

# Future-proofing global business education

A man in a blue suit and patterned tie is speaking at a podium. He is holding a small device in his right hand and gesturing with his left. The background is dark with some text visible, including 'CONFERENCE', 'Istanbul, Turkey', and '19'.

Organisations need game-changing leaders. Andrew Main Wilson and Bodo Schlegelmilch explore several disruptive themes that will impact the success of business schools in rising to this challenge

**G**reat leadership is the lynchpin of sustainable, successful business. Profit and growth depends on leaders who know what they want to achieve and understand how they can make a difference in the world. The situation is obvious: the planet is under pressure. Resources are finite, global terrorism is rife, social inequality is a prevailing issue.

The most innovative and dynamic business thinkers share a number of virtues: transparency and a willingness to share ideas; great communication; great knowledge of their marketplace; and, perhaps most importantly, a long term, sustainable view.

But putting this ethos into terms of leadership, the challenge great: as the global labour market becomes increasingly heated and economies remain volatile and uncertain, businesses are crying out for a new breed of leader to future-proof economies, ride the chaos and innovate through complexity.

In 2016, in an interview for AMBA's magazine *AMBITION*, Paul Polman, then CEO of FMCG multi-national Unilever explained there are basic skill-sets for which employers will always look: integrity is one of these things; being hardworking probably comes second; and intelligence.

He also explained the world needs 'different leaders', who have a high level of awareness about what's going on in the world, a high level of engagement in wanting to do something about it, and who operate with humility and humanity.

In saying that, they also need people skills as well as focus – and this presents a challenge for business schools in developing these game-changing leaders. Over the following paragraphs, we will explore several disruptive themes that will impact the success of business schools in rising to this challenge.

## **New paradigms of success**

In BGA's publication *Business Impact*, earlier this year, we outlined our thoughts on some of the disruption affecting business education. We explained that traditional business schools rely on full-time professors who spend most of their time on research and are often also tasked with administrative duties. This model makes teaching expensive.

Blended learning or flipped classrooms can boost the bottom line. While these cost reductions seek efficiencies within the existing business school model, they fail to question the rationale of the model itself. This is akin to Blockbuster Video looking for cost savings when Netflix changed the rules of the game. We all know what happened to Blockbuster: it went bust.

*... business schools need to go beyond cosmetic adjustments and consider fundamental changes to their business models*

The real competition for many business schools comes from drastically different business models. First, there are massive open online courses (MOOCs) aimed at open access via the internet. Other eLearning platforms work independent of traditional business schools. MOOCs have shifted the competition from being between business schools to between networks. These networks include a range of companies that team up to design and distribute educational content.

To add another level of complexity to the competitive landscape, international consulting companies are expanding their digital learning offerings. While these companies do not (yet) have the right to grant degrees and typically offer a certificate on completion of their courses, it is ultimately arguable whether a certificate from a prestigious consulting company such as McKinsey or PwC has more currency.

In addition, some degrees offered by traditional business schools are already giving credits for a variety of MOOC certificates. Corporate universities and system integrators are encroaching on the traditional business school market. Some corporations have built impressive campuses, where they not only train their own employees but also those of selected partner companies.

Thus, traditional business schools face a myriad of competitive challenges. All of this suggests that the time for 'business as usual' is over. A few cosmetic changes to the existing business model will not be enough to secure survival. In particular, business schools that are not among the top aspirational brands will need to adopt alternative business models or risk becoming a casualty of the paradigmatic changes in the business environment.

Other innovations, such as adaptive learning and artificial intelligence (AI), are already emerging. Collectively, these rapid technological changes indicate the end of 'business as usual'. Traditional business schools will not be able to survive without embracing fundamental changes in technology.

## **Demand for sustainability**

The increasing demand for sustainable businesses and products will have a profound influence on business schools. But what does demand for sustainability mean and where does it come from?

According to the UN, sustainability refers to our concern that human activities should meet the needs of the present without compromising the ability of future generations to meet their own needs. At a more detailed level, sustainability calls for the balancing of three fundamental dimensions: environmental protection, societal progress and economic growth.

While business school teaching has traditionally focused on economic growth – the profit part of the three sustainability dimensions – the other two dimensions, often labelled as ‘people and planet’, are increasingly gaining centre stage.

However, most case discussions and lectures do not even question the primacy of profit as an outcome variable of corporate value creation. Typically, business school teaching centres around how various elements of the value chain can be optimised to increase profits.

## **The changing student demographic**

The reasons for people taking an MBA or business degree are no longer financial. Our research shows that one of the reasons people are choosing to complete MBAs is to take part in more ‘worthwhile’ things and make a difference.

The leaders of the future need the knowledge and insight to know how to manage within a complex corporate, but equally, they need the speed of thought, innovation and creativity to operate like the owner of a start-up.

Entrepreneurial flair should be in the DNA of a leader and this is something that all too often we forget as MBA graduates go to work in larger corporations.

Entrepreneurs don't need to start a small business – small and large businesses both cannot exist without each other. MBAs and leaders need to decide if they're comfortable in one or other of these environments, with the positions in large corporates being much more competitive.

In a fast-changing environment, speed and entrepreneurship is something business leaders have to continually learn and hone... and business schools have to embrace.

### **Inspirational business school leaders**

The start of May marked the beginning of AMBA and BGA's busy international schedule and, this year, we hosted the largest conference for business school Deans and Directors in the breath-taking city of Istanbul, Turkey.

The conference sessions were designed to challenge the status quo and explored topics that include poverty, diversity, artificial intelligence (AI), collaboration, social media, disruption, MBA rankings, entrepreneurship, and emerging markets.

With AI estimated to drive a productivity and consumption boost of up to \$16 trillion USD by 2030, the majority of CEOs acknowledge that AI technology will significantly change the way they do business in the coming years.

Rob McCargow, Director of AI at PwC, shared best practices on how business leadership should prioritise the responsible adoption of technology, in a way that delivers measurable value while maintaining trust.

Andrea Sianesi, Dean of MIP Politecnico di Milano Graduate School of Business, put the AI conversation into the context of business education. Sianesi shared his thoughts on how AI can create a competitive advantage for business schools and outlined how his school has developed an innovative AI platform, in partnership with Microsoft, to ensure personalised, continuous learning for its students and alumni.

Francisco Veloso, Dean of one of the world's most innovative business schools at Imperial College, shared his vision of how technology is changing business education and discussed the creation of the Future of Management Education Alliance, a collaborative initiative of leading business schools around the world.

On the topic of responsible management, UNICEF's Chief Operating Officer, Claire Fox, explained how political instability, global conflicts, and increasing climate change mean all sectors of society – and the education sector in particular – have a crucial role to play in creating a safe, harmonious and sustainable world.

And Kader Kaneye, President and CEO of ILIMI African Development University shared his inspiring story of creating a new business school in Niger, one of the least developed countries on Earth, while putting forward his inspirational ambition to combine global best practice with management education that is relevant to the local context.

At AMBA & BGA, our objective is to encourage business schools to embrace the environmental turbulences we are experiencing. Not every change is a threat. Changes can also open up opportunities, but taking advantage of changes requires the courage to chart new routes. And these routes may be very different for business schools with varying resources, capabilities and purposes.

## **The future(s) of business schools**

As we mentioned above, if a business school opts to continue with business as usual, it will soon encounter a substantial drop in its MBA enrolment. A knee-jerk boost in advertising spend, increase in scholarships, and reduction in teaching costs by bringing less-qualified instructors into MBA classrooms, will be insufficient.

Such measures are unlikely to stop the downward spiral of fewer qualified students, lower income and a restricted ability to make necessary investments.

Instead, business schools need to go beyond cosmetic adjustments and consider fundamental changes to their business models. This starts with a realistic assessment of their resources and capabilities.

Schools have to think carefully about their resources, capabilities and, in particular, purpose. Before they settle on a business model, schools need to gain clarity on a host of soul-searching questions: what constitutes success, for business schools?

## **The role of AMBA & BGA**

The Association of MBAs and Business Graduates Association (AMBA & BGA) has made it its mission to work with business schools, employers, MBA students and graduates, to ensure quality management skills and a thirst for lifelong learning are nurtured among those preparing to lead in our turbulent world.

Our organisation was first established in London in 1967 by eight MBA graduates; six had returned from Ivy League business schools in the US and two had completed courses from London Business School.

## About AMBA & BGA

Spearheading excellence and trailblazing innovation, for more than 50 years the Association of MBAs and Business Graduates Association (AMBA & BGA) has been the impartial authority on post-graduate management education.

AMBA established that vision in 1967 and, in a volatile, uncertain world, it's as relevant today as it was then.

We are committed to raising the profile and quality standards of business education internationally, for the benefit of business schools, students and alumni, employers, communities and society.

- Our accreditation service is the global standard for all MBA, DBA and master's degrees, currently accrediting programmes from the top 2% of business schools in more than 75 countries
- Our Research and Insight Centre produces a rich body of reports exploring global trends in the business education sector. This drives our global thought leadership and public affairs campaigns
- We are the only professional membership association that connects MBA students and graduates, accredited business schools and MBA employers throughout the world
- Through our members, AMBA is building an international force for good, championing best practice, responsible management and sustainability. Membership to AMBA means being part of an international community of peers with access to business strategy thought leadership, career advice and knowledge, and an MBA jobs portal

- Our multi-award-winning events offer networking opportunities online and in person across all continents in association with international corporate partners and thought leaders exclusively for our members and accredited business schools

The Business Graduates Association (BGA) is an international membership and accreditation body of world-leading and high-potential business schools that share a commitment for responsible management practices and lifelong learning, and that are looking to provide a positive impact on their students, communities and the economy as a whole. We offer:

- Quality assurance services to business schools and similar institutions, aimed at continuous improvement and positive impact to increase a business school's credibility and influence
- Consultation and mentorship services to business schools to improve their marketing and admissions, programme design, alumni interaction, teaching methods, and career development services
- Award-winning international events for business school professionals, focused on continuous learning
- Student and graduate membership, which includes social networking events worldwide, professional development tools, a Career Development Centre, and much more
- Leading and award-winning content on responsible management, professional and personal growth, and influence via the Business Impact content hub

The landscape of post graduate business education in Europe in the 1960s was virtually non-existent and the group decided to set up a body that would raise the profile of business education and the MBA as a qualification, generating a ripple effect across the continent.

While the nature of post-recession economics makes future gazing impossible, the MBA provides skills required not just by large corporates, but by charities, SMEs and start-ups, where there is an ongoing need for better trained and qualified managers in the marketplace.

The MBA has always been respected - and always will be - but the approach to taking a business qualification has evolved and there is a continual move to part time or executive MBAs as more people choose to remain in employment while studying for financial reasons.

As such the accreditation criteria of both AMBA and BGA are focused on impact: the difference that business schools are making to students' career trajectories, economies, societies and the wider world.

Our accreditation criteria has evolved over time to incorporate digital infrastructure, celebrate innovation and respect agility and flexibility. An AMBA and/or BGA accredited business school will have proven itself to be a leader in the area of Education 4.0.

The world has reached a tipping point and is looking to leaders in business to play not only a pivotal role, but possibly the lead role, in solving our planet's resources, energy and social equality problems. We have to draw on the strength of our network, to nurture sustainable change because there is no one thing any one company could do to make this a more sustainable world.

Reflecting once more our Global Conference, which we mentioned earlier in this piece – and focusing on the strength of collaboration within the AMBA & BGA family – we came away from with a better understanding of the seemingly insurmountable challenges we're facing as an industry but, more importantly, encouraged that, as a powerful network, we are in great shape to address them. ■

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