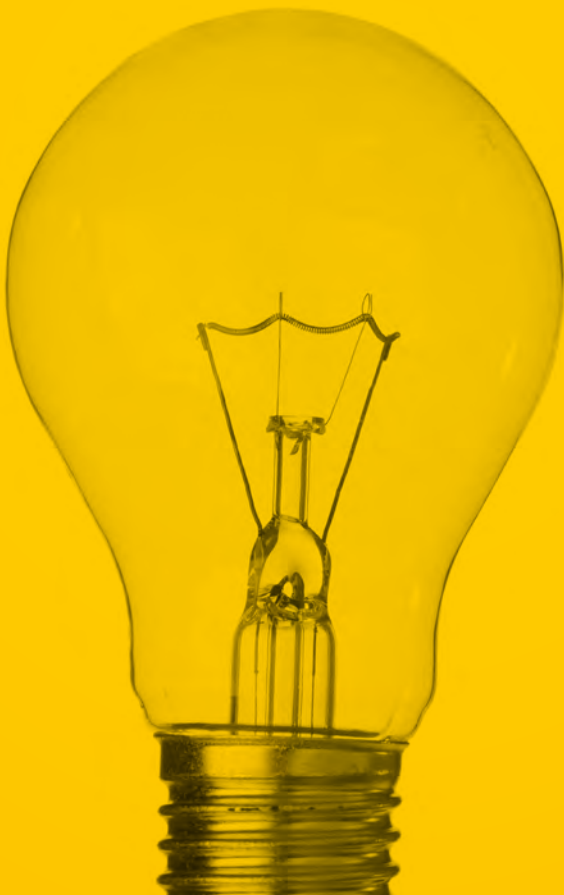


Do not be lulled by today's strong management education market, says **Johan Roos**. Business schools still need to find a grander vision of hope, change and community to counter emerging shadows

Casting light in the shadows



Business school deans are smiling and optimistic these days. Things have improved since the 2008 crisis. Applications are skyrocketing at most schools, enrolments are up and, with a few notable exceptions, the crucial role of business in economic affairs and global progress is recognised and respected. We can boast that there are over 10,000 business schools around the globe and about one-fifth of the world's students are studying business and management.

What is especially laudatory about this situation is the burgeoning interest in entrepreneurialism, as millennials and older students are eager to start innovative new companies. The possibilities to develop new products, services and solutions are unprecedented in human history.

Even more encouraging for the future of humanity is that some of this entrepreneurialism is devoted to global transformation. Dubbed social entrepreneurship, we see students and their faculty advisors in business schools throughout the world innovating new solutions to help erase poverty, teach skills to the uneducated, empower women, expand and improve healthcare, and more.

Anti-progress forces cast a growing shadow

Despite the good news, I am writing to warn that there is a shadow hanging over this seemingly rosy outlook. In his October 2016 essay in *The Economist*, President Obama captured the paradox we face today: "The world is more prosperous than ever before and yet our societies are marked by uncertainty and unease".

Business schools and their deans cannot disregard this darkness that threatens to halt the progress most of the world has made since 2008 to rebuild capitalism and strengthen social democracies. I am not referring to the threat of external terrorism from *jihadis* but rather to internal forces within most Western nations that are the consequences of our own neglect in dealing forthrightly with lingering economic and social problems.

The consequences are unparalleled as strong "anti-progress" forces that encompass a variety of evolutionary or revolutionary movements coalesce power. These collectively function to

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protest, prevent and even sabotage policies and practices that most agree are beneficial to humanity. I see five elements that comprise this shadow: the rise of the “precariat”, anti-globalism, anti-intellectualism, extreme inequality and tolerance of greater asymmetry.

The rise of the precariat

Precariat is the term used by economist Guy Standing in his books *The Precariat – The New Dangerous Class* (Bloomsbury 2011) and *The Corruption of Capitalism* (Biteback 2016) to describe a new social class who face overlapping challenges of unemployment, low income and loss of social security. It includes tens of millions of blue-collar workers but also frustrated educated youths who do not get the jobs and income they expected even if they have a university degree, as well as oppressed women and migrants without much hope.

For people of the precariat, a life of work remains unfulfilled because, for the first time in history, wages have not risen with increased productivity, corporate profits and employment levels. Advances such as artificial intelligence, which have enabled automation that may replace more than a few job categories over the next few years, add to the insecurity, instability and vulnerability of the precariat experience. According to Standing, the precariat are and will continue to be incomparably worse off than workers with stable, fixed-hour jobs, paid vacation and other social benefits.

This tribe is as much anti-state as it is anti-business. They believe that the rules for distribution of income and social goods are rigged against them. They are angry and find comfort in autocratic political leaders who profess anti-global, anti-trade, anti-intellectual notions and who blame minorities, immigrants and the “establishment” for our social ills. We all should take heed of Standing’s most recent message: the precariat’s vulnerability today is everyone’s tomorrow.



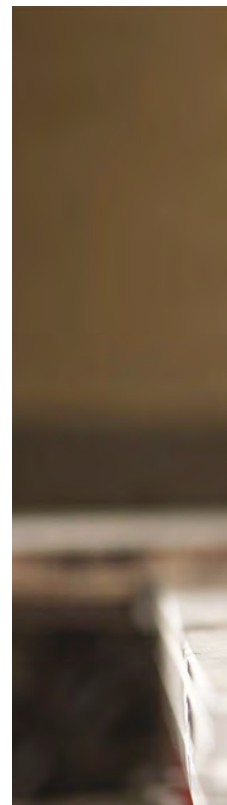
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Anti-globalism

For centuries, international trade has helped advance the free world and is an economic orthodoxy among most economists today. Nobody denies that globalisation has flaws; an open economy creates winners and losers. Debating the merits of global trade and globalisation itself can be valuable but few doubt that international trade is a necessity in a modern business world. However, peddlers of protectionism and nativism argue that globalism is good for the elite only.

Protests against major trade agreements across the Atlantic and Pacific demonstrate how contentious free trade ideas are among people who associate globalisation with lost industrial glory, lost full-time jobs and weakened social identity. The 2016 backlash leading up to the Brexit referendum in the UK and the similar reaction evident in the recent US presidential election campaign, which launched Donald Trump into the White House, illustrate the discrepancy between the well-articulated logic by people on top of the pyramid compared to the realities felt by the squeezed and angry precariat.





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This anti-intellectualism may reflect the growing ranks of high school dropouts, non-college educated youth, senior citizens on the brink of poverty and the unemployed precariat class. But it also occurs even among the educated; in the US, 99% of scientists accept evolution as a fact while *almost half of college graduates* believe it is just a theory.

Evolution-deniers, history repudiators, conspiracy theorists and state-funded internet trolls are equally culpable of spreading doubt about scientific truths and poisoning a positive view of intellectualism and enlightenment. Politicians and media figures who shamelessly produce lie after lie plant seeds of doubt about society's basic institutions and tout a wide range of unscientific, irrational explanations about everything that further fuels anti-intellectualism.

To a degree, anti-intellectualism springs from a great failure to educate youth and adults in critical thinking. School is becoming a place for skills training, losing sight of the need for a broad education that produces responsible citizens who can think deeply and expressively.

The true meaning of liberal arts education is to cultivate "free" (Latin *liber*) individuals who are prepared to constructively deal with uncertainty and ambiguity. The result should be open-minded people resistant to dogma and preconceptions and who are sceptical enough to think for themselves. This element of the shadow should be extremely disconcerting to everyone in academia.



99%

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50%~

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Extreme inequality

A tolerance for income and wealth inequality is a fourth force for anti-progress and is spreading globally. China has created more billionaires than the US and India boasts a large new class of multi-millionaires. Economist after economist has warned us that the business world has allowed the rate of return on capital to skyrocket relative to the rate of economic growth, meaning that profits and benefits of business flow to far too few people.

In his 2016 book *The Corruption of Capitalism* Standing lambasts the capitalist “elite” that is enriching itself not through production of goods and services but through ownership of assets and intellectual property aided by state subsidies, tax breaks, debt mechanisms and the privatisation of public services.

Regardless of who they are and how they gain their wealth, the repercussions on society of the current mega-inequality risk creating a domino effect that counters progress. In his recent essay in *The Economist*, President Obama warns that “a capitalism shaped by the few and unaccountable to the many is a threat to all”.

Tolerance of greater asymmetry

The fifth force I see darkening the horizon is the movement away from progress that the world was clearly making following the end of the Cold War. The planet is tumbling increasingly towards an enormous imbalance, an asymmetrical future in which so much is wrong compared with things that are right.

Globalisation and automation are weakening the position of ordinary citizens and consequently, their ability to secure decent income, repay their debts and maintain their social security and general enlightenment.

Increasing terrorism, the failure of the European Community (2016 examples include Brexit and the near botching of a trade agreement with Canada), the inability of the UN to solve conflicts, dictatorships and increasingly authoritarian regimes, “hybrid warfare” to avoid attribution or retribution, apparently unstoppable global warming, the rising pollution of the planet’s natural resources – all these trends do not bode well for humanity.

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We must develop solutions to boost the currently hopeless precariat into participating in economic growth and wealth; we must create equitable and fair trade agreements; we must combat the ignorance of anti-intellectualism; we must truly solve the wealth inequality challenge; and we must inspire the business world to participate in balancing out the many types of asymmetry on the planet

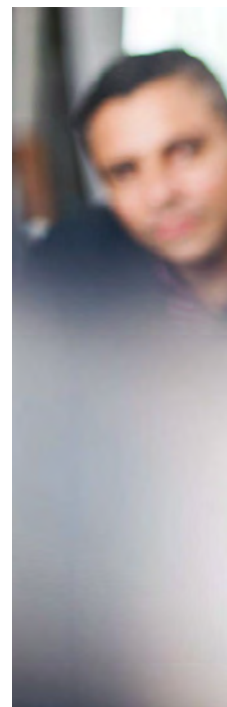
These conditions also provide fertile ground for social unrest, which is most politicians’ worst nightmare. Anger and protests on the left and the right, from Occupy Wall Street to the anti-immigrant and protectionist rallies of autocratic politicians are one thing but violent demonstrations, marshal law and the threat of pitchfork and axe revolt, are quite another.

To boldly go where no man has gone before

At the height of the Cold War, Russian astrophysicist Nicolai Kardashev proposed a model for the future of humanity. He invented a scale to measure a civilization’s advancement based on how much energy it can capture and utilise. His idea was that the more energy a civilisation can harness, the more technologically advanced it is.

Using Kardashev’s scale, we are currently a Type 0 civilisation. We can extract energy only from crude raw materials. In contrast, Type I civilisations are capable of harnessing all the available energy of their planet and using it in sustainable ways, which some futurists predict will happen within a few hundred years if we have not by then destroyed our planet. Type II civilisations are able to capture the energy of their star, in our case the Sun. The Federation of Planets in *Star Trek* may illustrate such a culture, though it will remain in the realm of fantasy for most of us as what Kardashev called a Type III culture, extracting energy from billions of stars to travel across intergalactic space.

To elevate our human species to anything above a pitiful Type 0 civilization we must achieve greater cultural and intellectual sophistication, not just more advanced technology. This calls for stability, effective conflict resolution and a genuine sense of global community. If we do not arrive at that point, the downside for Planet Earth is bleak.





Towards a new vision for business schools

As deans and faculty preparing so many young people to become the next generation of business and government leaders moving towards a Type 1 civilization, we cannot shirk from trying to prevent this shadow from overtaking us. If business is to be the leading change agent to transform the world and contribute to solving humanity's most critical problems, we must subscribe to a grander vision for the role that business schools play in creating our collective future. What would this entail?

The easy answer would be to focus on the grander challenges such as countering the five shadow forces enumerated above. To some extent we do. In 2003, EFMD published a manifesto, *Initiative towards sustainable societal and business management development*, which sets out a vision for making global responsibility a major thrust in management education.

In a similar grand aspiration, the 2016 AACSB *Collective vision for business education* calls for business schools to step into the light and stop being "underdeveloped, undervalued, and too-often unnoticed".

In this vision, business schools become:

1. catalysts for innovation;
2. co-creators of knowledge;
3. hubs of lifelong learning;
4. leaders on leadership; and
5. enablers of global prosperity.

Who could disagree?

But I suggest we need to go further. We must develop solutions to boost the currently hopeless precariat into participating in economic growth and wealth; we must create equitable and fair trade agreements and combat the myopic anti-trade and anti-globalisation forces; we must combat the ignorance of anti-intellectualism, which has reactionary beliefs at its core; we must truly solve the wealth inequality challenge that is worsening year by year in many countries; and we must inspire the business world to participate in balancing out the many types of asymmetry on the planet. Combined, these actions call for a collective aspiration for business schools that extends beyond the vision we have today.

To defeat the shadow, business schools should become light bearers of hope, change, and global community. They can do this by becoming:

- not only academic researchers publishing for our peers but creators of relevant innovative solutions of benefit to the broader society
- not only catalysts of innovation but furthering the upside and help mitigating the downside of globalisation
- not only promoters of global responsibility but servants of a better society at large
- not only co-creators of knowledge but centres of liberal ideas and critical thinking
- not only hubs of lifelong learning but champions of economic equality
- not only trainers of leaders with business impact but leaders who are masters of collaboration
- not only enablers of global prosperity but open doorways to help the precariat

Let us work together to exemplify this kind of vision in our schools.



ABOUT THE AUTHOR

Professor Johan Roos is Chief Academic Officer, Hult International Business School (including Ashridge), which he joined in January 2016. Prior to joining the multi-campus Hult, he worked in six business schools and a non-profit organisation in five countries. Most recently, he was CEO and Dean of Jönköping International Business School in Sweden.