

CEMS MAGAZINE

THE MAGAZINE OF THE GLOBAL ALLIANCE IN MANAGEMENT EDUCATION



THE RESPONSIBLE
LEADERSHIP ISSUE

THE GREAT DEBATE

Could climate change threaten the future of global capitalism? New economic models and a renewed focus on responsible leadership are providing the basis for a sustainable future

LEADING FROM THE HEART AND THE HEAD

Calls for greater responsibility, transparency and integrity in leadership both from incumbents and future leaders are backed by good business sense

NEGOTIATING OUR FUTURE

With a near future marked by the near-certainty of global environmental crisis, is there a role for business schools to find solutions to climate change?

DOING BUSINESS THE BASE OF THE PYRAMID

Operating at the bottom of the pyramid can have positive impact on the lives of the poorest. So how can businesses do good while doing well?

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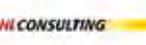
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THE RESPONSIBLE LEADERSHIP ISSUE

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CEMS is dedicated to educating and preparing future generations of global business leaders to enter into a multilingual, multicultural and interconnected business world.

CEMS promotes global citizenship, with a particular emphasis on these values: The pursuit of excellence with high standards of performance and ethical conduct; Understanding and drawing upon cultural diversity with respect and empathy; Professional responsibility and accountability in relation to society as a whole.

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THE RESPONSIBLE LEADERSHIP ISSUE

CEMS MAGAZINE / 2018 ISSUE

In today's complex, multi-connected world, leaders are charged with navigating an array of challenges. These can range from managing a more diverse and demanding workforce, to the disruption of business models and entire industries, to global challenges such as migration and climate change

In this context, leaders are held to a greater standard of accountability than ever before. These are leaders who are required to be more considerate in their decision-making, and to think more deeply about the longer-term consequences of their decisions and actions on employees, businesses, communities, politics and the environment.

Developing responsible leaders for the 21st century means focusing on empowering critical thinking and awakening the urge to challenge the *status quo*.

Educators have a duty to help future managers understand biases, to respect the values of others and shine a light on the social and geopolitical impact of management in the wider, global context.

A key challenge will be to ensure that the positive impact of digital innovation is equitable and evenly distributed, as well as the adoption of a long-term view on profit generation, based on globally recognised frameworks such as the United Nations Social Development Goals.

At CEMS, we believe that creating such an awareness for the challenges and opportunities that lie ahead of humanity must be an integral part of the learning journeys that we create for our talented and spirited graduates.

This issue is dedicated to those teachers, students, graduates and leaders who are pioneering new approaches to responsible leadership, delivering extraordinary impact through their teaching activities, their project work and their work within organisations and social entrepreneurship.

We explore emerging attitudes to leadership revealed by research, survey work and collaborative initiatives between industry and academia. We ask what students in the developed world don't know about the strengths and opportunities in emerging markets – and it turns out there's plenty. We look at a breadth of student-led projects that are delivering not only learning but extraordinary impact to local communities, NGO groups and even to those operating at the bases of the pyramid in rural Bangladesh. And we talk to a new generation of movers and shakers – individuals with the vision, the talent and the commitment to change the playing field in spaces as diverse as finance, online advertising, tech entrepreneurship and skills-driven social integration. Finally we assess the impact of some of our most ambitious CEMS initiative, including the UNFCCC international climate change simulation that drew hundreds of CEMSies to ESADE Business and Law School last spring. Welcoming those students to Barcelona, Chair of the CEMS Global Alliance Eugenia Bieto issued a challenge to us all: "let's bring the problems that the world is facing into the classroom – and beyond it."

"Developing responsible leaders for the 21st century means focusing on empowering critical thinking and awakening the urge to challenge the status quo."

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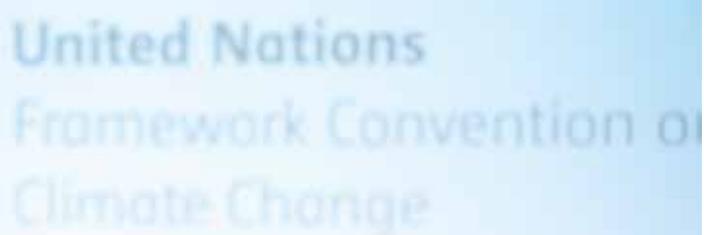
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RESPONSIBLE LEADERSHIP: THE GREAT DEBATE

 AUTHOR **Stephen Hoare** Freelance Journalist

Could climate change threaten the future of global capitalism? New economic models and a renewed focus on responsible leadership are providing the basis for a sustainable future.

There is a widespread feeling that capitalism is at a tipping point. "As it is organised at present, global capitalism can only function by using up future resources, mostly in an irreversible way. We need new business models which respect planetary boundaries," says professor Laszlo Zsolnai head of CEMS business ethics faculty group and director of the business ethics centre, Corvinus University of Budapest. In their new book, *Progressive Business Models*, Zsolnai and Eleanor O'Higgins point out that responsible leadership is all about creating positive social and environmental change. "The impact of business is huge on the ecology of planet Earth, and also big on local and global society. Financial or other economic considerations cannot over-ride the duty of business leaders toward human and natural stakeholders." Energy generation and food production are the two biggest contributors to the rise in greenhouse gases.

Increasingly regarded as unsuited to today's digital economy, free market liberalism is wasteful of resources and is undermining efforts to save the planet. Business models such as the circular economy and stakeholder capitalism resonate with the Millennial generation because they commit to social responsibility and reducing wasteful excess. Under the circular economy, products designed to be recycled and upgraded are leased to consumers rather than bought outright. Stakeholder capitalism would increase the public ownership of capital and subject companies to enhanced regulation.

With major world economies committed to cutting 50 billion tonnes of greenhouse gases each year in accordance with the 2016 Paris Protocol, businesses annually report on progress towards meeting the United Nations' sustainable development goals, a set of targets which will drive business policy up to 2030.

To guarantee their future, enlightened businesses need to adopt a values-led approach that emphasises openness, and inclusivity. Responsible leadership is not solely the result of decisions made at the top of organisations, but must be a shared role in which all members of the team play their part. Devolved management means giving managers and staff the space to be creative and innovative. Small positive actions contribute to tackling major issues such as climate change.

The most profitable companies put long term sustainability ahead of short term profits. Published by the Ethisphere Institute, the *Ethisphere List*, an annual ranking of the world's most ethical companies which includes L'Oreal, Mastercard and domestic appliance manufacturer Whirlpool demonstrates the linkage between responsible leadership and profit. Put simply, ethical companies do better than non-ethical companies. "Business leaders need a moral compass. They are expected to show the way. The bottom line doesn't mean anything if your reputation is damaged and you are driven out of business," says Andrew Leigh co-founder and director of leadership development and change management consultancy Maynard Leigh.

"Business models such as the circular economy and stakeholder capitalism resonate with the Millennial generation because they commit to social responsibility and reducing wasteful excess"





Responsible leadership has attracted the attention of academics keen to define exactly what it means and how it operates. Christof Miska and Günter Stahl of the WU Vienna University of Economics and Business in their research examine among other things how responsible leadership differs across societies. While the European market is heavily regulated through environmental and workforce regulation, other countries are less structured. Responsible leadership though implies going way beyond the minimum obligations under compliance. The requirement goes hand in hand with the high level of transparency through the spread of social media. "These days, as soon as some company violates human rights, there is a big chance that at some point the whole world might learn about it," says assistant professor Miska.

Miska and Stahl's work shows that a values-based managerial foundation consistent with openness, inclusiveness and sustainability is the best way of tackling major global challenges such as climate change, inequalities and sustainable development.

L'Oreal embraces social responsibility through an initiative which runs to 2020 called "Sharing Beauty with All", with ambitious environmental and social goals to improve the company's impact along the value chain. "One of the biggest challenges is fighting climate change, and we are committed to be carbon neutral in our factories and distribution centres by 2020. We need to work with all stakeholders, from the very beginning of the value chain to the consumption of our products. The sourcing of our materials is the key to achieving these goals," says Inigo Larraya, director of corporate social responsibility and sustainability at L'Oreal, Spain.

In Bolivia, for example, L'Oreal sources quinoa husks, a waste-product from agriculture, which has amazing cosmetic properties. The company works with a local NGO to promote sustainable farming, educating the local communities to be able to harvest even in the driest years. These kind of projects help mitigate the effect of climate change while contributing to the development of local communities.

Social inclusion is another strategic pillar, tackled by another initiative, "Beauty

for a Better Life" which provides opportunities for low income and socially excluded groups to become in-store beauty advisors. "In Spain, five hundred people will complete our training programme and so far we have an 80 per cent employment rate," says Larraya.

Individuals can contribute in a small way to the health of the planet and to local communities through their career choices and commitment to social change. Established in 2013, New Generation Consulting arranges volunteering activities for CEMS business students who can use their local knowledge and specialist skills to benefit social enterprises working in developing countries and across Europe and North America. "We're giving students the chance to work with social enterprises and NGOs to help them develop sustainable solutions. It's an opportunity to give back to the global community," says CEMS alumnus, Seva Granin, who is now leading efforts at NGC.

NGC runs eighteen projects each year for which it recruits seventy-two candidates from CEMS schools. Past projects include the social venture La Plataforma, a mobile money transfer app which helps Latin Americans working overseas send money home; and Dutch ecology enterprise Groasis which is developing anti-desertification and reforestation technology. As a result of working on projects like these, alumni are going on to build careers in the third sector or boost social responsibility in their chosen profession.

Company culture can be a big driver of change. Many start-up companies attract talent by promising them the opportunity of giving back to the community. CEMS alumnus, Octave Hirwa graduated from Copenhagen Business School and completed his term abroad at Nova School of Business and Economics and now works as a market researcher for Danish technology software company Omnicar.

Supporting customer relationship and after sales services for a network of car dealerships expanding across Europe, Hirwa helps run summer camps for academically challenged teenagers as part of a Foundation launched by the Danish prime minister.

The company's involvement in reducing carbon emissions and its sponsorship of social projects contributes to a feelgood factor for staff that is more effective than financial reward. Says Hirwa, "From a business perspective,



PHOTO TOP:
In Bolivia L'Oreal sources quinoa husks, a waste-product from agriculture





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"Miska and Stahl's work shows that a values-based managerial foundation consistent with openness, inclusiveness and sustainability is the best way of tackling major global challenges such as climate change, inequalities and sustainable development"

responsible leadership is driving the company to achieve the best results, not just in terms of profit but making sure the business is sustainable in the long run and for society in general."

But an even bigger problem looms for business leaders – uncertainty! Global economies are entering a period of disruptive and unstable change as mass migration, rising unemployment, sluggish growth and zero interest rates fuel the rise of populist politics that saw Donald Trump elected president of the USA, the United Kingdom voting for Brexit and growing unrest and economic turbulence within parts of the EU.

In this context, responsible leadership is even more crucial. Today, many economists are talking about VUCA – short for volatility, uncertainty, complexity and ambiguity. The concept was coined by the US War College to describe the shifting sands of geo-politics. So far VUCA has hit sectors as diverse as media and advertising to high street stores, telecommunications and retail banking.

So how should responsible business leaders act? And how should they address the challenges arising from volatility and uncertainty?

Rapid technological change and digital transformation have thrown up new challenges to business ethics that were never anticipated. Think artificial intelligence, robotics, and the manipulation of big data. "Any business today is in completely uncharted waters. Business leaders have to be more listening and more agile," says Jeremy Ghez professor of economics and international affairs at HEC.

Chris Sanderson co-founder and CEO of The Future Laboratory a strategic foresight consultancy believes that we are seeing the balance of power shifting towards the consumer. "What we've learned from recent corporate scandals – whether it's manipulating diesel emissions data by Volkswagen or pensions mis-selling – creates a climate in which customers feel they've been lied to or misled. When we speak to consumers, especially younger consumers, they are saying, "Yes. We expect companies to be responsible and honest,"" says Sanderson.

South Asian online booking platform Hotel Quickly is a good example of a company that prioritises ethical leadership and consumer satisfaction. Co-founded by Tomas Laboutka, graduate from the University of Economics Prague and CEMS' Alumni of the Year 2017, Hotel Quickly's flat management structure empowers individuals to be "the best version of themselves they can be." Says



board advisor Laboutka, "we work hard at supporting our people's careers whether its relationships, health, friends or the community. Our customers benefit by getting a service that team members believe is the very best."

Responsible leadership can make an important statement about freedom of expression and basic human rights. When Pierre Gaubert graduated with a CEMS Masters in International Management from London School of Economics in 2013.

Gaubert (30) with twin brother Adrien founded myGwork a recruitment hub for the LGBT community in 2015. The site now has around 100,000 users, myGwork has global aspirations with around half its members based in London, a further 20 per cent from across the UK, 20 per cent in the US and the remaining ten per cent in Europe.

According to research by LGBT lobbying groups like Stonewall and Out Now, over fifty per cent of LGBT people claim to have suffered bullying

in the workplace. MyGwork is supported by corporate partners including Dow Chemicals, Ernst and Young and J.P. Morgan who use the site to advertise vacancies. "LGBT people need a level playing field. This is not about targets for hiring people. Firms are using our platform to attract the best talent," says Gaubert.

MyGwork may be a far cry from tackling climate change yet the evidence shows that small steps towards openness, and inclusivity help push the debate forward, creating a climate of co-operation where big problems can be tackled and clear minds can come up with solutions that can transform capitalism.

CASE STUDY / BNPP



Microfinance is a key part of BNP Paribas' commitment to developing and tackling financial exclusion in some of the poorer communities in which the bank operates.

Following the example of Bangladeshi economist Muhammad Yunus' Grameen Bank, BNP Paribas seed funds microfinance institutions so to give them access to the money they are going to lend to the ones excluded from access to conventional sources of capital. Says Claudia Belli Jeanteur, BNP Paribas Global Head of microfinance and social Entreprises, "We also propose to our talents "Leaders for Tomorrow" programs where they will work pro bono for MFIs, this creates responsible leadership as fully engaging staff, creating positive change for tomorrow's world."

Operating worldwide, BNP Paribas's microfinance team supports social enterprises and MFIs across 17 countries including India, China, Vietnam, Indonesia, Tunisia, Morocco, Senegal, Ivory Coast, South Africa and Brazil. In Europe the bank supports social enterprises in cities in France, Italy, Belgium, Luxemburg, Poland and the UK. BNP Paribas invests and lends around 250 million euros in microfinance initiatives: the total portfolio of loans and investments to 1100 social enterprises, including microfinance, is now more than 1 billion euros. "We promote social and financial inclusion and access to health, housing, work, ... through the financing and investment into these enterprises or impact funds; our loan portfolio is growing at a rate of 10-20 per cent per annum," says Ms Belli.

Funds are channelled through carefully selected partners such as the MFIs and NGOs or other kind of SMEs specialising in specific types of issues like poor

housing, sanitation, disability, sustainable sources of energy, access to healthcare... having each time in common to tackle the social or environmental problem through a sustainable business model.

After careful risk assessment, BNP Paribas policy is to invest in social enterprises that make a real difference to communities and to people's lives. For example, in Tunisia, the company assists community based projects as Acacias for All who plants Acacias to stop desertification in rural areas providing a job to local women. While in France BNP Paribas's investment supports NGOs or SMEs like Siel Bleu, a company providing gym lessons for elderly or disabled care home residents or a computer recycling business, ATF Gaia, which employs and trains disabled technicians.

Microfinance comes under the remit of corporate social responsibility (CSR) whose activities include ethical investment, staff wellbeing, community engagement and safeguarding the environment. Closely aligned to the UN Sustainable Development Goals, key performance indicators are reported on annually to stakeholders.

Under the strategic leadership of Global Head of CSR Laurence Pessez, the bank's future leaders not only champion ethical decision-making but ensure all staff are encouraged to make a positive impact for fellow workers and clients. This emphasis on social responsibility has helped establish BNP Paribas as an employer of choice. Says Ms Belli, "CSR is embedded in all our business units and managers have business goals and they have personal goals. It is this depth that makes our CSR policy strong."

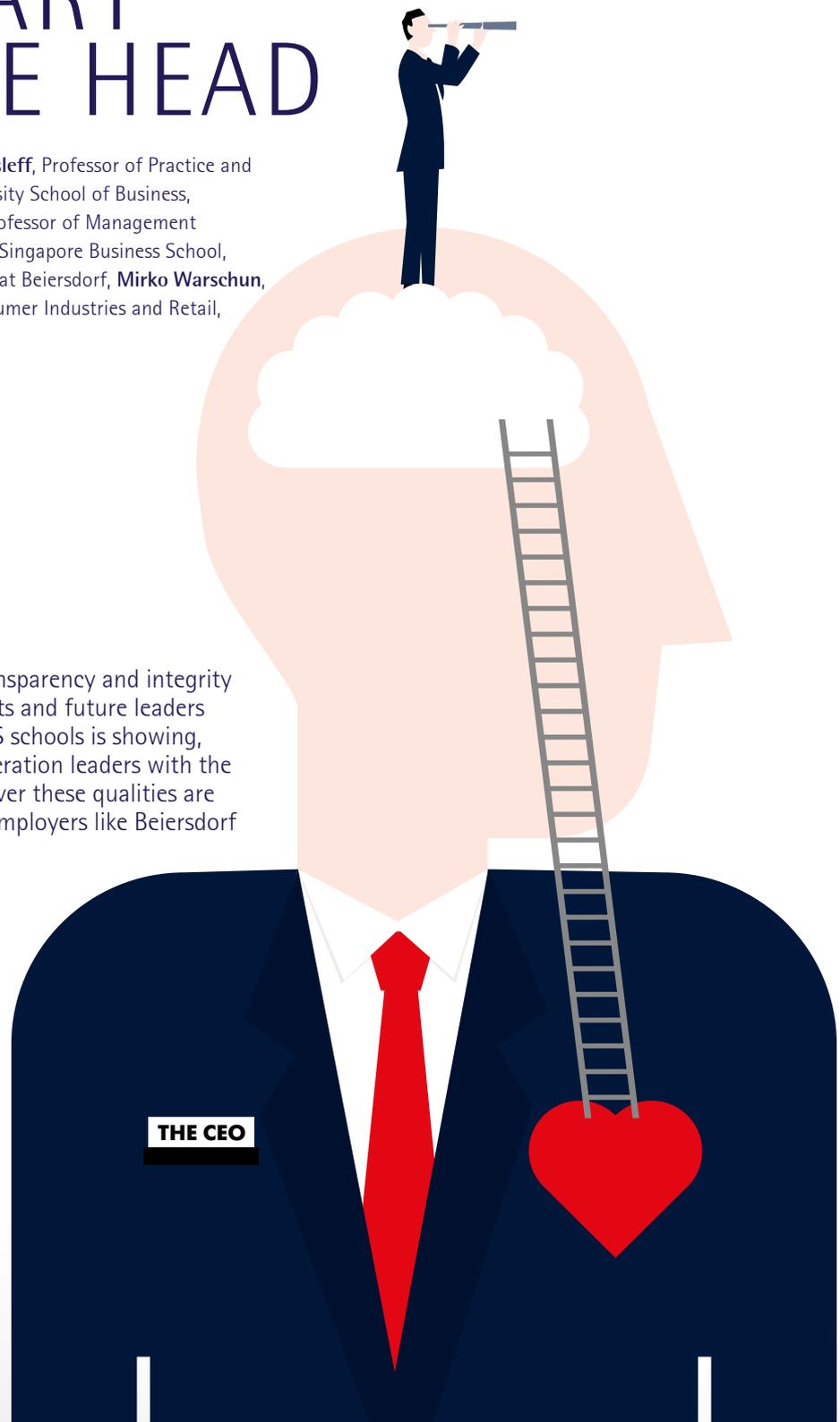


PHOTOS ABOVE:
Tomas Laboutka, Hotel Quickly
Claudia Belli, BNP

LEADING FROM THE HEART AND THE HEAD

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Calls for greater responsibility, transparency and integrity in leadership both from incumbents and future leaders are backed, as research from CEMS schools is showing, by good business sense. Next-generation leaders with the mind-set and commitment to deliver these qualities are already at high premium among employers like Beiersdorf and A.T. Kearney



What kind of person will be leading business 10 years from now? Will the future CEO lead from the head or the heart? What are the kinds of competencies he or she will need to bring to their leadership?

These questions form the core of a recent Future CEO survey conducted by a Finnish consultancy company, Seedi in collaboration with Rita Järventie-Thesleff, Professor of Practice and CEMS Academic Director at Aalto University School of Business in Finland.

"There's this dichotomy in the way we think about leadership – especially in these shifting times with digitization challenging the traditional ways of doing things and international trade prone to uncertainty," she says.

"On the one hand we look to all-knowing superheroes who make every decision. On the other hand, there's a growing call for leaders that can nurture and coach others in their growth and decision-making."

To understand how leaders themselves view this conundrum and to shed light on the development objectives CEOs feel they need to set themselves, the Future CEO survey collected the views of 250 respondents across a diversity of Finnish corporations employing more than 100 people. In addition to CEOs, a number of board members and members of executive teams participated in the survey.

Professor Järventie-Thesleff then extended the survey to CEMS students in order to contrast the findings and gain insight into how next-generation leaders see the future of leadership.

And the findings are fascinating.

The Future CEO

"While the prevailing image of current CEOs among the CEMS students was relatively traditional, emphasizing the CEO's ability to create a vision for the company, have charisma and possess good communications skills, the list of important future competencies was even longer. Future CEOs were expected to master analytical tools and approaches, be customer driven, be accustomed to social media and show a strong focus on sustainability related issues."

"But most importantly, the CEMS students are calling for a higher prioritization of

personnel – leaders that empower others, that care about employees well-being and that set higher bars for inclusion," says Professor Järventie-Thesleff. "Among CEOs there is also a general feeling that the time is right to let go of hierarchical frameworks and to adopt a more open, engaging and involving leadership style – to act as leaders who emphasize teamwork and see their entire personnel as the major strength of their organizations. And in terms of company culture, there's a strong sense of the imperative to respond to disruption by being open to greater risk and failure."

A call to dismantle what CEOs call the "ivory tower" of the C-suite and bring leaders closer to people in order to better "energise them and motivate them to be best versions of themselves", says Professor Järventie-Thesleff, finds echoing volleys in the response from the CEMS students surveyed.

Where incumbents prize charisma and visions – the superhero visionary that still characterizes current thinking to a degree – Millennials, however, place greater value on "empathic, open-minded and inclusive leaders," says Professor Järventie-Thesleff.

"CEMS students put high stock on things like the environment and sustainability, but also on openness and inclusion. They envision a future leadership style where people are at the centre, and where the bottom line is better served by inclusive decision-making about strategy and the development of products and services."

Building this kind of leadership culture, according to the students, could even be served by introducing psychology-based training or toolkits that help leaders to become more reflective and better at conflict resolution.

Professor Järventie-Thesleff's research finds interesting parallels with research conducted by Sam Yam Kai Chi, Assistant Professor of Management & Organisation at National University of Singapore Business School.

Treat them all nicely

Professor Yam has led studies of how the interactions between leaders and subordinates impact productivity. And his findings concur

with what CEMS students highlight in terms of prioritizing a more "psychological" approach to leadership.

"We looked at how employees watch their bosses as they interact with all their staff – including non-staff, to determine if there's a knock-on effect on productivity caused by inconsistency. And the findings point to a clear business case for treating everyone with respect."

Professor Yam's study shows regardless of how well a boss treats one employee, that employee's perception of that boss will be coloured by how he or she treats all the other employees in their charge, including subordinate staff. And inconsistency in treatment of personnel across the board, says Professor Yam, can be seriously detrimental to motivation, effort and productivity.

"Leaders tend to think rationally, and traditionally in business there's this tie between paying people well and getting more performance from them. But it's not as simple as that. Psychology shows us that human beings are not always rational – we are psychologically complex. As a boss, if you are pleasant to one worker but a jerk to another, that first worker is likely to try to second-guess your motives and will be wary of you. Employees are people – they think like people. And callous or inconsistent behaviour can cost leaders the esteem of their whole staff."

This risk, says Professor Yam, can directly impact the bottom line.

"Our research shows that inconsistency of behaviour and fair treatment across your personnel can see a significant drop in productivity. So the business case is clear: treat everyone with respect or watch your business suffer."

Leadership, says Professor Yam, might be better served in the future by a shift from rational thinking to thinking more as a psychologist might.

Future leaders, he says, might want to focus less on being "instrumental" and more on how the relationships they build and greater inclusivity can move their entire team forward towards the realization of business goals.

An enhanced focus on inclusivity in leadership development also informs a unique collaboration between skin care multinational, Beiersdorf, and the CEMS Global Management Practice course delivered to students in Cologne and Rotterdam. A collaboration, as Imke Junk, talent relationship manager at Beiersdorf explains, that is built on role-playing.

"We deliver a business decision-making simulation to students drawing from a real-life

case study around the experience of a Beiersdorf manager opening operations in India. The goal is to have students really experience the kinds of strains, challenges and insecurity that come with decision-making in cross-cultural leadership, and to dig deep into their own perspectives and attitudes to what it means to be an inclusive and responsible leader of business."

Role-playing responsibility

The role play is an intensive day that challenges students to apply the theory they have learnt in class to the real-world problems faced by Kai Bendix, GM for Beiersdorf subsidiary, NIVEA.

Leading operations in India saw Bendix grapple with cross-cultural sensitivities, personal organisational ethics and the challenges that come with issues like bribery, says Imke Junk, and CEMS students have to put themselves in his shoes to make decisions that will have far-reaching impact.

The experience, she says, is "powerful." It obliges students to reflect on their own values as they push the business forward.

"When a real company comes into the learning process with a challenge, it sets a new precedent for students to come right to their boundaries. They realise that it's not just about knowledge and hard skills. It's about the soft skills and the set of values that will help you navigate the sensitivities around really complex issues – like how to manage bribery in a multinational setting."

For the students, says Imke, there's a watershed moment when they understand that responsible leadership is not a "question-answer game."

"You have to stand for something, remaining open and inclusive as you adjust to whatever challenges come your way. It's about leading yourself wherever you go."

For Beiersdorf, the collaboration is a chance to "model the kind of responsible leadership we aspire to and look to recruit. There's a great pleasure in being close to next-generation leaders, and being part of that learning process as the lights go on and they connect the dots."

Mirko Warschun also has experience of seeing CEMS students' potential come to fruition.

The Value of Values

Mirko is partner and Head of Consumer Industries and Retail, EMEA, with A.T. Kearney. He is also a member of the Global Strategic Board at CEMS.

Every year, A.T. Kearney recruits a number of CEMS graduates as consultants, a choice,



"Think deeply about how you can have impact: not only in terms of your employer or your business, but also in the sense of how you can impact your society"



technological shifts that are reshaping the business terrain globally.

"We're seeing huge demographic shifts around the world, a growing hyper-connectivity driven by digitization that is in turn driving the rise of the influencer model, and then there is the changing understanding of values themselves. There is a shift in what matters to consumers – to people. Increasingly, as consumers, we want to know about the values behind business products and services."

And this is particularly true in the retail sector, he says. As the cost of switching between brands remains low for consumers, other dimensions such as how a company is perceived – its reputation for ethical or non-ethical behaviour, its commitment to social responsibility – have greater importance in the market.

"The potential negative impact of non-responsible behaviour is probably greater than ever before," says Mirko. "Because people are online 24-7, no matter how well something is hidden, it's going to be detected sooner or later. So leaders in any sector need to have responsibility at the top of their agenda."

Like every generation before them, says Mirko, today's young leaders will "make mistakes."

The key to anchoring those mistakes in learning and moving forward positively is developing and cleaving to a "strong set of values." And Mirko sees a clear opportunity for the worlds of academia and business to collaborate closely in this.

"Today's business students can learn a lot about the consequences of good and bad corporate behaviour, not only from seminars and case analysis, but also from real-world exposure to companies and to decision-makers. This is an area of collaboration, for instance, between A.T. Kearney and CEMS, where we work together with students on business projects that bring them up close to the real dynamics at play in every day decisions. It's important that students meet and interact with people from different institutions so that they learn and understand the challenges they are working with."

For future leaders themselves, Mirko has this advice: "keep your mind open. Stay connected to academia and to business. And think deeply about how you can have impact: not only in terms of your employer or your business, but also in the sense of how you can impact your society. Because this is your responsibility."



says Mirko, that stems from an appreciation of their "value and qualities as future leaders."

"Our collaboration with CEMS across skill seminars, business projects and recruitment goes back well over a decade, and we find that graduates fit very well into our culture. They bring an understanding of the lessons learnt from the mistakes of their predecessors – lessons about integrity, about the importance of diversity, a commitment to sustainability and being transparent about what they stand for."

That said, the next business generation will face a raft of unprecedented challenges arising from what Mirko describes as three "fundamental pressure points" – geopolitical, social and



PROTOTYPING RESPONSIBILITY AND INCLUSION

CONTRIBUTORS **Daniel Rahman**, founder and CEO at Integrify, **Alexander Pihlainen**, President at Slush, **Julianna Alanna**, Account Lead for Brazil at Smartly and **Robert Christensen**, Associate Director Investment Banking Division with DNB Markets

Three CEMS graduates from Aalto University in Finland, are building new entrepreneurial models to solve business problems while addressing societal challenges, and re-writing the rulebook on hierarchical structures. They are doing things differently, doing good while doing well, and doing their part to drive change.

There are currently more than seven million immigrants living in Europe. For many of these people, professional and social prospects remain bleak. It can take years to find a job. And regardless of whether they are skilled, qualified or motivated, most refugees struggle to find employment outside of low-paid manual labour with poor conditions and poorer opportunities for professional growth and development.

Europe, meanwhile, faces a chronic shortage of skilled developers. As we become increasingly dependent on technology, the demand for people who know how to write code continues to outstrip supply across every sector and industry.

These two significant problems have coalesced into one significant business opportunity for an enterprising CEMS graduate in Finland.

CEMS graduate, Daniel Rahman, is the founder and CEO of Integrify, a developer programme for asylum seekers headquartered in Helsinki. This year, Integrify is training 100 immigrants JavaScript, React.js and Redux/Flux and preparing them for jobs in the tech sector in Scandinavia and beyond.

Solving two problems at once

"When the refugee influx hit Finland it was clear that people were going to have a hard time finding work and integrating into society. So there was a problem there – a demoralised and potentially demotivated demographic. And a huge waste of human potential."

A natural "problem-fixer," Daniel saw the immediate potential to respond to the challenge of integration while delivering a solution to Finland's lack of developers.

Since its launch in December, Integrify has trained a first cohort of software developers, some 70% of whom have gone on to find jobs either directly with tech companies or working for Integrify as consultants to third party clients.

The integration fast track

Integrify, says Daniel, is an opportunity for first-generation immigrants to enter the middle class – a process that historically takes years if not generations.

"We're creating a shortcut to the middle class for people who deserve this chance. It has the potential to scale across other European countries facing the same problems, and it's a humbling thing to witness.

Daniel is keen to share the understanding with other upcoming leaders and CEMS students: doing a business degree can yield opportunities well beyond corporate, consulting or finance.

Social entrepreneurship and starting up "with a conscience" can bring personal, professional, ethical and financial rewards while having a huge positive impact on world and societal problems.

And it's a view shared by Alexander Pihlainen, CEMS graduate from Aalto, and President of Slush – an international tech and startup event, with a difference.





The startup community

"Slush is about helping next-generation founders find talent or mentors, connecting them to corporate clients and investors and ensuring the media discover their stories.

But we also want to change attitudes about starting up."

Back in 2008, says Alex, entrepreneurship in Finland particularly was hindered by a lack of funding, knowledge, passion and ambition on the part of young people. Slush was developed as an original concept to spark a radical change in attitudes, and forge new dynamics between investors and entrepreneurs, built on positive attitudes and synergies – and a shared commitment to delivering positive impact.

Slush is more a community of people who want to give something back and who love what they do, says Alex. And he is optimistic about his generation's ability to deliver on this kind of commitment.

"I think with my generation, there is a sea change in attitudes towards the way that business can be done and the kind of impact it can have. There is a sense of responsibility as a priority that we haven't seen perhaps so clearly articulated by previous generations."

And operating responsibly has come with its rewards.

Since its inception in 2011, Slush has grown from a 300-person gathering to a global community that organizes more than 75 events with 40,000+ attendees all over the globe.

Part of this success, says Alex, is down to the community dynamic behind the business model.

"We are a very flat organization. We operate as a community of more than 2000 volunteers and this makes us totally unique."

Fellow Aalto graduate, Julianna Alanna, has experience of this too.

Julianna is the account lead for Brazil of Smartly, an automated advertising and social campaign platform that partners with Facebook.

A new kind of culture

Like Slush, Smartly is a flat organization.

Colleagues work in autonomous teams without managers; culture, says Julianna, that encourages both transparency and individual responsibility.



"In today's start up and scale up spaces there are so many things to be done, everyone has a responsibility to do different things at once. Jobs are not pre-determined in the traditional sense, and you have to grow into your role, pivoting and adapting as needs change. With Smartly I saw a 'speed lane' opening up to take on responsibility to do my part to grow the company. The learning curve is amazing."

The "new culture" of horizontal organisations, says Julianna, is a major draw-card for young, upcoming leaders like herself who are starting to eschew traditional business hierarchies where "asking permission" is an obstacle to learning and to "owning your progress and your mistakes."

"There's a real appeal here. The culture is such that people want to join us for the freedom we have within the organization, and customers want to work with us because

of the transparency we offer. This breeds an environment where things happen fast. We're scaling up quickly, implementing innovations as quickly as they are designed, making mistakes and owning them – and learning from them."

As digital technologies have reshaped the marketing sector, Julianna acknowledges that "mistakes" have been made along the way. Facebook and other disruptive organisations have come under scrutiny for perceived misuse of data and breaches of privacy. The issue is speed.

With technology changing the playing field exponentially, all sectors – especially digital marketing and the start up spaces – are increasingly prone to volatility and uncertainty. Maintaining a focus on transparency, inclusion and personal responsibility acts as a kind of navigation system, says Julianna; one that can steer organisations towards more sustainable success.



And she believes that her own generation is well placed to drive this culture.

"CEMS students appreciate diversity and inclusion," she says.

"In the CEMS programme you gain the experience to cope with uncertainty, to manage disorganized things and to use them in a positive way. Our generation is learning. We are building things. And we are making things happen."



CASE STUDY / PAID PARENTAL LEAVE: ROBERT CHRISTENSEN

CEMS graduate Robert Christensen is an investment banker with DNB Markets, Inc. He is an advocate of extended paid parental leave for both mothers and fathers, and he took 14 weeks leave with his daughter last year. Many companies recruiting CEMS graduates see extended leave as a recruiting and retention tool, he says, making the business case for more inclusion. However, there is still some way to go.

"The majority of prospective parents are part of a two-career couple. Many of us find the "homemaker/breadwinner" model of family and work life outdated. You will have to accept that there will be more and more fathers who will take time off.

"If the government is not offering paid parental leave, understand the proven business case, and implement an extended gender neutral leave in your firm. If your firm is offering equal leave for all parents, create a culture where the average length of parental leave, is the same for dads and mums. Nobody should be afraid of going to the boss to tell that he or she will take a 20-week or longer leave. Nobody should be punished when they return to work.

"What it is ultimately going to mean for you and your organization is a healthier and better functioning workplace."

DOING BUSINESS AT THE BASE OF THE PYRAMID

CONTRIBUTORS **Irene Quist Mortensen**, CSR Business Partner with Arla International, Professor **Peter D. Ørberg Jensen**, Academic Director CEMS MIM at Copenhagen Business School

Operating at the bottom of the pyramid can have positive impact on the lives of the poorest people on the planet, while helping business leverage untapped opportunities for growth and expansion. So how can businesses collaborate with academia to ensure they overcome the many obstacles that BOP models can bring – and do good while doing well?

More than 2.7 billion people live on less than \$2.50 a day. A “forgotten” demographic, representing a stunning two thirds of the world’s population, and dubbed the “bottom of the pyramid” by management scholar, C.K. Prahalad in 2004.

For businesses, operating at the base of the pyramid (BOP) comes with significant opportunities – and significant risks.

On one hand, 2.7 billion people represent a sizeable market operating outside the parameters of the formal global economy, and therefore a significant opportunity for businesses wishing to reach them – their need for goods and service being no different from those of the developed world.

On the other hand, the base of the pyramid is collateral and resource-poor – typically these are cash-based economies that are organized around different consumption and distribution mechanisms that can make consumers harder to reach, raise costs and lower margins.

Put simply, selling to the world’s poorest is fraught with the risk of failure.

And then there’s the ethical dimension.

Servicing the needs of the poorest people in the world is as much about doing good, as it is about doing well.

Businesses have a duty to ensure they are not taking advantage of the world’s most





disadvantaged. And a duty to ensure that the products that they sell reach the people who need them, in optimal condition.

So says Irene Quist Mortensen, of Arla Food. And she speaks from experience.

In 2016 Arla, which is a European dairy cooperative had an opportunity. With EU agricultural policy squeezing the European market, a solid business case for exploring new sales opportunities in emerging markets.

"Rural communities in Bangladesh are prone to undernourishment, malnutrition and micro-deficiencies. So here we had an opportunity. Selling our high-quality milk powder to rural communities meant we could have a positive impact on health and nutrition, while opening up business opportunities across an underserved market."

Delivering affordable but high-quality nutrition to low-income consumers comes with the dual imperative of lowering costs while maintaining standards. To get around this, Arla substituted milk fat for vegetable oil.

Entering the Bangladesh market in 2016 with a high-quality product competitively priced was a huge success, says Irene. Sales flew in urban areas where consumers saw the value proposition of purchasing Arla milk powder as a cheaper alternative to full-fat milk.

What was less clear was whether Arla was accomplishing its mission of reaching the lowest-income segment in rural areas.

"We had gone into Bangladesh to access the bottom of pyramid where need is greatest," says Irene. "We conducted a human rights assessment which confirmed that we were not reaching our target consumer group sufficiently. So we had a challenge – how to build a more effective market entry strategy for rural Bangladesh that would deliver our product to the lowest-income groups, while not over-competing with local, rural producers there."

This was the challenge that Irene Quist Mortensen brought to the CEMS MiM students of Peter D. Ørberg Jensen at Copenhagen Business School.

A BOP challenge for CEMS students

Arla has collaborated with CEMS for several years on business challenges – a solid, synergy-based relationship, says Professor Jensen, which generates a number of advantages to both sides.

With this challenge, he says, part of the value that students could offer Arla was a depth of academic insight into the issues and complexities surrounding BOP.

"Here we had an interesting business dilemma that reached deep into the complexities of operating at the base of the pyramid. Arla was at an exploratory phase of its operations in Bangladesh and needed an entry strategy that at once leveraged an full academic understanding of the issues surrounding BOP, while delivering a real-life business solution that would help them crack the problems they faced. Our students understood that this business project had to walk on two feet: business and academic. So the challenge to them was taking the knowledge they had built and applying it to really complex real-life setting, while ensuring that the business piece would work in tandem with the social impact."

Having students review the baseline academic dimensions of the problem set the stage for the essential questions that needed to be answered – in broad terms of organizing the sales process as well as the specific challenges of selling in rural Bangladesh.

And then there's the benefit of fresh eyes.

"There's the danger in any business that you become burdened by the knowledge you accumulate over time. Presenting this challenge to our CEMS students meant Arla got to look at things with fresh eyes."

Irene agrees.

"The CEMS students have the space and time and fresh perspective to go deep into the problem so that you learn something as a company. It's not like a four-hour case competition that operates at the surface of a challenge. The four students who worked with us really helped us to understand the academic dimensions of the issue and to formulate the right questions based on what the literature was telling us."



Concrete recommendations

Arla is currently in process of building strategic partnerships in Bangladesh to extend market penetration and deliver positive impact to local communities.

Many of the recommendations articulated in the CEMS students' report have been key, says Irene, in building relationships with a global NGO, funding organisations and the on-the-ground salesforce.

What the students have delivered, she says, is "spot on."

"It's so good, reading through the report. There are excellent examples of risks that we have to take into account."

To reach remote areas, Arla is currently working to establish a salesforce of local Bangladeshi women, known as Pushti Ambassadors. The risk that these women would not earn enough to sustain their efforts, says Irene, was addressed by CEMS students in an innovative and effective fashion.

"The students recommended that the women be provided with a basket of diversified products. It would be impossible for them to earn enough only selling our products. The students' research

"The CEMS students have the space and time and fresh perspective to go deep into the problem so that you learn something as a company. It's not like a four-hour case competition that operates at the surface of a challenge"



highlighted the importance of selling diversified products to secure income for these local workers."

The CEMS students also recommended branding the sales products as "nutrition" and including a range of homegrown products such as bananas, to help boost the local economy – a move that Irene describes as "really smart."

Their recommendations, she says, are "concrete" – combining the bigger picture academic perspective on how BOP models function in the world, with tactics that work on the ground.

A win-win situation

Arla is now launching a third project with CEMS, building on a relationship between business and academia that yields significant and tangible benefits for both parties.

For Arla, what CEMS students provide is the "gift" of research and analysis – a crisp and structured overview of what BOP business models look like. Then they dig deep into the specificities of the particular business case to come up with recommendations that work.

This is a "valuable relationship" says Irene, that gives students a chance to get "inside real-life business. And they are thrilled, in my experience, to get out there and do something that has meaning in real life."

The collaboration also gives students unique exposure to the business teams, analysts, leaders and decision-makers that they would not otherwise have had.

Professor Jensen agrees, and stresses the importance of connecting academic knowledge

with practical, real-life business experience in what he describes as the "formative years" of education and early career.

"Projects such as the initiatives with Arla provide accelerated learning. They are big steps forward in understanding and skills development for our student as they see how their thinking and their projects can be applied in real context."

The process, he says, of collecting and analyzing data leads to a "wow moment" that reveals the purpose of education.

"That's why we have these projects with real businesses. It's a way of helping students to see that they can actually use what they know in a real context."

BOP: doing good while doing well

What businesses do in terms of positive impact can be measured within the context of the United Nations goals for sustainable development. Goals, says Irene Quist Mortensen, that have immediate meaning and urgency for everyone on the planet.

The UN goals provide a useful framework for how business can and should be done for long-term impact, she says, providing business with a "common language" for the private sector, government and NGOs to understand how to collaborate and contribute collectively to sustainable development.

"And it's vital that we do contribute, not only to the long-term success of our business model, but also to our long-term survival on the planet."



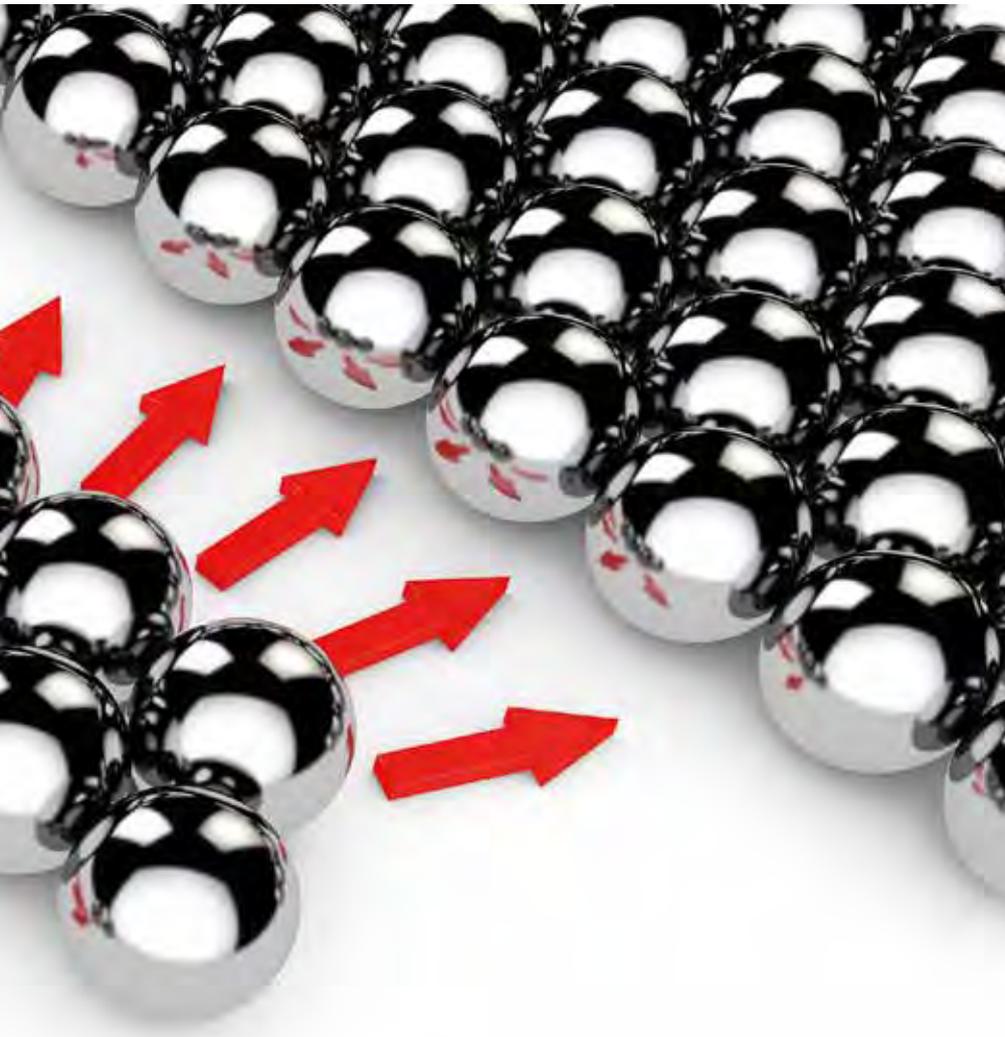
PHOTO ABOVE:
Irene Quist Mortensen



FROM THEORY TO PRACTICE TO IMPACT

CONTRIBUTORS **Benoit Decreton** and **Jan Schmitt**, doctoral students at WU Vienna, **Therese Jebesen**, Senior Advisor at the Rafto Foundation for Human Rights, **Professor Jan Haaland**, CEMS Academic Director at NHH, Norwegian School of Economics, and **Zsuzsanna Ihász, Florian Lorenz**, **Lilla Beregszászi, Donát Rigó** CEMS students at Corvinus Business School





"The project wanted to know the extent to which real knowledge and bias-distorted prejudices inform our understanding of the challenges and the opportunities of globalisation and doing business in emerging markets."

To have real impact, responsible leadership needs to combine knowledge with skills and the adaptive capacity to apply both to complex, multi-stakeholder challenges – as research and initiatives in Austria, Norway and Hungary demonstrate.

Back in 2004, the number of companies from emerging markets – India, Russia, Brazil, China and others – that made it into the largest 500 globally totalled 46.

Can you guess how many companies from emerging markets made it into the top 500 by 2014?

a: 71

b: 99

c: 127

The correct answer will be given at the end of the article (*).

How much do you know about emerging markets and globalisation? How much do you think you know?

Putting the knowledge of next-generation leaders in business schools and universities to the test is the motivation behind a CEMS business project supervised at the Vienna University of Economics and Business (WU) in 2017.

Together with their supervisor Prof. Phillip C. Nell, Benoit Decreton and Jan Schmitt, doctoral students at WU Vienna – and CEMS graduates themselves – wanted to know the extent to which real knowledge and bias-distorted prejudices inform our understanding of the challenges and the opportunities of globalisation and doing business in emerging markets.

The project team consisting of eight CEMS students, three supervisors and experts from the Gapminder Foundation, which works towards sustainable global development, constructed a questionnaire to capture insight into future leaders' assumptions about globalisation and emerging markets.

A total of 17 questions covering topics like life expectation, the flow of people, goods, capital, gender equality, technology and infrastructure in the developing world were put to 1,200 Masters students in Austria – a significant sample size, representing a high percentage of the country's upcoming decision makers.

The results were stunning.

Uncovering the knowledge gap

"We expected this demographic to achieve between 30% and 50% accuracy in the questionnaire," says Benoit Decreton. "In fact, they scored an average of 3 out of 17. Not only that, respondents typically chose the option furthest from the correct answer."

The implications of this knowledge deficit for future business leaders are huge, says Jan Schmitt.

"What this shows is that a generation of upcoming decision makers systematically underestimates development in the emerging world. They have a biased understanding of the potential that is there."

The results speak to a "gap instinct," he says – a kind of "us versus them" mentality that is perpetuated by the press and media and the global hegemony of "bad news."

"And this is bad news for business," says Benoit.

"Especially in an age of populism, where we see this backlash against globalization, a lot more needs to be done to correct misconceptions about entire societies. The implications for business in terms of missed opportunities are too big to ignore."

Solving this, says Jan, means an increased focus on fact-based knowledge. And encouraging young leaders still within the education cycle to explore opportunities overseas, for example via internships.

There's also an imperative at the individual level to build self-reflection habits into our daily lives, says Benoit.

"It's easy to read the press and think you know a lot. But our survey demonstrates quite clearly that you need to proactively challenge your knowledge. Young people need to ask themselves how much they really know."

Of course, tackling populism, protectionism and polarisation doesn't just require knowledge.

Future leaders need to develop the kinds of strategic thinking, decision-making, negotiating and communications skills to navigate complexity, manage challenges and exploit opportunities that deliver sustainable impact.

So says Therese Jebesen of the Rafto Foundation for Human Rights.

From knowledge to skills

The Rafto Foundation, in collaboration with the Institute for Human Rights and Business, has delivered a case-based skills seminar to CEMS students at NHH, the Norwegian School of Economics, over the course of the last two semesters. The seminar is based on a number of real-world cases, exposing students to the complexities of protecting human rights in the volatile context of international business.

And it's a very interactive experience, says Therese.

"The aim is to give students a hands-on opportunity to discuss and work with the kinds of ethical dilemmas that they will encounter in the real world, with things like complex supply chains. We look at the skills they need to develop to translate and apply guiding principles on human rights and overcome the tensions that leaders genuinely face every day."

The exposure to real stakeholders and real-life problems, and the challenge to debate, defend and negotiate solutions drive a change in mind-set that according to one student brought home "the need to feel individual responsibility to tackle issues that looked very far away before the seminar, but now feel very close to home."

CEMS Academic Director at NHH, Professor Jan Haaland, sees great value in direct collaboration with NGOs and other stakeholders to share real-world expertise and insight from the "deliverers themselves."

"Collaborating with NGOs and businesses works well within the broader structure of the CEMS MIM and our Vision 2025 to prepare "responsible leaders contributing to a more open, sustainable and inclusive world". Elements like this skills seminar are very important in bringing in a human dimension that goes beyond the academic."



PHOTO ABOVE:
Persuading management to mitigate human rights risks in the supply chain – role play performed by skill seminar facilitators from IHRB

RIGHT:
Collaborators for Business and Human Rights Skill seminar at NHH



"It's easy to read the press and think you know a lot. But our survey demonstrates quite clearly that you need to proactively challenge your knowledge. Young people need to ask themselves how much they really know"





Applying it all

Working with NGOs and business to apply knowledge and is exactly what Corvinus Business School is doing in Hungary.

Two projects in the last academic year have brought CEMS students there together with local NGOs to design, deliver and implement real-world sustainable business models.

And the takeaways have been "eye-opening" says Zsuzsanna Ihász.

Zsuzsanna is part of a four-strong team of CEMS students who have collaborated with the social entrepreneurship fellowship, Ashoka, and McKinsey to deliver a scalable business development strategy to Hungarian NGO, GoHealthy – an NGO promoting an alternative, results-driven teaching methodology for kindergarten children.

The team has delivered a business plan built on a scalable training model, methodology resources and community building that could see GoHealthy extend its reach to 50+ kindergartens in Hungary, and finance its own operations without support from donors.

Key to the success of the project, says Zsuzsanna, was "learning to adapt all the way, while keeping the goals in sight at all times."

This capacity to pivot and to apply what is learnt in the classroom to real-life scenarios is also a significant learning outcome for Florian Lorenz, part of the second CEMS team who collaborated with Szimbiózis, an NGO working to improve the lives of people with disabilities.

Florian's team designed a strategy to empower the NGO to offer team-building activities to 600+ local businesses – a unique selling proposition that has the potential to transform funding for the NGO's operations.

"Managing different stakeholders with different needs and interests and working together towards the shared goal of positive impact meant really taking a step away from the lecture hall. In real life you have to communicate simply and effectively with diverse stakeholders to find the solutions that work for everyone."

"Collaborating with NGOs and businesses works well within the broader structure of the CEMS MIM and our Vision 2025 to prepare "responsible leaders contributing to a more open, sustainable and inclusive world". Elements like this skills seminar are very important in bringing in a human dimension that goes beyond the academic"

Both teams agree that making the transition from theory to practice has been a revelation.

Building knowledge and skills in the academic context form an "invaluable framework" says Lilla Beregszászi of the Szimbiózis team. And then taking that framework into the real world setting, exploring the "interesting symbioses that exist between stakeholders" calls for "a personal responsibility and a commitment to apply our skills," says Donát Rigó of the GoHealthy team.

"These experiences are a reminder of the responsibility we carry to society as a whole. They are nothing short of inspiring."

**In 2014, 127 companies from emerging markets had entered the world's 500 largest companies. Research published by Fortune Magazine estimates that by 2025 some 47% of the Fortune 500 will be headquartered in the emerging world.*



NEGOTIATING OUR FUTURE

CONTRIBUTORS **Eugenia Bieto**, Chair of the CEMS Global Alliance, **Prof. Rolf Wüstenhagen**, Full Professor of Management of Renewable Energies at the University of St. Gallen, **Prof. Zeynep Gurhan Canli**, President and Dean of Koç University College of Administrative Sciences and Economics and Graduate School of Business, and **Marie van Beijeren**, CEMS Corporate Relations Manager at NHH, Norwegian School of Economics, **Luke McLoughlin** and **Emilie Lin**, CEMS students

With a near future marked by the near-certainty of global environmental crisis, is there a role for business schools to find solutions to climate change? Activities at ESADE, Koç and NHH in 2018 would suggest there is.

In June last year, President Trump pulled the U.S. out of the Paris Accord on climate change. His goal was to "reassert American sovereignty" – a function, he declared, of his duty to "represent the interests of Pittsburgh and not Paris."

Trump's decision casts something of a pall over the role of government in leading the charge against climate change. While Paris may not have been the silver bullet in reducing carbon emissions, the withdrawal of the U.S. highlights the difficulty facing policy makers to reach any kind of meaningful global consensus – or enact effective global policy on the climate.

So if government is at an impasse, is there an opportunity for the rest of us to step up?

Yes, says Eugenia Bieto, Chair of the CEMS Global Alliance.

And moreover, there is a critical role for business schools in developing a next generation of leadership with the competencies and the commitment to lead decisive change.

"Businesses have a responsibility to the environment, to customers and to the kind of talent they want to attract and retain, to be a force for change on emissions, global warming and climate change. It is also the task of business schools to foster environmental awareness among their community."

Business schools, says Professor Bieto, have an opportunity to become a "lever for changing the way companies behave."

"It's our job to train future managers – the next generation of decision-makers who will be working in the public sector, in the corporate context, as entrepreneurs, or as leaders in NGOs."

But it's not an easy task. Training people to think about the environment in a responsible manner is not, she acknowledges, the same as teaching them the mechanics of business.

"We're not talking about what to teach. We're talking about developing a mentality and a perspective of the world that can only be developed transversally, I believe, by bringing the dimensions of climate change and social challenges into core curricula, electives and experiential learning experiences. We need to bring the problems that the world is facing into the classroom – and beyond it."

One way of doing this is by challenging them to do the job of the United Nations Climate Change Conference, COP24.

CEMS Model UNFCCC

In May of this year, 150 students from nine CEMS schools gathered at ESADE in Barcelona to debate climate change.

The two-day event is the annual centrepiece of the CEMS Model UNFCCC programme, which seeks to broaden students' understanding of the issues surrounding global warming, while accelerating skills in debating, negotiating and strategising.

Academic elements are delivered across a series of lectures and analysis of key concepts and literature on climate change. This culminates in a full-stakeholder simulation of the UNFCCC negotiations, where students play the roles of government, non-government and industry representatives from the countries that will congregate in Poland in December.

Professor Rolf Wüstenhagen teaches CEMS Model UNFCCC at the University of St. Gallen. In the lead up to the main event, he says, students





CEMS
CALL FOR ACTION
on the
Global Climate
Challenge

Moderator: Ms. Marie Vandendriessche, Senior at ESADEgeo

Mr. Rolf Wüstenhagen (U. St. Gallen)

Mr. Kilaparti Ramakrishna (GCF)

Mr. José Guerra (SUEZ-Spain)

Mr. Tobias Hahn (ESADE)

Mr. Iñigo Larraya (L'Oréal)

Mr. Olav Kjørven (EAT Foundation)

Mr. Stefano Pogutz (Bocconi University)

(*) This event will be followed by a business breakfast session with the following UNW/CC topics:
conference (CEMS) educational programs. The event's content is available on the CEMS website (www.cems.org) and through the EAT Foundation (www.eatfoundation.com) and the L'Oréal website (www.loreal.com).



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Challenge

spend the semester getting a big-picture understanding of what's at stake for the planet in the long term, as well as the implications for the private sector today.

"Then we take it outside the classroom and bring them together to sharpen the kinds of negotiating and bargaining skills and the resilience that they will need as future leaders looking to effect real change."

The simulation emulates the COP negotiations, during which students have to act as delegates agreeing new targets to reach the goal of greenhouse neutrality by the second half of the century. Students are assigned an industry, country or organisation that does not correspond to their own personal experience. Then they are charged with representing the different interests at play.

The goal of all of this, says Professor Wüstenhagen, is to give students an authentic taste of negotiation strategy and processes as they happen in the real world.

"What students tend to underestimate is the sheer complexity of having to negotiate with so many diverse stakeholders with individual interests in one room. We put them in the shoes of the people who have to solve these problems and come to real solutions. And this isn't something you learn as one of many students sitting in an anonymous lecture hall."

The difficulty of finding common ground

Luke McLoughlin is a CEMS student from the Stockholm School of Economics. He participated in the simulation playing the role of Tanzania. A major challenge, he says, was finding consensus on financial contributions with major players like the U.S., Russia and China. And time constraints imposed across the role-play in line with real UNFCCC negotiations added a "level of pressure and urgency to the entire process that really added to the experience."

"Trying to build agreement across such a large group of conflicting interests is no easy task. This has opened my eyes to the complexity of climate negotiations."

And it's a takeaway shared by fellow Stockholm School of Economics student, Emilie Lin, who played a country delegate of Nepal representing the coalition of Nepal and Bangladesh in the working group on mitigation.

"As our world gets smaller and more crowded we need to understand that leadership is not about heroics, it's about personal responsibility. Leadership is not about fighting yesterday's battles, it's about going straight to the front line of change where real bravery is needed"

"It's not easy to handle a situation where there is near universal agreement, but one large party objects. You have to look at a range of things: whether this party is open to compromise or unwilling to make concessions, the importance of understanding different stances that block or facilitate decisions, and the value of relationships outside of formal negotiations. This is where the real work gets done."

For both, the simulation experience has delivered interesting insights into the complex dynamics of negotiating and bargaining – as well as relationship building.

"CEMS Model UNFCCC has improved my ability to read a room," says Luke McLoughlin. "I've learned the importance of identifying the key people to target to influence a bigger group."

For Emilie Lin there has been a watershed moment in terms of ultimatums and thinking of negotiations as a "zero-sum game."

"For me it's about understanding that a less ambitious agreement is preferable to no agreement at all. The experience has taught me not to put ultimatums on the table as it severely hurts the dialogue. And also to find out what your counterpart wants to see if the problem can be solved together and if the goal can be achieved another way."

A new kind of leadership

Bringing this capacity to pivot, to yield ground, to respond with flexibility and to build resilience is key to a new kind of leadership – a model of





leadership articulated by a number of keynote speakers at May's event.

Kiliparti Ramakrishna of the Green Climate Fund, Olav Kjørven of the EAT Foundation and ESADE's Tobias Hahn all called for a paradigmatic shift in leadership development.

Describing climate change as the world's "darkest hour," Olav Kjørven likened the challenges facing future leaders to the situation faced by Winston Churchill at the start of the Second World War. Leadership, he argued, is more than "managing in difficult times. It is a challenge to change the future."

This, he said, hinges on a new understanding of leadership as "hero-free."

"We need to develop a new crop of leaders who can translate science into something business can work with, who can work together, and who understand the importance of balancing profit and sustainability. As our world gets smaller and more crowded we need to understand that leadership is not about heroics, it's about personal responsibility. Leadership is not about fighting yesterday's battles, it's about going straight to the front line of change where real bravery is needed."

History, he told CEMS students, is there for the making. However it won't be easy.

The top down approach hasn't worked, said Kiliparti Ramakrishna: "Historically policy-makers have made global agreements setting goals at the country level. Today it's becoming more de-centralised, so we need to find a new way of effectively 'internationalising' the problem."

The upcoming generation of business leaders, he said, could be well poised to achieve this.

"Most revolutions in our history have been led by young people. The challenge to CEMS students and other future decision makers is to make the connections between their needs today, the future and our environment. And to do this in a sustainable way."

Professors Hahn and Wüstenhagen called for a leadership built on "partnerships and humility." However both believe that the next generation will be "part of the solution rather than part of the problem."

A call for meaningful change

The CEMS Model UNFCCC simulation at ESADE was accompanied by a CEMS social media campaign inviting students and schools to share their own experiences and initiatives in combatting climate change locally. In addition, an online petition was sent out as a call for action to business leaders and governments and garnered over 400 signatures.

The campaign, which remains live, launched on 2 May with the hashtags #CEMSgoesgreen and #climatechangechallenge and has so far mobilised thousands of members of the CEMS community around the world to share and exchange insight, experience and action – and to lend their voice to the imperative to unite in the quest for a solution to climate change.

"The climate problem has been framed as a global policy challenge," says Professor Wüstenhagen. "However it is clear that policy on its own cannot solve this problem. The business world has the power to lead environmental transformation, because it has the capability and resources to innovate and generate new solutions."

"Business education has a key role to play in developing a new generation of leaders who, in spite of turbulence on the international stage, can ensure that progress around climate change moves ahead more rapidly."

This is a view shared by faculty and business leaders who led discussions at the Sustainable Development Conference hosted by Koç University College of Administrative Sciences and Economics and Graduate School of Business in March of this year.

Sustainable development goals

CEMS students, professors, prominent business leaders and the President and Dean of the Koç University Graduate School of Business, Zeynep Gurhan Canli, convened in Istanbul to explore the ways in which business and education can collaborate to prioritise the principles of the UN Sustainable Business Goals, including the environment, energy and health.

Professor Gurhan Canli, stresses the joint responsibility of the private sector and academia to galvanise talent in the pursuit of solutions to what she describes as the "biggest challenges on the horizon."

"Conferences such as this are not only a platform to share important messages about the imperative to act responsibly and they are a means of showcasing the kind of leadership that will deliver solutions to the myriad challenges facing today's and tomorrow's generations."

One example of this was CEMS alumna, Ebru Turun, a speaker at this year's conference, who talked about her own start up, Codela.

"We digitise the recruitment of software developers and help match them to prospective companies," she said. But Codela also models the kind of inclusion and empowerment of the disenfranchised that offers a more sustainable solution to the challenges facing immigrants and their host countries.

"We deliver coding training for free to help people in financial need – especially asylum seekers and refugees, giving them marketable skills and an opportunity to contribute. Because inclusion is our objective, we are part of a two-tier solution – helping those mired in poverty out of the trap of being excluded, while developing much-needed talent to meet the market's needs."

PHOTO RIGHT:
NHH Academic Director Jan Haaland welcomes students from NHH, CBS and ESADE to a skill seminar on designing a sustainable business model for a social impact start-up





"Most revolutions in our history have been led by young people. The challenge to CEMS students and other future decision makers is to make the connections between their needs today, the future and our environment. And to do this in a sustainable way"

The path towards inclusion

Ebru's vision is echoed by a new initiative being driven by the NHH Norwegian School of Economics in cooperation with the Copenhagen Business School and ESADE, and funded through Erasmus Plus partnership funding.

The CEMS Sustainable Business Models Strategic Partnership Project, launched in March 2017, seeks to build focus on inclusive and open leadership through the exchange of innovative teaching and research between partners.

NHH kick-started its CEMS spring semester with a three-day seminar for students from NHH, CBS and ESADE, combining responsible global leadership and sustainable management. The seminar was made up of interactive knowledge and skills building sessions, and the opportunity to put theory into practice working hand-in-hand with representatives from a social impact start-up on their business model design.

Sven Gehrke, a CEMS student at ESADE, attended the event in Bergen.

"I wanted to explore how ecological, economic and social dimensions can be combined in a single business model. And I wanted to dig deeper into how a successful model can be built around inclusion."

The exchange of ideas, insight and expertise at NHH this year was, he says, "simply amazing."



DRIVING ETHICAL BEHAVIOUR IN BANKING

CONTRIBUTOR **Lise Peyer**, Consultant with FehrAdvice & Partners in Zurich

How do you drive good behaviour in the financial sector? One CEMS graduate from LSE believes it's down to co-creation and the power of applied research.

Since the global crisis of 2008, the financial services and banking sectors have been subject to a good deal of scrutiny from regulators, businesses and the public. And rightly so.

However, questions remain about the "bonus culture" that dominates the world of finance. And whether stringent management policies around performance and target-setting might not be creating a new breeding ground for the kinds of unethical behaviours that sent the world's economies into tailspins just a decade ago.

CEMS graduate, Lisa Peyer, has a long-standing interest in ethics. She's curious about how ethical behaviours or habits can be developed and shaped within corporate cultures to mitigate risk and drive sustainable business practices.

Coming into CEMS with a BSc specialising in behavioural economics, Lisa wanted to deepen her academic understanding of the concepts at play, while taking an approach that approach that was applicable to real life. She was keen to explore the middle ground between theory and practice.

The option to pursue her MIM business project with anti-corruption NGO, Transparency International, gave her the opportunity to do just that.

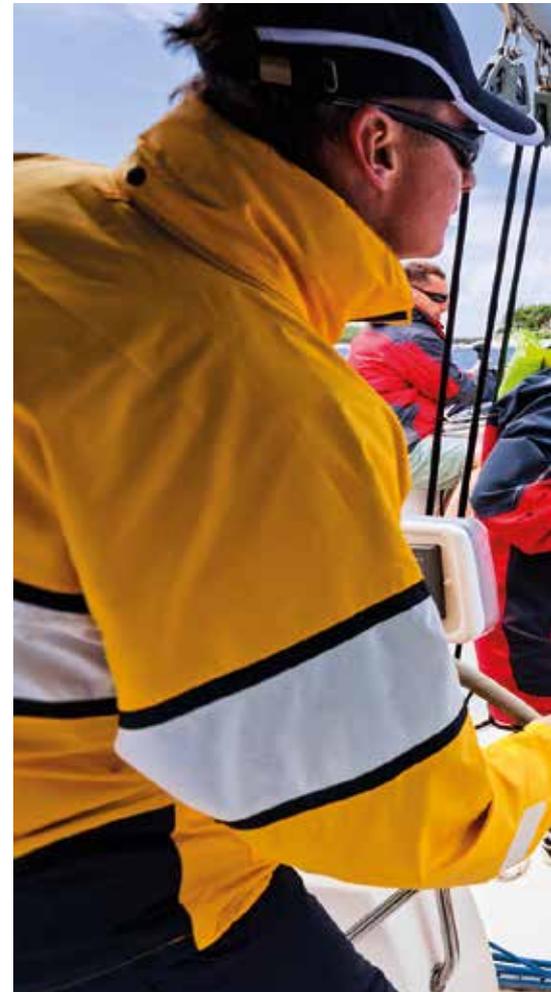
"As an undergraduate I'd been drawn by the complexity of how companies could build values and ethics into corporate culture, but it wasn't something I had formally studied or had the chance to explore in a real-life context. With the CEMS MIM, I had a chance to work outside the confines of academia and explore how these issues played out in real world."

"As an undergraduate I'd been drawn by the complexity of how companies could build values and ethics into corporate culture, but it wasn't something I had formally studied or had the chance to explore in a real-life context"





"The financial industry is built around a bonus culture. More than any other sector, performance – and critically, behaviour – is driven by incentives"



Changing behaviours in finance

Lisa and her teammates were part of a CEMS taskforce that was invited to work with Transparency International, a civil society organization operating 90 chapters around the world to combat corruption in 120 countries.

The NGO had a big question to put to the students: what kinds of mechanisms can inspire ethical behaviours within the UK's financial sector?

Straight off, says Lisa, it was going to be hard to know how to approach the challenge.

"Ethics is so intangible. At first, it was hard to see how such a philosophical concept could even fit let alone function within a fast-paced business environment. So we decided to try something different. Instead of focusing on rules and regulations we looked at the non-normative factors that can form, shape and influence ethical behaviours."

The team began with a systematic review of the codes of conduct published by the UK's principal financial bodies. They combined this with a series of interviews with CEOs and academics, to see if there were recurrent challenges or commonalities that could be leveraged to gain insight. Very quickly they discovered a single, common problem unique to the sector – and it wasn't just about the money.

The bonus question

The financial industry is built around a bonus culture. More than any other sector, performance – and critically, behaviour – is driven by incentives.

But it's not all about cash, says Lisa.

"What we were seeing was that the bonuses that people receives at the end of the year were also a critical indicators of status, recognition and job prospects. It's not just about having more money in your pocket. In the financial services world, your bonus reaches into every aspect of your career."





Her research also revealed an interesting, unintended consequence of the increase in regulation surrounding financial services since 2008. With more checks and balances in place to catch or mitigate unethical behaviour, financiers were feeling a lessened sense of personal accountability.

"It was a kind of abnegation of personal responsibility," says Lisa. "We found that agents were taking a sort of 'if it's not illegal it must be OK' approach that doesn't proactively incentivize good behaviour."

Armed with these findings, Lisa and her team decided to design a set of recommendations that could work within the prevailing culture.

"I understood that trying to systemically change the existing culture would not work. The challenge was to find better, smarter incentives that would work within existing structures."

Smarter incentives

Borrowing metaphors from the world of sailing, Lisa and her colleagues drafted a project paper that set out a raft of recommendations that would drive a shift in thinking and prioritise the "means" as much as the "end." They wanted agents to focus on the journey as much as the destination; they wanted the process to be positive; and they wanted to reduce the stress of getting the bonus, while humanizing relationships within financial organizations.

The result was a kind of ethics "GPS tool" that came with a "compass" for decision-making, "lighthouses" to guide people, and "stars" to help them navigate to the right destination.

"We used sailing metaphors that we felt might resonate well with the British island of sea-farers. So the compass is a stakeholder map that highlights how individual decisions impact

"Lighthouses are volunteers within companies with the experience to act as guides in ethical decision-making. And the stars are the success stories that institutions can share to celebrate not only those who make the most money, but those who also do the right thing"

different people. Lighthouses are volunteers within companies with the experience to act as guides in ethical decision-making. And the stars are the success stories that institutions can share to celebrate not only those who make the most money, but those who also do the right thing."

Transparency International was impressed enough to publish the CEMS paper and its set of recommendations on its website last year. And there was an additional positive outcome from the experience that Lisa hails as a personal success.

"A personal triumph for me was being able to connect with the Global Alliance for Banking Values (GABV) as part of my project work, and bring them into the CEMS partnership ecosystem. The work I did with my team and the insights and understanding it gave me fed into a convincing pitch to the CEMS board that saw the GABV incorporated in 2017."



The value of projects

For Lisa and her fellow CEMS graduates the value of real-world applied research projects is multifaceted.

"There is the chance to translate theory into practice that does what Daniel Pink says: help close the gap between what science knows and what business does."

She also believes that embedded projects that tie business to NGOs and academia have a role in showcasing the value of collaboration in solving challenges.

"They are a powerful reminder that there are common levers that they can use to collaborate. When you have students from a business mind-set embrace the values in what NGOs do and apply them to corporate contexts, it shows how we can all work together. Symbiosis and co-creation are tools that we can use to tackle the problems we face together."

For Lisa personally, the experience has been enriching beyond her expectations.

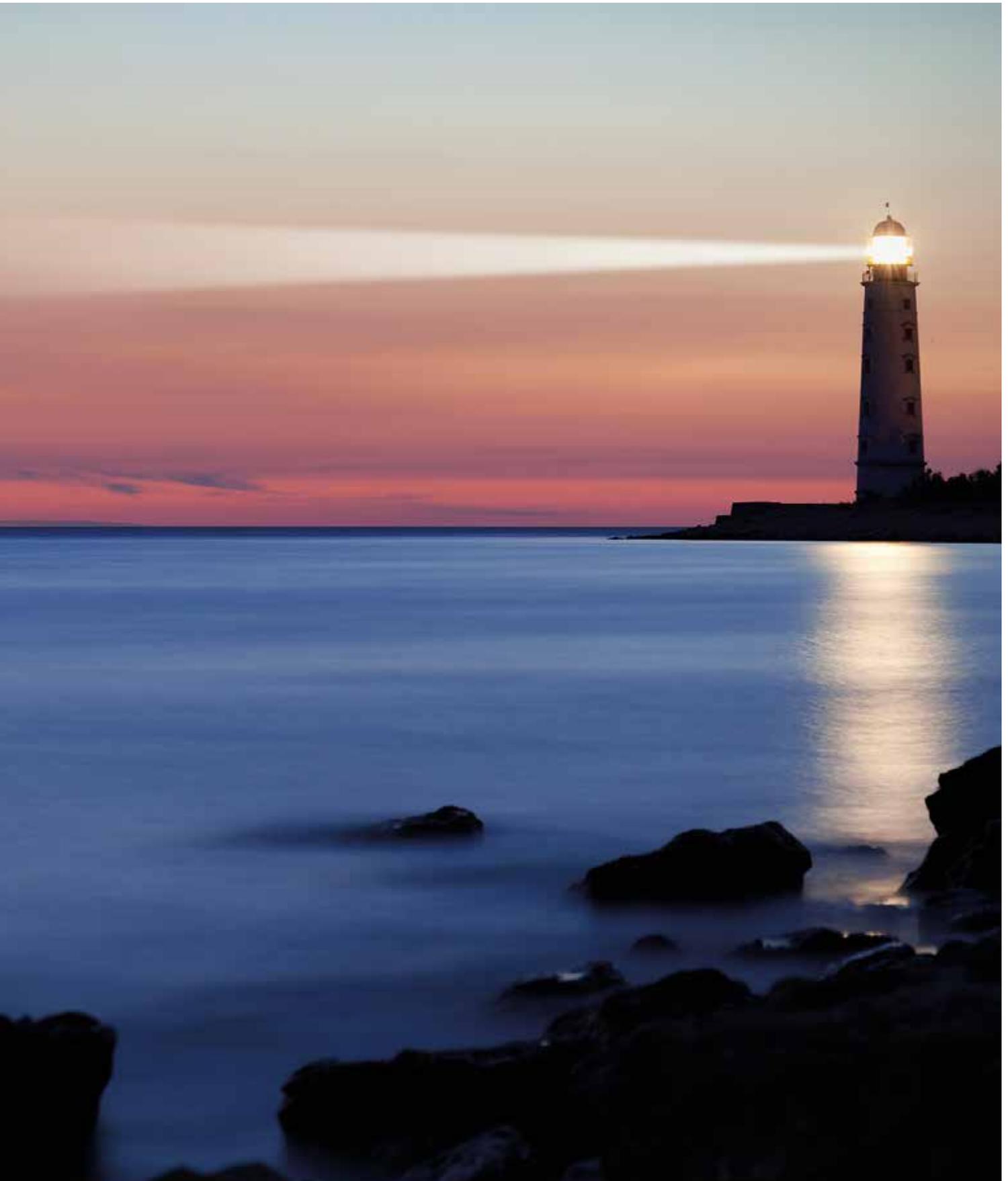
"The project has deeply impacted my professional life. Today I work as a consultant for FehrAdvice & Partners in Zurich, where I support financial institutions across a range of challenges. I am directly applying what I learned about designing behaviour in a real-life context."

We are at point, she says, where financial services are feeling the imperative to be more relatable, to develop services and products that are more customer-centric, transparent and human.

"I'm really happy to be working on this with our clients on a day-to-day basis. The CEMS project has given me the confidence that what I do can have real impact."



AUTHOR PHOTOS
ABOVE
Lisa Peyer





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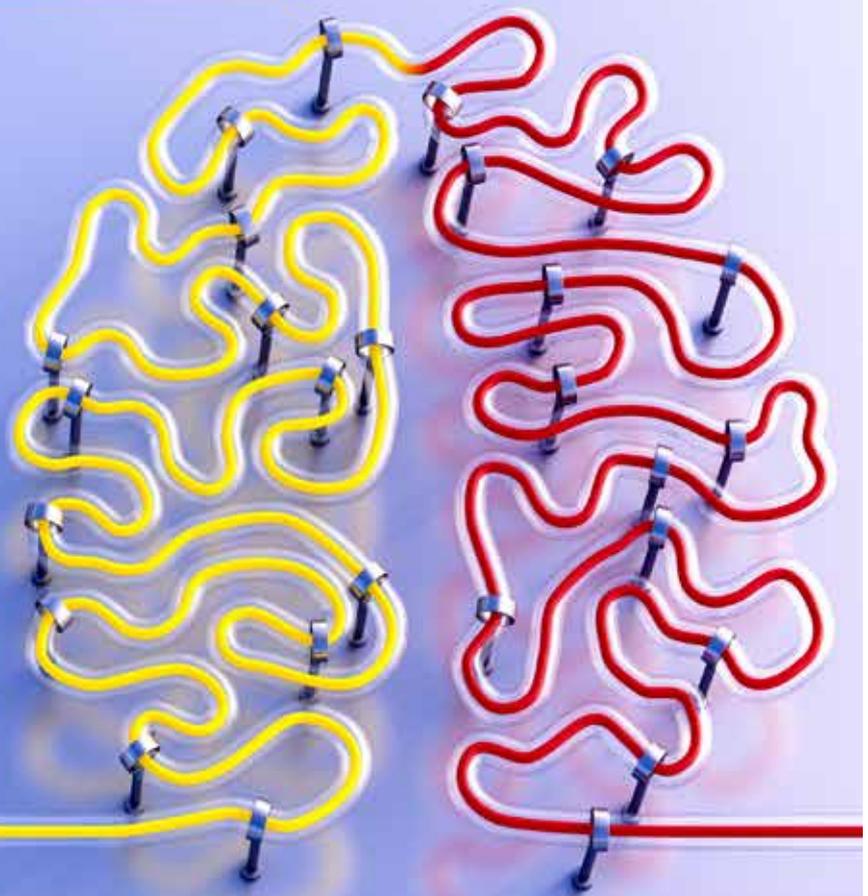
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