Educating the leaders of the post-Covid future

ESCP Impact Paper No. 2020-71-EN

Léon Laulusa
ESCP Business School

ESCP Research Institute of Management (ERIM)

ESCP
BUSINESS SCHOOL

[Educating the leaders of the post-Covid future

Léon Laulusa
ESCP Business School

Abstract

The Covid-19 pandemic has thrust the world abruptly into a "new normal", a situation in which a new paradigm of society appears to be emerging. I begin by describing the contours of this paradigm, before looking at the implications it carries for the education dispensed to the business leaders of the future. I then present a teaching philosophy founded on three major pillars: learning, acquisition of expertise and the behaviour required of responsible future leaders. I conclude by analysing three skill groups of essential importance: managerial techniques, relational aptitudes and decision-making capacities.

Keywords: Crisis, Globalisation 4.0, Paradigm, Leadership, Skills

Educating the leaders of the post-Covid future

Over the two centuries of its existence, ESCP Business School has traversed countless crises and four major industrial revolutions. Through it all, ESCP has always succeeded in adapting its teaching to prepare future leaders for the challenges they will face. The current crisis shows that the nature and priority of our operations is in the process of changing. Managing extraordinary situations is becoming a regular, familiar experience. Meanwhile, managing day-to-day operations is becoming an exceptional activity (Laulusa, 2009). We are entering a new normal, and a new paradigm of society seems to be emerging. I propose to begin by describing the contours of this paradigm, before looking at the implications it carries for the education dispensed to the leaders of the future.

A new paradigm of society

What will the new world look like? And what should we expect from it?

A world in a state of perpetual transformation

Our world is being reshaped by two major transformations. Firstly, a constant succession of crises of various natures,[1] often overlapping and interacting. Since the foundation of ESCP Business School, in 1819, the world has been rocked by political crises such as the Springtime of the Peoples in 1848, and economic crises such as the Great Deflation of 1873 and the Great Depression of 1929. As for military crises, the last century saw two world wars followed by great migratory upheaval. More recently, we have been living through times of ecological and identity crisis. And now, the world is mired in an unprecedented public health crisis courtesy of Covid-19![2] The current pandemic looks set to disrupt the lives of 2.6 billion workers, according to the International Labour Organisation.[3]

The received wisdom is that such crises arrive unexpectedly. And yet, they are often the logical consequence of specific actions and non-actions.

Furthermore, the process we now know as globalisation 4.0 has been accelerated by the fourth industrial revolution, driven by digital technologies, artificial intelligence and cyber-physical systems. The global village is becoming ever-more interconnected, physical flows are melding with virtual flows. Big data is becoming more and more accessible and more rapidly shared, virtually instantly in many cases. Meanwhile, industries are appropriating these new   technologies to serve their own interests. This phenomenon is reflected in the proliferation of neologisms such as Fintech (finance + technology), Edtech (education + technology), Proptech (*property + technology*), Biotech (biology + technology) and Foodtech. The breakthroughs and opportunities on offer continue to astonish. Consider the example of Impossible Foods, a Californian "unicorn" founded in 2011 and dedicated to creating plant-based meat and cheese alternatives in order to drive down carbon emissions: by March 2020, the company had attracted upwards of $1.2 billion in investment.

All the while, the economy is becomingly increasingly "Uberized." The term "gig economy" has become common parlance, characterised by independent workers paid on a job-by-job

---

[1] Public health, security, economic, social, migration, identity, societal, ecological etc
[2] Affecting 205 countries as of 18 April 2020, according to the European Centre for Disease Prevention and Control
[3] Press release dated 7 April 2020

basis and working for several companies at once. Corporate social responsibility (CSR) has become a major concern in this rapidly-transforming world. Inclusiveness and diversity are an asset for creativity and a catalyst to progress. Rocio Lorenzo et *al.* (2017) studied 171 European companies and found that diversity is conducive to innovation.

Towards a new model of society

Against this backdrop of dramatic change, a consensus appears to be emerging in favour of a new model of society for *homo economicus* which is a departure from capitalism in its current form. This feeling is embodied in the title of an article which appeared in the Financial Times on 18 September 2019: "Capitalism: time for a reset."

In the modern age, economic growth has been associated with several phases of capitalism and multiple models of value creation. Industrial capitalism first of all, with the accumulation of profits and a strong emphasis on the value of productive assets. Another model is proprietary capitalism, centred upon annuities and not far removed from financial capitalism, where wealth creation depends upon the robustness of the financial model and its allocation of future cash flows. Other variants have included human (managerial) capitalism, where relational skills and management capacities are highly-valued, and entrepreneurial capitalism powered by Schumpeter's "creative destruction." We might also add our contemporary state of technological, digital or data-driven capitalism, wherein value creation is dictated by intangible dimensions, digital platforms and user numbers.

But what does the capitalism of the future, or the future of capitalism, look like? Where is our model for sustainable, inclusive growth? It is very difficult to offer a simple answer, given the multiplicity of stakeholders involved.

On the one hand, we know what we want and what we do not want for our society. Without claiming to be either objective or exhaustive, it seems fair to say that we are all in favour of a society which is developed, peaceful, respectful, driven by values of solidarity and existing in harmony with nature, with a healthy population living better and for longer. As simple as that! We do not want to endure crisis after crisis, and yet they appear to be inevitable. Turbulence and disruption are becoming the new normal in contemporary society. This has led some countries to redefine their understanding of globalisation in terms of their dependence or independence in relation to other countries in the processes of manufacturing and supplying priority and essential goods. The first priority of businesses is no longer to protect their competitive advantage, but to diversify their risks and secure their sovereignty.

On the other hand, this new model of capitalism requires an inclusive, sustainable model involving a multiplicity of responsible partners. It is nonetheless somewhat similar to the theory of stakeholder capitalism as developed by Edward Freeman et *al.* (2007).[4] According to this theory, value creation should no longer focus primarily on shareholders and owners, but instead be expanded to embrace all stakeholders: managers, employees, investors, clients, suppliers, the government and all other communities who have a relationship with, or a stake in, the company's activities. As the authors put it, "stakeholder capitalism is based on freedom, rights, and the creation by consent of positive obligations" (2007, p.311). Stakeholder capitalism proposes six founding principles: cooperation, commitment,

---

[4] In reality, the term 'stakeholder' is a concept borrowed from strategic management, as discussed in Freeman's 1984 work *Strategic Management: A Stakeholder Approach* (reprinted Cambridge, 2010)

responsibility, human complexity, continuous creation and emergent competition (Freeman et al., 2007). But this model notably fails to address the fundamental question of environmental impact. One way of remedying this would be to propose the collective creation of values in the plural: human, economic, social and ecological. The human and organisational dimensions of stakeholders must thus be supplemented with an essential environmental dimension: nature. As the saying goes, "no nature, no future." Values' creation is thus a matter of optimising three interweaving priorities: business performance, personal well-being and environmental sustainability, all in the interests of collective prosperity.

What consequences will this have for the way we educate future leaders?

In this context, how can we best prepare tomorrow's leaders for the challenges they will face? I propose to begin with a survey of educational philosophy before discussing the skills which will be of crucial importance in the future.

Philosophy of education

All business schools have a responsibility to prepare the managers and leaders of the future, teaching them how to navigate the pitfalls of a VUCA world.[5] They share a philosophy of education underpinned by three composite principles.

In order to comprehend the modern world, and the world of tomorrow, business schools need to focus on **multi-disciplinary** understanding and wide-ranging expertise: ***knowledge***. That means sharing and discussing the most pertinent principles and theories, helping learners to construct their own systems of thought and analytical frameworks, informed by a comprehensive, cross-cutting and interconnected appreciation of subjects, while also enabling them to adapt in an unpredictable environment and move between different cultures with ease.

The second principle is the acquisition of dual skills, hybrid expertise in a multicultural environment: what we call ***know-how***. For example, ESCP Business School has a long-standing policy of establishing complementary academic partnerships informed by the school's *ABCDE* strategy (Art, Business, Cultures, Diplomacy and Engineering), including partnerships with some of the leading institutions in France and worldwide. This programme gives students the opportunity to learn and practice other skills, acquainting themselves with different ways of thinking.

The third principle concerns the behaviour and attitude expected of future leaders: ***social skills*** which in many respects represent a combination of the first two principles: knowledge and know-how. Business schools must ensure that their students develop their leadership capacities and their understanding of the meaning of work, of social contribution, of the values which drive them and which underpin their societal obligations, preparing them to make a positive impact and create a society which is fairer, more sustainable and more innovative.

---

[5] Volatile, Uncertain, Complex and Ambiguous

The imperative skills of the future

These three core principles inform our efforts to teach the skills which will be essential in the near future. While we may not be able to predict exactly what tomorrow's jobs will look like, we know that they will be heavily influenced by emerging technologies such as AI, Machine Learning, IoT, robotics, virtual and augmented reality (Mueller et al., 2019). Johnson and Suskewicz (2020) propose an alternative approach, which they call *future-back thinking*, designed to identify the essential skills of future leadership. At time of writing, we are also working on an iterative loop in which these key skills could transform our future.

In light of which, it appears more important than ever to focus on developing three essential imperatives of organisational management.

The first imperative corresponds to **technical and managerial disciplines**, *hard skills* which the whole organisation needs in order to develop and create value for clients and, henceforth, stakeholders. These skills have traditionally been attached to the managerial functions of organisations, covering strategy, marketing, sales, production, innovation, human resources, communication, accounting, management control, finance, logistics and technologies linked to information systems. More recently, the organisational structure of companies has evolved; their structure is no longer defined by hierarchical units, nor is it matrix-based, focusing instead on the importance of platforms. In this new configuration, the fundamental technical skills required of managers will probably remain broadly the same.

What is likely to change, however, is that managers will be expected to be multi-specialists, with advanced skills in multiple domains. This will require the acquisition and deployment of interdisciplinary or transdisciplinary technical expertise which encompasses future impacts such as the ecological transition and the rise of cyber-physical systems. For example, applicants for finance-focused positions will be expected to be well-versed in green finance, embedded systems, ethics and conformity, all in a multi-cultural environment where remote working is the norm. The skills demanded of a role will no longer be expressed vertically, but transversally too. The leaders of the future will also be expected to constantly adapt, equipping themselves with agile technical skills in order to find creative solutions to complex problems. Creativity and technical and managerial innovation will be highly-prized. During public health crises such as the present one, the priority for operations' managers is to engineer flexibility into production processes with the help of a back-up operational strategy (also known as "hedging operations"), in order to respond to uncertainty by finding alternative supply sources, for example, and identifying new, short delivery circuits. In the future, cyber-physical systems (CPS) will make it possible to pilot autonomous, agile and adaptable production systems which are responsive to external conditions. This will involve considerable input from technical and technological intelligence, closely associated with the acquisition of ABCDE capacities (AI, Big Data, CPS, Design, Ecology).

The second imperative corresponds to the **fundamental relational capacities** which leaders need to develop. That means focusing on the interpersonal, cultural, emotional and social intelligence of effective leaders. This is a matter of developing multiple aptitudes. Examples might include the capacity to show resilience in the face of adversity, or to handle different cultural and interpersonal situations arising at work, negotiation, communication with stakeholders, networking, and of course the ability to motivate and galvanise a

multicultural team. In order to master these aptitudes, managers must have a good grasp of associated concepts such as power, respect and trust in different cultural contexts. Moreover, the current crisis has made it more important than ever to learn how to form interpersonal bonds remotely. Social bonding is all the more necessary since the role of future leaders will be to create, federate and steer communities of leaders within their organisations. The ability to create such connections remotely will become a highly sought-after skill. Above and beyond human relationships, the future will see us increasingly cooperating and interacting with robots, a new form of relational aptitude. When facial recognition technology is capable of using artificial intelligence in order to identify the emotions expressed by individuals, computers' capacity to understand and learn about human interaction in a multicultural environment will also be improved.

The third imperative is **decision-making capacities**. Making decisions is one of the fundamental requirements of leadership. How do we make decisions of strategic importance – such as whether or not to buy a tech firm – without making mistakes? In these moments we use rational, intuitive intelligence.

Kahneman et *al*. (2019) have demonstrated that structured, rational assessment leads to better decision-making. These authors propose a method called Mediating Assessment Protocol (MAP), based on a precise scoring system for assessment criteria defined in advance and which correspond perfectly to the major questions surrounding the decision. Decisions can thus be made on the basis of holistic evaluations. In practice, decisions often appear to be the fruit of systemic, analytical and intuitive approaches. Andrew Likierman (2020, p.104) makes a similar point, arguing that judgment is "the ability to combine personal qualities with relevant knowledge and experience to form opinions and make decisions." In his view, good judgement is founded upon six fundamental components: learning, confidence, experience, detachment, options and deliverables (Likierman, 2020).

What emerges here is the importance of all-round attitude, critical judgement and a sense of perspective. It therefore seems essential and necessary to work on boosting discernment, i.e. the capacity to distinguish and evaluate in a lucid, informed manner. In a world where big data and crises collide, with fake news running rampant, the ability to determine the veracity of data and information is of primary importance. For example, the edition of the New York Times dated 18 April 2020 reports on conspiracy theories suggesting that Bill Gates had advance notice of the upcoming pandemic, using that information to invest in and promote vaccination solutions involving microchips. This egregious rumour was shared by 1.2 million people on social media, and was even picked up by several television networks! In the meantime, however, the rapid pace of change requires us to take better decisions more rapidly. I feel that expanding the use of business simulations or business games, based on the sort of algorithms that power other multi-player online games, will be a useful way of honing our reflexes in order to better anticipate, decide, take risks and respond rapidly in an unpredictable and constantly-shifting context.

Conclusion

Educating our future leaders to navigate between cultures, crises and technological revolutions is crucial to ensuring our future collective prosperity. This will require life-long learning of new aptitudes and skills, especially as major transformations continue to reshape our society. The real obstacle to change is not a lack of technological knowledge, but our unwillingness to change. It's in our culture! Changing that attitude is the first step

towards to acquiring new skills. It is our model for a progressive model of thought, for a better, more sustainable world.

References

Freeman, R., Martin, K. and Parmar, B. Stakeholder capitalism. (2007). Journal of Business Ethics, Sep., Vol. 74 Issue 4, 303-314.

Johnson, M. W., Suskewicz, J. (2020). Lead from the future : how to turn visionary thinking into breakthrough growth, Harvard Business School Press, Boston, 249 pages

Kahneman D., Lovallo D., Sibony O. (2019). A Structured Approach to Strategic Decisions - Reducing errors in judgment requires a disciplined process, MIT Sloan Management Review, Spring, Vol 60 n°3, 67-73

Laulusa, L. (2009). Un détour par la Chine pour penser autrement, L'Expansion Management Review, Juin 2009, 62-67.

Likierman A. (2020). The Elements of Good Judgement How to improve your decision-making, Harvard Business Review, Jan-Feb, 102-111

Lorenzo R., Voigt N., Schetelig K., Zawadzki A., Welpe I. and Brosi P. (2017). The Mix that Matters : Innovation Through Diversity, BCG and TUM report, 27 of April

Mueller M., Stone P., Boudreau J., Branstetter L., Rosenberg J., Converse M-L., Gustaffson J., Farrell L., Woolley A., Kermisch M., Mankin R., Mitchell T. (2019), The Imperative for preparing for the Future of Work, White Paper, Harvard Business Review Analytic Service Sept. 19, 13 pages.