

Positive Impact: An Important Role for Business School Leadership in a Changing, Precarious World

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The COVID-19 crisis and the Ukraine war makes it more important than ever to take a more global approach to recovery

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, purpose and values. This requirement for strategic reflection has been further emphasised by the global turmoil resulting from the Ukraine war.

One of the key issues is the return to the sources of impact that business education can have on its environment. For example, 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 **significant 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 more 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 and the media. The 2021 results revealed an epidemic of misinformation and widespread mistrust of societal institutions and leaders around the world.

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. The paradox here is that while global poverty has marginally improved, the gap (or disparity) between the rich and the poor has widened significantly across the world according to the World Bank’s most recent data. Unfortunately, in between sits the “shrinking” middle class.

Another complementary 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 this erosion of generational mobility by taking meaningful and strong action against the dominance, at least in practice, of the shareholder value model.

In fact, the shareholder value model, which emerged strongly after the Second World War in the U.S., is more recent than the stakeholder model. However people embraced a much broader societal role for the corporation at that time and this ethos is re-emerging in the mainstream discourse now, and for good reasons. As business schools, we must actively advocate for a compassionate, stakeholder value model. One of the critical issues for companies as well as for organisations such as ours, is to raise awareness and embrace a cohesive, socio-economic ecosystem approach; but this requires a paradigm shift towards the view that business schools should have a purposeful mission to create value and **positive, meaningful societal impacts** for their ecosystem partners.



Business schools, therefore, 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, inclusive approach to the impactful role of business and management education, and we try to encourage business schools and companies to follow this route of stakeholder focussed responsible management education. Indeed, our strong founding sponsorship and continuing advocacy of the goals of the RRBM network is fundamental to our continued search for positive impact. Further over the last decade, EFMD has itself co-created significant practical ecosystem impacts. The EFMD “Excellence in Practice” awards have generated case studies of positive practical insights and, EFMD’s “BSIS” impact audits of over 70 leading business schools have demonstrated clearly the wide range of societal impacts from those schools.

However, the underlying problem is that 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 reads, 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 to produce **positive impact**. 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, impactful 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 (RRBM) network, initiated by Anne Tsui and supported strongly 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 an important role to play here with an enhanced focus on positive impact as well as academic excellence.

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 and society. But I also realise how challenging and brave it is for many business schools to be at the forefront of dynamic and volatile change, operating in a complex system of stakeholders, with sometimes conflicting interests and dynamics. Our search for **significant positive impact** for our socio-economic system partners means that we will continue to evolve and strengthen the EFMD BSIS impact system, the EFMD "Practice in Excellence" awards and the analysis of positive impact through peer review in our EQUIS accreditation process. As a further example, in searching for further positive impacts, we are again co-sponsoring the "Going Beyond" awards with GBSN (the Global Business School Network) which will produce another set of excellent positive, practical and impactful research insights for our practitioner audiences.

The recent crises make it more important than ever to take a global approach to recovery. We need more international cooperation, strong positive impact, 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 populist leaders?

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



About the Author

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