Introduction to The Future of Business Schools

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INTRODUCTION: HELPING CREATE A SUSTAINABLE WORLD – THE ROLE OF BUSINESS SCHOOLS IN A NEW AND DYNAMIC WORLD

Business schools’ overall purpose, relevance, and impact as societal actors are under attack. Even the question of what is their purpose in the future? How can business schools reinvent themselves to remain relevant to society? These questions are at the center of the ongoing debate about business schools in the 21st century. These thoughts echo some influential works on the role of business schools, such as ‘The future of business schools,’ published in 2005 by Gabriel Hawawini from INSEAD, France, followed by Chia and Holt’s article in 2008 and Dyllick’s article in 2015, including the recent article from 2020 of Krishnamurthy that discussed the various reciprocal relationships of business schools with their stakeholders. The underlining premise of these publications across time remains focused on securing the relevance, sustainability, and an accepted purpose and destiny of business schools.

This debate addresses the relevance and content of business school curricula and to what extent their research and training orientations can be made more purposeful to society. This book contributes to this debate by providing a rich plethora of ideas, experiences, and studies that address the renewal process of business schools. Thus, various stakeholders of business schools contribute to the discussion on the future of business schools by addressing an array of expectations and challenges. Our book reflects the changes in the perceived value that business schools bring through the lenses of different stakeholders. In addition, it resonates with the richness in the perceived roles that business schools embody in their ecosystems, especially in times of change, for example, COVID-19, the Russia-Ukraine war, the turbulent swings in the stock markets, the rising global unemployment, among others, in which business schools were expected to generate and lead innovative, relevant, and possible responses that the new conditions created. Entrepreneurs, professionals,
and scholars from different schools of thought and research interests, including those focusing on ecological, ethical, and social impacts, have contributed to this book. Their contributions represent the book’s three parts that address critical areas of current challenges: complexity, sustainability, and destiny. We will discuss each part next.

COMPLEXITY

How can we know where we are headed in the future is unpredictably complex? Consequently, how and what do we teach our students to be equipped with the skills and mindsets that would enable them to manage complexity? And how do we engage the ecosystems and business school stakeholders to facilitate and promote the creation of relevant, helping learning premises for our students? Environments embody continual uncertainty and complexity. Business schools are expected to tackle this complexity by building skills, abilities, mindsets, and resilience that future managers (i.e., current students) can use, redeploy, and modify under various conditions.

To determine possible futures, building on a deeper understanding of the evolving environment increasingly turning into the long-envisioned VUCA world – volatile, uncertain, complex, and ambiguous – is crucial. There is a contrast between these environmental characteristics and established, current business school approaches. For instance, to what extent is the current focus in research and teaching on individual actors and their agency still relevant when environmental shifts are increasingly collective and systemic? And can the typically linear, deductive approaches still provide valid predictions and insights in such complex, interdependent dynamics? In this book, suggestions are made to the contrary: environmental complexity does not require even more specialized, but rather more holistic responses by business schools, mainly as multiple specializations and disciplines ‘explain’ complexities, consequently providing close-grained answers to manage complexity, which may preclude the development of integrative, innovative responses to dynamic changes. For instance, such holistic responses are needed at the disciplinary level. This creates institutional challenges: How can cross-disciplinarity, multidisciplinarity, or interdisciplinarity be achieved in a discipline-based specialization in the research and teaching system? Holistic responses are also needed at the geographical and cultural level, which again require institutional renewal: How can local, regional, and international perspectives be integrated? What does this imply for traditional on-off student exchanges? Can international experiences be integrated more seamlessly throughout the studies in a hybrid mode between in-person interaction and virtual participation? How can new technologies simplify the complexities, for example, virtual classes, digitalized learning systems, or online programs, and how do we guarantee
that students and faculty of diverse areas have equal access to such technologies? These technologies embody agile solutions for various challenges, from student exchange programs (virtually) to creating international teams for a project, formulating global research projects, to the ‘New Normal’ in which classes can be virtual or hybrid. These are just some examples provided in this book for exploring answers to the challenge of complexity. The COVID-19 crisis has created a sudden, unique level of complexity and thereby an extraordinary impetus for change from which many insights can and should be drawn. Such sudden, unforeseen complex changes represent a form of uncertainty that is unprecedented to higher education institutions and thus not only require rethinking research and teaching approaches and introducing and professionalizing risk management approaches for higher education. Overall, the challenge of environmental complexity clarifies that business schools cannot remain reactive actors who adapt to changes – they would always be too late, with too few technological changes, and thus constantly remain misfits. Instead, business schools need the ability to develop and act upon what authors call ‘practical wisdom.’ Overall, the future of business schools thus may lie in becoming proactive co-creators of their environments and, at times, assuming the leadership role of a disruptive innovator to develop novel creative solutions for advancing academic, corporate, and societal interests in the 21st century and beyond (Bagley et al., 2020). Due to the environment’s complexity, the best way to predict the future of business schools may be to create it.

SUSTAINABILITY

How can we achieve sustainability in a complex, unpredictable world? The second part of the book addresses this debate. However, the core of the discussion seems to focus on current and future contributions of management sciences to address sustainable development and the 17 United Nations (UN) Sustainable Development Goals (SDGs) accepted by the world community since 2016. Business schools need to be involved in this global debate and solve the challenge of defining and implementing corporate responsibility from within and in direct and indirect impacts on nature and society.

Sustainability has turned into the umbrella term that encompasses all the dimensions that contribute to sustainable business operations, for example, social, environmental, and economic performance, known and established as the triple-bottom-line of people, planet, and profit (Painter-Morland & Ten Bos, 2011, p. 288). The central question for business schools is to study and propose how corporate actors can combine and reconcile binding interactions among the economy, society, and the environment into the 21st century and beyond. Some solutions have to be innovative and even disruptive.
One crucial challenge for business schools is their future research and education capacities to address and inspire corporate responsibility, impact entrepreneurship, and sustainable leadership (Markman et al., 2019). This means how a sound and balanced combination of human, financial, technical, and social capital can deliver responsible strategies to manage multinational enterprises (MNEs), large firms, and small and medium-sized enterprises (SMEs) and lead, both conceptually and in practice, to new business models and new products and services with high value for a better society.

Another challenge is exploring how firms can drive impact-oriented deliverables for sustainable development and achieve most SDGs. In other words, it means how corporations can contribute socio-economic and technical solutions for good, for nature and the people, at the grassroots level and regional, international, and global levels. This also means how firms can do well and do good.

Such orientations also include a revisited participation in sustainable development for and within business schools based on reviewing appropriate combinations of practice to science and science to practice, applied research, and training at all degree and continued education levels. In addition, more than 800 business schools have signed up to the UN Global Compact’s Principles for Responsible Management Education, which were drawn up in 2007 and require them to submit progress reports.

DESTINY

The third part of the book presents recent trends and views on the pertinence and use of Management Education. We have passed a long way from Herbert Simon’s (1967) view on the purpose of business schools: ‘The purpose of a business school is to train managers for the practice of management as a profession and to develop new knowledge that may be relevant to improving the operation of business’ (p. 5). Research has proved that today’s students pinpoint the purpose of business schools in delivering a broader education that captures human, environmental, and economic perspectives to be used as valuable resources in their consequence success as managers. Stakeholders see the purpose of business schools as the means to shape the students’ knowledge, skills, mindsets, and overall profile, to harmonize the stakeholders’ envisioned future society. These perspectives may be refuted, thus setting a substantial challenge in front of business schools in determining the direction by promising their purposes as perceived by the students and stakeholders; hence a salient impetus to explore this aspect through our book. The chapters explain the various perspectives between academia and industry and the essential role of critical thinking, resilience, and empathy for future leaders. This part covers ideas to reshape and reframe a responsible and sustainable pedagogy. The
broader societal changes, including the seemingly overnight shift to remote working and education at all levels, have profoundly changed how we live, learn, and work. Business schools were able to take a leading role in addressing these shifting needs, expectations, and cultural and societal norms, by continuing to embrace new collaborative tools and models of interaction and curriculum delivery that allow more profound levels of global engagement, industry connectedness, and transparency in the post-COVID-19 educational landscape.

DETAILED OVERVIEW OF THE BOOK

As indicated, the book has three distinct parts. Part I of the book gives an overview of sensemaking in business schools and the challenge of navigating complexity and preparing for uncertainty. Wolfgang Amann, Agata Stachowicz-Stanusch, and Shiv K. Tripathi focus on the dynamics of business environments that are now frequently described as VUCA – volatile, uncertain, complex, and ambiguous. They consider the COVID-19 pandemic outbreak in 2020 as a case in point. Therefore, strategies, business models, tactics, and plans were challenged for the year. In this situation, executives worldwide did not suffer from insufficient general knowledge about strategizing, business modeling, or planning. This research project posits that practical wisdom is what practitioners need to survive and thrive. The chapter provides insights based on exploratory research and presents a state-of-the-art framework for fostering such practical understanding. The process foresees a three-act process and six concrete steps to take practical wisdom to the next level. The insights gained contribute to a better return on education (ROE). It also prepares the learner more aptly for this VUCA world. This chapter focuses on the tremendous potential of emphasizing practical wisdom more than ever before. As a result, program graduates will receive a higher return on their investment (ROI) and education (ROE). Schools should aspire to add more value, discuss relevantly, and evolve into better contributors.

Mary Kate Naatus, Katia Passerini, Kevin Pon, and Mark Somers focus on business schools post COVID-19, and the significant impact on internationalization of business education, especially in Europe, where physical mobility across countries has been particularly affected. They discuss three aspects of a post-pandemic environment: the pandemic as an impetus for change; implications for education; and implications for academic administration, especially in administering international programs.

The authors argue that the pandemic has also been the catalyst to lay down new internationalization rules and bring unique hidden benefits to other areas of the business school’s perimeter. The cosmic shifts the pandemic brought about
in our collective thinking have disrupted long-held practices and approaches to global education and have reduced some resistance to interdisciplinarity.

Institutions can maintain that heightened infusion of creativity when planning internationalization strategies and processes through a more inclusive lens. In other administrative areas, continued gains can be made in the post-pandemic environment. By shifting away from traditional notions of student exchange as one of the few internationalization opportunities and providing more incentives and facilitated processes for engaging a much broader spectrum of global virtual interactions between students and faculty, far more students are likely to benefit, and we can establish deeper global connections among institutions.

Nicole Saliba-Chalhoud and Christophe Schmitt explore the crucial issue of the academic model of global studies, presenting them as a new challenge for higher education, especially when business schools must train students to become systemic citizens to gain in complexity as much as for a better societal impact. They underline the effect of global studies in the education framework, with international studies still somewhat absent. The origins of global studies are presented, their philosophy is highlighted, and some of their implementations are indicated in different universities worldwide. They highlight the ties between cross-disciplinary, multidisciplinary, and interdisciplinary education, ensuring bonds with the territories by linking the local, regional, and international perspectives.

Martine Boutary and Wafa Khlif start by asking: Breaking out of the paradox loop: a metamorphosis for Business Schools? They highlight the paradoxical situation in which business schools are evolving, based mainly on observations of French schools. Responsible for educating individuals in business management, these business schools are confronted, on the one hand, with the demands of their stakeholders – students and companies, in particular – for performance, growth, and short-term efficiency and, on the other hand, with a demanding society that is facing a fragile environment and limited resources.

They posit that this can turn useless if business school leaders do nothing to tackle the three following fundamental paradoxes. The first one is about deified individuals, endowed with ‘an exclusive property right’ that grants them the ‘power to act,’ yet fragile, as they are so disconnected from their context/reality – even their planet. The second is the paradox of using what tend to be linear models and deductive approaches to analyze and represent certainty in a world that is unstable and uncertain. The third paradox is a complex world, sliced up as needed by simplistic, quantified economic models. Caring, questioning, and transversality could be the three pillars to embrace these paradoxes and carry new business schools into a renewed society. We propose some avenues for reflection and actions in this context.
Werner Krings, Michael J. Harrison, and Roger Palmer contribute to the debate on designing future viable business schools to assume the leadership role of a disruptive innovator and develop creative solutions for advancing academic, corporate, and societal interests in the 21st century and beyond. In summer 2021, they conducted 40 semi-structured interviews with first-rate entrepreneurs, professors, and students of North America, Western/Eastern Europe, and the Asia-Pacific, focusing on urgent topics. The outcome provides a comprehensive overview, examining the issues from various angles, providing guidelines on proper action steps to impact entrepreneurship as an added value, and aligning business education by partnering with enterprises forging sustainability while advancing teaching and learning approaches. In addition, the authors highlight the importance of Social Capital to form forward-looking synergies with business-related disciplines, for example, Science, Technology, Engineering, and Mathematics (STEM).

The last chapter of Part I by Norean R. Sharpe, Nancy A. Hubbard, and Paul L. Walker provides a review of recent and practical research in the discipline of Enterprise Risk Management (ERM) as it applies to higher education; here, we find recommendations for including ERM in operational business processes and sharing insights into building a curriculum in ERM at business schools. This book has many applications and cases that could be incorporated into a business curriculum. For example, one chapter discusses disruption and innovation in detail and how ERM practices can be applied to make creation more successful, including using strategic disruption workshops, developing a series of new business models, and techniques that help map out and analyze the business model. Higher educational institutions would be wise to implement ERM practices and apply them to themselves. It would also seem wise to promote intellectual scholarship and curriculum in this area to prepare students better to be more successful future leaders.

Elisabeth Fröhlich, Anja Karlshaus, and Danica Purg open Part II with the story of two business schools that embraced responsible management education (RME) at a very early stage in their history. The chapter illustrates why it is urgently necessary to rethink economic strategies and train sustainable leaders. The authors explain why RME is becoming the central task of every business school. Only responsible leaders can initiate the necessary changes to successfully implement resilient business strategies in today’s complex and volatile environment. In this context, it becomes apparent that traditional teaching formats are reaching their limits.

The chapter gives insights on ‘Sustainable Leadership’ principles and the ‘Artful Leadership’ approach. In the search for management and leadership development that prepares for coping with the complexities of the 21st century, new elements have been added to the educational concept and methods. The hypothesis is that the same characteristics can define new leadership as art:
inspiration, imagination, intuition, authenticity, and skills. The aim is to offer a tool that enables managers and business leaders to reflect on their leadership mindset and style. However, it can be stated in conclusion that the need for appropriate holistic teaching approaches is more urgent than ever – not just since the COVID-19 crisis, which has strongly reinforced our conviction in sustainability and vividly highlighted the interconnected and interdependent nature of the world’s social, ecological, and economic systems.

In the second chapter of Part II, Ayman El Tarabishy and Rosangela Feola analyze how Humane Entrepreneurship could create the conditions to harness the potential of the millennial generation, therefore increasing the innovation and competitiveness of their companies and the wellness of society more broadly. They outline that millennials are considered the unluckiest generation in the world, but at the same time, studies show that they are one of the most talented and creative generations. So, the critical question becomes understanding how firms can activate the potential of millennials to produce positive effects for both individuals and organizations. The emerging model of Humane Entrepreneurship could potentially represent the missing link between firms and millennials. The Humane Entrepreneurship model maintains that firms need to integrate the traditional orientation toward business and profit (Entrepreneurial Orientation) with two additional elements: the attention toward Humane Resources involved in the firm (Humane Orientation) and attention to the environment and society (Sustainable Orientation).

Valeria Budinich, Fernande Raine, and Diana Wells explain Ashoka’s research with 120 world-leading system changers, suggesting a powerful playbook for business leaders seeking to enable their teams to create and capture value in today’s economy in new ways. Their study examines how more business leaders across industries and geographies can become system changers who reimagine and reshape industries for all. Over two years, Ashoka consulted 120 leading system changers through its global network of social entrepreneurs. This research tapped into 40 years of Ashoka’s expertise in identifying system changers as ‘Ashoka Fellows’ and integrating them into a global, supportive community.

The authors explain how Ashoka Fellows are selected through a rigorous process that assesses the impact potential of the new system change idea and the creativity and entrepreneurial skills of the system changer. Most of these Fellows lead citizen sector organizations with national or international impact. As of 2022, Ashoka has elected more than 4,000 Fellows in 90 countries through a selection process that uses consistent criteria. Across the levers of leadership (how they lead themselves, others, and systems), the authors have identified five capability dimensions that system changers manifest: building purpose through empathy, embracing continuous change, having the courage to be different, being biased to action, and collaborating for impact.
Heather Cairns-Lee and Alisée de Tonnac conclude Part II of the book by drawing on the 17th Sustainable Development Goal – partnerships. The chapter suggests that business schools need to recast themselves as partners in learning to multiply their contribution to an equitable, inclusive, and innovative society. Business schools have increased over the last 60 years to become a dominant education model and a revenue stream for many universities. However, they have been criticized for focusing on business, prioritizing their etymological origins of commerce and trade at the expense of a broader remit to nurture an inclusive and sustainable society. Again, language is crucial, as it shapes the narratives that signal what is valued. They suggest that recasting business schools as learning partnerships increases their relevance to identifying and developing the skills and mindsets needed by a fast-changing society. These include an entrepreneurial education that supports the development of creative responses to the changing needs and emerging challenges faced by individuals, organizations, and society.

Part III delivers views on the pertinence and the use of management education which reflect recent trends. In the first chapter, Inés Gabaret and Marcela Schweitzer question the competencies needed for the managerial roles of the future and propose resilience and empathy as fundamental capacities to allow managers to deal with uncertain and complex environments. Empathy and resilience, and more broadly, emotional intelligence, can be learned and, therefore, taught. This chapter aims to propose an insightful approach to understanding emotions and insights on how to help the managers of the future develop their and others’ abilities. Emotions are essential determinants of behavior and achievement at work and influence companies’ social climate and productivity. The content they propose goes beyond simple interventions on soft skills development, as it is common to see. Instead, the proposal invites students to study, understand, and conceptualize in action. With a systemic and reflective approach, the learner is at the center of the knowledge-building process to analyze emotional skills, emotions, behaviors, and implications for individuals and organizations.

Paul G. Davies and Louisa Huxtable-Thomas outline key insights into business schools’ role, acting as valuable interlocutors and interpreters between academia and industry and providing helpful employees for today’s complex work environments. The example of the MBA course development illustrates how these challenges create a relevant and stimulating learning environment that can equip graduates for varied careers in an increasingly complex and changeable environment.

On the one hand, they explore how a clear philosophy to the course provides a more substantial base to build the critical thinking skills essential to creating more informed decision-makers. On the other hand, a more practical consideration is that innovation is encouraged – even demanded – to maintain
a competitive position. Still, long-established systems that are not always comfortable with change are in place. We recognize many examples of innovative course design practices within business schools but raise this point to articulate that a course does not exist in isolation. Understanding the course systems is imperative to avoid unrealistic expectations and, more fatally, impractical learning experiences for students. The authors argue that understanding the balance of these two elements can enable an innovative practice that furthers the potential of business schools to foster critical thinkers who will shape the broader organizational practice into the future.

Gaby Probst and Laura Zizka critically review how business schools have faced challenges over the past few decades, such as choosing and using technology, attracting students to a competitive world, and meeting the real-world demands of the industries they train their students in.

Careers and career paths have become more fluid and less predictable. New jobs have been characterized as ‘de-specialized,’ where flexibility and adaptation to change have become the new normal. Business schools have attempted to adapt by providing innovative programs based on competencies and applied knowledge. Nonetheless, no challenge has been as brutal and all-encompassing as the brusque shift to online education due to the COVID-19 pandemic. Any discrepancies or inequalities in teaching and learning were accentuated in the then-introduced emergency remote environment. Nevertheless, the pandemic has also offered opportunities to reshape, reframe, and reconsider business school practices, especially when developing a responsible and sustainable pedagogy.

Mark Darius Juszczak outlines a new type of degree program – a computational MBA program – that will meet the challenges of companies operating in theaters of unusual complexity and uncertainty from a process and methods perspective. The increasing complexity in computational systems embedded within traditional finance and business organizations and the broad democratization of computational tools are serving the needs of computational social science.

Drawing on the strength of similar programs, a distinct computational MBA degree appears imminent. It will be fundamentally different in its research and methodology, drawing on tools in computational social science to generate new methods of strategic analysis. Graduates of a computational MBA degree will be pulled toward those businesses that operate with high degrees of uncertainty. They will have competencies that traditional MBA graduates do not have and do not require. Instead, they will be sought out by companies and employers that operate under unique environments of technological risk, social uncertainty, and other forms of complexity that do not bear equally on all markets.
Francesca Pucciarelli, Francesco Rattalino, and Francesco Venuti continue with a chapter focused on the ongoing digital transformation of higher education. Hybrid models differ from the existing blended model. Remote and face-to-face teaching is made available simultaneously and at a scale enabling each student to choose the mode of each educational activity. Implementation paths and implications of the hybrid education model are at the center of the debate on the future of business schools. The chapter analyzes the latest scholarly literature on the opportunities and challenges of the hybrid education model. The ESCP Business School’s transition to hybrid education impacts teaching, research, and campus practices. The chapter concludes by highlighting that the digital transformation cannot divorce itself from the future of business schools, and the hybrid education model could (and should) expedite more sustainable practices in management education.

The last chapter of Part III, written by Kristian J. Sund, extends the book’s scope on gender and ability at entry. The author starts by asking: Looking to the future: will male students underperform in the business school? Although women remain under-represented at top management and board levels around the world, the tables are said to have turned within the context of education. An increasingly accepted stylized fact in both lower and higher education is those female students demonstrate higher academic achievement than males. This has led to a ‘boy discourse’ surrounding the consequences of such outperformance. Yet, recent evidence seems to question this discourse. The author presents the results of an empirical study of the sex effect at a sizeable London-based business school. The data include measures of sex, ability at entry, age at entry, and final degree classification. Ability at entry is a statistically significant predictor of subsequent undergraduate academic performance. However, contrary to the prediction of the boy discourse, no evidence of a sex effect could be confirmed.

REFERENCES


