7 Transforming Business Schools into Lighthouses of Hope for a Sustainable Future

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I. Introduction

As the European Foundation for Management Development (EFMD) celebrates 50, the world undergoes a state of deep existential crisis. Events unfold in front of our eyes that are impossible to understand for anyone born around the same time as EFMD. This state of affairs predates the current pandemic, when climate change, aging populations, data privacy, and exploding inequality, to cite a few, were already pushing institutions to the brink.

We have lived through many bad and good times in the last century. But in all those times, we had theories that allowed us to understand world events and make valid predictions about how they would evolve. Even the most dramatic event of the last half century, the fall of communism, had a narrative that all could share and understand.

In that context of predictability and epistemological security, business schools grew in scope and influence, boosted by the push for quality and innovation of accreditation agencies. This expansion coincided with the spread of neoliberalism, and many argue that business schools were its evangelists, as graduates educated in its theories set off to positions of influence. By the turn of the century, neoliberalism showed signs that it was unfit to sustain stable and shared growth as inequality grew and financial crises emerged worldwide. The situation reached its nadir in 2008 as the world lived through one of its most significant financial troubles. The trials of neoliberal ideas, and the crisis that outlined them, have created a severe legitimacy crisis for business schools. The current pandemic will only heighten the challenge as society looks to universities for intellectual leadership.

The first part of this chapter argues that the triad of globalization, technology, and sustainability has disrupted human societies' underlying economic context worldwide. The underlying economic context sets the stage for the institutions that organize communities and is

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defined by the dominant technological, mental, natural, and geostrategic forces and pressures. Given this disruption, most theories and all ideologies imagined in the twentieth century (and before), including neoliberalism, are unfit to shape economic and political systems that ensure peace and prosperity. The existential crisis mentioned at the onset of this chapter is, therefore, an epistemological crisis. The new underlying context requires new institutions, knowledge, and skills to restore stability, predictability, inclusivity, and above all, hope.

A courageous agenda and purposeful leadership at business schools must be part of the solution to redesigning the fit-for-purpose institutions, knowledge, and skills for this century. On the one hand, we need a shift in the management and governance of businesses, which has been the business of business schools. On the other hand, we must have equally essential changes in other institutions, such as governments and nonprofits, which should also become the business of business schools.

As breeding grounds for the knowledge and the leaders of tomorrow, business schools must live up to their reason for existence. Their response will define their public value and legitimacy for the coming decades. It will also outline the world our students will inherit and the historical legacy of our generation.

The second part of this chapter argues that business schools need to enhance their commitment to sustainable innovation to fulfill this role. Thus, they must make central to their strategies and cultures the principles of and the accountability for sustainable impact. They must also develop a more open and deeper engagement with a broader group of stakeholders, including extending beyond business to nonprofits and the public sector and reaching out beyond finance and economics to politics, law, international relations, history, technology, and science – in other words, building a cross-stakeholder and interdisciplinary agenda that develops leaders mindful of the human experience. This interdisciplinarity must create new knowledge of relevance to address the challenges of the present and the future. The chapter concludes by discussing the impediments to reform borne by business schools' current business and governance models and assessing the lessons of the COVID-19 crisis for their digital transformation.

This chapter's main contribution is to focus the discussions taking place in the literature in the context of the future instead of the past. The fundamental changes in the underlying context imply that looking at the role of business schools and neoliberalism in the twentieth century is an academic endeavor with limited relevance to our shared future. The focus should be on imagining solutions that work in the new context that we are only now beginning to discover. Given the dramatic challenges ahead and the vertiginous speed at which they unfold, the call for action should leave no business school dean unmindful. As we attract many thousands of students every year, our first order of accountability should be to them and their future.

II. The Rise and Fall of Neoliberalism and the Legitimacy of Business Schools

Fifty years of EFMD fostered the rise in business schools' influence and scope worldwide. As EFMD learned to walk, the world was reimagining the postwar success after a decade of crisis in the 1970s. The neoliberal prophecy transformed John Stuart Mill's promotion of individual freedom and agency into the empire of the markets and promised a chimera of growth by restraining government and regulations. Its prophets supported a nonnuanced worldview. Milton Friedman proposed the pursuit of profit as the sole responsibility of business. Thatcher preached that "the government of business is not the business of government." Fama proclaimed that "financial markets are perfect." And Fukuyama predicted "The End of History," when all the earth's peoples would assemble under a neoliberal worldview and rules.

Neoliberalism was the epilogue to the underlying economic context that emerged in the West and spread to the developing world after World War II. The underlying economic context refers to the stage that frames the development of economic, social, and political institutions that organize communities. It is set by the prevailing technological, mental, natural, and geostrategic forces and pressures. The Enlightenment, World War II, and the steam engine are examples of past changes to the underlying economic context that have required institutional transformations to ensure a stable and predictable framework for societal dynamics.

The underlying economic context of the second half of the twentieth century was a goldilocks environment that ensured peace, prosperity, and harmony – after decades of hopelessness that had taken humanity to the brink in the first half of the century. Innovations in technology and management churned never-before-seen productivity growth rates, raised living standards, and improved material quality of life. Global trade and investment benefited from the peace that memories of World War II and the strategy of mutually assured destruction secured. International institutions supported by the Pax Americana assured stable global governance. European unification showed the power of enlightened leadership to overcome the shortcomings of humanity's nationalistic instincts. Cross-boundary media, communications, and transport fostered the convergence of human cultures and values. Global firms became increasingly efficient and a staple of development strategies. Central banks mastered the volatile effects of inflation, which had eroded many social and political orders before World War II. And increased access to education, active social policies, and semiskilled-biased technological change in services and the factory floor nurtured middle-class prosperity.

By the turn of the twentieth century, the signs of discredit in neoliberalism were emerging. The gap between rich and poor skyrocketed. Recent estimates show that the top 1 percent of the global income distribution captured 27 percent of the rise in income between 1980 and 2016, whereas the bottom 50 percent captured only 12 percent (Alvaredo et al., 2018). A disturbing element is the squeeze of the middle class in industrialized economies. The climate crisis also showed little sign of abating. The Kyoto Climate Protocol, which relied on market-driven approaches to fight global warming, entered into force in 2005 and failed to produce the expected results. By 2008, the financial crisis brought the global economy to its knees. It sparked severe austerity policies worldwide, damaging the financial industry's legitimacy and reputation and relaunching old debates between pro-government and pro-market doctrines that had pitted left against right throughout the twentieth century.

In the wake of the inequality, climate, and financial crises, the legitimacy of neoliberalism and its institutions and stakeholders have fallen deep into disarray. Raworth (2017) and Collier (2018) were among the many who departed from the mainstream to offer a critical view of how neoliberalism and the academic body sustaining it had evolved and suggested roads for improving it. Peter Bakker, president of the World Business Council for Sustainable Development, cited in Dyllick (2015), summarizes the ongoing malaise: "The conventional model for capitalism is found wanting in terms of the benefits to the majority of society, the impact on the planet, and even in terms of continued economic prosperity. The call for change rings loud – capitalism requires a new operating system and needs a reboot if we are to avoid the ultimate recession or worse total collapse" (p. 17).

As individuals, organizations, and nations worldwide adopted neoliberal ideologies in the 1980s, business schools became the order's temples and prospered. They received tribute and paid back hefty returns to graduates, their employers, and supportive academics. Cornuel (2005) argued that these returns assured that "in the future, the legitimacy of business schools will no longer be questioned" (p. 819).

On the other end, when the neoliberal order began to unravel, business schools were under siege, and their legitimacy was challenged. Mintzberg's (2004) contribution was clairvoyant when he argued against the narrow and academic focus of business school curricula, which ignored the role of professional managerial skills that had to be learned from experience. Goshal (2005) claimed that business schools had been teaching amoral theories that undermined sound management. They were accused of promoting selfish behavior and biasing minds against social responsibility. Khurana (2007) argued that business schools sold their soul to corporate interests. More recently, as Parker (2018) contended that "the business school acts as an apologist, selling ideology as if it were science as part of the longest public relations campaign in history" (p. ix), the challenge to their legitimacy reached its zenith.

The debate rages on, but it remains too fixated on the past: on the allegiance of business schools to corporate capitalism and the frailties of neoliberal thinking, paying insufficient attention to the disruptions that occurred in the underlying economic context in the last 15 years. It is possible that neoliberalism would have collapsed from within, even in an unchanged underlying context, like communism had done four decades before. However, the critical challenge now is to address the changes in the underlying economic context that are making the theories and institutions developed in the twentieth century unfit for purpose. They must be rehabilitated with extreme urgency.

III. Builders of Sustainability, Inclusivity, and Meaning in a Disrupted World

A. Globalization, Technology, and Sustainability as Disruptors of the Underlying Economic Context

The economic and political trends that tore apart the early-twenty-first-century environment are associated with three central forces: globalization, technology, and sustainability. Globalization captures the incredible rise in the flows of people, goods, services, and capital across immensely separate regions, not only in physical distance but also in culture, political systems, and history. Globalization is the destiny of humanity and the safest road to peace. Since the 1980s, it has had and will continue to have dramatic effects on income distribution and job insecurity and on the state's power against global corporations. It has widened the pit between a thriving elite of globetrotters and the masses of the low-skilled, low-mobility, low-adaptability workforce (Saval, 2017).

The recent years have increased the complexity of globalization. Now, we trade in a highly intertwined multipolar global economy comprising regions with widely diverse cultures and antithetical economic systems in deep rivalry for dominance, stressing international relations and risking an atavistic resurgence of protectionism and nationalism. For business schools, this demands insights into cross-cultural management, international economics, and international business that encompass the political, geostrategic, and historical dimensions of management. Starkey and Thomas (2019) argue that business schools in China are already making their difference in teaching a very contextually influenced approach to management theories while competing in rankings against leading US and European schools.

Technology is the second force. The disruption of digital technology and artificial intelligence has challenged the convergent socioeconomic frameworks of the twentieth century, which nurtured the middle class that ensures social stability. The automation these technologies bring about will swipe through labor markets, creating unemployment, inequality, and social upheaval (Ford, 2016; Manyika et al., 2017). Digital companies have reached gigantic size through platform models that exploit their users' data and engage in very aggressive anticompetitive practices and tax arbitrage (Daub, 2020). Their business models pervert traditional economic theory on pricing and competition policy and challenge regulation's ethical and legal aspects (Rifkin, 2015). The theories that have underpinned the practice of management and policymaking during the twentieth century frequently seem inapt for the realities of unbounded increasing returns and intangible capital (Haskel and Westlake, 2017). It is urgent to reassess these theories; to unlearn the old; and to rebuild institutions, knowledge, and skills on the new. For business schools, the proximity with engineering and technology must be an integral part of the new mission. The most dramatic gap in today's labor force is the analytical translators that bridge business and technology (Henke et al., 2018).

Throughout the last two centuries, technology and globalization, accelerated by the neoliberal agenda of free trade and free enterprise, have contributed to improvements in wealth and living conditions in developed and developing countries. Technologies under development hold tremendous promise to address humanity's biggest challenges. However, both can have extreme distributional effects that leave large swaths of the population worse off and expand inequality within societies, with distressing political consequences. Therefore, their societal implications depend on the capabilities (institutions, knowledge, and skills) of political and economic systems to minimize those adverse effects and compensate the losers.

Sustainability, the third force, is a normative principle that has gained relevance with the exploding climate crisis and the rising political fragility of capitalism. Sustainability is still a young and general concept, used in very different ways and evolving rapidly (Muff et al., 2017). Overcoming the climate crisis must remain the priority of our time and our promise to the next generation. But the term encompasses a social dimension beyond the environmental aspect and balances these two dimensions with the economic viewpoint, promoting a triple-bottom-line balance of people, planet, and prosperity.

The relevance of business for sustainable development led, by the late twentieth century, to a corporate social responsibility engagement that failed to go beyond greenwashing and marketing. The call for business leaders to work with the UN to "initiate a global compact of shared values and principles" led to the UN Global Compact in 2000. Beginning with an initial group of 44 firms, the UN Global Compact has grown to more than 12,600 companies and civil society organizations in 160 countries. Along with forums such as the World Business Council for Sustainable Development and the Global Reporting Initiative, it complements top-down regulation, highlighting the need for change in business practice to become an active partner for sustainable development, at the risk of complete delegitimization in society.

In 2015, the UN adopted an agenda for 2030, focused on progress in 17 Sustainable Development Goals (SDGs), stressing the economic, social, and environmental dimensions of progress. The goals set up an essential frame for reestablishing business legitimacy as they build globally espoused targets and an international language to report them. Muff and colleagues (2017) argue that the emerging typology of sustainability has shifted perspective from an inside-out to an outside-in approach, which allows business and civil society to apply the goals to their institutional context. Weybrecht (2017) contends that for companies, successful implementation of the SDGs will strengthen the enabling environment for doing business, minimizing risks while also providing a myriad of new opportunities.

The challenge remains how. In a recent op-ed, Bill Gates argues that very frequently, the chief executive wants to know: "What can my company do that will make a difference?" (Gates, 2021, para. 2). He proposes a plan for business leaders focused on mobilizing capital, procurement, research and innovation, and dialogue with the public sector. The main point here is that the world yearns for insights that make business a credible and legitimate partner for a sustainability agenda benefiting our planet and our species.

B. Reflections for the Redesign of Capitalism at Business Schools

The disruption of globalization, technology, and sustainability render most, if not all, the major theories and ideologies of the twentieth century unfit for today. The political and social tensions of the last 15 years, unimaginable only 30 years ago, are a sign that we are approaching a breaking point. We need new international institutions, new managerial practices, new skills, new corporate governance, new policies, and new political systems that are fit for purpose in the underlying context.

This existential and epistemological challenge of redesigning human societies opens the opportunity for the renovation of the "public value" of business schools toward a new legitimacy. Next, I highlight four areas for reform that would have important implications in the mission and scope of business schools: redefining the corporation's purpose, enhancing the managerial effectiveness of government, blurring the boundaries between corporates and nonprofits, and delivering the skills for the future.

The Purpose and Governance of Business

In August 2019, 200 leaders of the top US corporations at the Business Roundtable updated the "Statement on the Purpose of a Company" to focus on the value created for a plurality of stakeholders. It was a symbolic departure from shareholder value, which the Roundtable espoused since its creation. After the crises and scandals, it was evident that the stock market's discipline did not ensure the focus on long-term returns and public value. Visionary leaders, such as Paul Polman at Unilever (Skapinker and Scheherazade, 2016), have introduced new paradigms of business purpose that build on "shared value" (Porter and Kramer, 2011). They are the exception that must become the rule.

The development of corporate impact metrics and the reorganization of purpose and governance around them remain first-order priorities for knowledge and talent development at business schools. The SDGs open the door to a new definition of purpose for the corporation toward an impact-driven agenda. Lacy and colleagues (2012) find that CEOs see sustainability as more important than ever: growing in strategic importance, driving new business models, and essential for long-term success. They also find that CEOs see education as the most critical development issue for the future success of their business and see developing new skills, knowledge, and mindsets for the next generation of business leaders as a vital enabling condition to accelerate a tipping point in the integration of sustainability into the core.

The Managerial Effectiveness of Government

By the end of the twentieth century, with the state's role in decline, business schools moved away from the management of public entities (government, municipalities) and public policy. However, the crisis of recent years, the successful models in East Asia, and more recently, the COVID-19 crisis have placed government effectiveness and the quality of public-sector management back at the center of progress.

The underlying context of the twenty-first century and its potential for divergence and social upheaval described previously will reignite the state's role as a societal moderator. Therefore, societies must develop well-managed state institutions that effectively protect their citizens, provide public services, manage public policy, and cooperate internationally. For this, many will need the same managerial capabilities that corporations have developed and that business schools have become effective at delivering – to name a few: innovation, leadership, customer centricity, operational excellence, accountability to stakeholders, and cross-cultural management. Hence, a substantial contribution of business schools in developing the talent and insights for more effective government would go a long way in building more resilient societies.

Moreover, progress will also demand deep and trustful partnerships between the public and the private sector. Since the late twentieth century, many efforts have failed because the corporate and public staff members speak different languages and have not learned to collaborate. Their joint education would go a long way toward fostering the success of these partnerships.

Blurring Boundaries of Corporates and Nonprofits

While the state receded, a new family of stakeholders, classified under the placeholder nongovernmental organizations or nonprofits, exploded worldwide to address societal challenges. Nonprofits are a vast and diverse class, mostly financed through philanthropy. Their primary purpose is to create an impact in society, for which they need efficient management to keep costs low and outreach high. Their relevance will increase with the challenges ahead, given their capabilities in grassroots innovation and proximity to communities.

In many cases, nonprofits have leveraged these capabilities to build deep partnerships with the corporate and public sectors, addressing public-service challenges or delivering commercial products to the bottom of the pyramid. These partnerships are never easy and often fail because the parties do not share a common language and have a deep mistrust. Moreover, as corporate purpose and governance increasingly acknowledge the relevance of impact, and nonprofits look to become more efficient at managing their resources, the boundary between these organizations will fade, and their governance will converge, such as proposed by the B-Corp certification (Wilburn and Wilburn, 2015).

This suggests a convergence of their educational journeys to forge mutual understanding and a shared language and facilitate cross-stakeholder partnerships. Unfortunately, the development of talent and knowledge for nonprofits remains a side priority for business schools. Although there is an increasing demand by young professionals, business schools have not addressed their needs. Tuition structures, for example, fail to recognize their lower expected salary and high expected impact.

Skills for the Future

With the revolutions in digital and data technology, the skill set of managers is changing rapidly. Although the demand for managers with data-handling skills is on the rise, these are likely to become commodities as interfaces become user-friendly, similar to what happened with spreadsheet skills. However, understanding technology and, above all, dialogue and collaboration with technologists have become pivotal.

Soft skills are likely to be the only future-proof skills at a time of high-speed technological development. Looking at the impact of information communication technology (ICT) on demand for skills through a meta-analysis of the literature, van Laar and colleagues (2017) highlight the seven core skills of technical, information management, communication, collaboration, creativity, critical thinking, and problem solving and the five contextual skills of ethical awareness, cultural awareness, flexibility, self-direction, and lifelong learning.

Moreover, as mentioned before, globalization's rising complexity implies a historical, political, and geostrategic understanding of cross-country relationships. Many authors have also argued for a revision of the learning goals of business schools that moves away from narrow functional knowledge, relying heavily on finance and economics, and toward a stronger focus on applying (doing) and reflecting on values, attitudes, and purpose (sensing) (Dyllick, 2015).

All these dimensions are highly challenging for business schools. They require a strong partnership with science and technology and the humanities, which have a deep cultural distrust of business schools. Besides, they force a complete reinvention of delivery and assessment methods. How to teach and evaluate creativity, collaboration, purpose, or empathy in a classroom and evaluate learning through exams, especially in an economic context that demands a large class size to be financially sustainable? The challenge is more substantial for learners already in the workforce, who must reskill for the future, with the extra hardship of unlearning the old to learn the new.

Recent developments have stressed the importance of project-based learning and the co-creation of learning opportunities with external stakeholders, either from governments, nonprofits, or businesses. Entrepreneurship is also a critical tool to develop these skills. Several schools have committed heavy resources to the development of entrepreneurship hubs, looking to foster start-ups and innovation. However, entrepreneurship's potential in developing skills for the future dwarfs the effects on creating new ventures (Ulvenblad et al., 2013).

IV. Business Schools as Lighthouses of Hope

The previous section has argued that the triad of globalization, technology, and sustainability has disrupted the underlying economic context and that capitalism is open to a redesign of institutions, knowledge, and skills. Some clues that hold promise for business schools have also been provided.

This section proposes that business schools have a fundamental role in developing the institutions, knowledge, and skills needed to reboot capitalism in the twenty-first century. Their knowledge capabilities and their license to educate the youth mean that it is their responsibility to lead toward the future – that is, to spark the ideas, nurture the solutions, and breed the talent that will help transform our economic and political system into a beacon of resilient hope and shared prosperity. Throughout history, universities have been at the forefront of the creative intellectual energy that moves societies toward their future. The intellectual freedom, critical thinking, and creative rigor that they embody have always been the lighthouses of humanity's progress, away from the darkness of insecurity and fear. Business schools must step up to this challenge in partnership with businesses and society as a whole. They are responsible for the kind of leaders they send out into the world.

This call to action opens the space for a renaissance of business schools – different, more open, more impactful. Their future mission must be to envision the institutions, organizations, knowledge, and skills for post-neoliberalism and the effective ways of managing them. The redesign of business schools to reimagine the purpose of the corporation, broaden its scope to the management of nonprofits and government, and build the skills of the future represents an opportunity to enhance the "public value" of business schools, as proposed by Wallace Donham, the second dean of Harvard Business School almost a century ago (Starkey and Thomas, 2019), and to reestablish their legitimacy in the process.

To be clear, I am not espousing that the challenges facing capitalism and our cultural environment result from the actions, intended or unintended, of business schools. Neither am I claiming that business schools do not share part of the blame for some hyperbolic interpretations of neoliberalism. The urgency of the situation we live in should focus us on the future, not the past, especially when the context is

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changing so much and so fast. This said, it remains true that business schools were torchbearers of late-twentieth-century neoliberalism, and as such, they have the responsibility to lead the agenda for its redesign. With great power comes great responsibility. Who will take on this responsibility if business schools do not stand up to the task?

A mission of forward-looking innovation in institutions, knowledge, and skills for the new underlying context poses challenges for the internal organization of business schools. First and foremost, it requires an internal culture of innovation grounded on a set of values for sustainable impact. Business schools have outpaced other departments of universities in fostering spaces and incentives for innovation, and herein lies their advantage, but the demands of the future we face need more.

For the remainder of this section, I will discuss how business schools must transform internally to respond effectively and in a timely manner to this innovation challenge. The first element is to create a culture of accountable impact, focused on the SDGs. The second is to open up by strengthening engagement, broadening the core stakeholder list, and widening interdisciplinarity. This implies a reversion of the trend to isolation and lack of accountability that characterized their 100-year history and, therefore, will face dramatic resistance. Leadership will be critical to overcome that resistance, but so will collective action.

A. Reversing the Isolation of the Business School

At the onset of their rise to stardom, business schools brought universities closer to reality and impact, leveraging their origin as professional schools designed to develop managerial capabilities (Starkey and Thomas, 2019). This openness quickly narrowed to the corporate world, at the cost of estrangement from other managerial competence seekers, including government, foundations, and nonprofits. A wider approach to management would have had a significant impact on Western societies by strengthening the effectiveness of these stakeholders and creating a shared language for collaboration and co-creation. But it was not to be.

In time, the estrangement grew even to the corporate entities that had created and nurtured them at the onset. Under US schools' influence and the search for academic respectability, the theoretical model, focusing on abstract research, the scientific method, and peer-based evaluations, spread to business schools. The increased rigor provided a more solid footing for many of the research contributions; attracted highly talented academics to the field; and permitted a fruitful collaboration with other academic areas, such as economics, psychology, and sociology. In this process, adjunct faculty with insights from practice and the ability to bridge into academia gave way to core faculty, tenure systems, and doctoral degrees. This was a welcome move, to the extent that it created academic excellence and a body of committed faculties that helped grow business schools. But it slowly isolated business schools.

What drove this movement is beside the point. But the wedge it created between business schools and their external stakeholders and the damage done to their "public value" and their legitimacy are clear. Participating in a dean's conference by the Association to Advance Collegiate Schools of Business (AACSB) or the EFMD Quality Improvement System (EQUIS) or reading the journals or the press is an exercise of constant self-doubt. Dyllick (2015) argues that the efforts to pursue "scientific rigor and gain academic legitimacy have been taken to an extreme, resulting in an increasingly self-centered community of business schools, isolated from business practice and society" (p. 16). Podolny (2009) argues that most business school academics are not curious about what goes on inside organizations (Wilson and Thomas, 2012). Writing in the *Financial Times*, Michael Skapinker (2011) reports that, in response to a column published in 2008 on "why business ignores the business schools," where he highlighted the gap between researchers and practitioners, he received extensive comments from business school academics, overwhelmingly agreeing that managers generally ignored them.

The estrangement from stakeholders must be addressed to retrieve the legitimacy of business schools and their capability to play their role in reframing our institutions, skills, and knowledge in the context of the century's turbulence ahead. For this, business schools will have to reform and transform in multiple dimensions of their ethos.

B. Transforming the Business School – Part I: Impact

The first dimension of the transformation is the unwavering commitment to impact. In recent years, impact has gained relevance as a result of its inclusion in the criteria of accreditation agencies. EFMD has begun a Business School Impact System (BSIS) that provides an impact accounting framework to identify, measure, and assess impact in seven categories: financial, educational, business development, intellectual, regional, and societal. According to Shenton and Kalika (2017), following their engagement with BSIS, schools tend to revisit their "fundamental purpose," raising questions of identity and historical roots. In time, this pushed them toward more engagement with external stakeholders and toward regaining legitimacy with their regional corporate community. It also had implications at the pedagogical level and, albeit to a lesser extent, for their research. Kalika and Shenton (2020) suggest that all organizations can apply BSIS, whatever their mission.

Research has been a highly controversial aspect of business school impact. The professional literature and many deans' conferences have discussed at length the distance between researchers and the modern organization and its managers. Wilson and Thomas (2012) and Dyllick (2015) are part of a large body of literature highly critical of the low-value-added contribution by business school research published in top journals. However, O'Brien and colleagues (2010) show that business schools with stronger research output add economic value to their students in the form of higher wages and faster wage progression, although they find that there are decreasing returns that become negative in what they address as "excessive research."

To enhance its impact and contribute to the redesign of capitalism, research must balance the search for truth and methodological rigor with the solutions it generates for society's challenges. Kalika and Shenton (2020) argue that BSIS encourages the tracking of impactful research and, in some cases, a strategic alignment of the research agenda. However, with career progress for academics mainly a function of publication in four-star or A-rated journals and driven by opportunities for mobility, the scope for a school-determined research agenda is limited (Wilson and Thomas, 2012).

Measuring impact as a by-product is not enough. In the core dimensions of learning and knowledge, but also in its engagement and operations, impact must move to the core of the business school's mission and strategy. This means going beyond the BSIS approach of assessing impact to outlining an impact model. This model should highlight the dimensions of impact that the school is accountable for in its activities, the impact targets it commits to, a strategy that allows

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the school to potentiate its community to reach those targets, and resources available. The closer the impact strategy is to the business strategy, working from a shared value framework (Porter and Kramer, 2011), the larger the resources available and the stronger its reach will be. The final impact must be assessed and measured, using metrics of outputs and outcomes that capture the activities and their end outcomes, including direct measurement and surveys of the stakeholders and their perceptions. Finally, business schools must be accountable for their impact on stakeholders and the public by reporting clearly and transparently.

Sustainability must be at the center of any impact model. As was highlighted before, it is the new metric of progress for human societies. Weybrecht (2017) argues that "sustainability provides a unique opportunity for management education, and should be seen as such," but that "business schools are still, to a certain degree hiding undisturbed behind closed doors and, despite being crucial in the implementation of the SDGs, have not yet been as engaged as they could, and need to be" (p. 85). She continues that "business schools have a responsibility to translate this important global plan into something that resonates with their community. This can then be used to mobilize support internally, to coordinate curriculum, research, and operations on campus.... The opportunity is there for business schools to use these terms to bring people, ideas, and research together, not to separate them. But beyond having a positive impact through teaching and research, the SDGs provide another opportunity for business schools who are able and willing to engage; that of being a true driver and enabler of change" (p. 85).

The Principles for Responsible Management Education (PRME) initiative provides an important community for business school engagement with responsible management. In 2007, the UN Global Compact launched the PRME, an initiative to ready tomorrow's business leaders in the quest for sustainable business. PRME engages business schools as signatories, promotes collaborative activities, and emphasizes reporting through the Sharing in Progress reports (Haertle et al., 2017). Perry and Win (2013) report that the initiative is perceived as having a limited impact within the partner schools and "is gaining support based on activity that is already occurring and because it supports the school's accreditation" (p. 58). In 2015, PRME espoused the SDGs, and in 2019, PRME launched the SDGs Dashboard, a data-reporting platform noting business schools' contributions to the goals.

One challenge to the use of PRME as an impact framework is that it ignores two crucial elements of the business school as an organization. First, school policies are an essential element of their contribution to the SDGs. Diversity and inclusion in human resources and faculty policies and, more importantly, in admissions are critical elements of the SDGs. Second, business schools must also be accountable for the environmental impact of their operations. Hence, an extended PRME framework provides an exciting roadmap for defining a business school's impact model.

C. Transforming the Business School – Part II: Opening Up

Although business schools have been apt at opening among themselves, with a multitude of collaboration in joint degrees, international networks, and exchange agreements, opening to external stakeholders has proven more challenging. Hawawini (2005) proposed a change in business schools' governance to include alumni and corporate sponsors in the search to attract additional funding through fundraising campaigns. We must open beyond this.

The future of business schools is to become platforms of community engagement, where alumni, corporate partners, and other stakeholders in civil society committed to a sustainable future join the work of developing the leaders for that future. In the era of crowdfunding and digital platforms, business schools can attract the human energy and financial resources that share that common purpose. This would be the ultimate test of their legitimacy.

Engagement is critical to business school innovation. Shenton and Kalika (2017) argue that business schools committed to impact quickly understand these partnerships' importance. Cross-stakeholder partnerships will enable business schools to take advantage of external partners' experience and insight to co-create and co-deliver skills and understanding. It takes a cross-fertilizing effort to develop knowledge and talent that are impactful, as the analytical might of academia meets the experience and case studies of those on the front line of action. These partnerships will also provide resources that many business schools desperately need, as a result of being chronically underfunded by state budget constraints and growing social inequality, as suggested by Hawawini (2005).

Another dimension of openness involves expanding the traditional list of stakeholders. As discussed before, the focus on business instead of management has drawn business schools away from governments and nonprofits. The upshot is that in many nations, the managerial capabilities of these two institutions have not caught up. Yet, nonprofits and governments are a fundamental element of twenty-first-century capitalism. Social innovation has endowed nonprofits with an uncanny ability to understand new markets' challenges and opportunities. Partnerships with nonprofits are a pivotal part of the SDGs, but they are fraught with communication challenges and mistrust. Sharing an educational journey would go a long way in facilitating an exploration of the complementarities among these stakeholders, as suggested by Gates (2021).

Finally, the third dimension of openness is interdisciplinarity. One of the harmful effects of the development of science was the specialization into silos of knowledge that ignore adjacent scientific areas. It is clear today that such specialization is counterproductive and that responding to our century's challenges requires collaboration between different knowledge areas. As mentioned before, delivering the skills of the future requires convergence with science and technology, on the one hand, and international relations, politics, and history, on the other hand. Interdisciplinarity is a challenging exercise in collaboration because it requires learning a new language and humbly accepting different versions of the truth. It requires unlearning many established paradigms to relearn new ones. Such an attitude is uncanny to academics' mindset. Some of this effort will require leadership to foster interdisciplinary centers.

D. Resistance to Change

The pressure to open up has been on the agenda for nearly a decade now. Accreditation agencies, such as EFMD and AACSB, have been at the forefront, adjusting standards and spreading best practices. Stiff resistance comes from two sources: the governance model and the business model.

The first source of resistance is the collegial governance model and the career-management system of faculty. Academic freedom, job security, and collegiality emerged to promote boldness and freedom of thought and are the hallmark of university governance. However, they have become barriers to change because incumbent faculty's intrinsic biases and self-interest can block change. Given that the

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peer-review and editorial system in research journals is in a close loop with faculty, the system becomes impenetrable. Moreover, because mobility and outside options matter more for faculty careers than internal recognition and rewards, especially for untenured faculty, any behavior change must come from collective action among the leading schools in the system.

The second source of resistance is the market-driven business model, where students' tuition covers costs. Government funding has declined in most countries, and tuition levels have skyrocketed, threatening the returns from a business degree in many regions of the world (Wilson and Thomas, 2012). This has undermined the contribution of business schools to social mobility. One drawback is the transfer of rents from students to faculty as schools use the escalating tuition costs to compete for faculty, raising wages and, therefore, their cost structure.

More importantly, this business model slows innovation and change. Cornuel and Hommel (2015) identify five potential barriers to responsible management education (RME): student preferences, the challenge of delivering it online, the intellectual fuzziness of the concept, the standardization of teaching models, and the pressure from rankings. According to Dyllick (2015), business students are more focused on an attractive, well-paid future career than those in other majors. He also reports that business majors are less likely to discuss ideas outside class or read books, according to the National Survey of Student Engagement. Hence, business school rankings focused on salary progression have become the centerpiece of student recruitment and a barrier to change and innovation because innovations that risk rankings, standardization, or employability threaten survival (Khurana, 2007; Wilson and Thomas, 2012). Cornuel and Hommel (2015) conclude that unless companies change their business and recruitment strategies and the intellectual underpinnings of modern management adjust, business schools will continue to focus on graduates' short-term returns.

However, Generation Z, which will sustain business schools in the coming decade, shows a much stronger commitment to sustainability. In a survey of the incoming class of master's students at Nova School of Business and Economics (SBE) in 2019, 87 percent wanted their studies to help them learn how they could positively affect the world, and 90 percent agreed that universities should actively incorporate and promote learning for sustainable development. The times seem to be changing.

In the end, business schools will have to answer to society, and competition will demand change. The experience of Nova SBE serves to illustrate. The fundamental motivation for our openness to civil society entities and the focus of our mission on impact comes from international competitive pressure. Our openness and commitment to impact attract students who join us from all corners of the world. They are our mission of sustainable impact and our livelihood in a shared-value approach. In this sense, greater competition on openness and impact criteria will be a relentless force for transformation. For example, the Research Excellence Framework and the Teaching Excellence Framework in the UK impose a demonstration of impact on universities' public funding.

E. A Not-So-Digital Future

The drive for more openness, innovation, and impact to live up to the responsibility to develop institutions, knowledge, and skills for a sustainable future coincides with the effects of technology and globalization on our sector. These effects have been felt for a couple of decades now. The international flow of students and faculty and the threat from nimble digital players enhanced the competitive stress. As we reform for collective legitimacy, we must adjust for individual survival.

Fortunately (or unfortunately), business schools have proven more apt to respond to the competitive challenge than to the legitimacy challenge. They answered incredibly well to the challenge of internationalization. Student exchange and faculty mobility skyrocketed early in the century, promoted by European Union financing, the globalization of business and trade, and the swift adherence to English as a shared language. Here, business schools were quickly ahead of the rest of their host universities.

Meanwhile, the much-feared disruption by digital entrants proved elusive. Students continued to prefer to travel to facilities where they would share an enriching exchange of body warmth and nonverbal communication, at the same time that they shared ideas. In 2020, the COVID-19 pandemic forced billions to learn from home and might be a turning point. However, an early indication is that students are yearning to head back to campuses, even if they acknowledge the value of using asynchronous, video-based learning for parts of the learning process. In surveys of students at Nova SBE during the COVID-19 pandemic, 50 percent of students preferred a fully presential model, 45 percent favored a blended model, and less than 5 percent selected a fully online model, even if the pandemic created health risks from attending presential classes. Moreover, the ineffectiveness of monitoring technologies has undermined online evaluation's credibility, challenging the move to online degrees. In our surveys, only 34 percent of students considered online assessment to be honest and fair, and only 38 percent believed that it effectively evaluates learning.

The upshot will be the generalization of blended-learning, flipped-classroom models, where digital will complement but not replace the warmth of campus life. The Netflix moment never came. Business schools will not hollow out like movie theaters and bookstores did. This is good news for business schools that have invested heavily in first-rate facilities, which will remain a source of competitive strength instead of a legacy burden in the digital age's competitive struggle.

The digital transformation will nevertheless change business schools in alternative ways. Artificial intelligence and the data revolution of this decade, which is rippling across sectors, will, from my perspective, have more dramatic effects than the digital, internet-based revolution of the first two decades of the century. Klutka and colleagues (2018) argue that artificial intelligence will affect student acquisition and student affairs, help instructors grade, and supply struggling students with the resources they need to succeed. In the future, this could free up faculty members to oversee large classes while still engaging with students on a deeper level.

V. Conclusion

By 2005, Cornuel (2005) and Hawawini (2005) confirmed the legitimacy of business schools for the value they were creating for their stakeholders and painted an optimistic scenario for their future. Yet, more than 15 years later, as EFMD celebrates 50, business schools' legitimacy is a matter of heated debate. For some, they are irrelevant. For others, they are villains for their role in the expansion of neoliberalism after the 1980s. For most, they have expanded the corporate world's managerial talent, although they should adjust some of their insights.

I have argued that business schools should focus on the future as they seek to reestablish their legitimacy. The underlying economic context has changed much over the last 15 years as a result of the accelerated changes brought about by globalization, technology, and sustainability. We must redesign our institutions, knowledge, and skills to restore society to a path of shared and stable prosperity. Engaging in this redesign is an opportunity and a responsibility for business schools. It is a crucial element of their license to operate and their accountability to their students.

However, before we redesign the institutions, knowledge, and skills that frame our society, business schools must redesign themselves. An unwavering commitment to bringing sustainable impact to the core of the mission, strategy, and accountability is a priority. The other is opening to deep engagement with external stakeholders, including business, nonprofits, and government, and an interdisciplinary approach that bridges politics, science, law, technology, history, and international relations to the core finance and economics areas. Such internal redesign is not an easy task for business school deans, who often face business and governance models highly resistant to change. The art of change management has been studied at length and depends essentially on leadership. The urgency of the change ahead of us should inspire the deans of the future.

The good news is that the COVID-19 crisis has clarified that the digital transition will not hollow out business schools like it emptied movie theaters and record stores before, soothing fears of disruption. This realization heeds the vital lesson that our schools' essence is the knowledge sharing, social experience, and shared purpose students find on our campuses. That is the same human essence that sustains communities and provides purpose to human beings in the perennial tension between the individual and the group (Collier, 2018). The preservation of our communities' human essence should be the inspiration for what we teach and research for the sake of our future.

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