforts.

gmac.com/getmorestudents

GRADUATE MANAGEMENT ADMISSION GMASS® SEARCH SERVICE

GMAC® GRADUATE MANAGEMENT ADMISSION COUNCIL

© 2014 Graduate Management Admission Council (GMAC). All rights reserved. The GMAC logo, GMAC®, GMASS®, Graduate Management Admission Council®, and Graduate Management Admission Search Service® are registered trademarks of the Graduate Management Admission Council in the United States and other countries.

EFMD

EFMD aisbl
Rue Gachard 88 – Box 3
1050 Brussels, Belgium
Phone: +32 2 629 08 10
Fax: +32 2 629 08 11
Email: info@efmd.org