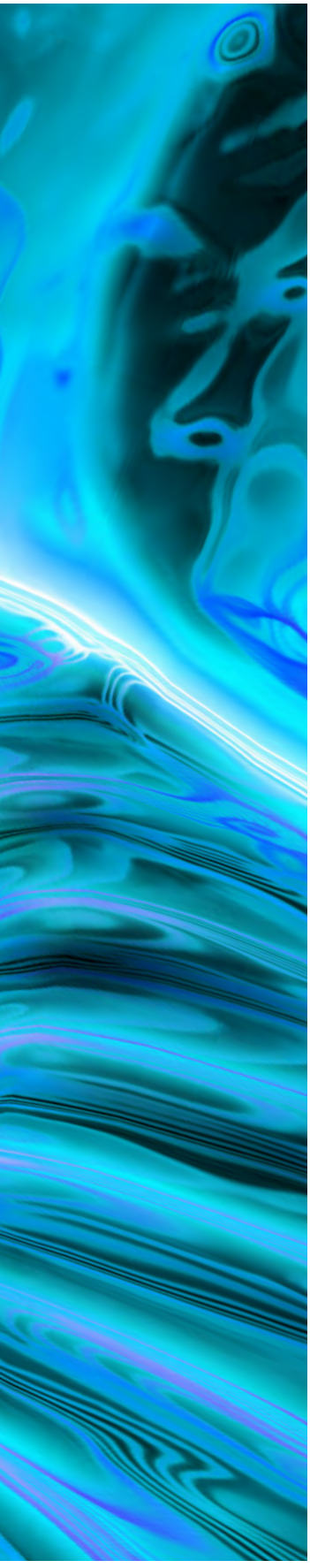
A new role for business schools at the forefront of change

The COVID-19 crisis makes it more important than ever to take a more global approach to recovery, says **Eric Cornuel**



The pandemic left little choice but to throw learning institutions into a period of transformation and change. Disruption in the learning modalities unfolded, bringing digital platforms to the fore and sparking new innovative methods to further academic goals.

It was not only a moment of an accelerated tactical adaptation for us, but also a moment of profound strategic reflection about our mission and values.

One of the key issues is the return to the source of the **impact** that business education can have on its environment. The disruption brought by the pandemic prepares ground for a new mandate for higher education institutions which looks at how institutions can have an even more positive impact on societies and ecosystems, but also how they can integrate into them even more harmoniously and effectively. Management schools and educators should not be passive observers; they must contribute more by addressing global challenges in an increasingly complex environment. And there are many global issues that need to be tackled with quite some urgency.

You can feel the increasing tensions that exist today among a diverse range of people. Dangerous **political phenomena** are part of the equation. We notice an important disconnection between the political world and the rest of society that is very detrimental to trust in institutions and democratic systems. The Edelman Trust Barometer shows that trust in elites has eroded immensely, and people across all social strata have lost trust in politicians, big business, financial institutions & the media. The 2021 results revealed an epidemic of misinformation and widespread mistrust of societal institutions and leaders around the world.

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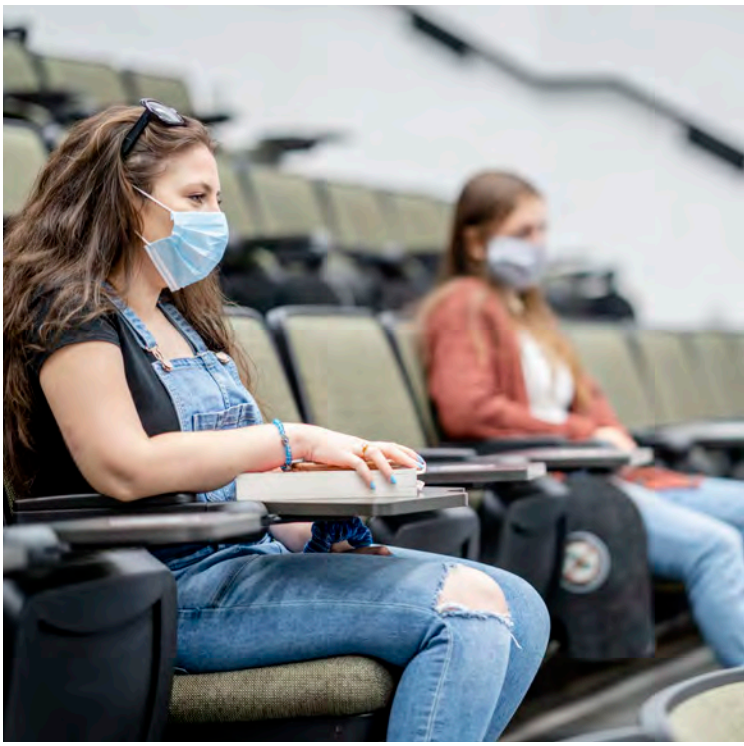
And these sentiments are not surprising. The burden of the 2008 financial crisis has been largely taken on by citizens, which has left some with the impression that the **financial sector** is above the law. When the system started to crack, and everything eventually collapsed, people felt that society picked up the pieces. Karl Marx said that the end of capitalism will come from finance. I'm not a Marxist by any means, but in light of current events, it seems he was not far off the truth.

A lack of leadership in political and business governance results in the rise of anxiety and stress, unemployment and societal defragmentation. We risk seeing ever more disenchanted and angry citizens of all generations forming a **precariat**, or precarious proletariat, so well described by Guy Standing. These are people who do not enjoy stable employment, rising income and a sense of belonging.

The growing precariat is coupled with a **shrinking middle class**. The famous 'elephant chart' designed by the economist and demographer, Branko Milanović, shows that in Western countries, people at the very top of the income distribution realise huge gains while the poorest, sitting quite figuratively at the bottom of the tail, have seen marginal improvements. In between sits the middle class.

Another phenomenon is the **stalling of economic mobility across generations**. The next generations are not moving up the income ladder, which was a perceivable trend since the end of WWII. We must correct by taking meaningful and strong action against the dominant, at least in practice, shareholder value model.



In fact, the **shareholder value model** is more recent than the stakeholder model, which emerged after the Second World War in the US. At the time, people embraced a much broader role of corporation and this ethos comes back to the mainstream discourse now, and for good reasons. As business schools, we must actively advocate to put an end to this approach. One of the critical issues for companies as well as for organisations such as ours, is to raise awareness and embrace a cohesive ecosystem approach, but this requires a **paradigm shift**.

Business schools have a critical role to play to rewire our missions for relevance and impact, and to be close to the needs and address real issues of society and economy. At EFMD, we have been strong advocates of a broader approach to the role of business and management education, and we try to encourage business schools and companies to follow this route.

Our current business education model favours **academic research loosely coupled with societal needs**. Several years ago, Christian Terwiesch and Karl Ulrich from the Wharton School estimated the cost of creating an A-Journal article at approximately 400,000 USD (about 350,000 EUR). Despite these immense amounts pouring into the systems, there is too much disconnection between research and business practice. There is an emphasis on quantity over quality and novelty over replicability. We are spending a lot of time writing papers with unclear value to practice and frankly, to knowledge. Sadly, the main motivation is often to be published in a specialist A- journal that a narrow circle of your peers read, not to contribute to a better management of organisations or societies.

We have, of course, a scientific mission but a societal one too. The academic impact and rigorous research are important, but we also have a vital societal responsibility. Being uniquely positioned at the intersection of social science, technology and business, and having a reasonable degree of institutional autonomy, we can contribute immensely to solving global and complex challenges such as climate change, rising inequalities, international isolationism, eroding democratic systems, and the spread of fake news.

The dominant research model must evolve fast, otherwise we may go from "publish or perish" to "publish and perish". We need to move towards an open system instead of an atomised intellectual endeavour that is constrained to narrow academic circles. We need faculty members to be engaged in, and most importantly, rewarded for applied projects, multidisciplinary research, innovation in teaching, engagement in society and communities. We need more engaged professors, as Andrew Pettigrew calls them. This is precisely a vision that we support via the Responsible Research in Business and Management network, initiated by Anne Tsui and supported by a group of renowned scholars. I realise that the entire ecosystem including business schools, research funding agencies, publishers, ranking media outlets, and accreditation bodies have a role to play here.

COVID-19

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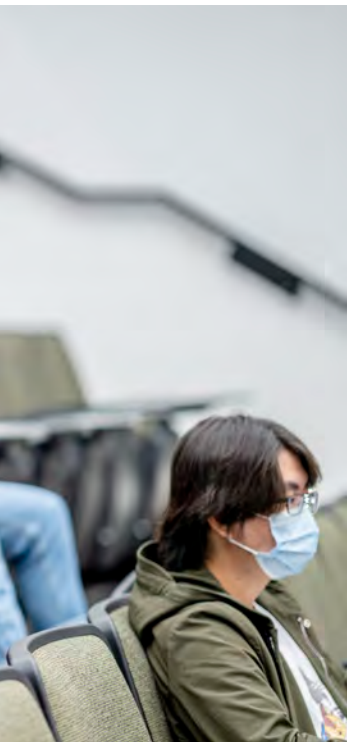

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The digital revolution and rapid hybridisation of learning experience has accelerated interesting phenomena that may pave the way for the future. We can envisage a repository of shared learning resources across business schools around the world and, in a sense, **re-nobilitate the role of faculty**, who instead of conveying fundamental knowledge, could devote this time to in-depth discussions and development of analytical skills among students. In other words, we don't need 100 introductory courses to accounting, but we need graduates who can think critically about the potential impact of their marketing campaigns on the trust in democratic institutions.

Lifelong learning means not only reskilling and upskilling, but also an opportunity for nurturing a closer connection between alumni and their alma mater. The faculty could enjoy a coaching and mentoring role, advising on career choices and leading intellectual exchange that goes way beyond the moment of graduation. The word faculty adopted for academia in late fourteenth century from an old French faculté, meant "ability in knowledge."

And here, there is a great role for business schools to set this strategic compass in motion. We can be a central node in an ecosystem linking higher education institutions, business & society, but I also realise how challenging and brave it is for many business school to be at the forefront of change, operating in a complex system of stakeholders, with sometimes conflicting interests and dynamics. In this context, the Rotterdam School of Management, with its mission to be a *force for positive change in the world, by carrying their innovative mindset into a sustainable future*, couldn't be more timely.

The COVID-19 crisis makes it more important than ever to take a more global approach to recovery. We need more international cooperation and a greater emphasis on societal issues. The question remains: is this a credible scenario? Is there room for optimism? Or will the political and economic agendas of the few push us towards a wilder capitalism driven by opportunistic and populistic leaders?

I hope the former, but it's up to us, really.

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About the Author

Eric Cornuel is President of EFMD.

Sources

This article is taken from a speech at Rotterdam School of Management in December 2021.