



**RETHINKING PROGRESS:  
LEADERSHIP, SUSTAINABILITY,  
AND INNOVATION  
IN A CHANGING WORLD**

Impact Papers Digest 2025







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## FOREWORD

# Rethinking Progress: **Leadership, Sustainability, and Innovation** in a Changing World

The global challenges of today—climate crises, technological disruptions, and socio-economic inequalities—require a fundamental shift in how we lead, innovate, and collaborate. Leadership now demands not only a capacity to navigate complexity but also a commitment to create meaningful and measurable change.



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This fifth edition of the ESCP Impact Papers is a response to these pressing needs. It brings together diverse perspectives and actionable insights, providing a roadmap for tackling the intersections of sustainability, innovation, and global leadership. At its core, this collection is guided by ESCP's **LIGHTS** framework: **Leadership, Innovation and Entrepreneurship, Geopolitics, Human Well-being, Technology, and Sustainability**.

The **LIGHTS** framework represents ESCP's strategic research axes and is embodied by the creation of dedicated research institutes. These institutes serve as platforms to connect academic expertise with the world beyond academia, fostering collaboration with external stakeholders in business, policy, and civil society. They play a crucial role in ensuring that research contributes to practical solutions, shaping the way industries and policymakers address global challenges. As a business school, ESCP has a responsibility to engage with this transformative period, driving the knowledge and leadership needed for a sustainable and equitable future.

Each axis of **LIGHTS** reflects a key dimension of the transformation we aim to foster:

- **Leadership** demands visionaries capable of uniting diverse perspectives and driving collective action.

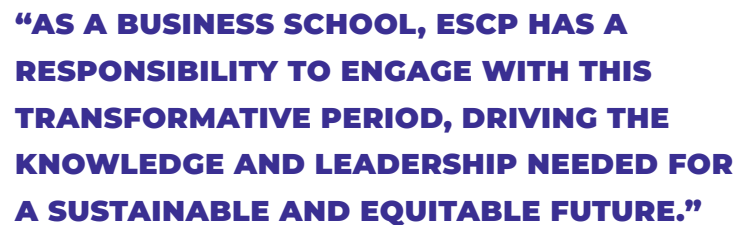
- **Innovation and Entrepreneurship** focus on developing solutions that are both effective and equitable, ensuring progress is aligned with broader societal needs.
- **Geopolitics and Business** highlight the increasing interdependence between economic strategy and global policy.
- **Human Well-being** emphasises the importance of placing individuals at the center of decisions related to work, health, and inclusion.
- **Technology and Deep Tech** stress the necessity of governing technological advancements responsibly, ensuring they contribute positively to society.
- **Sustainability** reinforces the urgency of harmonising business practices with ecological constraints.

By aligning these research priorities with real-world challenges, ESCP underscores its commitment to fostering meaningful impact. The **LIGHTS** framework provides a structured approach to bridging academia and business, enabling a collective response to complex global issues.

### **Sustainability and Innovation: A Strategic Imperative**

This edition highlights how businesses, policymakers, and individuals can work together to confront ecological and technological challenges. European leadership in climate





**“AS A BUSINESS SCHOOL, ESCP HAS A RESPONSIBILITY TO ENGAGE WITH THIS TRANSFORMATIVE PERIOD, DRIVING THE KNOWLEDGE AND LEADERSHIP NEEDED FOR A SUSTAINABLE AND EQUITABLE FUTURE.”**

action is critical, capable of transforming diversity into strength and positioning climate initiatives as a unifying force. Economic models must evolve to ensure businesses thrive while respecting ecological limits. Rather than replacing human capability, AI must be harnessed as a tool to augment creativity and decision-making. At the same time, clear governance structures are necessary to ensure AI is developed and deployed ethically and with accountability.

Innovation is not merely about technological adoption; it is about ensuring that progress serves a greater purpose. A responsible approach to innovation requires balancing ambition with accountability, ensuring that new developments contribute to sustainability and societal well-being.

### **Leadership and Strategy in a Global Context**

Leaders today must navigate the complexities of globalisation while addressing the ethical considerations posed by emerging technologies. The evolving career trajectories of European business elites illustrate how globalisation has opened new pathways to leadership while maintaining distinct national traditions. Cross-cultural competence and international mobility are increasingly vital for leaders operating in interconnected but culturally diverse environments.

Uncertainty is now a defining feature of strategic decision-making. Traditional methods of managing risk are insufficient in a world where predictable but undesirable futures are emerging. Creative frameworks such as **Art Thinking** provide leaders with the tools to break free from entrenched patterns of thought and cultivate imaginative solutions. Additionally, rapid advancements in artificial intelligence present both opportunities and challenges. Business education must evolve to prepare future leaders to address not only the technical aspects of AI but also its ethical and societal implications. An interdisciplinary approach—one that integrates philosophy, critical thinking, and strategy—is essential to equip leaders with the ability to balance innovation with responsibility.

These perspectives collectively highlight the need for leadership that embraces adaptability, creativity, and ethical responsibility in navigating an increasingly complex global landscape.

### **From Ideas to Action**

The **ESCP Impact Papers** have always been more than a collection of academic reflections; they serve as a catalyst for meaningful change. This edition reflects the strength of ESCP's community, where diverse expertise comes together to address real-world challenges. ■





A photograph of a wind farm at sunset. The sun is low on the horizon, creating a warm, golden glow. Several wind turbines are visible, with the one in the foreground being the most prominent. The blades are blurred, suggesting they are spinning. The foreground shows green grass, also slightly blurred.

# SUSTAINABILITY AND CLIMATE LEADERSHIP



# EUROPE MUST LEAD THE CLIMATE FIGHT: FROM PEACE PROJECT TO ENVIRONMENTAL PIONEER

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Former French Prime Minister **Jean-Pierre Raffarin** shares insights on European leadership and argues that the continent's next great mission lies in spearheading the battle against climate change. Drawing from five decades of political experience, he outlines how Europe can transform its complexities into strengths.

As a former Prime Minister of France with five decades in politics, I've witnessed how European leadership has evolved. Today, I'm convinced that Europe's next great mission—perhaps its most crucial yet—lies in spearheading the global fight against climate change.

European leadership has always been distinct from its American and Chinese counterparts. I learned this firsthand, from my early days as a student leader at ESCP Business School through my years in government. While Americans teach leadership as a technical skill and Chinese leaders traditionally operate from behind the scenes, we Europeans embrace complexity. Leadership isn't just about having a vision—it's about finding the right path to that vision while bringing others along.

Our initial European mission was clear: ensuring peace after centuries of conflict. We succeeded, then evolved to create the world's largest regulated market. But today's world demands something more. We're no longer in an era of regulation but one of power relationships. While the BRICS nations flex their muscles and the G7 responds, Europe's economic strength alone isn't enough. We need a cause that can mobilise our diverse populations and command global respect.

I believe climate change presents this opportunity. Throughout my diplomatic career, I've observed how the world fragments along

political, economic, and cultural lines. Yet environmental concern unites young people globally. Whether in Singapore, Shanghai, Bangalore, San Francisco, or my home region of Poitou, young people share this fundamental concern for our planet's future.

## **Leveraging European Complexity for Climate Action**

This represents a profound shift in how we think about protecting humanity. My generation focused on individual rights and institutional frameworks. Today's youth understand that human survival depends first on planetary survival. Europe, having hosted crucial climate negotiations, is uniquely positioned to lead this fight. The Paris Agreement, negotiated and signed in Europe, stands as a testament to our potential to unite nations around shared environmental goals. Yet, it is not enough to have facilitated agreements—we must now lead by example.

Success requires leveraging, not simplifying, European complexity. We shouldn't seek a single European leader—that would contradict our democratic values. Instead, we must demonstrate how diverse nations can unite for a common cause. During my years working with leaders like Helmut Kohl, Angela Merkel, and Nicolas Sarkozy, I've seen how European leadership balances strength with consideration for others, power with democratic accountability. We must show that



**Jean-Pierre Raffarin**  
Former French Prime Minister



our diversity, often viewed as a weakness, can be a strength when addressing global challenges.

This diversity must extend beyond governments to all levels of civil society. We need to engage the voices of minorities and marginalised communities. In fifty years of political life, I've never seen a meeting where Germans, Israelis, Brazilians, and Indians talk about making democracy better. Yet, when there's conflict, women—often best suited for mediation and resolution—play minimal roles in negotiations. This must change. Climate leadership should be inclusive, bringing together voices from every corner of society to ensure that solutions are equitable and sustainable.

Our model of leadership through consensus-building, often criticised as slow and cumbersome, may prove perfect for addressing climate change. Environmental challenges require exactly what Europe does best: bringing diverse stakeholders together, balancing competing interests, and working toward long-term goals. The very complexity of our leadership approach mirrors the intricacy of the climate crisis itself.

### **Climate Leadership Rooted in Action and Accountability**

For Europe to succeed as a climate leader, we must first rebuild faith in democratic processes. A democracy made for citizens, but in which citizens don't participate, is fragile. This means creating new forums for international democratic cooperation and engaging young people in decision-making. We must ask ourselves: How can we make democracies more resilient? How can we inspire greater participation? These are fundamental questions if Europe is to lead by example.

The consensus around climate action offers Europe its next great purpose. When Xi Jinping signed the Paris Agreement and Biden rejoined after Trump's withdrawal, it showed areas where global agreement is possible. By leading this fight, Europe can show how our complex, consensus-building approach might be exactly what the world needs to address global challenges. But leading this fight also means being unwavering in our commitment. We must invest in green technologies, set ambitious targets, and hold ourselves accountable for meeting them.

There is also an urgent need to reframe our narrative around climate change. This is not merely an environmental issue; it is a human

issue. Climate change threatens lives, livelihoods, and the very fabric of our societies. By positioning Europe as a global role model in tackling these threats, we can inspire respect and cooperation from nations worldwide. Young people, especially, must see Europe as the continent that understands their concerns and is willing to act decisively on their behalf.

**“CLIMATE CHANGE THREATENS LIVES, LIVELIHOODS, AND THE VERY FABRIC OF OUR SOCIETIES. BY POSITIONING EUROPE AS A GLOBAL ROLE MODEL IN TACKLING THESE THREATS, WE CAN INSPIRE RESPECT AND COOPERATION FROM NATIONS WORLDWIDE.”**

This vision of leadership must be rooted in action. We should be the continent that not only hosts climate summits but also implements the most effective policies. From renewable energy initiatives to reforestation projects, Europe must demonstrate what is possible when nations work together. Our success will hinge on our ability to integrate innovation with tradition, pragmatism with idealism, and urgency with foresight.

### **Europe's Path to Climate Justice**

In this mission, we must also confront uncomfortable truths. Europe's past contributions to global emissions demand accountability and responsibility.

Our leadership must include supporting developing nations as they navigate the transition to sustainable economies. This means financial assistance, technology sharing, and collaborative partnerships. Climate justice must be central to our strategy, ensuring that no nation is left behind.

Europe's path forward on climate leadership is clear. By embracing our diversity, fostering consensus, and leading through action, we can set a powerful example for the rest of the world. If we commit to this path with determination and inclusivity, Europe can secure its future while building a more sustainable and cooperative global community. ■

### **Key Takeaways**

- European leadership uniquely combines democratic accountability with strategic vision.
- Climate change offers Europe a new unifying purpose beyond peace and markets.
- Young people globally share environmental concerns, creating opportunities for leadership.
- Europe's consensus-building approach suits environmental challenges.
- Success requires engaging all of civil society, especially youth and women.
- Europe's leadership must be rooted in action, accountability, and justice, demonstrating what is possible when nations unite for a common cause.

# DEGROWTH IN PRACTICE: HOW EUROPEAN BUSINESSES CAN CREATE VALUE WITHIN PLANETARY BOUNDARIES



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Researchers **Tobias Froese**, **Florian Lüdeke-Freund**, and **Markus Richter** from ESCP Business School and **Florian Hofmann** from the Institute for Ecological Economy Research (IÖW) examine how businesses can thrive by respecting planetary boundaries and claims to social justice and participation. Their research reveals practical patterns for organisations to create value in line with degrowth values, challenging traditional assumptions about business success.

Understanding what we mean by ‘value’ is critical to building truly sustainable business models. Consider a simple cup of coffee: when we talk about its value, we can refer to its market price, but also to the ethical and environmental principles that guide its production. As the late anthropologist David Graeber noted, we use the same word – ‘value’ – to describe both economic worth and moral principles. This is no linguistic coincidence. Every definition of value is inherently political and normative, reflecting assumptions about what should be prioritised in society. These priorities may encompass values like affordability, fairness, sustainability, or collective well-being.

This broader perspective on value is especially relevant in the context of *degrowth* - an approach that calls for a “*planned and democratic reduction in material and energy throughput in over-consuming nations with the intent of respecting planetary boundaries while improving wellbeing and global justice*” (Hickel, 2020). Recent research shows why such a transformation is urgent. While Europe's green growth strategies show some success in reducing CO2 emissions and maintaining GDP growth, the pace is far too slow. At current rates, it would take over 220 years to reduce emissions by 95%, vastly exceeding our

carbon budget under the Paris Agreement (Vogel & Hickel, 2023). Meanwhile, humanity has already crossed six out of nine planetary boundaries, from biodiversity loss to chemical pollution (Richardson et al., 2023).

## A Values-Based Framework for Reimagining Value Creation

Our research identifies thirty-nine specific, repeatable patterns that indicate how businesses can create value by respecting ecological and social values. These 'degrowth business model patterns' can serve as practical blueprints for organisational design. Each pattern addresses common challenges in implementing degrowth principles, offering tested solutions that can be adapted across different contexts and sectors. The patterns are built around three core values:

- **Ecological sustainability:** Ensuring that resources are maintained and planetary boundaries are respected.
- **Equality:** Promotion of fairly distributed access to value propositions such as particular resources, opportunities, or services.
- **Participation:** Involvement of all relevant stakeholders in democratic governance.

These values take concrete form through specific business model patterns. Here's how organisations are implementing them:



**“FOR EUROPEAN BUSINESS LEADERS, A DEGROWTH-ORIENTED TRANSFORMATION DEMANDS MORE THAN REDUCING ENVIRONMENTAL IMPACT. IT REQUIRES A FUNDAMENTAL RE-EVALUATION OF VALUE CREATION, PLACING ECOLOGICAL SUSTAINABILITY, SOCIAL EQUALITY, AND PARTICIPATORY GOVERNANCE AT THE HEART OF SUCCESSFUL BUSINESS MODELS”**

### 1. First value - Ecological Sustainability:

Community-supported agriculture (CSA) arrangements illustrate how businesses can reconnect ecological priorities with value creation. In a CSA pattern, local citizens pay organic farmers a fixed yearly amount regardless of harvest yields. This reduces economic pressures and fundamentally changes how food production relates to ecological systems. Instead of maximising short-term yields through intensive farming, farmers can value and create soil health, biodiversity, and long-term environmental resilience.

### 2. Second value - Equality:

The Bike Kitchen in Malmö exemplifies how businesses can promote resource equality. This workshop operates on a 'cross-subsidising' pattern: By offering specialised repair courses for middle-income customers, it generates enough revenue to subsidise workshop access for low-income community members. Thus, rather than treating value as merely transactional, this model redistributes resources so that sustainable transport solutions are broadly accessible.

### 3. Third value - Participation:

In Istanbul, 34 fishing cooperatives with 2,500 fishermen demonstrate a pattern of how democratic participation can work at scale. Instead of competing for declining fish stocks, these cooperatives share knowledge about sustainable fishing practices, make collective decisions about resource management, and ensure fair distribution of catches. This network has transformed traditional competition into democratic collaboration for ecological preservation and community benefits.

These examples demonstrate how degrowth values and degrowth business model patterns can help organisations to reimagine value creation and transform their business models. Central to these transformations is a commitment to participatory, inclusive governance as well as the maintenance and fair distribution of resources.

Community-supported farms don't just sell food; they create collaborative producer-consumer networks supporting local ecosystems. The Bike Kitchen doesn't just repair bicycles; it redistributes resources to foster resource equity. The fishing cooperatives don't just catch fish; they use collective governance to sustain both livelihoods and natural resources.

### The Path Forward

For European business leaders, a degrowth-oriented transformation demands more than reducing environmental impact. It requires a *fundamental re-evaluation of value creation*, placing ecological sustainability, social equality, and participatory governance at the heart of successful business models. The presented research shows this shift is already happening through practical innovations across Europe and beyond. These innovations are not just isolated experiments, they present patterns that can be adapted across sectors and scales. With planetary boundaries increasingly being crossed and social foundations being undercut, the challenge and question now is how quickly European businesses can implement degrowth business model patterns for value creation within planetary boundaries. ■

### Key Takeaways

- Europe's current green growth strategies are too slow to meet environmental challenges in time.
- Definitions of 'value' reflect societal decisions about what to prioritise, not just market prices.
- Three core values of degrowth are ecological sustainability, equality, and participation.
- Innovative organisations across Europe and beyond demonstrate viable paths to degrowth-oriented business.
- **Degrowth-oriented value creation in a nutshell:** Value creation in the sense of degrowth means enabling fair access to sustainable value propositions while maintaining resources and implementing participatory governance.

# THE BIG BANG IN EU SUSTAINABILITY REPORTING: WHAT BUSINESS NEEDS TO KNOW



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**Christopher Hossfeld, Anne Le Manh, Martin Schmidt, and Francesco Venuti, professors of Financial Reporting and Audit at ESCP Business School, analyse Europe’s most ambitious overhaul of corporate sustainability reporting to date. Their analysis reveals how these sweeping changes will affect thousands of companies and warns of potential unintended consequences for small and medium enterprises.**



**Anne Le Manh**  
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Imagine having to track and report every significant environmental impact your business makes - from carbon emissions and effect on biodiversity to social impact. That’s exactly what thousands of European companies are about to face.

## The Scope and Challenges of the CSRD

The changes to the EU Accounting Directive introduced by the [Corporate Sustainability Reporting Directive \(CSRD\)](#) in January 2023 represent the EU’s most significant transformation of corporate reporting requirements. Its scope is unprecedented: from 11,700 companies today, nearly 50,000 businesses will soon need to publish detailed sustainability reports in accordance with the new European Sustainability Reporting Standards (ESRS).

stream and downstream, from the first suppliers to the final consumer.

For large corporations, implementing these requirements means significant investment in new reporting systems and expertise, as well as a change of mindset and approach. The challenge is even more pronounced for small and medium-sized enterprises (SMEs). While the EU has developed a “lighter” version of the standards for listed SMEs (ESRS LSME), it still requires tracking approximately 300 data points (according to the current status of the consultations in December 2024) — a substantial challenge for organisations with limited resources.

## The Ripple Effects on SMEs and Market Pressures

The ripple effects of these regulations extend beyond directly affected companies. Many SMEs in the supply chains of larger companies will face pressure to provide sustainability data, even if they’re not legally required to report. While the EU attempted to prevent this through a “value chain cap” — limiting what large companies can demand from smaller suppliers in their supply chains -, market forces may override these protections.

The implementation timeline reflects this complexity. Large public-interest companies must begin reporting in 2025 (for the year 2024), followed by other large companies in 2026 (for the year 2025), listed SMEs in 2027 (for



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These standards introduce a fundamental shift in how companies report about E (environment), S (social) and G (governance) issues. The ESRS framework includes over 1,000 disclosure items, of which 823 are mandatory. Companies must now apply the concept of “double materiality” - reporting both how sustainability issues affect their business and how their operations impact society and the environment, which require comprehensive data collection across ESG dimensions, backed by rigorous stakeholder engagement and expert assessment. Additionally, the impact that has to be measured includes all the activities along the entire value chain, up-



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the year 2026, with an option to postpone until 2029 for the year 2028), and non-European companies by 2029 (for the year 2028). Each category of companies faces distinct requirements. While larger companies must comply with the full ESRS framework, listed SMEs can use the ESRS LSME - a simplified but still demanding set of standards. For unlisted SMEs, the voluntary VSME offers a modular approach, allowing companies to start with basic reporting and gradually add more complex disclosures.

What concerns most is how these requirements interact with market realities. Banks and investors are already adapting their practices - the European Banking Authority now requires sustainability risk assessment in lending decisions. This creates a “trickle-down effect” - where market pressures effectively mandate reporting beyond regulatory requirements. The consequence could be severe: smaller companies lacking the capacity to meet these de facto requirements might find their market

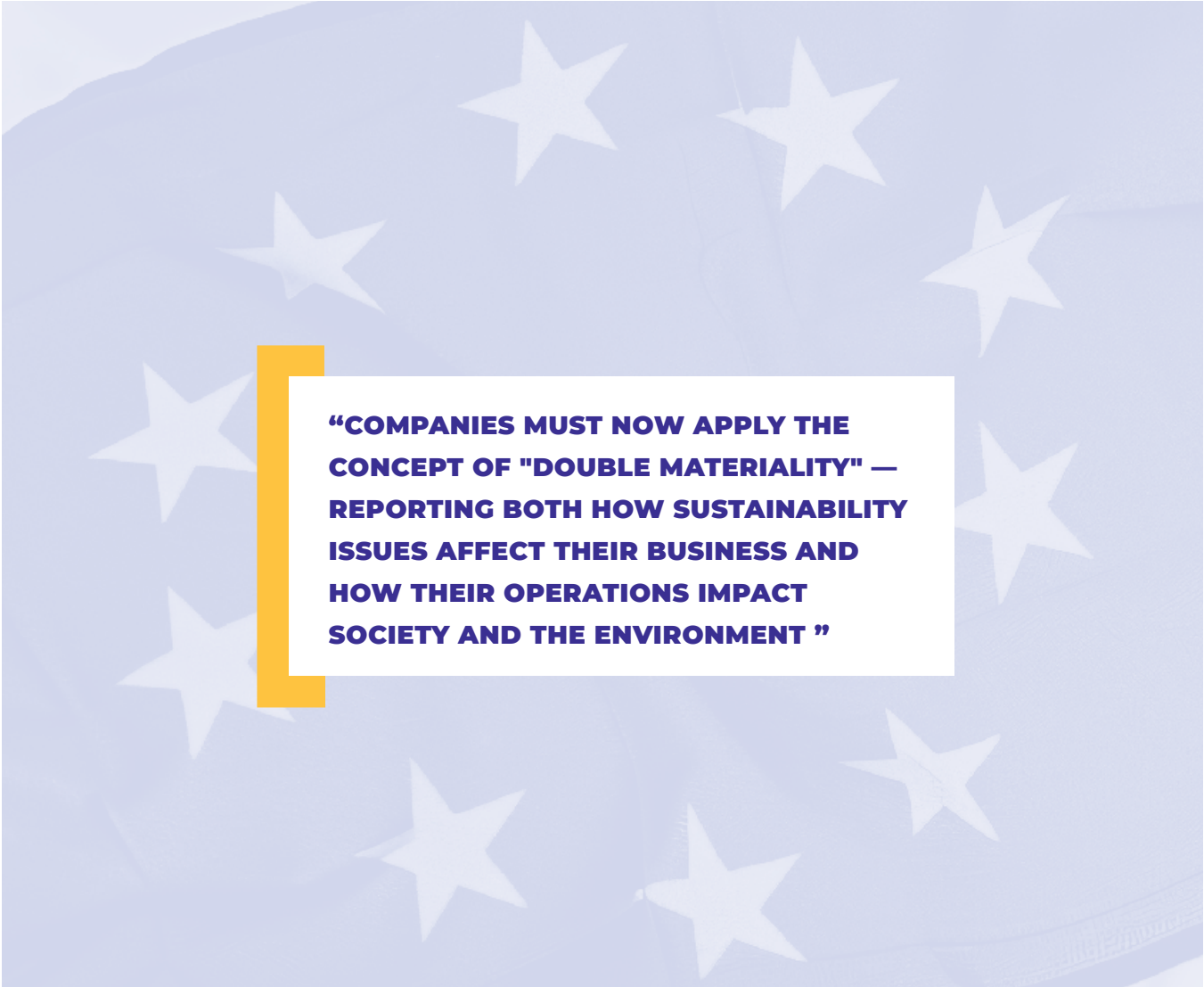
position weakened or even find themselves squeezed out of the market entirely - the opposite of what the EU envisioned.

### **Balancing Transparency and Competitiveness**

While these changes mark a significant step towards comprehensive and comparable sustainability reporting in the EU, our examination reveals both opportunities and challenges. The development of SME-specific standards shows consideration of different business circumstances, but their effectiveness remains to be seen. We believe ongoing dialogue between regulators, businesses, and stakeholders will be crucial to ensure that the implementation of the changes incorporated by the CSRD achieves its transparency goals while preserving the competitiveness of European SMEs - the backbone of the European economy. The success of this transformative regulation will ultimately depend on finding practical solutions that work for businesses of all sizes throughout the value chain. ■

### **Key Takeaways**

- New EU sustainability reporting requirements expand coverage from 11,700 to 50,000 companies.
- ESRS framework mandates comprehensive reporting across environmental, social, and governance dimensions.
- Market pressures may extend reporting requirements beyond legally mandated companies, putting SMEs at particular risk of market exclusion.
- Implementation timeline runs from 2025-2029, with varying requirements by company size.
- Success depends on balancing transparency goals with practical business capabilities.



**“COMPANIES MUST NOW APPLY THE CONCEPT OF “DOUBLE MATERIALITY” — REPORTING BOTH HOW SUSTAINABILITY ISSUES AFFECT THEIR BUSINESS AND HOW THEIR OPERATIONS IMPACT SOCIETY AND THE ENVIRONMENT ”**

# RETHINKING GREEN FINANCE: WHEN CENTRAL BANKS SUPPORT CLIMATE ACTION

ESCP Business School professors **Jérôme Creel** and **Gonçalo Pina** examine a controversial proposal: should central banks help governments finance climate initiatives? Their research explores how this approach, called “green fiscal dominance,” could work and what it might mean for the economy.

For decades, central banks have taken the lead in macroeconomic policymaking, focusing on keeping inflation in check. Fiscal policy, by contrast, often played a supporting role, constrained by borrowing costs and debt limits. But what if climate change requires a new playbook?

## A New Approach: Green Fiscal Dominance

The concept of “green fiscal dominance” flips the script. Governments would take the lead by issuing *green bonds* to fund renewable energy projects and sustainable infrastructure. Central banks would step in by purchasing some of these bonds, helping keep borrowing costs low and making climate investments more affordable.

Of course, there are trade-offs. Inflation risks could rise if central banks loosen their grip too much. But without bold financing strategies, many critical climate projects may remain out of reach. At its heart, this model tackles a major economic challenge: market failures. Traditional markets often ignore the hidden environmental costs of pollution and climate damage. Green fiscal policies—like subsidies for renewables or carbon taxes—help correct these failures and steer economies towards a sustainable future.

## Navigating Practical Challenges

This idea, while promising, isn’t without hurdles. One major concern is *greenwashing*—where money raised through green bonds gets misused or redirected to non-environmental projects. Because funds are fungible,

governments can claim green investments while using the money elsewhere.

The solution? Stronger accountability and transparency. Green bonds could be linked to measurable targets, like cutting emissions or increasing renewable energy output. Such state-contingent bonds would provide assurance that the money is driving real progress, though designing these instruments remains a complex task.

Another challenge lies in governance. Should green fiscal dominance be led at the national level, or does a European-wide approach make more sense? Climate change doesn’t respect borders. A centralised European strategy could deliver bigger results through economies of scale. Massive projects—like a pan-European renewable energy grid—are easier to fund and execute collectively than piecemeal efforts by individual nations. A unified market for green technology would also accelerate innovation and make sustainable solutions more affordable across the continent.

## Striking the Right Balance

The challenge is clear: how can we pursue bold climate action without sacrificing economic stability? Central bank independence has long been a pillar of economic confidence, anchoring inflation and protecting currencies. Green fiscal dominance challenges this, asking central banks to support expansive climate policies for the greater good. The benefits are significant. Climate investments become more feasible, green bond markets




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**“CENTRAL BANK INDEPENDENCE HAS LONG BEEN A PILLAR OF ECONOMIC CONFIDENCE, ANCHORING INFLATION AND PROTECTING CURRENCIES. GREEN FISCAL DOMINANCE CHALLENGES THIS, ASKING CENTRAL BANKS TO SUPPORT EXPANSIVE CLIMATE POLICIES FOR THE GREATER GOOD.”**

grow, and private investors gain confidence to follow suit. Crucially, central banks remain focused on enabling affordability, leaving democratically elected governments to decide on climate priorities.

But risks remain. Inflation could become harder to manage, and central banks may struggle to maintain credibility if seen as drifting from their core mission. Careful cost-benefit analysis and robust data are essential to navigate these trade-offs effectively.

### **Turning Ideas Into Action**

Making green fiscal dominance work requires preventing greenwashing. Rigorous frameworks must ensure funds are directed to measurable, impactful projects, not empty promises. Close cooperation between governments and central banks—historically independent actors—is also essential. Market neutrality poses another challenge. Traditionally, cen-

tral banks avoid favouring specific sectors, but sticking to “neutral” policies can inadvertently reinforce harmful outcomes, like propping up fossil fuel giants over green innovators. Green fiscal dominance resolves this by delegating investment choices to governments, while central banks ensure financial sustainability.

### **Conclusion: Bold Steps for a Bold Challenge**

Green fiscal dominance represents a significant shift, but extraordinary problems like climate change demand extraordinary solutions. By aligning fiscal leadership with central bank support, we can finance essential climate action while safeguarding economic stability. This isn’t about abandoning central bank independence—it’s about redefining collaboration for the common good. In a time of global crisis, innovative approaches like green fiscal dominance could be key to building a sustainable, resilient future. ■

### **Key Takeaways**

- Climate challenges may require rethinking traditional central bank dominance.
- Green fiscal dominance offers a way to finance essential climate projects.
- European-level coordination could improve effectiveness.
- Success requires balancing climate action with economic stability.
- New cooperation models between governments and central banks are needed.





# LEADERSHIP AND STRATEGY



# EUROPEAN STRATEGIC AUTONOMY: FROM ECONOMIC POLICY TO GEOPOLITICAL POWER

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**Maxime Lefebvre, diplomat, former Ambassador and Professor at ESCP Business School, examines how the European Union has developed its strategic autonomy in response to shifting global dynamics. His analysis reveals how geopolitical events have transformed both EU's political role and its economic policies.**

In 2019, Ursula von der Leyen's announcement of a "*geopolitical Commission*" marked a fundamental shift in European policy. The European Commission would no longer function solely as a technical body focused on the economy and trade—it was declaring itself ready to engage with global politics. At the same time, Emmanuel Macron's concept of "*European Sovereignty*," promoted since 2017, was gaining traction. These parallel developments soon converged in response to emerging global challenges.

## **Geopolitical Transformation: From Security to Expansion**

The war in Ukraine has fundamentally reshaped the organisation of the European continent. Russia's aggression dispelled hopes of building a European security architecture based on OSCE principles. NATO expanded to 32 members with the admission of Finland and Sweden, while a new European Political Community was launched in 2022, gathering 46 Member States of the Council of Europe, plus Kosovo. The EU has opened membership prospects for Ukraine, Moldova, and Georgia, potentially expanding to 36 members, including Western Balkan countries.

This geopolitical transformation has driven an equally significant economic shift. Originally limited to defence policy, the concept of strategic autonomy has evolved into a comprehensive economic strategy. The COVID-19 pandemic exposed vulnerabilities in global supply chains and European dependencies,

prompting a fundamental rethinking of industrial policy.

The EU has identified key strategic sectors requiring autonomy: defence, space, health, energy, digital technology, and raw materials, later expanded to include agriculture and microelectronics. This represents a departure from the neoliberal logic that prevailed since the 1980s, marking a turn toward active industrial policy, combining national state aid with European subsidies.

This new approach has yielded concrete results. Several European industrial projects have been launched in batteries, semiconductors, hydrogen, health, and digital cloud technology. In space, combined EU and national funding has supported projects like *Copernicus* for Earth observation and *Galileo* for satellite navigation. The forthcoming ISIR2 constellation will provide secured communications. The European Defence Fund, established in 2021, supports cooperative armament projects, while energy policy promotes renewables and nuclear power to reduce external dependencies.

## **Strategic Autonomy: Opportunities and Challenges for Businesses**

These developments unfold against a backdrop of increasing global fragmentation. The EU has classified Russia as an adversary and China as a "*systemic rival*," pursuing a strategy of "*derisking without decoupling*." This reflects a broader polarisation between West-



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ern powers and an emerging Russian-Chinese axis. However, this fragmentation extends beyond great power politics. While Western nations imposed sanctions on Russia, many countries in the Global South maintained neutrality.

Adding complexity is the return of Donald Trump to the U.S. presidency. His protectionist agenda, criticism of NATO burden-sharing, and willingness to impose tariffs could force Europe to reconsider its reliance on the transatlantic partnership. While Trump's first presidency disrupted global trade norms, it also catalysed European efforts to strengthen internal resilience—a dynamic likely to re-emerge as the EU navigates his potential second term.

For businesses, the EU's drive for strategic autonomy has significant implications. Geopolitical tensions affect traditional trade routes and supply chains, as demonstrated by conflicts in Ukraine and the Red Sea region. However, new frameworks and increased public support for domestic industrial development create opportunities. The trend towards "*friendshoring*"—strengthen-

ing trade relations with trusted partners—also presents opportunities for companies to adapt to a landscape where economic decisions increasingly intersect with geopolitical considerations.

Looking ahead, the EU faces numerous challenges. Politically, institutionally, and financially, it must prepare for potential enlargement while reinforcing its strategic autonomy. Strengthening innovation and competitiveness, as highlighted by the Draghi Report, will be essential. Sovereignty and strategic autonomy continue to overlap—not through centralisation of power, but through deeper cooperation aimed at enhancing European independence in a fragmented world.

The EU's transformation from an economic entity to a geopolitical actor remains incomplete. While economic initiatives have shown concrete progress, developing genuine geopolitical influence will require ongoing evolution. One thing is clear: the traditional division between economic and political spheres no longer applies—Europe's future depends on its ability to integrate both dimensions successfully. ■

## Key Takeaways

- Global crises have accelerated the EU's transformation from a technical body to a geopolitical actor.
- Strategic autonomy has evolved from a defence concept into a comprehensive economic strategy.
- Major industrial initiatives demonstrate the practical implementation of strategic autonomy.
- Global fragmentation creates both challenges and opportunities for European businesses.
- Future success depends on balancing political ambition with economic capability.

**“SOVEREIGNTY AND STRATEGIC AUTONOMY CONTINUE TO OVERLAP—NOT THROUGH CENTRALISATION OF POWER, BUT THROUGH DEEPER COOPERATION AIMED AT ENHANCING EUROPEAN INDEPENDENCE IN A FRAGMENTED WORLD.”**

# FROM VUCA TO PUCA: THE ART OF CREATING BETTER FUTURES

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ESCP Business School professors **Sylvain Bureau** and **Rand Gerges-Yammine**, with **Amy Whitaker** from New York University, examine how businesses can navigate an era where the probable has become unacceptable. Their research reveals why traditional management approaches are insufficient and proposes a new method based on artistic practices.



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In 1987, the U.S. Army War College coined the term VUCA—Volatile, Uncertain, Complex, Ambiguous—to describe a post-Cold War world where change was unpredictable yet manageable. Today, we face a different challenge: futures we can predict but are unwilling to accept.

## Understanding the PUCA Framework

We call this new reality PUCA—Probable, Unacceptable, Correlated, and Anticipated. Unlike VUCA's uncertain challenges that could be navigated back to normality, PUCA confronts us with highly likely but deeply undesirable outcomes.

In the 1990s, scientists accurately predicted declining snow cover in the Alps, threatening entire tourism economies. Similarly, research highlights rising rates of early-onset cancers, placing immense strain on healthcare systems worldwide. These are not uncertainties to manage—they are probable futures that demand fundamental transformation.

Each element of PUCA explains why traditional management approaches fall short. 'Probable' means we can model these futures with reasonable accuracy. 'Unacceptable' reflects the fact that these likely outcomes violate our values and aspirations. 'Correlated' indicates how these challenges interconnect through complex relationships. 'Anticipated' captures the psychological dread that can paralyse action.

## Art Thinking: A New Method for New Challenges

To navigate these challenges, we have developed Art Thinking—a method that helps teams create improbable solutions when probable futures become unacceptable. Based on a decade of research, we have formalised this approach into six key practices: donate, deviate, destroy, drift, dialogue, and display. Unlike traditional business strategies that focus on analysing existing data, Art Thinking embraces the artistic process of imagining entirely new possibilities.

We have tested this method through the *Improbable Seminar*, a workshop designed at ESCP Business School in collaboration with visual artist Pierre Tectin. Over ten years, working with executives across thirteen countries and institutions such as the Centre Pompidou and the Louvre Museum, we have seen consistent results: participants develop new ways of seeing and acting that transcend probable but unacceptable futures.

## From Individual Genius to Collective Creation

Art Thinking differs fundamentally from the myth of the lone artistic genius. It is a social process that can be learned and systematically applied. During the *Improbable Seminar*, executives create artworks not as an end in itself, but to acquire tools for addressing PUCA challenges: designing the improbable, questioning certainty, and maximising limited resources.



 **Key Takeaways**

- We have shifted from uncertainty (*VUCA*) to probable but unacceptable futures (*PUCA*).
- Art Thinking provides systematic methods for creating improbable solutions.
- Success requires social creativity rather than reliance on individual genius.
- Organisations must develop imaginative capabilities alongside analytical ones.
- The future is not fixed—even probable outcomes can be transformed.

**“AS FRENCH SOCIOLOGIST EDGAR MORIN NOTED, ‘THE POSSIBLE IS NOT THE CERTAIN.’ IN A PUCA WORLD, SUCCESS REQUIRES MORE THAN ANALYTICAL TOOLS OR COMPUTATIONAL MODELS. IT DEMANDS THE ABILITY TO IMAGINE AND CREATE ALTERNATIVES TO PROBABLE BUT UNACCEPTABLE FUTURES.”**

The method is particularly powerful because it tackles each aspect of PUCA directly. Where probability models highlight undesirable futures, Art Thinking opens new perspectives beyond predicted trajectories. While correlation-based algorithms reinforce existing patterns, artistic processes can break these connections and generate new possibilities. Most importantly, where anticipation breeds anxiety and inaction, creation fosters agency and hope.

As French sociologist Edgar Morin noted, *“the possible is not the certain.”* In a PUCA world, success requires more than analytical tools or computational models. It demands the ability to imagine and create alternatives to probable but unacceptable futures. By embracing Art Thinking, organisations can systematically develop this capability, turning artistic intelligence into a strategic resource for navigating our most pressing challenges. ■

# BUSINESS ELITES IN EUROPE: HAVE TOP MANAGERS' CAREER PATHS IN FRANCE, GERMANY AND THE UK BECOME ALIKE?

ESCP Business School Professor **Stefan Schmid** explores the evolving career trajectories of top executives across Europe's major economies—France, Germany, and the UK.

His in-depth research, carried out together with Professor Eric Davoine (ESCP Alumnus and now Professor at the Université de Fribourg, Switzerland), highlights how globalisation is reshaping the corporate leadership landscape, yet striking national patterns and traditions remain resilient.

## **The Path to Power: National Routes to the Top**

Want to climb to the top of a German DAX company? A PhD is your calling card—around 33% of German top managers hold one, a stark contrast to France and the UK. French leaders, however, often bring public sector experience—25% of CAC-40 CEOs have government or ministry backgrounds, an anomaly in Germany and Britain. Aspiring British top managers are more likely to hail from elite universities like Oxford and Cambridge, paralleling France's Grandes Écoles but diverging from Germany's meritocratic system that draws leaders from a diverse array of institutions.

Using data from 950 executive committee members across France's CAC-40, Germany's DAX-30, and Britain's FTSE-100 firms, we highlight how globalisation influences the C-suite, but also how deeply rooted national characteristics endure.

## **Global Convergence Meets Local Legacy**

Some career trends span national borders. The MBA, once synonymous with Anglo-Saxon education, is now a sought-after credential in French and German boardrooms as well. Likewise, international experience—

often in the United States—has become nearly indispensable, with top executives gaining early exposure to global markets. Consulting and audit firms such as McKinsey, BCG, and EY increasingly serve as proving grounds for future C-suite leaders in all three countries.

Yet, significant national differences persist. French executives frequently transition between industries and roles, showcasing the preference for generalist competencies. In Germany, a traditional in-house career trajectory still exists in some cases, though less so than in past decades.

Women's representation in the C-suite also varies widely, with Germany lagging behind at 15%, compared to 20% in France and 25% in Britain.

## **The Future of European Business Leadership**

We identify three transformative trends:

### **1. Diversified Career Paths**

Even within each country, multiple career patterns exist. Leaders increasingly forge unique pathways, relying on their specific combination of experiences (industry, functions and countries).



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## Key Takeaways

- National patterns in executive careers persist despite globalisation
- Each country maintains distinct paths to leadership positions
- Common trends include international experience and a rise in MBA degrees
- Future leaders need experience from other cultures
- Diversity in career paths is increasing within each country

**“WHILE GLOBALISATION PRESSURES PUSH TOWARD CONVERGENCE, NATIONAL INSTITUTIONS AND TRADITIONS CONTINUE TO SHAPE HOW FUTURE LEADERS ARE DEVELOPED AND SELECTED.”**

### 2. International Mobility as a Prerequisite

the next generation of leaders will require global exposure from an early stage, with experience extending beyond traditional powerhouses like the US to include emerging markets in Asia and beyond.

### 3. The Decline of the Lifelong Ladder

Career-long loyalty to a single firm, exemplified by leaders like Christian Klein of SAP, is becoming rare. Still, individuals who aspire to

reach the C-suite should not have too much of a career variety.

These changes reflect broader shifts in both business and society. While globalisation pressures push toward convergence, national institutions and traditions continue to shape how future leaders are developed and selected. The result is a uniquely European blend - unified enough to compete globally but diverse enough to maintain distinct national strengths. ■



# HUMAN RIGHTS IN SUPPLY CHAINS: BEYOND CORPORATE COMPLIANCE

ESCP Business School professor **Marc Oberhauser** and colleagues **Laura Kirste** (Friedrich-Alexander University) and **Hinrich Voss** (University of Bristol) examine how companies can better protect human rights in their global supply chains. Their research reveals practical solutions beyond legal compliance.



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When thousands of luxury cars from Volkswagen Group were stopped at US ports in February 2024, it highlighted a growing challenge for global business. The cars allegedly contained components made using forced labour from Uyghur minorities in China's Xinjiang province, where an estimated one million people have been detained in what China calls 're-education camps'. This incident joins a pattern of human rights violations in global supply chains, from the deadly collapse of Bangladesh's Rana Plaza factory in 2013 to recent revelations about forced labour in the construction of Qatar's World Cup facilities.

The growing awareness of these violations has sparked unprecedented regulatory action. The EU's new Corporate Sustainability Due Diligence Directive, passed in March 2024, requires large companies to monitor their supply chains for human rights abuses. The US Uyghur Forced Labor Prevention Act goes further, requiring companies to prove their products are not made with forced labour. Yet legal compliance alone cannot prevent exploitation when the problems are deeply systemic.

## Beyond Box-Ticking: Four Strategies for Real Change

Our research highlights four strategies companies can adopt to create ethical and sustainable supply chains:

### 1. Foster Genuine Partnerships

Building trust between buyers and suppliers is critical. Companies like *Unilever*, through its

"Partner with Purpose" programme, recognise the pressures suppliers face—whether cultural, institutional, or economic. Creating dialogue and understanding local challenges fosters collaboration that improves working conditions rather than simply enforcing rules from afar.

### 2. Empower Workers

Real change happens when workers themselves play a role in protecting their rights. *The Fair Food Program* proves how effective this can be: workers set standards, monitor conditions, and run complaint systems. This bottom-up approach prevents exploitation far better than traditional audits, though scaling such initiatives to other sectors remains a challenge.

### 3. Partner with Civil Society

Civil society organisations act as crucial intermediaries. Groups like *Fairtrade International* help workers voice concerns and provide companies with trusted, ground-level insights into conditions that corporate audits often miss. By collaborating with these organisations, companies can address human rights issues more effectively and build worker trust.

### 4. Challenge Power Imbalances

Transparency is key to tackling systemic issues. Brands like *ISTO* and *Asket* lead by publishing detailed cost breakdowns, exposing hidden price structures that allow powerful buyers to squeeze suppliers. Such transparency helps level the playing field, ensuring suppliers can negotiate fair terms without sacrificing workers' rights.

## The Cost of Inaction—and Signs of Progress

The scale of this challenge is immense. An estimated 28 million people work in vulnerable conditions globally - a number expected to rise by 17 million annually as economic inequalities and climate crises force more people to seek work in unfamiliar environments. The Qatar World Cup construction sites showed how this vulnerability enables exploitation: workers paid recruitment fees that trapped them in debt bondage, had their passports confiscated, and worked in dangerous conditions.

Yet change is possible. When the Rana Plaza disaster killed over 1,000 garment workers,

it sparked the Bangladesh Accord - a legally binding agreement between brands and unions that has significantly improved factory safety. Such examples show how combining worker empowerment, civil society oversight, and corporate accountability can create lasting change.

## The Path Forward

Building ethical supply chains requires moving beyond compliance to address root causes of exploitation. Success demands genuine commitment, sustained resources, and industry-wide collaboration to ensure human rights protection becomes as fundamental to business as financial performance. ■

### Key Takeaways

- Legal compliance alone is insufficient to address human rights violations.
- Stronger relationships between buyers and suppliers foster collaboration.
- Worker-driven initiatives and civil society partnerships are essential.
- Transparency is crucial for addressing systemic power imbalances.

**“AN ESTIMATED 28 MILLION PEOPLE WORK IN VULNERABLE CONDITIONS GLOBALLY – A NUMBER EXPECTED TO RISE BY 17 MILLION ANNUALLY AS ECONOMIC INEQUALITIES AND CLIMATE CRISES FORCE MORE PEOPLE TO SEEK WORK IN UNFAMILIAR ENVIRONMENTS.”**





A group of people in a meeting looking at documents on a table. The image is dominated by a blue color palette. In the foreground, a man with glasses and a beard is pointing at a document. To his right, a woman with dark hair is looking at the same document. In the background, another person is partially visible. The overall scene suggests a collaborative work environment.

# TECHNOLOGY AND INNOVATION



# BEYOND AUTOMATION: MAKING AI WORK FOR OUR FUTURE

AI is reshaping entire industries, with automation and augmentation both delivering clear benefits while provoking negative effects, such as security risks, job losses, and environmental impact. Navigating these trade-offs is not merely a technical issue but a matter of strategy and governance. **Louis-David Benyayer** and **Hao Zhong** offer a vision for the future of AI, pointing to key strategies for balancing technological progress with ethical considerations, inclusivity, and environmental sustainability.

AI's dramatic advances have reignited an age-old debate: Are machines here to take our jobs or to free us from tedious work? While this remains a topic of discussion, the reality with AI is more nuanced than just robots versus humans. Instead, we are exploring the best ways to use AI—sometimes to handle entire tasks and, at other times, to enhance human capabilities.

Let's examine these approaches. Automation refers to letting AI handle tasks entirely on its own. Consider how automated switchboards replaced telephone operators; this is now happening on a far larger scale with AI. For instance, the Swedish fintech company Klarna employs an AI assistant capable of performing the work of 700 customer service agents, potentially saving millions.

Augmentation, by contrast, focuses on enhancing human abilities rather than replacing people. This approach has proven particularly effective in sectors like healthcare and law. Doctors and judges, for example, use AI insights to inform their decisions, while retaining full control over outcomes, whether it's treating a patient or passing a sentence.

Augmentation, we believe, holds more promise for fostering a productive partnership between AI and human intelligence. However, as discussed in our paper for ESCP's *Key Future Challenges in Turbulent Times* series, this requires significant organisational changes.

## Automation vs. Augmentation: A No-Brainer?

Automation has sparked debates for decades. On one side, it is celebrated for improving efficiency and productivity. On the other, it raises concerns about job losses and the erosion of human expertise. With AI, however, the conversation becomes far more complex.

Why? Because AI does not simply execute tasks—it learns from data. This reliance on historical patterns means it can unintentionally reinforce biases embedded in the data it processes. Take hiring, for example: an AI trained on discriminatory practices could perpetuate those biases. Furthermore, algorithms lack the capacity to consider ethics or cultural nuances, making them unsuitable for decisions requiring empathy—such as legal rulings or disaster responses. In unpredictable situations, human adaptability often surpasses AI's rigid, pre-set programming. This is where augmentation—the collaboration between humans and AI—becomes transformative. By keeping humans involved, the limitations of automation can be mitigated, leveraging the strengths of both.

## Shaping the Future of Work with Augmentation

What does this human-AI partnership mean for the workplace? Quite a lot, actually.

Firstly, augmentation can enhance the quality of work. Imagine AI helping consultants sift through vast amounts of data to uncover pat-



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terns more efficiently than ever before. Firms like Boston Consulting Group have found that AI provides professionals with a significant competitive edge.

Secondly, augmentation could increase demand for skilled workers. Businesses will need employees to design, implement, and manage AI systems, thereby creating new roles and industries.

Finally, AI can alleviate work-related stress by handling repetitive tasks, allowing employees to focus on more meaningful, high-level challenges. This shift could unlock new growth opportunities, making roles not just more efficient but also more fulfilling.

### What's at Stake: Governance over Technical Challenges

If automation has shortcomings and augmentation offers clear benefits, isn't the choice obvious? Not entirely. Even augmentation presents challenges that require careful navigation.

Recent research on AI decision-making highlights three critical obstacles: poor data quality, weak governance, and inadequate training—often grouped under the term “AI opacity.” Consider healthcare as an example. Studies show that pairing AI with human expertise, such as radiologists using AI, hasn't always improved diagnostic accuracy. In some cases, AI alone performed better. This is often because doctors discounted AI's insights, either due to a lack of trust or because they didn't fully understand how the system worked.

For augmentation to succeed, it is essential that people have clarity about how AI systems are designed and operate. Proper training is equally important to ensure employees feel confident and informed. This makes augmentation not only a technical challenge but also one of trust and change management. Building reliable systems is vital, but so is equipping humans to work effectively alongside AI.

### Recommendations for Organisations and Public Policy

To address the challenges of AI and augmentation, we propose three key recommendations for businesses:

**1. Make strategic decisions about task allocation.** Companies must carefully identify which tasks are suited to automation, which require collaboration between humans and AI, and which should remain entirely human-driven. This is not merely a technical

decision—it is a strategic one that shapes job roles and workplace dynamics. For instance, using generative AI can shift employees' focus from creating content to refining it, fundamentally altering the nature of their work.

**2. Invest equally in technology and people.** AI is not a standalone solution—it requires skilled professionals who understand its strengths and limitations. Training employees to interpret and effectively utilise AI outputs is essential. Furthermore, fostering an AI-savvy organisational culture can unlock the technology's full potential.

**3. Engage stakeholders in discussions about AI use.** Companies should maintain transparency by discussing automation and augmentation plans with clients, partners, and unions. Clear communication around objectives—whether task performance or decision-making—is crucial. For instance, Hollywood studios and writers recently negotiated guidelines for AI use in screenwriting, demonstrating how collaboration with stakeholders can lead to balanced outcomes.

Beyond corporate boundaries, AI raises societal concerns about privacy, misinformation, and sustainability. Public policy has a vital role to play here. We recommend that European policymakers and civil society focus on three areas:

**1. Protect citizens from AI-related risks.** Existing regulations, such as the Cybersecurity Act and Data Governance Act, are a good start, but enforcement must keep pace with evolving technology. Regular updates will be required to address new risks.

**2. Prepare the workforce for AI's impact on jobs.** AI will reshape the labour market, necessitating reskilling and upskilling of workers. Policymakers should ensure regulations safeguard job quality while promoting job creation.

**3. Reduce AI's environmental footprint.** Training large AI models consumes enormous amounts of energy, contributing to carbon emissions. Investments in more efficient IT systems and strategies to counterbalance increased energy use will be critical.

Ultimately, addressing these challenges demands collaborative dialogue among policymakers, businesses, and the public. Only by working together can we harness AI's benefits while managing its risks. ■

### Key Takeaways

- **Strategic Task Allocation:** Identify tasks for automation, augmentation, or human oversight, balancing efficiency with sustainability.
- **Invest in Skills:** Train teams to work effectively with AI, building trust and informed decision-making.
- **Stakeholder Collaboration:** Foster transparency and dialogue with clients, partners, and unions to align on AI objectives.
- **Address Broader Impacts:** Prepare for workforce shifts, mitigate environmental effects, and ensure ethical AI use through proactive policies.



# HOW AI IS TURNING BUSINESS SUPERPOWERS INTO COMMON TOOLS

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Strategic resources that once built corporate empires are rapidly becoming commonplace tools, thanks to artificial intelligence. This transformation threatens established players and poses particular risks for European companies as they struggle to keep pace with AI giants in the US and China, argues **Frédéric Fréry**, Professor at ESCP Business School.

As a professor of strategic management at ESCP Business School, I am witnessing how the rise of artificial intelligence is reshaping a fundamental rule of business success: the power of unique strategic resources. What happens when AI can replicate your company's competitive edge?

## The Democratisation of Expertise

Consider McKinsey, BCG, and other elite consulting firms. Their success has long relied on two key advantages: exceptional talent and decades of accumulated expertise. But these advantages are starting to crumble under the AI revolution.

The evidence for this transformation is compelling. A groundbreaking study conducted in September 2023 by researchers from Harvard Business School, MIT Sloan, Wharton, and the University of Warwick examined how AI affects professional performance. They studied 758 BCG consultants using ChatGPT and found a startling result: consultants working with AI delivered 40% better results than those working without it. More surprisingly, less experienced consultants saw the biggest performance gains, while top performers showed minimal improvement. The message is clear: AI can turn average performers into exceptional ones.

This shift is already disrupting the consulting industry. Major French companies like Orange, L'Oréal, and Danone are now turning to AI-powered consulting startups. One such firm, *Descartes & Mauss*, claims to match the

quality of major consulting firms while working ten times faster at one-fifth the cost.

The implications stretch beyond individual performance. ChatGPT reached 180 million users within its first year, processing over 10 million queries daily. This rapid adoption suggests we are witnessing more than just another productivity tool—we are seeing the democratisation of expertise. When the same AI tools are available to everyone, traditional barriers to entry begin to crumble.

## The New Battleground for Competitive Advantage

The implications are profound. Business strategy has long relied on what experts call the *VRIO framework*: resources must be Valuable, Rare, hard to Imitate, and supported by the Organisation to create lasting competitive advantage. AI is disrupting each of these pillars by democratising access to expertise, becoming widely available, and making complex skills easier to replicate.

For established companies, this creates a painful dilemma. They must abandon the very advantages they have spent years building to embrace AI-driven alternatives. It is like being trapped in a fortress that once protected you but now prevents your escape.

The stakes are particularly high for European businesses. While American companies like OpenAI (valued at \$157 billion) and Chinese tech giants pour massive resources into AI development, European firms face tighter regulations and smaller investment pools. For per-



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## ↓ Key Takeaways

- AI can undermine the uniqueness of the key resources that give businesses a competitive advantage.
- By leveraging AI, companies with average talent can now match top performers.
- Traditional consulting giants face competition from faster, cheaper AI-powered startups.
- Established firms must abandon old advantages to embrace AI solutions.
- The US and China lead in AI development, while Europe risks falling behind.

**“WHEN THE SAME AI TOOLS ARE AVAILABLE TO EVERYONE, TRADITIONAL BARRIERS TO ENTRY BEGIN TO CRUMBLE”**

spective, AI investments in the United States outstrip those in France by 20 to 1.

The new battleground is clear: competitive advantage will increasingly depend not on traditional strategic resources, but on who controls the AI systems capable of generating them. Without swift action to secure technological independence in AI, European compa-

nies risk falling behind in this transformative race.

This shift marks a historic turning point in business strategy. As AI continues to transform unique capabilities into widely available tools, companies must fundamentally rethink how they build and maintain their competitive edge in this new landscape. ■

# THE AI PARADOX: WHY CHOOSING BETWEEN PROFIT AND ETHICS IS THE WRONG APPROACH

ESCP Business School professors **Erik Hermann, Laetitia Mimoun, and Lorena Blasco-Arcas**, members of the [TRACIS](#) (Transformative Research on AI for Companies, Individuals, and Society) research centre, propose a new framework for managing the tensions between AI's business benefits and ethical concerns. Their research challenges traditional approaches to AI implementation and offers practical solutions for business leaders.



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As artificial intelligence reshapes business, leaders face seemingly hard-to-solve challenges. How do you automate processes while protecting jobs? How can you personalise services without compromising privacy? How do you explain AI decisions without disclosing sensitive internal company information?

Public, private, and research institutions have developed numerous guidelines to address these challenges. The widely adopted AI-for-social-good framework rests on five principles: beneficence (beneficial outcomes), non-maleficence (no harm), justice (no biases and discrimination), autonomy (human agency and control), and explicability (understanding AI). These principles highlight how tensions emerge across individual, organisational, and societal levels during AI implementation.

At the individual level, AI systems can enhance decision-making but risk undermining autonomy and privacy. For example, while recommender systems streamline choices for consumers, they can foster overdependence. At the organisational level, AI promises efficiency but raises concerns about job displacement and workforce well-being. At the societal level, AI systems often rely on biased datasets, perpetuating social inequalities. Even environmental impacts pose paradoxes, as AI can optimise resource usage while consuming significant energy.

Most organisations treat these tensions as trade-offs, sacrificing one goal to achieve another in a win-lose scenario. We argue that this either/or thinking is itself the problem.

## Navigating Tensions through a Paradox-Theory Perspective

Paradox theory provides a lens to view these challenges not as static dilemmas but as dynamic, interdependent forces. Contradictory demands, such as profit and ethics, are not obstacles to eliminate but persistent tensions to manage. Addressing them requires strategic agility: the ability to adapt quickly to changing environments while balancing multiple objectives simultaneously.

Instead of trying to eliminate all potential tensions, a paradox perspective encourages embracing these challenges as opportunities for innovation and positive changes. Through this lens, long-term success depends on organisations' capacity to account for competing demands simultaneously, even when they conflict.

## The ART Framework: Managing Persistent Tensions

To help organisations navigate these challenges, we developed the **ART framework**, a practical guide for managing the persistent tensions between AI's business objectives and ethical challenges. This framework focuses on three core components:



**Actors:**

AI deployment impacts a wide range of stakeholders, including employees, customers, regulators, and marginalised communities. For example, biased algorithms in hiring or credit scoring can disproportionately harm disadvantaged groups, reinforcing social inequalities. To address this, organisations must engage with diverse stakeholders throughout the AI lifecycle. This ensures that different perspectives are incorporated, leading to fairer and more inclusive outcomes.

**Resources:**

Balancing business goals with ethical considerations requires flexible allocation of financial, technical, and human resources. For instance, addressing data biases demands investment in high-quality, representative datasets and tools for bias detection and mitigation. Companies should also allocate resources to training and upskilling programmes that equip employees to get used to and work effectively and efficiently with AI systems, ensuring that human augmentation, not replacement, remains a priority.

**Time:**

Managing AI's ethical challenges is an ongoing commitment. As new technologies like gener-

ative AI emerge, risks such as deepfakes and manipulative personalisation require flexible mitigation strategies. Continuous monitoring and adaptation are essential to address these evolving challenges while upholding ethical principles.

**From Principles to Practice**

The ART framework bridges ethical principles and real-world AI implementation through practical strategies. Transparency can balance trust and accountability by offering user-friendly explanations for the public while providing detailed insights to regulators. AI should augment human capabilities rather than replace them, ensuring workers retain autonomy and fostering collaboration through reskilling.

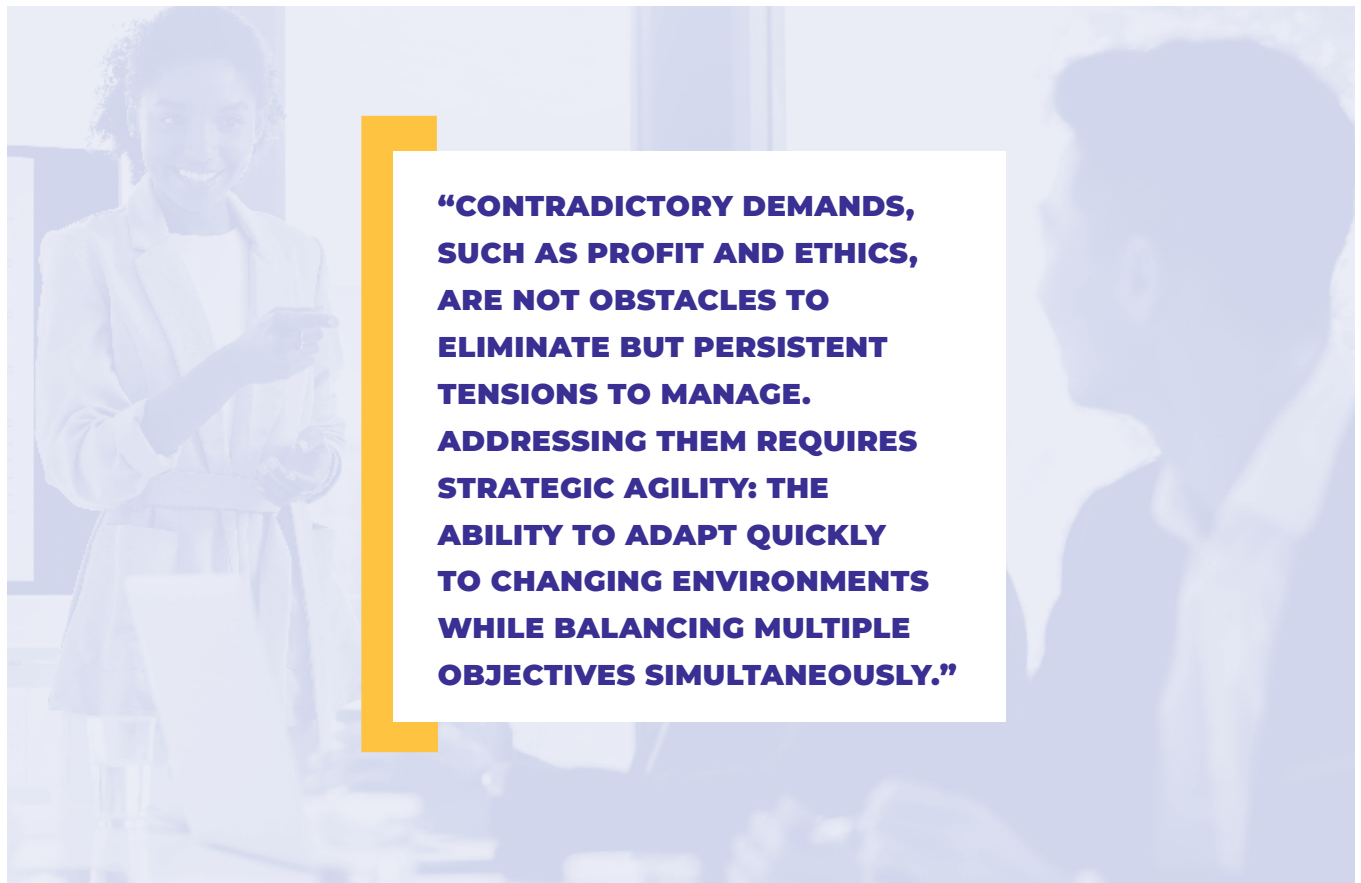
Addressing bias requires auditing systems and inclusive data practices, such as improving facial recognition to prevent harm to marginalised groups.

**Embracing the Paradox**

The future of AI lies in managing tensions rather than trading off one objective against the other. Applying the ART framework allows organisations to balance innovation with ethics, fostering shared value and thriving in a world where business and ethics are inseparable. ■


**Key Takeaways**

- AI's integration into business creates unavoidable tensions between business goals and ethical responsibilities.
- Success depends on developing strategic agility—adapting quickly while addressing both ethical and business objectives.
- The ART framework (Actors, Resources, Time) provides actionable guidance for navigating these tensions.
- Achieving sustainable and successful solutions demands continuous effort, monitoring, and flexibility as AI evolves.



**“CONTRADICTORY DEMANDS, SUCH AS PROFIT AND ETHICS, ARE NOT OBSTACLES TO ELIMINATE BUT PERSISTENT TENSIONS TO MANAGE. ADDRESSING THEM REQUIRES STRATEGIC AGILITY: THE ABILITY TO ADAPT QUICKLY TO CHANGING ENVIRONMENTS WHILE BALANCING MULTIPLE OBJECTIVES SIMULTANEOUSLY.”**

# AI'S DOUBLE EDGE: A FRAMEWORK FOR RESPONSIBLE IMPLEMENTATION

ESCP Business School professors **Hsin-Hsuan Meg Lee** and **Lorena Blasco-Arcas**, members of the [TRACIS](#) (Transformative Research on AI for Companies, Individuals, and Society) research centre, propose the "Soul, Head, Heart and Hand" framework - a practical guide for organisations to implement AI responsibly. Their research reveals how organisations can harness AI's capabilities while safeguarding human values.

Imagine a world where AI can detect early signs of autism in children, enabling crucial early intervention. Or consider an AI system that predicts mental health crises before they escalate, potentially saving lives. These scenarios aren't science fiction—they're happening now. But alongside these remarkable advances come profound challenges: AI systems unintentionally discriminating in hiring practices, privacy breaches affecting millions, or automated decisions impacting vulnerable populations without adequate oversight.

Through our research at ESCP Business School, we've developed the "Soul, Head, Heart, and Hand" framework—a practical approach to help organisations navigate the complex landscape of ethical AI integration. Each dimension offers unique insights: the ethical commitment to humanity (*Soul*), the strategic intelligence needed to navigate complexity (*Head*), the empathetic focus on societal welfare (*Heart*), and the practical execution of these ideals (*Hand*). Let's explore how each dimension helps build AI systems that serve rather than undermine human values.

## The Soul: An Ethical Foundation

*Soul* represents the commitment to align AI systems with core human values, ensuring that technology is guided by principles prioritising the well-being of all, particularly the marginalised. It is about embedding equality,

diversity, and social inclusion into AI strategies—ensuring AI benefits everyone, not just a privileged few.

Google's *Project Euphonia* exemplifies this principle in action. By adapting speech recognition technology to understand diverse speech patterns, including those with impairments, they demonstrate how technology can break down barriers rather than create new ones.

## Three key principles to follow:

1. Develop systems that respect and reflect user diversity.
2. Incorporate varied cultural and emotional perspectives.
3. Build genuinely inclusive systems through community feedback.

## The Head: Strategic Intelligence

*Head* reflects the intellectual rigour needed to build adaptable, resilient AI systems that balance innovation with accountability. These systems must evolve amidst challenges while protecting stakeholders and maintaining trust.

The *Crisis Text Line* exemplifies this dimension with their crisis counselling platform. Using natural language processing, their AI analyses thousands of messages daily, detecting signals of distress and ensuring immediate attention for those in urgent need.



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**“THROUGH OUR RESEARCH AT ESCP BUSINESS SCHOOL, WE’VE DEVELOPED THE ‘SOUL, HEAD, HEART, AND HAND’ FRAMEWORK —A PRACTICAL APPROACH TO HELP ORGANISATIONS NAVIGATE THE COMPLEX LANDSCAPE OF ETHICAL AI INTEGRATION.”**

**Three key principles to follow:**

1. Enhance adaptive AI systems capable of evolving in response to new risks and opportunities.
2. Develop frameworks to manage privacy concerns and algorithmic bias.
3. Train teams to navigate the interplay between AI insights and human judgment.

**The Heart: Empathetic Design**

*Heart* emphasises empathy and a commitment to ensuring that AI enhances social welfare while aligning technological advancements with human-centred goals. This requires merging societal concerns with business objectives to ensure technology benefits wider communities.

*Kheiron Medical* illustrates this in healthcare. Their AI system accurately identifies breast cancer and lung diseases from medical imaging, but their commitment goes further: affordable, low flat-rate algorithms ensure the technology is accessible to those who need it most.

**Three key principles to follow:**

1. Balance technical excellence with accessibility.
2. Design pricing models that serve broader communities.
3. Ensure medical innovation benefits all socioeconomic groups.

**The Hand: Making It Work**

*Hand* focuses on operationalising ethical AI principles, bridging the gap between values and practice to achieve measurable, real-world impact. It is about transforming ideals into practical solutions. IBM’s *Operations Risk Insight (ORI)*, powered by Watson, demonstrates this in action. By analysing

thousands of news sources and alerts daily, the system identifies critical risks in real time. During crises such as wildfires, hurricanes, and COVID-19 outbreaks, ORI has helped IBM and its non-profit partners protect vulnerable populations while delivering business value.

**Three key principles to follow:**

1. Regularly update systems based on real-world outcomes and feedback.
2. Balance business efficiency with humanitarian impact.
3. Make advanced AI capabilities accessible to non-profit partners.

**Beyond Implementation**

The integration of AI into society isn’t just a technical challenge—it represents a fundamental shift in how we approach technology development. While each dimension of the framework offers specific guidance, the bigger picture demands a holistic view. Organisations must embed ethics from the outset, not as an afterthought, by creating governance structures that reflect their values and maintaining ongoing dialogue with the communities they serve.

As AI continues to evolve, its success will depend less on computational power and more on our ability to guide its development wisely. Our research has made one thing clear: the question isn’t whether AI will transform our world—it certainly will. The real question is how we ensure that transformation benefits everyone. By applying the *Soul, Head, Heart, and Hand* framework, organisations can develop AI systems that don’t just advance technology but advance humanity itself. ■

 **Key Takeaways**

- Ethical AI integration requires a balanced approach combining technical excellence with human values.
- Successful AI deployment depends on continuous stakeholder engagement and feedback.
- Organisations must build governance structures that ensure responsible AI development.
- Regular impact assessments and ethical audits are essential for maintaining alignment with human values.
- The future of AI lies in enhancing, not replacing, human capabilities.





# EDUCATION, SOCIETY, AND INCLUSIVE PRACTICES



# THE MBA PARADOX: TEACHING AI WITH A TOUCH OF ROTHKO

Artificial intelligence (AI) is transforming business, yet many MBA programmes cling to traditional silos, leaving graduates ill-prepared for emerging challenges. **Kenneth Krushel**, professor at ESCP Business School and visiting professor at NYU Stern, advocates for a reimagined curriculum that bridges data science with the reflective power of art, fostering inquiry at the intersection of algorithmic precision and intuitive uncertainty.

## Beyond Algorithms: Rethinking MBA Education

AI is not merely another technological trend; it is a seismic shift that permeates industries, reshapes jobs, and raises profound ethical questions. While MBA programmes often teach AI as a toolkit—emphasising algorithms, analytics, and frameworks—they fail to engage with its broader societal and philosophical implications.

This is not an abstract concern. AI systems now make decisions that reshape markets, industries, and human interactions. Are MBA graduates being equipped to wield AI responsibly, or simply efficiently? Beyond technical proficiency, leaders must grapple with AI's impact on human agency, ethics, and society at large. Traditional functional silos—finance, marketing, and strategy—no longer suffice in an era where the digital revolution demands an integrated understanding of AI's technical and societal dimensions.

## Lessons from Rothko

Mark Rothko's paintings provide an unconventional lens for understanding AI. Immersing oneself in his vast, enigmatic colour fields is not about mastering deterministic structures but rather experiencing blurred boundaries and a dynamic interplay between harmony and dissonance.

Similarly, AI operates within such paradoxes, generating emergent properties that reshape understanding, as demonstrated by innovations like AlphaGo, AlphaFold, and ChatGPT.

Rothko's work also mirrors AI's dual nature. AI enhances human capability—helping doctors diagnose diseases or scientists discover patterns in complex data—yet it disrupts social structures, challenges ethical frameworks, and raises questions about human uniqueness. What does it mean for machines to perform tasks once considered exclusively human, such as creating art or demonstrating empathy?

## Radical Amazement: A Missing Ingredient

Philosopher Abraham Heschel's concept of "radical amazement" offers a key to addressing these challenges. It invites students to marvel at AI's possibilities while grappling with its profound consequences. This mindset fosters critical thinking, encouraging students to question not just how AI works but what its emergence means for human creativity, autonomy, and decision-making.

## Reimagining the MBA Curriculum

An effective MBA curriculum must transcend technical focus, integrating disciplines such as economics, neuroscience, ethics, psychology, and aesthetics. Courses like *"The Philosophy and Ethics of AI"* or *"Neuroscience, Consciousness, and Machine Intelligence"* could encourage reflection on AI's broader implications—not only for business but for humanity itself.

Consider how Kant's categorical imperatives challenge students to evaluate whether AI



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**“AI’S PARADOXES EXTEND ACROSS DOMAINS: IT ENHANCES EFFICIENCY WHILE DISRUPTING EMPLOYMENT, REFLECTS HUMAN THOUGHT WHILE UNDERMINING HUMAN CENTRALITY, AND BRINGS PRECISION WHILE INTRODUCING PROFOUND UNCERTAINTY.”**

systems promote humanity's greater good or reduce individuals to mere data points. Martin Heidegger's insights on technology also become pertinent: he warned that technology risks reducing humans to resources but suggested that moments of disruption enable self-discovery. MBA programmes should embrace this discomfort, prompting students to reconsider their relationship with technology and, by extension, their humanity.

### **The Dance of Mutual Interrogation**

AI should be viewed not as a passive tool but as a collaborator that challenges assumptions and reshapes thinking. This dynamic, termed the *“Dance of Mutual Interrogation,”* involves humans and machines learning from each other. AI systems—grounded in mathematical harmony—revolutionise fields like drug discovery, autonomous vehicles, and financial markets, raising profound questions about intelligence and decision-making.

Amid AI's mathematical precision lies dissonance. Systems often produce outputs that are technically correct but feel discordant to human sensibilities, evoking the "uncanny valley." For instance, AI-generated art may achieve technical perfection yet lack emotional resonance, and GPT-generated text can be flawless yet eerily mechanical. These tensions challenge our understanding of human uniqueness.

AI's paradoxes extend across domains: it enhances efficiency while disrupting employment, reflects human thought while undermining human centrality, and brings precision while introducing profound uncertainty. Like Thelonious Monk's jazz improvisations, AI generates brilliance within deliberate discordance, offering a meta-harmony that combines precision with imperfections.

For MBA students, these tensions are vital learning opportunities. Navigating AI's interplay between harmony and dissonance equips future leaders to balance algorithmic efficiency with human judgment, automated solutions with leadership intuition, and traditional models with AI-driven transformation.

### **Conclusion: A Call to Action**

Rothko's chromatic vibrations echo AI's paradox: spaces where algorithmic precision meets intuitive uncertainty. MBA curricula must embrace these complexities, teaching students not only AI's technical foundations but also its capacity to generate emergent properties that transform understanding. This requires a new kind of business education—one that integrates technical mastery with philosophical depth, fosters radical amazement, and prepares leaders to see AI as a collaborator rather than a tool. Breaking free from traditional silos, MBA programmes must equip students to navigate the profound challenges and opportunities AI presents. ■

#### **Key Takeaways**

- MBA programmes must prepare leaders to think critically and ethically about AI, not just use it effectively.
- Fostering radical amazement is essential for grappling with AI's transformative power.
- A reimagined curriculum should integrate philosophy, ethics, neuroscience, and aesthetics.
- Leaders should view AI as a collaborator, not just a tool, capable of reshaping understanding.
- Breaking traditional educational silos is necessary to prepare for the AI era.

# BUSINESS EDUCATION'S DIGITAL REVOLUTION: BEYOND THE VIRTUAL CLASSROOM

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Professor **Béatrice Collin** of ESCP Business School examines how AI, virtual reality, and changing student expectations are fundamentally reshaping business education. Her analysis reveals why traditional teaching methods are no longer sufficient and how business schools must evolve to remain relevant.

Imagine walking onto a virtual trading floor, making real-time decisions alongside peers from five different continents, while an AI system analyses your learning patterns to adjust the complexity of each challenge. This isn't science fiction—it's the new frontier of business education.

## **The Shift to Personalised and Inclusive Learning Journeys**

The transformation I observe in our classrooms goes far deeper than simply moving lectures online. Today's students seek something fundamentally different: learning journeys that adapt to their individual cognitive patterns and life circumstances. Some need to balance high-level athletic careers with their studies. Others pursue artistic passions. Many juggle professional responsibilities. One-size-fits-all education is dead.

This shift manifests in four distinct trends. First, students demand customised learning paths that can unfold across different geographies and timeframes. Second, they seek flexible programmes that integrate professional experience—not as an add-on, but as a core component of their education. Third, they expect genuine social and international inclusion that accommodates diverse cognitive patterns and cultural backgrounds. Finally, they want active, experiential learning that goes beyond passive knowledge absorption.

Digital innovation makes these expectations achievable. Virtual Reality transforms abstract concepts into immersive experiences. Similar

to business games but on a completely different scale, students can immerse themselves in virtual environments where they must apply their knowledge and skills in real-time decision-making scenarios. VR also promotes inclusion in unexpected ways—through avatars, students can break free from social or cultural stereotypes, creating a more equitable learning environment.

## **AI: A Catalyst for Equitable and Adaptive Education**

The integration of AI goes far beyond simple automation. AI can analyse learning patterns and individual aptitudes using neuroscience-based approaches, enabling truly personalised education. For instance, it can adapt to whether a student has a stronger visual or oral memory, or whether they learn better through sequential or holistic approaches. For students with learning differences, such as dyslexia or dysphasia, AI creates equitable opportunities to thrive.

This presents complex challenges for faculty. We must redesign our courses to create an optimal balance between three key elements: asynchronous online learning (with carefully structured autonomous learning paths), synchronous online interaction (requiring sophisticated scenario planning for maximum engagement), and face-to-face experiential activities. Each element requires distinct expertise and approaches.

The transformation extends to course delivery and assessment. Tools like ChatGPT can be leveraged to create worksheets, summaries,



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## ↓ Key Takeaways

- Business education is moving from standardised programmes to personalised learning journeys.
- Digital tools enable genuine inclusion by adapting to diverse cognitive patterns and needs.
- Successful programmes must combine AI-driven personalisation with human interaction.
- The role of faculty evolves from knowledge transmission to experience design.
- Technology serves as an enabler for deeper learning, not just a delivery mechanism.

**“WE MUST REDESIGN OUR COURSES TO CREATE AN OPTIMAL BALANCE BETWEEN THREE KEY ELEMENTS: ASYNCHRONOUS ONLINE LEARNING (WITH CAREFULLY STRUCTURED AUTONOMOUS LEARNING PATHS), SYNCHRONOUS ONLINE INTERACTION (REQUIRING SOPHISTICATED SCENARIO PLANNING FOR MAXIMUM ENGAGEMENT), AND FACE-TO-FACE EXPERIENTIAL ACTIVITIES.”**

and self-assessment quizzes, optimising faculty time while enhancing student learning. The key is mastering these tools' use while recognising their limitations. When properly integrated, they allow faculty to focus on higher-value interactions with students.

### **The Future of Business Education**

The stakes are particularly high for business schools. Our mission has always been

to prepare leaders for the future of business. But now we must also pioneer the future of education itself. This means creating learning environments that are simultaneously more personalised and more inclusive, more technological and more human. It requires significant investment in both technical infrastructure and faculty development to ensure these new approaches maintain educational excellence. ■



# THE DATING APP PARADOX: WHEN ROMANCE MEETS THE DIGITAL AGE

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Over the past decade, dating apps have fundamentally changed how Europeans approach romantic relationships. Drawing from extensive media analysis and ongoing research, marketing professors **Perrine Desmichel** and **Laetitia Mimoun** examine how these platforms have evolved from facilitating casual encounters to promising lasting love. Their findings reveal increased user fatigue, market fragmentation, and the emergence of "slow dating" as alternatives to the dominant swipe-right culture.

## **The Dating App Paradox: When Romance Meets the Digital Age**

Over the past decade, dating apps have fundamentally changed how Europeans approach romantic relationships. Drawing from extensive media analysis and ongoing research, marketing professors Perrine Desmichel and Laetitia Mimoun examine how these platforms have evolved from facilitating casual encounters to promising lasting love. Their findings reveal increased user fatigue, market fragmentation, and the emergence of "slow dating" as alternatives to the dominant swipe-right culture.

Our analysis of French media coverage between 2015 and 2023 reveals three significant trends. First, discussions of dating apps peaked during the pandemic when social isolation drove digital connections to unprecedented levels. Second, references to romantic love in media coverage plummeted from 60% in 2015 to below 20% in recent years, reflecting a fundamental shift in how these platforms are perceived. Third, we are witnessing rising "dating fatigue" as users grow disillusioned with the increasingly consumerist nature of digital dating.

The dating fatigue stems from how apps have transformed dating into a marketplace. Users browse profiles like shopping catalogues, apply filters like product features, and pursue multiple matches simultaneously. The commodification has normalised dehumanising behaviours: "ghosting" (abruptly cutting contact), "breadcrumbing" (giving sporadic attention to keep someone interested), and "benching" (keeping someone as a backup option).

Users typically cycle through phases: starting cautiously, experiencing an initial ego boost from matches, then facing disappointment from superficial interactions. Many repeat this pattern before quitting entirely.



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## **From Swipes to Saturation: The Rise and Fatigue of Dating Apps**

"How Tinder took me from serial monogamy to casual sex." When we first read this 2014 *Guardian* headline, we were struck by how it captured the early perception of dating apps in Europe. As marketing professors studying digital consumption, we've watched these platforms evolve from controversial newcomers to mainstream matchmakers.

A decade later, their transformation is remarkable: 77 million Europeans now use dating apps, generating \$624 million in revenue in 2023, with user numbers projected to reach 88 million by 2028.



**“THE DATING FATIGUE STEMS FROM HOW APPS HAVE TRANSFORMED DATING INTO A MARKETPLACE. USERS BROWSE PROFILES LIKE SHOPPING CATALOGUES, APPLY FILTERS LIKE PRODUCT FEATURES, AND PURSUE MULTIPLE MATCHES SIMULTANEOUSLY”**

### **Disrupting the Swipe: New Trends in Digital Dating**

These trends have sparked two key developments in the market. First, "slow dating" has emerged as a deliberate rejection of swipe-right culture. Instead of maximising matches, users focus on meaningful connections with fewer potential partners. New apps like *Once* and *Timeleft* cater to this trend, limiting daily matches to encourage deeper engagement.

Second, the market is fragmenting to serve increasingly specific needs. Religious apps like *JDate* and *Christian Minglecater* to faith-based matching. Interest-based platforms such as *Veggly* for vegetarians and vegans, or *Fitness Singles* for sports enthusiasts, connect people with shared lifestyles. Professional networking-style apps like *The League* target career-focused individuals, while *Happn* appeals to those preferring location-based connections. Adding to this fragmentation, younger generations are increasingly turning away from traditional dating apps altogether, preferring to find potential partners through social media platforms like Insta-

gram and Snapchat rather than paying for dating services. This diversification suggests a future where users can choose platforms aligned with their specific relationship goals, from casual dating to marriage-focused matching.

### **The Future of Love in a Digital Age**

For the dating app industry, these shifts present both challenges and opportunities. While the market matures, there is growing demand for platforms that prioritise human dignity over algorithmic efficiency. Premium services promising more meaningful matches are gaining traction, suggesting users will pay to avoid dehumanising experiences.

What is clear is that dating apps have permanently altered the romantic landscape in Europe. As they enter their second decade, their success will depend on addressing the human cost of digital dating. The future may not lie in more choices but in fostering genuine connections in an increasingly disconnected world. ■

### **Key Takeaways**

- Dating apps reach 77 million Europeans despite growing user fatigue.
- A consumerist approach leads to dehumanising dating practices.
- Users cycle through engagement and disillusionment.
- "Slow dating" emerges as an alternative to market-driven matching.
- The market fragments as platforms seek to prioritise human connection.

# RELIGION IN THE WORKPLACE: FROM RISK TO OPPORTUNITY

ESCP Business School professors **Géraldine Galindo** and **Sarra Chenigle** examine how companies can transform religious diversity from a source of tension into a driver of performance. Their research reveals practical approaches for managing religious expression at work.

Religious diversity in European workplaces is increasing, yet many organisations still view it primarily as a risk to be managed. This defensive stance, while understandable, may be counterproductive. Our research suggests that companies can gain significant benefits by adopting a more positive approach to religious expression at work.

The traditional response focuses on minimising risk rather than maximising potential. This uncertainty manifests in specific ways: believers may feel compelled to hide their religious identity, fearing stigmatisation or career limitations. Companies face discrimination claims when they fail to accommodate religious practices adequately.

When these issues escalate to public conflicts—as seen in several cases before the Court of Justice of the European Union challenging headscarf bans—reputational damage can be severe.

Managers find themselves particularly exposed. Without clear guidelines, they must navigate complex situations: How should they handle requests for prayer spaces? What about scheduling around religious holidays? Should they accommodate religious dress in customer-facing roles? Each decision risks either discrimination claims or workplace disruption.

## The Case for Active Inclusion

Our research reveals that companies taking a more positive approach often see surprising benefits. When employees can be authentic about their religious identity at work, they report higher wellbeing and better ability to cope with workplace challenges. Religious expression becomes a source of

resilience rather than tension. Though some employees initially hide their religious identity to avoid complications, our studies show this strategy often backfires, leading to increased stress and decreased job satisfaction over time.

At the organisational level, companies that actively support religious inclusion often see improved employee relations and higher social cohesion—not just among employees sharing the same faith. These policies reduce turnover intentions and enhance the company's attractiveness to both religious and non-religious candidates who value inclusive workplaces.

Some companies are already demonstrating successful approaches. Action, Technip Energies, Ikea, and H&M allow employees to wear religious symbols, even in customer-facing roles. The Action retail group made a bold statement by featuring employees wearing religious attire, including headscarves, on its official website. While this policy faced pushback from some customers and local politicians in France, the company maintained its inclusive stance, demonstrating that principled positions on religious inclusion require genuine commitment.

Technip Energies takes this approach further, actively celebrating religious diversity in its corporate communications. On International Women's Day, the company explicitly linked diversity and inclusion—including religious expression—to innovation and business success. By showing employees in religious attire in its corporate communications, Technip Energies sends a clear message that religious identity is compatible with professional success.



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## Practical Steps for Managing Religious Diversity

For managers, clear organisational policies on religious expression help reduce conflict and uncertainty. With structured guidelines, managers can implement consistent, fair approaches rather than making arbitrary decisions. This prevents indirect discrimination and enables managers to better support employees who choose to express their religious identity.

The benefits of active inclusion manifest in three key areas:

- **Individual performance:** Employees perform better when their core values are recognised.

- **Managerial performance:** Clear policies equip managers to handle sensitive situations effectively.

- **Organisational performance:** Companies benefit from enhanced employee retention, improved relations, and greater workplace cohesion.

However, achieving meaningful change requires active policies rather than passive tolerance. Companies must invest in training and management tools, set clear boundaries to prevent proselytising, and communicate consistently about their inclusive stance. The goal is not to promote religious expression but to manage it positively, transforming a potential source of tension into an opportunity for enhanced performance. ■

### Key Takeaways

- Religious diversity requires active management rather than avoidance
- Clear policies reduce risks while enabling benefits
- Authentic religious expression can enhance individual and organisational performance
- Successful inclusion requires consistent implementation and clear boundaries
- Proactive approaches benefit both religious and non-religious employees

**“OUR RESEARCH REVEALS THAT COMPANIES TAKING A MORE POSITIVE APPROACH OFTEN SEE SURPRISING BENEFITS. WHEN EMPLOYEES CAN BE AUTHENTIC ABOUT THEIR RELIGIOUS IDENTITY AT WORK, THEY REPORT HIGHER WELLBEING AND BETTER ABILITY TO COPE WITH WORKPLACE CHALLENGES. RELIGIOUS EXPRESSION BECOMES A SOURCE OF RESILIENCE RATHER THAN TENSION.”**

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and media – **The Choice** – for research output by faculty members and students.









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