

# Global VOICE MAGAZINE

N°20

## LOUD & PROUD

Is the future of currencies digital?

How has Covid changed leadership?

Into the working lives of people with disabilities

Rethinking the role of management controllers in the digital age

Mentorship as a disruptive tool for cultivating 21<sup>st</sup> century leaders

How social and environmental accounting  
can change the nature of our game

*An alliance with a purpose*

## THE COUNCIL ON BUSINESS & SOCIETY

Recognising the enormous role business can and must play in helping solve large-scale, global issues facing the world, seven business schools from around the world have formed a partnership: The Council on Business & Society. Through our individual and collective efforts, we strive to create and disseminate knowledge about those issues and train future business leaders capable of and committed to solving them.

## THE SEVEN SCHOOLS THAT MAKE UP THE COUNCIL ON BUSINESS & SOCIETY



- ESSEC Business School, France, Asia-Pacific and Africa
- FGV-EAESP, Brazil
- School of Management, Fudan University, China
- IE Business School, Spain
- Keio Business School, Japan
- Trinity Business School, Trinity College Dublin, Ireland
- Warwick Business School, United Kingdom

The partner schools share a commitment to and belief in the power of academic excellence, collaboration, innovation, and transformative leadership. Each is a recognised leader in management education and offers a wide range of business-related degrees and executive programmes.

### With the contribution of our guest schools:

Schulich School of Business, York University, Canada



Stellenbosch University Business School, South Africa



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# THE DEANS OF THE COUNCIL'S MEMBER SCHOOLS



**DEAN AND PRESIDENT VINCENZO ESPOSITO VINZI,**  
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"AT ESSEC, WE BELIEVE THAT TRAINING STUDENTS AND PARTICIPANTS FOR RESPONSIBLE LEADERSHIP IS KEY FOR ANSWERING THE CHALLENGES OF A COMPLEX WORLD. TOGETHER WITH THE MEMBERS OF THE COUNCIL ON BUSINESS & SOCIETY, WE STRIVE TO PROMOTE RESPONSIBILITY SO AS TO IMPACT TODAY'S ECONOMY AND SOCIETY, AND SHAPE TOMORROW'S WORLD."

**DEAN LUIZ ARTUR LEDUR BRITO,**  
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"BEING RECOGNIZED WORLDWIDE AS A THINK-TANK, FGV-EAESP NOT ONLY PRODUCES ACADEMIC RESEARCH IN MANAGEMENT AND PUBLIC POLICY, BUT ALSO APPLIES RESEARCH VIA ITS CLOSE RELATION WITH THE CORPORATE WORLD. ITS PARTICIPATION IN THE COUNCIL ON BUSINESS & SOCIETY ENRICHES ITS GLOBAL VISION THROUGH THE MULTIPLE PERSPECTIVES GENERATED BY THE COUNCIL'S INITIATIVES."



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"THE SCHOOL OF MANAGEMENT, FUDAN UNIVERSITY JOINED THE COUNCIL TO COMMUNICATE, EXCHANGE AND COLLABORATE WITH OUR GLOBAL PARTNERS, ABSORB ADVANCED MANAGEMENT IDEAS AND SHARE CHINA'S UNIQUE EXPERIENCE. AS A LEADING BUSINESS SCHOOL IN CHINA, WE WILL MAKE CONTINUOUS EFFORTS TO DRIVE THE MUTUAL DEVELOPMENT OF GLOBAL MANAGEMENT EDUCATION AND THE SOCIAL ECONOMY."

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"IE BUSINESS SCHOOL'S MISSION AND PURPOSE ARE BASED ON THE PILLARS OF ACADEMIC EXCELLENCE, INNOVATION AND ENTREPRENEURSHIP, TECHNOLOGY, SOCIAL RESPONSIBILITY AND INTERNATIONALISATION. AT IE WE FIRMLY BELIEVE IN THE POWER OF THE ENTREPRENEURIAL MINDSET TO CHANGE THE WORLD FOR THE BETTER. WE WILL KEEP ENCOURAGING STUDENTS THROUGH THE COBS INITIATIVES TO EXPLORE SOCIAL INNOVATION AND ENTREPRENEURIAL CHALLENGES WITH SPECIAL EMPHASIS ON UNCONVENTIONAL APPROACHES TO ENDURING SOCIAL PROBLEMS."



**DEAN SAKASUME YU,**  
**KEIO BUSINESS SCHOOL, JAPAN**

"AS THE LEADING BUSINESS SCHOOL IN JAPAN, IT IS OUR DUTY TO INVESTIGATE HOW BUSINESS SHOULD MAINTAIN A BALANCE WITH GLOBAL SOCIETAL ISSUES. WE DESIRE TO EXPLAIN TO THE WORLD WHAT JAPAN HAS EXPERIENCED THROUGH RAPID GROWTH BY MEANS OF THE COUNCIL ON BUSINESS & SOCIETY."

**DEAN ANDREW BURKE,**  
**TRINITY COLLEGE DUBLIN BUSINESS SCHOOL, IRELAND**

"WE ARE THE BUSINESS SCHOOL AT THE HEART OF A WORLD-RENOUNDED RESEARCH-LED UNIVERSITY LOCATED AT THE CENTRE OF A EUROPEAN CAPITAL CITY AND A HUB FOR GLOBAL BUSINESS. OUR APPROACH TO EDUCATION ENCAPSULATES A PROJECT-BASED APPROACH WHERE IMPACT ON BOTH BUSINESS AND SOCIETY ARE KEY. WE ENCOURAGE OUR STUDENTS TO GRADUATE WITH A 'MORAL COMPASS' TO TAKE A STEP FURTHER IN ORDER TO EXCEL AT ETHICAL LEADERSHIP BEYOND THE REALM OF THE ORGANISATION."



**DEAN ANDY LOCKETT, PROFESSOR OF STRATEGY AND**  
**ENTREPRENEURSHIP, WARWICK BUSINESS SCHOOL, UNITED KINGDOM**

"AS A LEADING EUROPEAN BUSINESS SCHOOL AT A WORLD-CLASS UNIVERSITY, WARWICK BUSINESS SCHOOL IS COMMITTED TO DEVELOPING IDEAS AND PEOPLE THAT SHAPE HOW WE DO BUSINESS. WE BELIEVE IN THE POWER OF EDUCATION TO CREATE THE LEADERS THE WORLD NEEDS TO TACKLE SOCIETIES' GREAT CHALLENGES, SUCH AS GLOBAL WARMING, AGEING POPULATIONS AND INCREASING INEQUALITY."



# /EDITORIAL

## A GUEST EDITORIAL BY JOHN NORTH, EXECUTIVE DIRECTOR, GRLI (GLOBALLY RESPONSIBLE LEADERSHIP INITIATIVE)



JOHN NORTH,  
Executive Director,  
GRLI

As we approach the end of the calendar year, a time which includes for many of us the celebration of Christmas, there is always the risk of falling into commonplace statements when we reflect on where we are and what comes next. This may include evoking a Christmas spirit without necessarily embodying it, expressing naive hopes for peace on earth, or perhaps sharing customary platitudinal blessings. However, we also know all too well that recent events and what lies ahead for us is rather unusual. It is very difficult to pretend that everything is ok or that everything will be ok going forward.

The world has been shaken by an unprecedented health crisis and a multitude of other global challenges are staring us in the face including the climate and biodiversity emergency, the growing social inequality, mass displacement and forced migration as well as a worrying trend towards populism. We are dealing, individually and collectively, with a meta-crisis, and chances are that many of you may feel tired, worried and anxious about the future.

Perhaps it is precisely with this dim context in mind that Christmas at the end of the calendar year is such a welcome holiday. Traditionally, the date for Christmas has been set, by the Northern Hemisphere of course, to fall on one of the shorter days in the year. The celebration of a hopeful and uplifting promise during the middle of the long, cold dark of wintertime, seems to suggest that there is always a ray of hope regardless of the immediate circumstances.

*So does our field of work, the work associated with developing future leaders equipped to lead for sustainability and to tackle global challenges, offer any reasons for hope about the future?*

In short the answer would have to be a resounding yes. We have witnessed a number of hopeful shifts during recent years and I thought I would share these with the CoBS community as end of year hopes and wishes.

### AN ECOSYSTEM OF IMPACT INITIATIVES

Since the inception of GRLI in 2003 we've seen the emergence of a flourishing landscape of initiatives and actions focussed on transforming business and management education towards serving the common good. On the GRLI ecosystem dashboard we currently monitor more than 70 global initiatives and networks in our immediate landscape alone that are actively engaged or contributing to efforts for the development of global responsibility – and there are many more. This of course calls for greater ecosystem awareness to ensure alignment of efforts and increased collective impact.

### SYSTEMIC LEVERS FOR POSITIVE CHANGE

Finding and applying the key levers that can affect systemic change is immensely powerful. The GRLI partnership with EFMD, AACSB International and more recently oikos international, bring the key levers of accreditation – through AACSB and EFMD – and student preference to bear. With the two leading accreditation bodies both promoting principles and standards regarding Ethics, Responsibility and Sustainability in recent years, it is important to recognize that the application of standards reflect current debates and contexts which means they have the potential of acting as instruments for radical transformation.

Simultaneously students are increasingly involved in courageous initiatives to address our global challenges. oikos, for example, have been closely involved in efforts to transform the assessment of business schools which builds on our ongoing work of transforming business school rankings to measure the positive impact on society.

### MOVING BEYOND SUSTAINABILITY

Since the outset of GRLI we've kept a focus on global responsibility as an encompassing concept. The world needs to move above and beyond the notion of sustainability with the growing awareness of the need to proactively regenerate the life-giving support systems of our economies.

### EVOLVING FROM WINNER-TAKES-ALL COMPETITION

We recall the early days of CoBS which was founded around the time in 2011 when we were finalising the text of the 50+20 Agenda – a vision of "management education for the world". The 50+20 vision was initiated by the question "what would a business school look like if people and planet mattered?" and suggested that, instead of competing to become best IN the world, we might collaborate to become best FOR the world. In many respects the partnership of GRLI and the formation of the CoBS have been ahead of the curve.

More recently we've seen the formation of a European Climate Change Leadership Alliances and in 2022 eight of the GRLI partners and associates will engage in offering a joint global module effectively forming a global cohort of students taking modules from each of the contributing institutions.

When looking at the shifts already happening and witnessing evidence of new way of learning, living and leading I can't help but repeat (at the risk of showing my age) the opening lines from a Counting Crows song that I love: "It's a long December and there's reason to believe, maybe this year will be better than the last".

While the world is what it is, and the circumstances are what they are, there is still hope. Merry Christmas and all the best for 2022.



OUR CONTRIBUTORS  
**BRAINS THAT HAVE BRAWN**



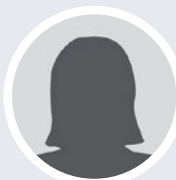
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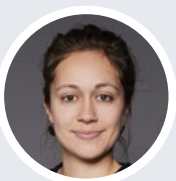
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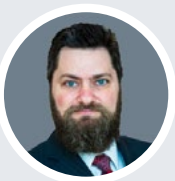
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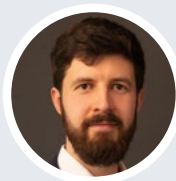
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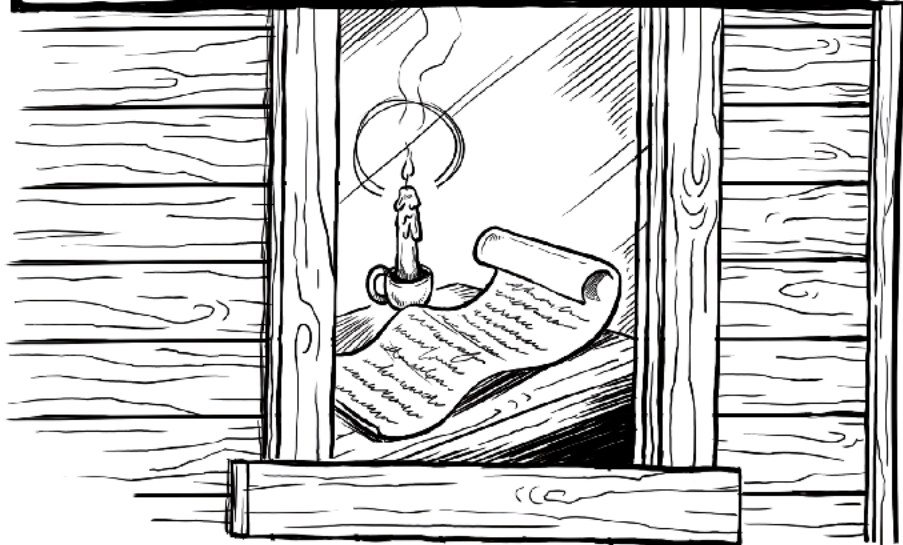


# THE FATHER XMAS CHRISTMAS LIST

DEC. 1954 IF I'M GOOD AND NICE TO OTHERS,  
I WOULD LIKE:  
- 2 MORE REINDEER TO DEAL WITH INCREASING  
XMAS WISHES.  
- 1 EXTRA HELPER (FULL-TIME CONTRACT, MUST BE  
ABLE TO WORK WITH CHEER).  
THANK YOU,  
FATHER X



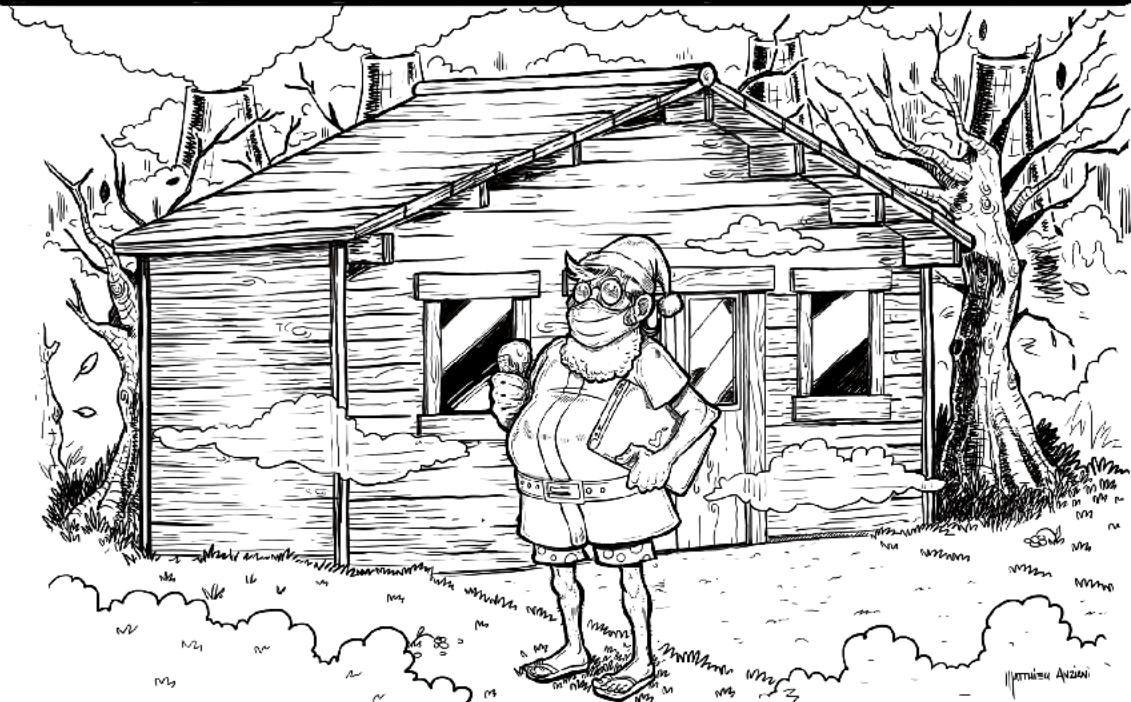
Dec. 1984  
If I'm good and nice to others, I would like:  
- 3 more reindeer to deal with increasing Xmas  
wishes.  
- 2 extra helpers (full-time contract, must be  
able to multitask and work to tight deadlines).  
Thank you.  
Father X



From: Father X  
Date: Tuesday, December 20, 1994 8:02AM  
To:  
Cc: Mother Nature  
Subject:  
  
If I'm good and nice to others, I would like:  
  
- 4 airline freighters to deal with increasing Xmas wishes.  
- 4 extra helpers (6-month part-time contracts/renewable, must be able to: work to tight  
deadlines, multitask, manage high stress levels, have proven computer skills, be ready to work  
weekends and nights at short notice).  
  
Thank you  
  
Father X



To: Mum, Dad  
Cc: Mother Nature, My psychiatrist  
Subject: My Christmas list  
From: Father X  
  
Dec. 2021  
If I'm good and nice to others, I would like:  
  
- 1 end-to-end international shipping and delivery provider (outsourced) with delocalized customer service.  
- An https encrypted website, integrated CRM, anti-virus, real-time automatic mail reply package, big data re-sale base,  
bitcoin payment facility.  
- 1 data analytics engineer with marcomms experience (3 month internship contract, standard minimum wage, must be  
triple vaccinated and non-unionized, must work nights and weekends if required).





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# IS THE FUTURE OF CURRENCIES DIGITAL?



Can individual communities be vested with the power to create, circulate and deal currencies? Do digital currencies offer us a more inclusive and secure future?

Professors **Eduardo Henrique Diniz** and **Erica S. Siqueira, FGV-EAESP**, and **Eric van Heck, Rotterdam School of Management**, analyze the current situation in the world of digital community currencies and offer us a peek at the future.

**Related research:** Diniz, E. H., Siqueira, E. S., & van Heck, E. (2019). Taxonomy of digital community currency platforms. *Information Technology for Development*, 25(1), 69-91.

**W**ith the exponential increase in the accessibility to technology and a flurry of crises in the mainstream global economy, individual communities are starting to decentralize conventional currencies and create a more localized substitute. Can this trend become a widespread sustainable solution or is this a ticking time bomb?

## COMMUNITY CURRENCIES AS PEOPLE'S TOOLS

According to the European Central Bank, Virtual currencies can be defined as "a type of unregulated, digital money, which is issued and usually controlled by its developers,

“Community currencies are tools for fighting social exclusion and encouraging local development by promoting financial inclusion.”





and used and accepted among the members of a specific virtual community". The concerns of regulation institutions are implicit from the definition. In their research, Profs Diniz, Siqueira, and van Heck focus on a specific branch of the virtual currency – community currencies.

Community currencies are generally regarded as tools for fighting social exclusion and encouraging local development by promoting financial inclusion. Usually operating in a restricted geographic area or community, community currencies redefine the hierarchy between local and national levels as a means of payment. They are also seen as an instrument for fighting the problems caused either by money in the capitalist system or by the system itself.

Moreover, community currencies have a positive role in refugee camps suffering from a shortage of currency and local resources, and act as a useful tool for liquidity risk management for small and medium-sized enterprises. Apart from the skepticism and scrutiny, there are other problems related to community currencies management and implementation that can undermine their acceptance. A key hurdle facing the community currencies is the difficulty in making them be used as a substitute to conventional currencies, to access exchange channels, and to be accepted by local businesses.

## DIGITAL COMMUNITY CURRENCIES (DCC) AS A MULTIDIMENSIONAL SOLUTION

Digital community currencies are community currencies that are issued and operated digitally, often with the help of online resources such as point-of sale card systems, websites, mobile applications and in the cryptocurrency format. DCC can represent a solution to some of the problems mentioned above. To understand the digital community currencies in detail, Diniz, Siqueira, and van Heck delve into four main dimensions of the DCC as a platform: architecture, governance, transactionality, and virtuality. By the architecture of the platform, the professors refer to the maturity of the technological infrastructure, what impacts in cost, availability and profile of technology providers. Governance refers to the power of decision on what the platform effectively does, and who will approve its future directions. It also includes the degree of openness and transparency in a platform, which is one of the key issues about governance.

The distinct group of users that the platform brings together, such as between peers or multiple businesses, constitute the transactionality aspect of the platform. The dimension virtuality depends on two requirements: sensory and relationship interconnections. The sensory requirements refer to the convertibility to the official currency to ensure its real value, thus making it more amenable to adoption and the relationship requirements are related to the physical closeness between the two sides operating a payment transaction.

## FUTURE OF COMMUNITY CURRENCIES: AUTONOMY VS ACCOUNTABILITY

Despite the many dimensions and advantages, the creation and maintenance of DCC do not take place without some difficulties. There is always friction between the actors that bring the new technology infrastructure and the community that issues the currency. We are also forced to consider how technology affects social aspects of financial transactions in a community. Transactions happening without physical presence could risk the *raison d'être* of the community currency itself, thus compromising its local development goals. While digital format can lower the operational costs and provide better management for community currencies, on the other hand, it demands the presence of new actors, the technology providers. Within the digital ecosystem, the technology might represent a black box to the community, compromising the accountability of the currency. So, to answer the million-dollar questions – if the future of community currency is digital, how to keep the community sharing principles and at the same time keep the currency more accountable? – we might need to wait a little longer. However, we better pay attention on the evolution of the universe of cryptocurrencies. ///

## KEYS TAKEAWAYS

- Community currencies are generally regarded as tools for fighting social exclusion and encouraging local development by promoting financial inclusion.
- Community currencies redefine the hierarchy between the local and the national levels to stand as a means of payment.
- Digital community currencies are community currencies that are issued and operated digitally
- There are four main dimensions of the DCC as a platform: architecture, governance, transactionality, and virtuality.
- While digital format can lower the operational costs and provide better management to the use of the community currencies, on the other hand, it might introduce a black box within the community.



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## Candidates:

- Are encouraged to participate in a profile interview which aims to align expectations regarding the program. Profile analysis is scheduled after application is confirmed.

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### Target Public

Minimum of 7 (seven) years of professional work experience. Your current or expected global management responsibilities will be considered. Bachelor's Degree or equivalent.

### Admission Process

Pre application: candidates fill in the pre-application form on the internet with their general information, submit their resume and confirm application by paying the application fee.

**For more information on the FGV-EAESP OneMBA**  
e-mail: [admissionsoffice@fgv.br](mailto:admissionsoffice@fgv.br)  
Phone: +55 11 3799-3488



# WOMEN'S PHILANTHROPY: THE END OF AN INVISIBLE PHENOMENON

**Anne Monier**, Researcher at the **ESSEC Philanthropy Chair, ESSEC Business School**, looks beyond the male billionaires who dominate the media coverage of philanthropy to the presence of women, their increasing visibility and the transformative opportunity for the sector.

First published in French in *The Conversation*. With kind acknowledgements.

**M**ackenzie Scott, ex-wife of Amazon boss Jeff Bezos, has been praised recently for her great generosity – the New York Times cited more than US\$6 billion (£4.3 billion) in charitable donations.

Yet, as Rob Reich, a professor of political science at Stanford University and an expert on philanthropy, pointed out on Twitter, while Scott's donations in 2020 were 15 times greater than those of the largest US foundations (the Ford Foundation distributed US\$350 million in 2020), we know little about her philanthropy. Paradoxically, women's philanthropy has long been invisible, even though it dates back centuries and has always been important.

## A LACK OF RESEARCH

There is a lack of research on the topic, but historians show that women of power already provided patronage in the middle ages and the Renaissance (think Isabeau de Bavière, Catherine de Médicis and others). In the 17th and 18th centuries, nuns (or "daughters of charity") offered help where needed, and women philanthropists were operating in the



**New women's philanthropy marks a real paradigm shift, questioning power relations and making it more committed to social justice.**





© STIGUR MARK KARLSSON / HENSMYNDIR

19<sup>th</sup> and early 20<sup>th</sup> centuries. These philanthropic roles have allowed women to operate in the public sphere, even at times when they were largely confined to private life and excluded from political arenas.

Some research emphasises the emancipatory power of these activities, particularly at a time when the development of reform philanthropy was concomitant with that of the feminist movements. Others, however, consider philanthropy, which is marked by paternalism, to be a hindrance to the emancipation of women.

There is also a lack of contemporary research, although the Women's Philanthropy Institute at Indiana University and the PhiLab at the University of Montreal are changing that.

## STRUCTURALLY INVISIBLE

Even the way we think about women's philanthropy contributes to its lack of visibility. We compare the way women give to the way men give rather than analysing their activities in their own right. We know, for example, that "women give time, men give money". Women give to a wider variety of organisations, whereas men's philanthropy is more concentrated, and women tend to be more involved in collective forms of giving, such as giving circles, than men. These patterns tend to make us believe that women's generosity is homogeneous. It hides the diversity of situations, essentialising the very category of women's philanthropy. However, numerous studies have confirmed the major role women play in voluntary activities – free and invisible work.

Women's philanthropy is also hidden by the fact that the

philanthropic field is, like wider society, strongly structured around couples. In the top 50 donors for 2018, there are 22 couples, 27 single men, one family and zero single women. A large number of foundations are set up by couples but it is often the man who is in the spotlight, especially in the media – one thinks of the Bill and Melinda Gates Foundation or the Chan Zuckerberg Initiative.

Nor do we often know how spouses divide up their roles. Sometimes decisions will be made jointly but also separately, like Abby Aldrich Rockefeller, who created MoMA, while her husband, who "hated modern art", preferred to invest in the Cloisters, the Met's medieval collection. This makes it difficult to analyse women's philanthropy. Moreover, for a long time, women's philanthropy was heavily dependent on men's wealth, as women could not earn or spend their own money without a man's permission. While women's work contributes to the production and reproduction of family wealth, capital in the 21<sup>st</sup> century remains resolutely male.

Philanthropy is dependent on this state of affairs. Some great philanthropists are part of this tradition, such as Liliane Bettencourt a few years ago (heir to the fortune of her father Eugène Schueller, founder of L'Oréal), Laurene Powell Jobs (heir to her husband Steve Jobs, founder of Apple), Alice Walton (fortune inherited from her father, founder of Walmart supermarkets). But today there are more and more women who have built their own fortunes through their work. They are developing their own philanthropy, regardless of their marital status – for example Sheryl Sandberg (chief operating officer of Facebook), Oprah Winfrey (presenter and producer) or Sara Blakely (founder of Spanx).

## AN OPPORTUNITY FOR THE PHILANTHROPIC SECTOR?

Today, women's philanthropy is gaining visibility and offering a transformative opportunity for the sector.

By shifting towards philanthropy that centres around providing financial support and is independent of men, women are more free to take up their own causes. That sometimes means using philanthropy to address the consequences of gender dominance, such as the fact that women have less access to health or education. It sometimes takes a more political avenue, working upstream and using "feminist philanthropy" to support efforts to defend women's rights.

This is all the more important because it's a relatively little-supported cause in general. In 2017, only 7% of French foundations described themselves as acting to support women and girls, and in the United States only 1.6% of total donations go to this cause.

Meanwhile, women's philanthropy is attracting greater media coverage and is being taken more seriously. Networks of women philanthropists are being formed, particularly in the United States, to exchange ideas and support each other. Figures such as Melinda Gates are speaking out. Gates operated in her husband's shadow for a long time but now publicly talks about the work she had to do within their foundation to be heard.

These developments are leading to the emergence of new practical guides for professionals hoping to raise funds from women – who are seen as a new "market" to target, especially since women's fortunes are growing rapidly. In 2019, the ranking of the world's wealthiest people included a record number of 244 women.

And by practising philanthropy differently, women are said by some to be transforming the philanthropic sector itself. Scott's spending is revealing in this sense. She went against the grain of her husband, who was long considered ungenerous – even "stingy". And, unlike the great philanthropists who often give to prestigious institutions, such as their university or a major museum, Scott gave to modest institutions in real need. Crucially, she also made unrestricted gifts – a rare occurrence in the field – allowing recipients to decide how to use the funds.

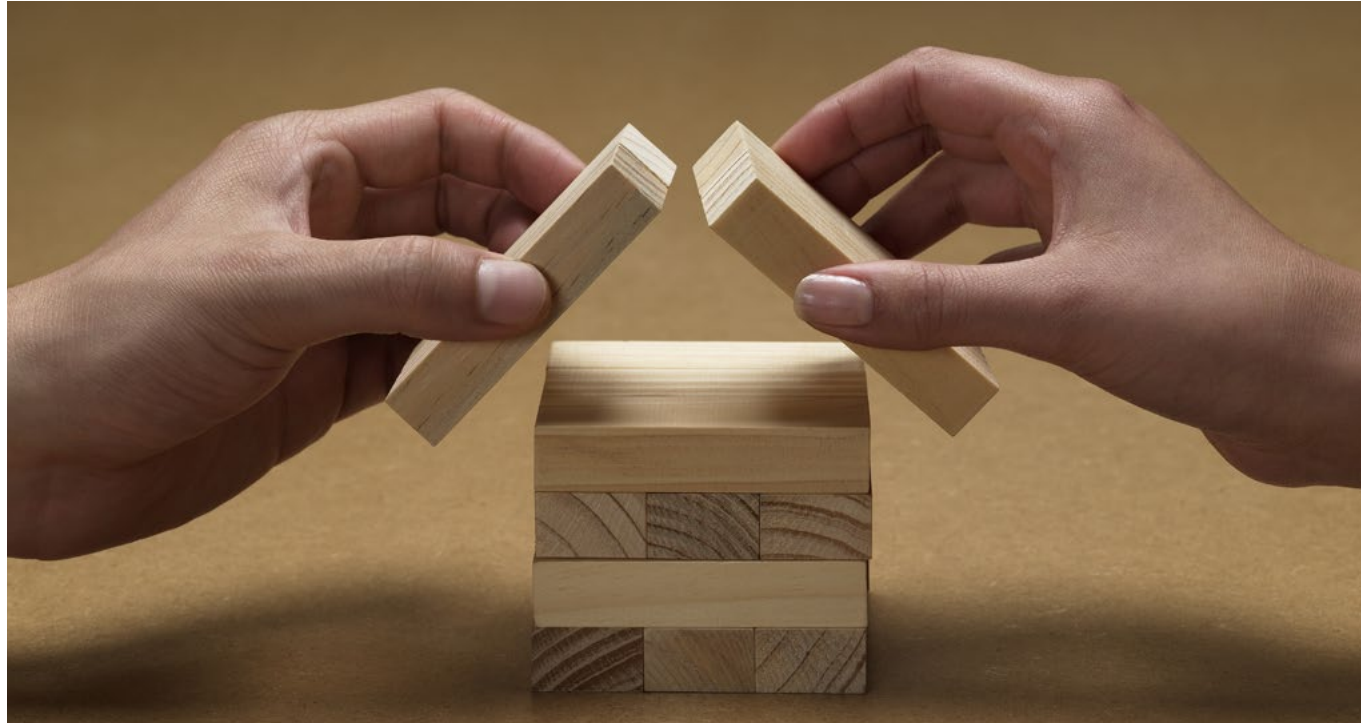
What emerges is a challenge to traditional elite philanthropy – that of white men over 50, seeking recognition and power, who often focus on their own desires rather than the needs of recipients. In line with what some professionals are calling for, the new women's philanthropy marks a real paradigm shift, questioning power relations and making it more committed to social justice.

## THE GENDER LENS

The emergence of a new generation of high-profile women philanthropists is not only helping us understand the power relations that are specific to philanthropy, as well as the way women's work is made invisible, but also showing, in the way women philanthropists spend, that the emancipation and affirmation of women contributes to building a more just and egalitarian society.

Viewing philanthropy through a gender lens also means thinking about philanthropy beyond that of the great billionaires. It is to take an interest in those who contribute, often in the shadows, to helping others in different ways, to give a voice to these invisible people in philanthropy – invisible donors, professionals but also recipients – to change our perspective to see philanthropy in its diversity and complexity. ///





## KEYS TAKEAWAYS

- Women's philanthropy has long been invisible, even though it dates back centuries and has always been important.
- Women give to a wider variety of organisations, men's philanthropy is more concentrated. Women tend to be more involved in collective forms of giving, such as giving circles, than men.
- Women's philanthropy is also hidden by the fact that the philanthropic field is strongly structured around couples. In the top 50 donors for 2018, there are 22 couples, 27 single men, one family and zero single women.
- Today there are more and more women who have built their own fortunes through their work. In 2019, the ranking of the world's wealthiest people included a record number of 244 women.
- By practising philanthropy differently, women are said by some to be transforming the philanthropic sector itself.
- What emerges is a challenge to traditional elite philanthropy – that of white men over 50, seeking recognition and power, who often focus on their own desires rather than the needs of recipients.
- In line with what some professionals are calling for, the new women's philanthropy marks a real paradigm shift, questioning power relations and making it more committed to social justice.
- Viewing philanthropy through a gender lens also means thinking about philanthropy beyond that of the great billionaires.



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# HOW SOCIAL AND ENVIRONMENTAL ACCOUNTING CAN CHANGE THE NATURE OF OUR GAME



How has the pandemic impacted society and the planet? What lessons can be learnt from a past of economic recovery packages? Professor **Charles**

**Cho, Schulich School of Business, Juliette Senn, Montpellier Business School, and Madlen Sobkowiak, Birmingham Business School,** offer an analysis and blueprint for social and environmental accounting to help transform the take-take to a give-give.

**Related research:** Sustainability at stake during COVID-19: Exploring the role of accounting in addressing environmental crises, Charles Cho, Juliette Senn, Madlen Sobkowiak, *Critical Perspectives on Accounting*, Elsevier.

## THE NATURE OF OUR GAME

**F**or millions of years Nature – the environment – shaped the evolution of humankind. From physique and physiognomy, to cognitive capacities to tools, behaviours and habitat. And from early biped to modern day *Homo Sapiens Sapiens*.

This nature-based change-maker on our behaviours began to lose its influence with the development of agriculture some seven thousand years ago in what is now modern-day Iraq and Syria. Sedentary occupations flourished. Language and counting (even accounting) was formalized. Humans began



Sustainability goes much wider than simply individual corporations – and indeed concerns everyone and every living thing that relies on nature.



exploiting their natural habitat in order to stay put, grow richer, defend themselves and trade – water, wood, stone, stone, sand, minerals (and centuries later oil and gas too).

It sounds like any number of games that have reached our screens and leisure time. But what these games rarely show as we build our empires and conquer, is that the increasing levels of industrialization, population and urbanization of our civilizations over time have resulted in a sharp rise in environmental issues that now include climate change, air-sea-land pollution, water depletion and destruction of our forests and biodiversity. In all appearances, it sadly seems that the human-planet relationship has increasingly turned from a give-give (our respect and humility before nature, and nature as a provider of plentiful resources) into a take-take – human over-exploitation and dominance, and nature's answer in the form of increasing climate and health crises.

### A DIFFERENT ANGLE AND THE NATURE-HUMANS-VIRUS LINK

In an inspiring research-oriented call for action recently published in *Critical Perspectives on Accounting*, Professor Charles H. Cho and his colleagues point to the true nature of the game, pointing out that by now, humanity has stepped over at least three of the ten planetary boundaries required to establish a safe living environment – the rate of biodiversity loss, climate change, and the [nitrogen cycle](#).

Moreover, researchers have drawn the link between the destruction of natural habitat and pandemics, including our most recent – COVID-19 – which is generally agreed to have originated from wild animals sold in a market in Wuhan, China in December 2019.

Although the transmission of viruses from wild animals to humans are nothing new, with at least 60% of emerging infectious diseases between 1960 and 2004 originating in non-human animals, there is increasing evidence that these animal-to-human transmissions are linked to ecological changes. Witness, as some of us may have seen, wildlife entering suburbs, parks and even city centers in search of food. As such, this proximity increases the risk of transmitting disease.

A further result of the damage done to our environment is the Earth's capacity to transform CO2 to oxygen. Studies in 2020, for example, show that the high COVID-19 mortality rate northern Italy was influenced by the higher air pollution in the region. Altogether, by March 2021, some 114 million cases of COVID infection had been reported worldwide, with an estimated minimum of 2.5 million deaths.



### DID LOCKDOWN DECREASE ENVIRONMENTAL DESTRUCTION?

We all remember the eerie silence and emptiness of lockdown, as one by one countries from east to west brought their industries to a halt, shutting down factories, shops, schools and access to public places such as parks and beaches. Commuter and air traffic stopped. Shortly into the global lockdown, the [WEF](#) posted satellite images of several large cities and their CO2 imprint pre-Covid compared to confinement. The results were stunning – huge patches of black, brown and red had been replaced by grey and white where pollution had virtually ceased.

Indeed, in April 2020, daily CO2 emissions had decreased by 17% compared to 2019 levels, with more than half of this being accredited to the halts in land and sea transport. A large slice too resulted from air travel with 96% of flights cancelled and international travel reaching its lowest level in 75 years.

But for Profs Cho, Senn and Sobkowiak, not all lockdown policies were as effective and positive for the planet as they appear at first glance. They argue that some effects of the COVID-19 pandemic will be more detrimental to the environment in the long term. Despite the drop in pollution levels, the [WMO](#) compared it to “only a tiny blip” in the continuing increase of CO2 in the air due to human activity. Moreover, as highlighted by the [IEA](#) and more recently during the [COP26](#), emissions have rebounded in 2021, exceeding 2019 levels, and are expected to reach 36 gigatons by 2027.

Overall, governments' commitments to decrease emissions amount to a mere 15% – not enough to put an effective and real restraint on global warming. There are other alarming signs – for one the fact that in 2020 our global footprint exceeded one Earth. Another, that of an analysis appearing in the journal [Nature](#) showing the planet close to reaching the 9 [tipping points](#) after which the planet will collapse.

The pandemic has also brought about another environmental concern – that of the treatment of medical waste linked to COVID-19. Hospitals are estimated to have produced six times more medical waste during 2020-early 2021 compared to pre-pandemic days and it is not only the quantity but the type of waste that creates a problem. A surge in demand for plastic has brought about a global boom in production for items such as masks, gloves, ventilators and tests. These will eventually end up in landfills or in the ocean – adding yet another layer to the existing environmental problems of water and air pollution, soil erosion and deforestation.





## RECOVERY – LESSONS FROM THE PAST

Pretty bleak stuff. Though humankind is reacting. How? For one, governments have attempted to deal with crisis recovery through policy, with one of the most common being stimulus packages to cater for the urgent needs of economic recovery, combatting unemployment, and accelerating decarbonisation.

The €750bn EU package dubbed *Next Generation EU* is a shining example, with €500 billion dedicated to sustainability alone. Energy efficiency, the development of renewables, green transport and agriculture, and environmental protection feature as ways to go about creating a sustainable future. The package supplements a wider plan – the [European Green Deal](#) – in line with the [UN SDGs](#) to invest €1 trillion over ten years with the objective of reducing greenhouse gases by 30% come 2030.

But such packages aren't particularly new, with past failures providing the opportunity to learn for the future, asserts Prof Charles Cho. After the 2008 financial crisis, \$3.3 trillion were allocated worldwide by the leading economic nations, with around \$522 billion set aside for green measures. But although CO2 emissions dropped in the year following the launch of these recovery packages, they rapidly rose by 5.9% in 2010 to reach a record high as governments rebooted their economies.

For Cho, Senn and Sobkowiak, this clearly points to the necessity of re-assessing government policies with the long term environmental impact they will generate. While former EU policies lacked sufficient supervision and control over activities rallied to environmental strategy, steps such as the [EU Climate Law](#) that includes a progress monitoring system have been taken to rectify things. Unfortunately, to date, most of the measures contained therein remain unenforced.

A further stumbling block is that the sustainability goals contained within recovery packages have tended to be subordinate to economic goals. This defines what

governments take into account – and what they leave out – in their decisions. For example, in the 2008 package, airlines and oil giants formed the targets, leaving the rest of the heavy CO2 producers relatively free to carry on as normal.

Sustainability, contend Cho, Senn and Sobkowiak, goes much wider than simply individual corporations – and indeed concerns everyone and every living thing that relies on nature. As such, they see the accountability mechanisms used to measure the results of recovery packages ill-suited to achieving long-term environmental goals.

## ONE ESSENTIAL STEP FOR ACCOUNTING THAT MAY OFFER A GIANT STEP FOR HUMANKIND AND THE PLANET

In order to achieve real impact and positive change, state Profs Cho, Senn and Sobkowiak, accounting first of all needs to go beyond the paradigm that sustainability depends on what corporations alone should do to help address the environmental crisis. The blueprint they offer for transformation to take place includes a set of recommendations for action:

- Include an ecosystem of wider stakeholders with alternative accounts produced, for example, by expert reports, NGOs and online journals, and as such adding to the knowledge that corporate leaders and governing bodies gather in order to make long-term and sustainability-oriented decisions.
- Integrate a systems-approach that takes into account the links and interactions between corporations, society and ecology rather than treating companies as detached from their natural environment.
- Use science and technology for scenario modelling and setting emissions targets. Use indicators based on climate-related risks and dependencies to help establish the links and impacts of a company's links with society and the environment.

- A shift in how we understand accountability, the functions and the boundaries of existing accounting techniques and tools. This will help clarify whether current measuring and reporting against sustainability indicators actually has an impact on climate change mitigation and actions.
- Focus on how accountability can bring light to industries on the long-term risks and opportunities of climate change.
- Adopt a multi and transdisciplinary approach to social and environmental accounting which brings on board the expertise of scientists, biologists, and scholars.
- Transform the way we teach future accountants, auditors and managers, by blending in courses in ethical accounting, sustainability, and stakeholder theory to traditional curricula. And by using multidisciplinary thinking in programmes such as experiments, design thinking, business modelling and systems mapping.

The reality of current reports and analyses seems to indicate that COVID-19 has made reaching "net zero" by 2050 even tougher to achieve. As economies pick up after the crisis and activity gains pace, levels of pollution will surely rise, the Earth's resources surely deplete further, and environmental destruction increase. The negative impact on society and humankind – Nature's revenge, as some might say – will naturally follow.

Faced with this emergency, it is time to shed our denial and leave the business-and-habits-as-usual approach behind. Accounting and accountability can have an important role – perhaps even a keystone role. It has the potential to offer transparent, inclusive and ethically sound data at the intersection of business, government, society and planet. And this is key for the decision-makers of this world – from international organisations to leaders of states, to CEOs and consumers – to make sound judgement, sound choices that spark the end of the take-take relationship between humankind and nature and renew a give-give future. Such is the ideal balance sheet. ///



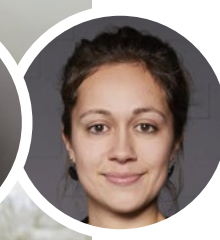
## KEYS TAKEAWAYS

- Increasing levels of industrialization, population and urbanization over time have resulted in a sharp rise in environmental issues: include climate change, air-sea-land pollution, water depletion and destruction of our forests and biodiversity.
- Humanity has stepped over at least three of the ten planetary boundaries required to establish a safe living environment – the rate of biodiversity loss, climate change, and the nitrogen cycle.
- At least 60% of emerging infectious diseases between 1960 and 2004 originate in non-human animals. There is increasing evidence that these animal-to-human transmissions are linked to ecological changes.
- Although in April 2020, in the early stages of the COVID-19 pandemic, daily CO2 emissions had decreased by 17% compared to 2019 levels, as countries emerge in 2021, pollution rates have never been as high.
- Hospitals are estimated to have produced six times more medical waste during 2020-early 2021 compared to pre-pandemic days and it is not only the quantity but the type of waste that creates a problem.
- Governments have tried to deal with crisis recovery through stimulus packages to cater for the needs of economic recovery, combatting unemployment, and accelerating decarbonisation.
- Regarding sustainability, they have largely failed to be effective, because sustainability goals contained within recovery packages have tended to be subordinate to economic goals.



# UNFAIR AND SQUARE: HOW COMPANIES DEAL WITH HUMAN RIGHTS VIOLATIONS

## HUMAN RIGHTS



No one is perfect – and neither is corporate governance. Human rights abuses are systematically reported within companies of all sizes and industries. Leaving aside legal proceedings, what are the ways to efficiently resolve such conflicts? Professor **Maximilian Schormair**, **Trinity Business School**, and **Lara Gerlach**, Project Officer Controlling & Compliance Asia at **Plan International**, with a focus.

**Related research:** : *Corporate Remediation of Human Rights Violations: A Restorative Justice Framework*, Maximilian J. L. Schormair & Lara M. Gerlach. *Journal of Business Ethics* (2020) 167:475–493 <https://doi.org/10.1007/s10551-019-04147-2>

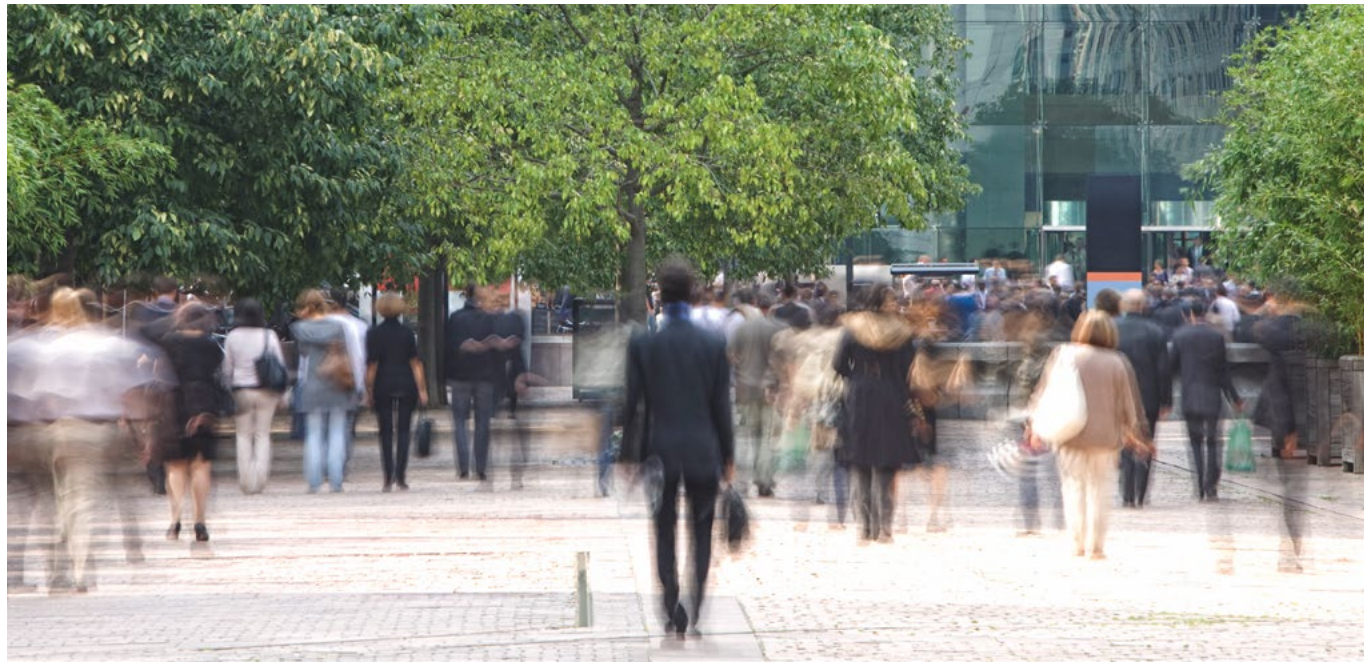
### RIISING VOICE OF MORAL

**A**s the number of people employed in multinational companies reaches a record high, the public has begun paying closer attention to the ethical side of their business. Large multinationals have a shaky reputation in addressing the needs and rights of workers, with of them notorious for neglecting safety standards or exploiting cheap labour in the pursuit of higher profits. Unpaid wages, abnormal working hours, discrimination, harassment... The list of corporate human rights violations is long, and financial problems that have arisen as a result of the COVID-19 crisis do not make things easier.



Socially committed stakeholders all seek to reframe the way we think about wrongdoing and justice.





The issue of modern slavery has been largely discussed over the Internet over the past decades. In this regard, the image of garment industries has particularly suffered: no one was happy to discover that their clothes had been made by Filipino kids toiling for pennies at dirty factories. But the last straw came in 2013, when industrial accidents in Pakistan and Bangladesh killed more than 1,100 workers and injured thousands more. For the global community, the problem could no longer be ignored.

So far, the UN Guiding Principles on Business and Human Rights (UNGPs) have been the main guideline for both states and businesses to prevent, address and remedy human rights abuses. However, it remains a general orientation with unspecific principles and much room for interpretation. The vague language and the lack of clarity are especially apparent regarding remediation. Even though the UN recently launched a new phase of the project that explores the efficiency of corporate remedy mechanisms, multinationals still rule the game. While there are no legally binding international instruments that call upon companies to deal with human rights issues, it's up to them to address these issues in a proper way or 'turn a blind eye' when things go wrong.

## WELL-TRODDEN PATH

The lack of comprehensive regulatory framework leads to the lack of comprehensive understanding on how companies can provide effective remedies after human rights violations. Up to now, alternative dispute resolution (ADR) has been the prevailing non-judicial mechanism for companies to react to human rights abuse. ADR is an umbrella term for many dialogue-based conflict-resolving procedures, from which the most common are:

- *Negotiation*: direct information exchange between parties until decision-makers come to an agreement
- *Mediation*: facilitated form of negotiation guided by a neutral third-party (mediator)
- *Arbitration*: alternative of a standard adjudicatory procedure as an arbitrator takes the final decision for the conflicting parties

ADR is an internationally recognized approach to settling commercial disputes. It is faster, more efficient and involves lower transaction costs for companies than going to court. It is therefore largely used worldwide to resolve disputes with internal and external stakeholders. However, the question is whether the most common practice is the best possible one. The jury is still out regarding the role of ADR, namely whether it actually deserves to be regarded as a benchmark of corporate remediation. In fact, ADR, just as many other things at the discretion of corporate governors, is subject to manipulation. Initiated and led mostly by a company, it has a significant risk of creating power imbalances. Since companies are better funded as well as more skilled and experienced in formal processes than community members, the latter may find themselves in a "take it or leave it" situation. ADR critics point out that it is a pragmatic approach confined to bargaining: companies are seeking for possible win-win solutions, instead of "addressing rights as an inalienable minimum standard". Remediation through ADR is therefore no more than a pragmatic model grounded on the logic of the "business case for respecting human rights".

To illustrate the controversy of remediation through ADR, the researches explore the company-based grievance mechanisms of the Canadian gold mining company Barrick Gold Corporation (Barrick). Between 2005 and 2011, numerous cases of physical and sexual abuse by security guards against local women were reported in the area of Barrick-owned gold mines. Under legal pressure, Barrick initiated a company-based grievance mechanism in 2012. They implemented a classical ADR scheme: third-party facilitators, compensation payments to the victims, new monitoring systems and training for mining personnel. Yet, the majority of victims remained unsatisfied with the remediation effort made by the company. The financial restitution was perceived as unfair and insufficient, let alone the fact that many victims were unable to read and/or understand the remediation plan and thus were unable to agree on it. Neither did they get an explicit and direct apology. In such a case, how can this conflict be considered successfully resolved?

## WIND OF CHANGE

As public concern rises, a paradigm shift is brewing. Socially committed stakeholders – corporate governors, customers, communities – all seek to reframe the way we think about wrongdoing and justice. In this context, restorative justice (RJ) represents an approach that is a possible better alternative for non-judicial conflict resolution. Remediation through RJ prioritizes victim engagement and strictly focuses on meeting the human rights standards as set out in the UNGP.

RJ approached is based upon four main principles:

- Focus on needs of victims: Restore, repair and compensate the harm for victimized individuals and communities.
- Encourage offenders to acknowledge the guilt, voluntarily commit to victim compensation, and change values and behaviors.
- Promote all-side participation by bringing together all relevant stakeholders.
- Initiate long-term transformation by building new trust-based relationships between participants.

RJ is a restorative, not a punitive approach. It does not focus on how to punish the offender, but rather on how to bring all parties together to put things right. The restorative dialogue, linked to the above-mentioned principles, address in sequence the information about the harm, the impact of the harm and the resolution. This dialogue lies at the heart of a comprehensive 4-stage process for corporate remediation of human rights abuses through RJ:

- **Stage 1 – Discovery** – starts when a company receives an external grievance. It is necessary to determine facts about scale, scope and severity of human rights abuse. In the Barrick case, serious shortcomings were revealed at this very first stage already. It took the company several years and external pressure to start the investigation, the scope of which was limited to sexual assaults. The company also failed to establish open communication with communities. In the context of distrust and dissatisfaction, one could hardly expect the conflict to be quickly and efficiently resolved.

- **Stage 2 – Process Design & Preparation** – aims to find an agreement on the key facts of the grievance and on the way to move forward. Victims therefore need sufficient support to participate in the process. Here Barrick failed again: the remediation process was administrated by local employees. The victims were perceived as "passive recipients", community members played only a peripheral role and offenders were not included in the process at all. Does not really look like a holistic dialogue.

- **Stage 3 – Restorative Dialogue** – is supposed to lead the parties towards a resolution in the form of agreement that stipulates financial restitution, apology, treatment program and assurance of preventing future harm. High transparency, low information asymmetry and inclusiveness are crucial at this stage. Here again, Barrick was not at their best: few selected victims were visited at home and had the possibility to answer questions about their economic situation. Almost all decisions on the level of impact were based on internal investigations, which were not aligned with the views of victims and other stakeholders.

- **Stage 4 – Reintegration** – describes the on-going responsibility of the offender after the core remediation process ended. A resolution plan includes a long-term perspective as human rights violations are events with long-term consequences for a person or community. The outcome of a restorative process should contain a strategy to shape or change future behavior and relationships. As illustrated with the Barrick case, the mere fact that a company acknowledges and reacts to the wrongdoing, does not guarantee efficient conflict resolution. If Barrick had used restorative justice (RJ) rather than alternative dispute resolution (ADR), it could have found solutions together with the victims and community members on how to build a long-term relationship, which is built on trust. This, of course, is more challenging than ADR: RJ cannot be formulated in a "one-size fits-all" approach. However, this is remediation mechanism can be a better way to find a holistic resolution to a human rights conflict.





### SLOWLY BUT SURELY

What looks good on paper, it not always as easy to implement in real life. Unfortunately, the RJ approach is not a magic wand. It cannot end up all human right abuses and set everyone happy once and forever. A lot still depends on the vision of corporate governors: whether they are ready to accept the challenge of providing all parties concerned with comprehensive information and encouraging holistic dialogue. And even if they are, for large multinationals it can also be extremely challenging to identify and hold responsible a concrete offender. However, the fact that the conflict resolution process is challenging, does not mean it is not worth the effort. If you can't stand the heat, get out of the kitchen.

The efficiency of the RJ approach is not an empty promise. While Barrick left many stakeholders unsatisfied with the remediation results, there is also the case of Severn Trent Water, a UK-based utility company, to draw upon. It managed to gain reacceptance from key stakeholders and to be named "Utility of the Year" by their industry peers just one year after pleading guilty to data manipulation and fraud. What matters, it seems, is the true willingness to change for the better the way how the things are done. As such, restorative dialogue is the key that paves the way for continuous learning and a general commitment to provide justice for all. ///



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### KEYS TAKEAWAYS

- As public concern for the ethical side of business is on the rise, companies are more and more called upon to engage with human rights issues. In the absence of comprehensive regulatory frameworks, companies are expected to take remediation of human rights abuses into their own hands.
- Alternative dispute resolution (ADR) is currently the prevailing non-judicial way to approach human rights conflicts. However, from a normative perspective, it is not the most effective one. Power imbalance and information asymmetry arising from this approach might leave certain stakeholders with nothing.
- Restorative justice (RJ) is another approach that calls for inclusive participation and holistic dialogue. Restorative, rather than punitive dialogue, is likely to become a new benchmark of corporate remediation.
- Remediation through RJ includes discovery, preparation & design and dialogue stages, with transparency and inclusiveness being crucial throughout the process. Based on a prompt discovery and a thorough investigation of the grievance, companies should design and prepare the remediation process together with victims, offenders and affected community members.
- There is no magical universal way to end up all human rights conflicts, but RJ has the biggest potential in making a long-term positive transformation of business practices.



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# REVIVING THE HEART OF CORPORATE PHILANTHROPY: BACK TO “LOVE OF HUMANITY” RHYTHM



Corporate giving has been on the rise over the past decade, playing a critical part in addressing various global inequities and injustices. But are corporate foundations' philanthropic actions unwittingly getting some global challenges out of the frying pan into the fire? Profs. **Muhammad Umar Boodoo** of **Warwick Business School**, **Irene Henriques** of **Schulich School of Business** and **Bryan W. Husted** of **EGADE Business School** explore this question against the backdrop of health grants made by US corporate foundations.

**A**pril 27, 2020. New York City. The City That Never Sleeps lay in a coma, falling apart, after being one of the hardest hit by COVID-19. Two hospitals — one public and the other a wealthy, private hospital — stood weary and worried, struggling to get their deeply distressed ‘hearts’ back to rhythm after countless days of witnessing their crowded corridors, panicky patients, and overwhelmed staff. And death.

Yes, both are similar in troubles, yet so different. While the latter got Warren E. Buffett’s help to fly in coveted N95 masks from China, the former’s strained intensive care units had to make do with plastic tarps and duct tape as flimsy barriers to



Instead of going to places where the need is greatest, funding appears to go to places where the need is less, but which are closer or more similar to home.



separate patients. So, there you have it — the world-shaking pandemic laid bare the deep inequalities in the city's health care system and the embedded disparities appeared to have been exacerbated by corporate philanthropy. And this is just one of the many examples of such unfairness.

## MOTIVATION VS REALITY

In 2017, Americans donated \$410 billion to charities of which 9% were health-related. And 21% of these donations were by foundations and corporations. Now, let us ask ourselves an essential question: What is, or rather, should be the primary motivation for charity? It has always been about providing for the poor and disadvantaged, and attacking the root causes of poverty and disadvantage. Which raises another important question: Does corporate philanthropy really go to regions with the greatest health-care needs?

Seeking to address this, Prof. Boodoo and his fellow co-researchers explore corporate philanthropy and its relationship to health inequality in the context of health grants made by US corporate foundations by combining inputs from Robert Wood Johnson Foundation, which collects yearly county-level health data, and Candid, which records corporate giving of US companies through their respective foundations on a yearly basis.

One would expect that a corporate foundation's philanthropic grant-making for health would be based on the needs of the recipient community. However, there exists significant concern that communities with higher needs, but fewer resources are often handicapped in competitive calls for grant proposals. To get to the root of this concern, it is paramount to first delve into the two key conditions that disadvantage communities with greater needs — homophily and proximity.

## ONCE UPON A FLOCK

Homophily captures the idea that people with certain characteristics tend to associate with others with similar attributes. This principle often underlies the inequitable distribution of health outcomes. Unhealthy individuals have fewer contacts with healthy individuals, limiting the former's access to healthy role models and information about adopting health innovations. As a result, poor health outcomes are reinforced among the unhealthy.

In an organisational setting, homophily translates to people in corporations and corporate foundations being most attracted to potential beneficiary organisations that are cast in the same mould. For example, a study of grant-making by US foundations to Chinese civil society organisations revealed that organisational homophily in decisions by US foundations directed funding toward elite-led bureaucratic organisations controlled by the Chinese government and away from truly grassroots NGOs. Birds of a feather really do flock together.

Regarding grant-making, homophily will play a role insofar as corporate grant makers will be keen on those proposals that best reflect the community norms used by corporate foundations to determine what is an appropriate application. Grant proposals from areas which do not share the same community norms of professionalism, but may suffer from more severe health problems due to the dearth of effective interventions or medical resources, may not be winning competitive grants because they may not have access to professional grant writers and resources needed to prepare proposals that are consistent with the professional norms in major metropolitan areas.

Homophily also determines the flow and diffusion of information. Within homophilous groups, the diffusion of information and opinions is quite rapid, but across



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groups, diffusion slows down. That means, the costs of information search are reduced by focusing search on similar organisations. In addition, homophily constrains the flow of information and the network of contacts through which this information flows. Reduced costs and constraints lead to a tendency for corporate foundations to allocate greater CSR resources to homophilous beneficiaries. As such, all these factors serve as a stumbling block for potential recipients that are less similar, regardless of their manifest need for funding. And this results in a more inequitable distribution of health grants and, potentially, of health outcomes.

Next, we zoom in on one of the most significant sources of homophily — geographic proximity.

## A STONE'S THROW AWAY

"Proximity bred familiarity, and familiarity bred comfort."  
— Nicholas Sparks, *American novelist, screenwriter, and philanthropist.*

Being proximate encourages chance encounters and opportunities for interaction, which can spark off new relationships and maintain existing ones. In terms of the allocation of philanthropic grants, increased proximity brings down the efforts and costs of information search. This causes corporate foundations to prefer nearby beneficiaries, which often tend to be more homophilous. As such, proximity begets homophily.

Proximity also constrains the set of opportunities for interaction between actors — in this case, between corporate foundations and potential beneficiaries. These constraints shape the flow of information about opinions, norms, and values relevant to the awarding of grants. So, proximity fosters the formation of community cultures surrounding philanthropy.

Additionally, a "home bias" induced by geographic proximity influences many kinds of business activities, including investment and CSR. Investors and corporations prefer to invest in their hometowns. In the case of corporate philanthropy, most philanthropy is directed to headquarter cities, which tend to be large metropolitan areas, and already have greater wealth, resources, and capabilities than non-metropolitan areas. Last but not the least, there tends to be a high affinity between corporations and local NGOs, which are the recipients of corporate generosity. Once again, we see how dissimilar and distant communities are harmed when foundations focus only on their backyards.

Now that we have established how the concepts of homophily and proximity affect health equity, it is time to head back, and unravel the details of the probe carried out by Prof. Boodoo and his colleagues on the data from Candid and Robert Wood Johnson Foundation. And see if the numbers tell a different story.

## THE STARK REALITY

One would expect corporate philanthropy to provide for the poor and disadvantaged by addressing the root causes of health inequalities, not reinforce them. But the reality is quite different.

Health-care grants by corporate foundations predominate in areas with lower health-care needs, such that counties which have fewer uninsured citizens and where citizens have greater access to primary-care physicians and mental health providers, are the more likely recipients of health-related corporate grants. The numbers say it all: As the number of health providers goes down by 10 for every 100,000 people, the odds of receiving health grants drops by 12%. And for every 1%-point increase in the rate of uninsured adults, the odds of receiving health grants goes down by 9%.





Even among the “winners”, more health grants are awarded to counties with less severe health needs. Conditional on receiving grants, a decrease of 10 health providers for every 100,000 people is accompanied by a reduction of 2.1% in the value of health grants.

Recipient counties have also been found to be more urban than counties that do not receive such grants. As it is, rural Americans face persistent health disparities compared to people living in urban areas because rural Americans tend to have less access to health-care and experience high rates of disease and death. The researchers’ findings that corporate health-giving targets urban counties suggest that corporate giving will exacerbate such disparities.

In addition, if a county is home to the headquarters of at least one corporation which has a foundation, then its likelihood of receiving grants and the amount it receives are both significantly higher. Evidence indicates that the odds of receiving a health grant goes up by more than 9 times when a county houses the HQ of at least one company which has a grant-making foundation. And counties that have at least one corporate HQ receive on average 47% more in health grants per capita than counties in which there is no corporate HQ.

### MAKE IT RIGHT

Unwittingly, corporate foundations are complicit in worsening the health resource gap between rural, small, poor counties and more wealthy, large, urban counties. Instead of going to places where the need is greatest, funding appears to go to places where the need is less, but which are closer or more similar to home. Grant recipients located in the same county as a large corporate headquarters would benefit from this location bias. So, what exactly can corporate foundations do to turn things around and achieve the greatest benefit from their donation dollar?

To begin with, firms and their foundations need to change the criteria they employ in awarding funds. For example, an attractive grant application from a nearby location needs to be balanced against an assessment of need. Next, corporate foundations need to overcome what amounts to “similarity bias” due to corporate homophily. Last but not the least, given that health inequalities are unfair, affect everyone, and are avoidable, and that interventions to reduce health inequalities are cost effective, both public and business policy should seek to reduce such inequalities.

To put the “love of humanity” back in corporate philanthropy, corporate foundations should become aware of the implicit bias that might be driving their funding decisions and actively work to reduce inequalities in health grants, contend Profs. Boodoo, Henriques and Husted. Having good health is a basic requirement for a just society. That calls for all corporate foundations to align their giving so that those with greater health needs are able to obtain good health. ///

### KEYS TAKEAWAYS

- With the growing call for private sector actors to address global challenges, it is necessary to assess whether regions with the greatest needs are accessing corporate philanthropy.
- In the case of health grants, although it is expected that a corporate foundation’s philanthropic grant-making would depend on the needs of recipients, there exists significant concern that communities with higher needs, but fewer resources are often handicapped in competitive calls for proposals.
- Homophily and proximity are two conditions that work to disadvantage communities that need help.
- Homophily is the tendency of individuals to associate and bond with similar others, as illustrated by the proverb, «birds of a feather flock together».
- Proximity engenders homophily and is thought to encourage chance encounters and opportunities for interaction, which can lead to the formation of new relationships and the maintenance of existing ones.
- Homophily between corporate foundations and recipient communities influences the choice of recipients and the proximity of beneficiaries with respect to corporate operations and their foundations alters the costs and benefits by reducing the costs of information search. As such, these factors affect the target and amounts of foundation grants to beneficiaries.
- Homophily and proximity also have an impact on the institutions and legitimating pressures to which corporate foundations are subject to, affecting their giving behavior.
- A deep dive into the health grants made by US corporate foundations blow the lid off corporate philanthropy as it becomes evident that health grants are less likely to go to counties with a lower proportion of medical service providers and insured citizens.
- Counties that are home to the headquarters of corporations which have foundations receive greater support than those with no corporate headquarters.
- If corporate foundations want to reduce health inequalities and achieve the greatest benefits from their donation dollar, they should (a) change the decision criteria for awarding funding (b) consider public and business policy approaches and (c) overcome “similarity bias”.

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# WHEN IT COMES TO GREEN CONSUMPTION, CLASS MATTERS



Professor **Hean Tat Keh** and **Dr Jiemiao Chen, Monash Business School**, and **Dr Li Yan**, Capital University of Economics and Business, examine the effects of social class on green consumption – with practical implications on building a more sustainable society.

**Related research:** *Assimilating and Differentiating: The Curvilinear Effect of Social Class on Green Consumption*, Li Yan, Hean Tat Keh, Jiemiao Chen, *Journal of Consumer Research*. With kind acknowledgements to Julie Macbeth, Monash Business School.

**I**t's a frustrating conundrum. While many consumers say that they like products that are sustainable, their actions often do not reflect their attitude and intention. Researchers call this the intention behaviour gap in green consumption.

New research from the Monash Business School identifies 'social class' as a key factor influencing consumers' propensity for green consumption.

According to Professor Hean Tat Keh from the Department of Marketing, social class refers to a combination of individuals' access to material resources – income, education, and job status – and self-perceptions of one's relative social rank.

"It is multifaceted in nature, reflecting individual differences in power, wealth, financial status, cultural capital and social resources," he says. By asking participants to self-identify their social status, Professor Keh and his collaborators found that the middle class shows a greater propensity for green



**Green consumption requires sophisticated understanding and the ability to afford higher costs.**





consumption compared with the lower and upper classes. Why is this?

Professor Keh explains that the different social categories vary in their needs for assimilation and differentiation. "While the needs for assimilation (to belong and blend in) and differentiation (to stand out) are universal for everyone, each social class has its own distinctive blend of these two needs," he says.

Green consumption, such as using reusable shopping bags, requires self-sacrifice for the sake of the environment.

Essentially, lower-class consumers have a greater need for interdependence, as reflected by their need for in-group assimilation. So, they are more vigilant against things that make them stand out from their group.

Conversely, upper-class consumers tend to spend to reflect their privileged position in society and individualistic self-concept. They would be warier of things that make them similar to others, hence they focus on differentiation to stand out from others.

Between the two extremes, middle-class consumers have more status than their lower-status counterparts but still remain on the periphery of the high-status group. This creates tension to balance both their needs for assimilation and differentiation.

"In short, the lower class has a dominant need for assimilation, the upper class has a dominant need for differentiation, and the middle class has dual motivation for assimilation and differentiation," Professor Keh says.

## DUAL FUNCTION OF GREEN CONSUMPTION

At the same time, green consumption also serves the dual functions of assimilation and differentiation.

Green products are often perceived to have a lower quality yet cost more, while being pro-environmental. In other words, green consumption requires self-sacrifice for the sake of the environment.

"Other research has shown that individuals who engage in green consumption are perceived to be more caring, ethical and altruistic. These qualities facilitate one's inclusion and assimilation into a group," Professor Keh says.

Green consumption also requires sophisticated understanding and the ability to afford higher costs. That is, individuals who engage in green consumption have elevated social standing (for instance, Tesla car owners). In this sense, green consumption can also facilitate differentiation, he says. Individuals who engage in green consumption have elevated social standing.

## WHEN SOCIAL CLASS MEETS GREEN CONSUMPTION

Given the features of social class and green consumption, it is not surprising that there is a greater congruence between middle-class consumers and green consumption.

"The middle class perceives green consumption as simultaneously assimilating and differentiating, which

satisfies their dual motivation and enhances their propensity for green consumption," Professor Keh says.

"By contrast, the lower class perceives the differentiation function of green consumption as contradicting their dominant need for assimilation, and the upper class perceives the assimilation function as contradicting their dominant need for differentiation, which lowers both their propensities for green consumption."

## MODERATING EFFECT OF POWER DISTANCE BELIEF

Professor Keh explains that the effects of social class on green consumption are moderated by consumers' power distance belief (PDB). PDB refers to the extent to which a person accepts and expects social inequality.

"Low-PDB individuals embrace social equality (i.e., everyone is equal) while high-PDB consumers tend to view social class inequality as legitimate, acceptable, inevitable, and even desirable".

High PDB then promotes social inequality, which widens the gap in dual motivation between the middle class and the lower and upper classes, strengthening the effect of social class on green consumption.

## HOW THIS RELATES TO SOCIETY AND PRACTICAL IMPLICATIONS

A large-scale survey in the United States revealed that consumers fall into four groups when it comes to green consumption: 16 per cent are "Super Green" consumers who were committed to a green lifestyle and willing to make sacrifices to benefit the environment, 33 percent "Upper Middle Greens" did what they could but were not leading the way for others, 18 per cent are "Green Rejectors" who were not at all concerned about environmental degradation, and a further 33 percent are "Lower Middle Greens" who view environmental issues as hype.

Professor Keh observes that potentially the "Super Green" and "Upper Middle Green" consumers would correspond to individuals in the middle range of the social hierarchy and are intrinsically greener.

## WHAT DO THESE FINDINGS MEAN IN PRACTICE?

Globally, the middle class is estimated to account for two-thirds of consumer spending worldwide.

In many societies, the middle-class segment tends to be larger than either the lower- or upper-class segment and is the main driver of consumption.

Based on this research, both marketers and policymakers should emphasize the middle-class consumers as drivers of green consumption.

For example, social class can be easily inferred from indicators such as consumers' financial status, as reflected in their income and occupation, living environment, and spending power.

"Policymakers and marketers could promote the need for differentiation for the lower class and the need for assimilation for the upper class by priming low PDB (emphasize the concept of equality rather than social hierarchy)," Professor Keh says.

"This would elevate their dual motivation and enhance their propensities for green consumption."

Professor Keh says that global marketers operating in different cultural environments with varying power distance (such as the United States vs. China) should tailor their marketing communications accordingly to promote green consumption. ///





# FOR A PRAGMATIC APPROACH TO SOCIAL IMPACT ASSESSMENT



Professors **Anne-Claire Pache**, **ESSEC Business School Philanthropy Chair**, **Greg Molecke**, **University of Exeter Business School**, and

Researcher **Eléonore Delanoë**, contend that we need to focus on what organisations need and what they can actually do if we want impact assessments to truly drive development and increase impact.

For a Pragmatic Approach to Social Impact Assessment. With kind acknowledgements to the NVSQ Blog.

**T**he Nobel prize in economics awarded to Esther Duflo, Abhijit Banerjee and Michael Kremer in December 2019 has consecrated **their game-changing work against poverty**. At the heart of their work are experimental approaches using Randomized Controlled Trials (RCTs), which have shed new light on the way the impact of social innovations can be assessed. RCTs compare the impact of a measure between a treatment group and a control group whose participants are selected at random. They are a powerful way to remove biases and isolate a specific action from the great swirl of other factors that may affect the result.



**Social innovators need to move beyond the mere question of how to assess their social impact.**



However, they are far from being a "one-size-fits-all" approach because they are complex to set up and impose significant technical and financial demands on the organization. They also frequently require long timeframes to set up and run – running into years and decades – making them poor tools to help businesses and investors execute short- to medium-term strategies. RCTs work well to establish causal links between a given intervention and social impact.

However, in many instances, the impact evaluation needs for innovators and their supports are quite different – with much more need for tools that can guide performance improvements rather than prove outcomes. The latest research by Anne-Claire Pache and Greg Molecke for the Handbook of Inclusive Innovation suggests that these needs vary based on where social innovators stand in the innovation cycle. We need to focus on what organizations need and what they can actually do if we want impact assessments to truly drive development and increase impact.

THE GROWING CONCERN FOR SOCIAL IMPACT ASSESSMENT

The best impact assessment method depends on their specific evaluation needs, and these needs vary depending on where they are in the innovation life cycle. They often fall into two categories: needs to "improve" operations to enhance impact and needs to "prove" their impact to attract external stakeholders.

The relative importance of proving vs improving shifts as enterprises progress through their innovation's lifecycle. Competitive funding environments and performance-based management schemes have led to a large array of new assessment methods, with varying costs and scope of proof: outcome-based metrics, before/after comparisons, experimental methods, ethnographic thick descriptions... Assessing social impact however remains highly challenging. Assessment must deal with scarce data and difficult-to-measure effects, such as self-respect, freedom, or quality of life.

Causal relationships between the impact and the intervention are often difficult to accurately trace and translate through the entire chain of cause and effect. Further, funders seek comparability across assessments; but comparing the effect of different innovations remains difficult, especially when innovations improve lives in very different ways and in different contexts. Social innovators also find that different assessments unevenly support internal (staff, beneficiaries...) and external (funders, regulators...) stakeholders with different priorities.

THE EXPERIMENTATION STAGE: AN ITERATIVE PROCESS

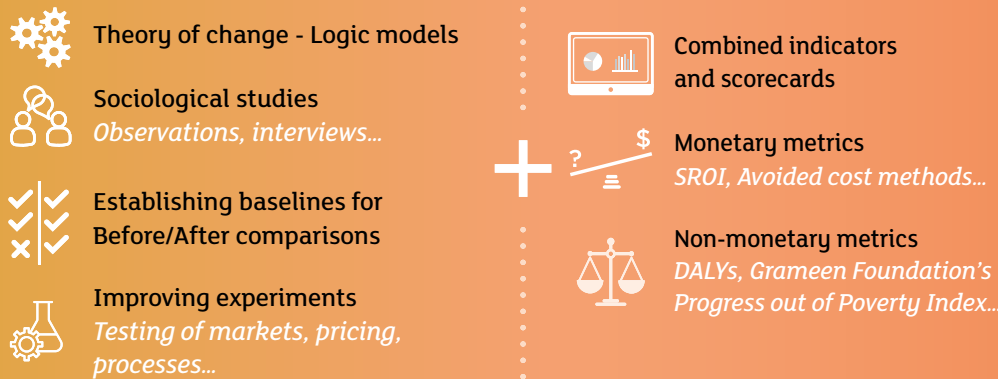
The social innovation life cycle starts with the experimentation stage. During this stage, resources dedicated to the project are scarce. The need to prove is low, while the need to improve is high. Innovators iteratively design their solution and attempt to get feedback. Their main focus is to understand the needs of beneficiaries and improve their design to best address them.

This is often done with the help of in-depth qualitative methods (interviews, ethnographic observations), which provide "thick" descriptions of the lived experiences of the beneficiaries. These methods are relatively easier and less costly to do. They enable iteration and provide actionable levers.

They also allow the creation of detailed "theories of change" and "logic models" that can map how their enterprise's activities will lead to social impact. An organization attempting to tackle homelessness may, for example, map out the key factors that cause homelessness and then create a chain of steps that would lead to alleviating each factor (called logic models). An innovation that improves only one of the causes of homelessness – a telehealth app, for example – can then track their progress on each of the steps in the specific logic model on how their innovation alleviates the specific underlying cause they are targeting. This way they can demonstrate social performance through progress on the steps in their chains, even if their innovation won't singlehandedly end homelessness.

ADAPTING YOUR SOCIAL IMPACT ASSESSMENT METHOD TO YOUR INNOVATION LIFE CYCLE

Evaluation methods



Seeking constant improvement by picking among all existing methods depending on needs



High focus on improving innovation

**PROBLEM STAGE**  
**Experiment with the innovation to address a social problem**  
Iterate on the design to improve the innovation and define the theory of change

**BUSINESS MODEL STAGE**  
**Prove the potential of the innovation**  
Craft indicators to monitor and optimize activities

**SCALING UP STAGE**  
**Bring the innovation to scale**  
Provide rigorous proofs of impact to potential resource providers

High focus on proving impact

**MAINSTREAM STAGE**  
**Institutionalize the innovation**  
Use impact assessment to maintain the innovation's disruptive character

Stages of innovation

Source: Pache A.-C., Molecke, G., How do we know when social innovation works? A review and contingency model of social impact assessment in Handbook of Inclusive Innovation, 2019.





On the flip side, they cannot allow comparability across heterogeneous innovations, and don't give certitude as to whether the expected social changes observed will actually result.

### THE BUSINESS MODEL STAGE: IMPROVING AND PROVING THE PERTINENCE OF THE INNOVATION

As an innovation enters the next lifecycle stage – the business model stage – innovators need to mobilize financial and political resources. The need to prove the potential of the innovation to external stakeholders becomes prominent. As more resources come in, a new array of tools start to come in handy: crafting “indicators” and “scorecards” to monitor and optimize their activities.

Outputs and Outcomes measured by performance monitoring can be used as proxies for impact measurement. Take solar lanterns, which can be used to replace polluting, hazardous kerosene lamps in off-grid rural areas in Sub Saharan Africa. The number of solar lamps distributed can be used as a proxy for impact, given the direct link between the use of the lamp and its impact (improved quality of life, decreased indoor air pollution).

While “key performance indicators” reduce impact to simplified metrics that cannot fully capture the subtleties of the change, they can be useful tools to monitor and improve operations, as well as to report a sense of impact to the first external funders.

### SCALING UP IMPACT: TAKING THE INNOVATION TO THE NEXT LEVEL

As the innovation matures and reaches the scaling stage, it is time to provide rigorous proof of impact to funders, regulators and policymakers. As institutional funders, impact investors, and philanthropists get involved, they can bring in expertise and resources which make sophisticated impact assessments more accessible.

Among them, monetary measures translate social value into monetary terms. This sets the ground for comparability and considerations of cost-efficiency. These measures include Trucost Environmental Impact Metrics, Avoided Cost Methods, and Social Return on Investment (SROI). SROI measures compare the social impact generated to the investment costs required to launch the innovation.

One Acre Fund, a nonprofit which works with smallholders in rural Africa, uses SROI to compare the additional monetary value of the crops their programs help farmers grow to sell and eat to the net costs of the program. The nonprofit has quickly found that this metric works best when included in scorecards which take other factors into account such as nutrition or soil health as well as scale. Monetary measures often raise a tricky question: how can a monetary value be attributed to social impact?

Economists attempt to overcome this challenge by using proxies for the quantitative value of the innovation, such as the willingness to pay for an innovation, even though it is free. How much would people be willing to pay for free malaria bed nets? Once an economic value has been attributed, it can be included in a cost-benefit analysis. Avoided Cost Methods, might calculate repair, replacement, and substitution costs that are avoided when shifting course away from damaging status quo trajectories. For example, the malaria treatment costs avoided by providing bed nets.

Health-based methods, such as disability adjusted life years (DALYs), can also be useful. Through DALYs, health issues are converted into the number of years of life impaired or lost or due to sickness, disability or early death. So, if an enterprise successfully transitions rural areas from cooking over fire to cooking with natural gas, the extra years of healthy life and freedom from disability and burden that are gained by the woman and girls whose lungs no longer fill with smoke every day can be calculated. And the costs per extra DALY generated can be compared to the cost per DALY gained. This process allows funders and investors to direct their resources to places with the best cost/DALY.

These methods, unfortunately, can be difficult to calculate accurately and rely on best estimates of “what would have happened without the innovation” to calculate the actual impact. Only stringent experimental methods, such as RCTs can truly provide conclusive answers to the impact to a specific intervention. Yet, their outreach is limited by their significant cost, technical demands, and timescale. The scaling and mainstream lifecycle stages provide opportunities to implement them, but often only with external help to start. Few organizations reach the mainstream stage. For those which do, their focus shifts to maintaining the innovation disruptive and making it adopted by others. It is then that organizations are most likely to choose methods that really suit their needs: they are no longer constrained by limited resources and legitimacy concerns.

### A NEW WAY TO LOOK AT IMPACT ASSESSMENT?

What does this lifecycle analysis teach us about assessing the impact of social innovations? Mainly that social innovators need to move beyond the mere question of “how to assess my social impact” to instead ask: “What do we want to do with social impact assessment?” Funders and investors have a key role in this process.

First, they can help by aligning their impact assessment demands with other funders' so that reporting requirements do not balloon with each new stakeholder brought aboard. Second, they can understand which measures are appropriate at different phases of the innovation lifecycle.

Third, they can encourage impact assessments that focus on innovators' needs to learn and improve over funders and investors' need to prove and compare impact – especially during earlier stages in an innovation's lifecycle.

And finally, they can realize that social impact assessment requires specialized knowledge and resources that most innovators are unlikely to have until the very height of their innovation's life cycles, if ever. It may be wiser for funders and investors to provide the social impact assessments as a form of additional support they can deploy across their portfolios rather than having each innovator “reinvent the wheel” of social impact proofs. This keeps each innovation's resources and attention where both the innovators and their stakeholders want it – on improving and scaling their impact. ///



## KEYS TAKEAWAYS

- The best impact assessment method depends on their specific evaluation needs, and these needs vary depending on where they are in the innovation life cycle. They often fall into two categories: needs to “improve” operations to enhance impact and needs to “prove” their impact to attract external stakeholders.
- Assessing social impact however remains highly challenging. Assessment must deal with scarce data and difficult-to-measure effects, such as self-respect, freedom, or quality of life.
- Comparing the effect of different innovations remains difficult, especially when innovations improve lives in very different ways and in different contexts. Social innovators also find that different assessments unevenly support internal (staff, beneficiaries...) and external (funders, regulators...) stakeholders with different priorities.
- Social innovation lifecycle analysis teaches us that social innovators need to move beyond the mere question of “how to assess my social impact” to instead ask: “What do we want to do with social impact assessment?”
- Funders and investors have a key role in this process. First, they can help by aligning their impact assessment demands with other funders' so that reporting requirements do not balloon with each new stakeholder brought aboard.
- Second, they can understand which measures are appropriate at different phases of the innovation lifecycle.
- Third, they can encourage impact assessments that focus on innovators' needs to learn and improve over funders and investors' need to prove and compare impact – especially during earlier stages in an innovation's lifecycle.
- And finally, they can realize that social impact assessment requires specialized knowledge and resources that most innovators are unlikely to have until the very height of their innovation's life cycles, if ever.



# INTO THE WORKING LIVES OF PEOPLE WITH DISABILITIES



Including people with disabilities as bringers of value to both society and the economy is essential. But despite laws, results have been poor.

**Dr Armand Bam, Stellenbosch University Business School,** and Professor **Linda Ronnie, UCT School of Management Studies,** explore the reasons why to provide a practical blueprint for effective disability inclusion strategy.

**Related research:** *Inclusion at the Workplace: An Exploratory Study of People with Disabilities in South Africa*, Armand Bam and Linda Ronnie: *International Journal of Disability Management* (2020), 15, e6, 1–9

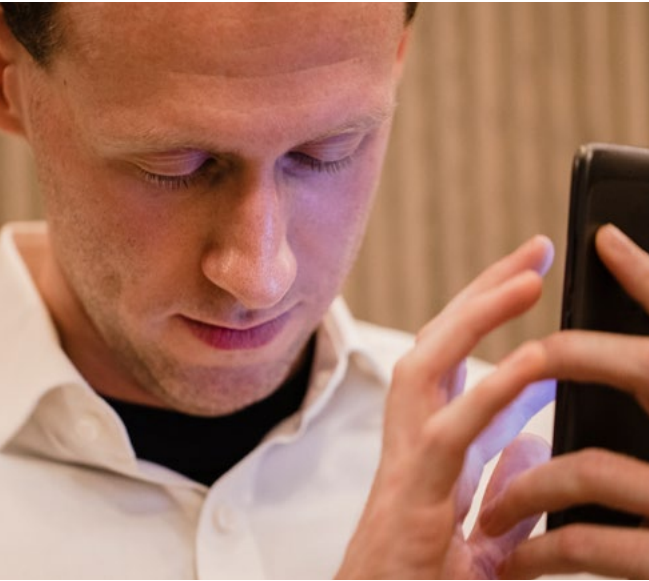
Getting people with disabilities (PWD) into employment is one of the hotter social impact topics on the agendas of governments and corporations alike in the wake of the COVID-19 pandemic. The hope carried by the wish for the “New Normal”, the backdrop of the UN SDGs and movements such as #buildbackbetter, has added weight to the issue.

Much legislation has already been passed in many developed and emerging economies providing companies with frameworks and guidelines for tackling the challenge. However, setting the rules of the game and actually complying with them has proven difficult to do. And in many respects, the results have failed to reach the expectations and needs of the disabled community, as unemployment within this group rises.

“The initial induction experiences had a lasting negative or positive impact on disabled employees’ integration in the company.”



A research study carried out by Dr Armand Bam, Stellenbosch University Business School, and Professor Linda Ronnie, UCT School of Management Studies, sets out to explore the case of South Africa and hits upon findings that can well-serve the rest of the world in a practical way when setting up and implementing initiatives for the employment of people with disabilities.



## INCLUSION AND DISILLUSION

Since the ending of apartheid in the early 1990s, South Africa has had a solid record of providing regulations and guidelines for the inclusion of its disabled population into the workplace. Key initiatives include the 1998 Employment Equity Act 55 and the 2017 "TAG" (Technical Assistance Guidelines on the Employment of People with Disabilities), a blueprint for both employers and employees for promoting equal opportunities and fair treatment at work.

But studies and impact assessments since then, assert Bam and Ronnie, have pointed towards companies using law and codes of good practice essentially for promoting equality and fighting unfair and racial discrimination at work rather than endorsing the moral and social necessity for employing people with disabilities. Indeed, when developing their HR policies, a large number of employers fail to consider the TAG which ultimately leads to a negative impact on disabled people. Prejudice has been cited as one of the factors. Also the fact that organisations tend to struggle with adapting and changing beliefs and attitudes on the subject of disability that have dug in deep over time and throughout every level of their organisations.

Dr Bam and Prof. Ronnie contend that employers and employees alike can only mutually benefit from taking on people with disabilities if companies are encouraged to rethink their definition of inclusion in terms of working experiences and integration rather than in numbers and ticks in compliance with the law. For them, it is essential to go into the fine grain of the matter – the workplace and the employees themselves – in order to understand the challenges people with disabilities face. As such, through a series of interviews and case studies,

Bam and Ronnie were able to study the reality of the issue in the field. Four areas for improvement resulted and a number of practical recommendations that could ultimately help employers transform their organisations from PWD elusive to truly inclusive.

## A GOOD FIRST IMPRESSION CAN WORK WONDERS: THE INDUCTION STAGE

From entering a shop to taking a plane, first impressions are always pivotal in shaping our experience and our judgements. The same goes for people with disabilities and the onboarding process. These first impressions may include the perception of an employers' empathy toward impaired employees – what alterations to the physical environment, what equipment and what assistive technology has been put into place to facilitate the daily movement and working conditions for the disabled worker. If digital screens are the norm for relaying information within the workplace and they carry no voice-over or feature no braille, then if you're sight-impaired it's likely to generate a shrug and a sigh of frustration rather than one of contentment. If you're in a wheelchair and the coffee machine is located in a sunken alcove accessible only by a flight of steps, then most probably you'll go thirsty before wanting to ask for a third time if a co-worker can lend a hand and bring you a cup.

Information sessions and induction workshops also prove a matter for debate among employees with disabilities. Bam and Ronnie's survey found that participants' level of satisfaction and comfort rose when such initiatives were informal in nature. This gave disabled newbies the opportunity to offer spontaneous responses rather than listen to an expert's – often outsourced – opinion. Indeed, these generic induction initiatives, often featuring an inclusion awareness dimension to them, appeared rehearsed and as such were seen as insincere by the participants who were experiencing the real-time complexities of onboarding a new working environment. In some cases, PWD respondents had the feeling that the workshops and information sessions were more aimed at calming the apprehension of the non-disabled employees than taking things from a truly PWD perspective.

With feedback varying from welcoming to alienating, the initial induction experiences invariably had a lasting negative or positive impact on PWD employees' integration in the company.

## YOUR DISABILITY: TO TELL OR NOT TO TELL?

A tricky question that hinges on values and emotions, perspectives and sensitivity. In terms of inclusion, disclosing one's disability does not necessarily guarantee an immediate end to discrimination. However, Bam and Ronnie found that having a degree of control over the way this information is provided does offer a positive opportunity for disabled employees to address any stereotypes their colleagues might hold. On the other hand, when the employer chose to inform their staff without the consent of disabled employees, a feeling of betrayal naturally ensued.



Interestingly, deciding to not inform coworkers on impairments enabled disabled employees – especially those whose disabilities were hard to spot – to interact normally with others on a same level. But when management chose to disclose their conditions(?), attitudes and relationships changed. This being said, the employment experience was found to be limited where participants chose to hide their disabilities for fear of rejection.

'It is clear that the disclosure of their disability to co-workers was an aspect PWD wanted control over,' state Dr Bam and Prof. Ronnie. 'Where disclosure was imposed or occurred without their consent, participants felt a sense of violation and discomfort.'

## US AND THEM: THE STRUGGLE TO APPEAR 'NORMAL'

When entering into any initial interaction and relationship, it is rare for people to focus on differences. To make the exchange work, we aim at finding things in common for the relationship to progress further – and these can include preferences, gestures, experiences and values. Imagine then, if difference were immediately made clear – almost like a staked out boundary that had to be overcome. Such a boundary exists for people with disabilities – from within themselves and their disability, and also from others who witness this impairment. The study found that employees with disabilities attempted to deal with this by developing various ways to turn attention away from themselves and cause minimal disturbance among their non-impaired co-workers. Pride, self-esteem and determination were key motivators. Among the strategies was the tendency for PWDs to go beyond their physical capacities, preferring to doggedly keep on with the task at hand and alone – even if coworkers offered to help. In short, wanting to be accepted by their managers and co-workers was a key criterion for assimilation into the company. And as such, employees with disabilities strove to be 'normal'. Doing more became a personal expectation even if their managers did not require it. The effect was doubled for the 'newly disabled' who, having a previous experience of 'normality', found it hard to accept their departure from

this 'norm' due to their handicap. 'In effect,' discern Bam and Ronnie, 'two 'normals' were constructed by these participants: a normal in comparison to nondisabled people and a normal in relation to others with disabilities.'

## FRUSTRATION AND VULNERABILITY

Many of the respondents in the survey found that they were spending extra time to do their job to keep up with deadlines and the performance of their non-disabled colleagues. This inevitably gave rise to frustration. Which in turn grew in intensity when they felt they were disadvantaged, or ill-equipped, and couldn't compete. In some instances, management failed to understand the potential difficulties employees with disabilities could encounter when assigned work that took them out of the premises to different locations – travel, adapted facilities and the stress related to the change. This lack of resources and support, including the inclusion process itself, gave rise to an additional sense of vulnerability. The outcome of the two combined – frustration and vulnerability –often ended with the belief that the best option was to leave the company and seek employment elsewhere.







## ON THE ROAD TO IMPROVEMENT

Bam and Ronnie identify disabled employees' main desire as being their smooth integration into their organisations. Indeed, positive early experiences within their companies made them feel included. Dr Bam and Prof. Ronnie advocate that a number of factors can help boost this first positive experience and have lasting effects throughout the employment period of the employee with disability. These include:

- A first step of (re-)adjusting the values, attitudes and norms within the organisation to align with the commitment to offer an inclusive environment to people with disabilities.
- Assess company policies, procedures and rules that encourage or discourage attitudes towards PWD and duly adjust.
- Ensure that the organisation sets up an effective process to hire, place and retain employees with disabilities.
- Instil a corporate mindset that views every employee as having unique needs and implement a safe speak-up system. This will widen the notion of what it is to be 'normal' and included within the workplace.
- Because companies themselves often lack the know-how, call in external expertise to audit and develop workplace design, including the design of office spaces and furnishings: these have a major impact on how employees with disabilities integrate into a company and how they perform their roles.
- Create the post of disability champion, ideally a member of senior management, who has a say on the Board and entrusted with developing disability inclusion and fairness in the company.
- Give specific focus on the key role of the manager and their positive effect on PWD team members: provide managers' training in inclusivity and specifically on working with disabled employees; adjust how managers can be incentivized and rewarded; soften or disuse competitive reward systems; adjust workloads according to capacities.
- Review the induction process, with managers actively involving PWD in shaping onboarding processes to more appropriately address PWD needs and develop more informed and durable inclusion practices.

- Encourage managers to engage early on with PWD and understand their needs prior to their arrival. This will contribute to disabled employees feeling more confident – as people and employees – and improve the chances of relational integration into their organisations.
- Set up mentoring or buddy systems to help boost skills, relationship building, and to help eradicate prejudice and discrimination.

The major finding of Bam and Ronnie's study among people with disabilities is that the onboarding experience is critical in shaping how this population perceives its new company – and capital too in the employee's decision to either make or break with the organisation. For Dr Bam and Prof. Ronnie, having a solid induction process is a win-win – it creates opportunities for new employees to gain insight into the company and for the company to learn much more about this group of employees and their needs.

Getting it right and developing practical strategies for the inclusion of disabled people in organisations is essential. The post-pandemic context carries both hopes for an inclusive re-set, but also the threat of economic stagnation, unemployment, stress upon individual wellbeing and even national prosperity, assert Bam and Ronnie. To build a truly inclusive society, people with disabilities must be given a rightful place within the economy as bringers of value. This goes for South Africa – and it also goes for the wider beyond. ///

## KEYS TAKEAWAYS

- ❑ Despite laws and guidelines in South Africa, the results of corporate initiatives for inclusivity have failed to reach the expectations and needs of the disabled community, as unemployment within this group rises.
- ❑ The induction process is of key important to people with disabilities. The initial induction experiences gleaned from the survey invariably had a lasting negative or positive impact on PWD employees' integration in the company.
- ❑ Where disclosure was imposed or occurred without their consent, participants felt a sense of violation and discomfort.
- ❑ Wanting to be accepted by their managers and co-workers was a key criterion for assimilation into the company. And as such, employees with disabilities strove to be 'normal'. Doing more became a personal expectation even if their managers did not require it.
- ❑ The effect was doubled for the 'newly disabled' who, having a previous experience of 'normality', found it hard to accept their departure from this 'norm' due to their handicap.
- ❑ Feelings of frustration and vulnerability often ended with the belief that the best option was to leave the company and seek employment elsewhere.
- ❑ A solid induction process is a win-win – it creates opportunities for new employees to gain insight into the company and for the company to learn much more about this group of employees and their needs.

# Happy festivities!

**A WARM THANK YOU  
TO ALL OUR COMMUNITY & READERS**





# COBS

An Alliance with a Purpose

2011

The Council on Business & Society (CoBS) is founded by ESSEC Business School, Tuck School of Business at Dartmouth, School of Management Fudan University and Keio Business School with the aim to address the major issues at the crossroads of business and society.

2012

The CoBS 1<sup>st</sup> Global Forum is held in Paris on the theme of Leadership & Governance. A White Paper and proceedings are published.

FGV-EAESP, South America's leading educational institution and international think-tank, joins the CoBS

A CoBS website version 1 is developed.

2015

3<sup>rd</sup> Global Forum, Boston 2015: Energy and renewables. A White paper on the theme is published.

The Council opens its Twitter page @The\_CoBS. Twitter recognises the Council on Business & Society as "a cause".

2014

A blog – The Council Community – is developed. The early days saw 4 articles produced and posted that year. In 2021, that number reaches 149.

2013

2<sup>nd</sup> Global Forum, Tokyo 2013: Health and Healthcare. A White Paper is published.

2016

The CoBS loses two dear members: Tuck School of Business at Dartmouth and Mannheim Business School, University of Mannheim. The Council stands at 4 member schools and decides to continue its mission.

2017

Launch of Global Voice magazine, now in its 20<sup>th</sup> issue (December 2021) and with an average digital imprint of 18K per issue (views, impressions, reads, downloads) and featuring the schools' MBA and EMBA's.

The CoBS CSR Faculty exchange initiative is launched with the teaching of a CSR module, delivery of a CoBS Responsible Leadership certificate to students, brown bag seminar, and joint research exploration.

A brand new CoBS website is developed internally: [www.council-business-society.org](http://www.council-business-society.org) and quickly visitors from the USA and India become its largest audiences.

2019

The Council Community blog is revamped.

The Responsible Leadership SPOC (ESSEC Grande Ecole) developed by Prof. Adrian Zicari is opened to receiving "visiting" students from other CoBS member schools.

Trinity Business School, Trinity College Dublin, one of the world's oldest and most respected institutions, joins the Council on Business & Society

2018

The CoBS launches its first ever CoBS CSR student article competition, revealing the talent and commitment of students from its seven schools.

Warwick Business School, one the UK's leading educational institutions, joins the Council on Business & Society

**FEBRUARY 2020:** IE Business School, one of Europe's leading HEIs, joins the Council. The number of member schools reaches a magnificent 7.

**MARCH 2020:** A successful test publication on Law, Finance, Sustainability based on the work of ESSEC Professor Hugues Bouthinon-Dumas that paved the way for a subsequent series of booklets.

**APRIL 2020:** The Social Media Research Foundation ranks The CoBS in the top 10 influencers in CSR on Twitter (6th).

**MAY 2020:** A successful test online masterclass bringing together faculty from ESSEC, FGV-EAESP, IE Business School, Trinity Business School, and Warwick Business School facilitated by Prof. Cédomir Nestorovic, ESSEC Asia-Pacific – The New Normal: Now dawn or new dusk?

**JUNE 2020:** The publication of Global Voice magazine #14, the traditional high-summer issue of the CoBS magazine that brings together the winning articles of the students of the inter-school CSR competition with those of CoBS faculty. The title: The Rise of the New Normal.

**June 2020:** The CoBS and the student CSR competition cited by King Felipe VI of Spain in the newspaper La Vanguardia.

**SEPTEMBER 2020:** Launch of a CoBS Research Pod collection – actionable research targeting practitioners.

**OCTOBER 2020:** The publication of the CoBS book Social Entrepreneurship: A focus on entrepreneurship for the common good followed by an online masterclass: Social Enterprise – Challenges and Opportunities in a New World Concept featuring Professors Adrian Zicari, ESSEC, Concépcion Galdon, IEBS, Edgard Barki, FGV-EAESP, Sheila Cannon, TBS, and serial social entrepreneur Paula Cardenau.

**NOVEMBER 2020:** The Deans of the 7 member schools meet online for a strategic seminar led and managed by Dean and President Vincenzo Vinzi and facilitated by Professors Anne-Claire Pache and Adrian Zicari.

**DECEMBER 2020:** Following the publication of research, an online masterclass bringing together Prof. Mette Morsing, Head of UN PRME, Prof. Tanusree Jain, Trinity, and Prof. Adrian Zicari, ESSEC: The Purpose of Business Education

**DECEMBER 2020:** A count of the yearly CoBS statistics gives an all-time high visibility of 1.4 m views and reads on its various platforms, with top countries being France, the USA, India, the UK and Singapore.

2020

**FEBRUARY 2021:** The publication of the CoBS fourth book: Leadership, Governance, and Crisis

**APRIL 2021:** launch of the 3<sup>rd</sup> edition of the Student CSR article competition. 210 student registrations from 6 member schools.

**MAY 2021:** An online masterclass bringing together 8 students from 4 CoBS member schools around the theme of: Students! How do you see the world in 2050? And facilitated by Prof. Xavier Pavie, ESSEC Asia-Pacific.

**MAY 2021:** 4 CoBS faculty jointly deliver a workshop given at the 2021 IABS Conference on co-creating a research agenda for social innovation.

**JUNE 2021:** The Council Community blog is rebranded CoBS Insights

**21<sup>ST</sup> JUNE 2021:** The publication of Global Voice magazine #18 – a special CoBS 10 Years Anniversary issue featuring the winners and finalists of the international CoBS student CSR article competition 2021, cutting-edge faculty research, and a co-authored Editorial by Prof. Mette Morsing, Director of UN PRME and Prof. Adrian Zicari, Academic Director of the CoBS.

**SEPTEMBER 2021:** The CoBS publishes Responsible Finance & Accounting. The book is selected by the prestigious Aspen Institute as top of its "Ideas Worth Teaching" list.

**OCTOBER 2021:** Two new CoBS Masterclasses go live: *The New Corporate Climate Leadership* - an interview with Emiliie Prattico PhD, Director of Strategy at BCG BrightHouse and *The Green Taxonomy and Beyond* - A presentation by Jocylene Ozdoba, Director of Sustainability at Ailancy.

**NOVEMBER-DECEMBER 2021:** The CoBS enters discussions with a leading UK publisher for a series of books on responsible leadership.

2021





# MANAGEMENT & LEADERSHIP

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# BYSTANDERS OR CHANGE MAKERS? RETHINKING THE ROLE OF MANAGEMENT CONTROLLERS IN THE DIGITAL AGE



When you hear the word 'digitalization', you probably think of AI, virtual reality and bitcoins. However, this shift is happening in all spheres, including those presumably less directly related with the digital transformation. Professors **Florence Cavélius**, **Christoph Endenich**, and **Adrian Zicari**, **ESSEC Business School**, explain why it would be a mistake to underestimate the role of management controllers in a corporate world of tomorrow.

**Related research:** Cavélius, F./Endenich, C./Zicari, A. (2020): Back to the Basics or Ready for Take-off? The Tensions on the Role of Management Controllers in the Digital Age, in: *Comptabilité – Contrôle – Audit*, Vol. 26, No. 2, pp. 89-123.

## BRAVE NEW WORLD

Have you ever thought about how many WhatsApp messages you send per day? Have you ever counted how many Instagram posts you scroll or how many Google searches you make? Nowadays, unless you are an FBI agent, you are highly unlikely to succeed in keeping your data off the worldwide web. Your digital footprint (search history, connection statistics, social media activity...) can tell corporations all they want to know about your habits – even if you regularly decline

Management controllers can increase their influence on managerial decision-making and become 'augmented business partners'.





cookies or use VPN, you can only partially cover your tracks. In the era of global digitalization, Big Data has become the new gold, and hunting for Big Data is a new gold rush for businesses. Increasing numbers of companies are transforming their business models – and also face the challenge of transforming management control systems. Digital transformation means a new approach towards the market and the consumer, but it should be supported internally – through a new approach to management control.

## FULL STEAM AHEAD

Historically, management controllers have mostly been dealing with budgeting and reporting. In a public perception, this has created an image of a 'typical' management controller: a passive bean counter married to Excel. Although it is true that management controlling still involves a lot of so-called 'dirty work' (checking data consistency, eliminating errors, etc.) – 'boring' accounting is a thing of the past. Information that arises today from Big Data is mainly non-accounting information: companies measure client satisfaction through voice and/or body language, track their clients' holiday destinations, analyze thousands of ratings and reviews in apps and social media. All this data can be used for building a competitive offer, but processing it with Excel will definitely make it crash. New business realities call for new tools.

The Five V's-concept – Volume, Velocity, Variety, Veracity and Value – gives an idea of the different dimensions through which people approach Big Data. It is not just about big amounts of information, but about big amounts of incoherent information, coming from various sources, some of them less trustworthy than others. Before drawing any conclusions, it is necessary to clean things up – and this is where a controller has a card to play.

Management controllers, once they have mastered Big Data and new tools, can become actively involved in the digital transformation of their companies, and can add value to the emerging mass of data. The role of controllers evolves

from being 'technicians', i.e., people in charge of reporting, to 'business partners' – advisors with a power to influence management decisions. In the most digitalized companies, management controllers are at the heart of information exchange, providing an internal backbone for a long-term transformational shift.

## FRONT OR BACK WAGON?

However, while some management controllers take up more consulting and ad-hoc missions, others still remain putting debit and credit together in a balance sheet. The reason why transformation in management control practices do not occur everywhere at the same pace is that companies have different maturity levels in leveraging Big Data. In a recent empirical study, ESSEC Professors Cavélius, Enderich and Zicari identify three major groups of companies comprising firms with low-, middle- and high levels of maturity. Depending on the type, management controllers either play a role of 'technician', similar to traditional accountants, or make a full way to an 'augmented business partner'.

- **Low Maturity:** Companies that belong to the first group are still working in a very traditional way with limited or no engagement in digital issues. This does not necessarily mean that managers are behaving like couch potatoes, but this might as well be attributed to external factors. For instance, in the pharmaceutical sector margins are regularly comfortable while the current regulation prevents digital evolution in advertising. Besides, some companies have business models that can still run well without big data. As a result, management control systems remain rather conventional, with people still snowed under in Excel tables.
- **Middle Maturity:** In the second group, companies have moved a step upward, but have not yet leveraged the full potential of digitization. They have stepped beyond Excel and started to collect huge volumes of data, thus addressing the first three Vs of Big Data: volume, velocity and variety. However, their challenge is the fourth V: data veracity. Facing huge amounts of information, these companies are still in

search of an optimal way to sieve the available data so that it can serve a reliable basis for future decisions. Imagine a minor gap in figures between salespeople and controllers: the latter will have to spend hours on the data verification. Number crunching is not sufficient to generate value from the new data (the fifth V), so the work remains close to a traditional, 'technical' one.

- **High Maturity:** Companies in this group have succeeded in fully organizing Big Data collection, structuring it with powerful tools, in a reliable way. Switching from digitization to digital transformation, the companies of this group are, at this stage, implementing customer-centric business models while introducing new products and new services. They now sell clicks. These companies have successfully reached the Fifth V of Big Data: they use it to support decision making processes and ultimately, to increase business value. Due to streamlining routine tasks management controllers have more time for ad-hoc and advisory activities. Instead of struggling with a yearly budget, management controllers get systematically updated automated rolling forecasts. Those are much more responsive to an increasingly volatile business environment, which can help making a controller an augmented business partner.

## ALWAYS FORWARD

Logically, the challenge is particularly high in the early stages of the digital transformation. However, the implementation of the latest information technology does not necessarily lead to becoming a business partner. Despite the fact that many controllers give positive feedback on the advisory part of their job, not all of them have the ability to go through the digitalization shift and to assume a completely new role on a corporate scene. They risk being taken to the far corner rather than being positioned as owners of these new tools. As such, by leveraging opportunities which arise from the digital age, management controllers can increase their influence on managerial decision-making and become 'augmented business partners'. However, in this sphere a basic principle makes no exception: no pain, no gain. Whenever control becomes more dispersed within companies through digital tools, controllers need to prepare themselves for the challenge and ensure that they act as proactive owners of the emerging 'data treasure'. ///



## KEYS TAKEAWAYS

- In the era of global digitalization, Big Data has become the new gold. Increasing numbers of companies are transforming their business models – and also face the challenge of transforming management control systems.
- Management controllers, once they have mastered Big Data and new tools, can become actively involved in the digital transformation of their companies, and can add value to the emerging mass of data.
- The role of controllers evolves from being 'technicians', i.e., people in charge of reporting, to 'business partners' – advisors with a power to influence management decisions.
- In the most digitalized companies, management controllers are at the heart of information exchange, providing an internal backbone for a long-term transformational shift.
- The reason why transformation in management control practices do not occur everywhere at the same pace is that companies have different maturity levels in leveraging Big Data:
- **Low maturity:** traditional approach to work with limited or no engagement in digital issues
- **Middle maturity:** They have started to collect huge volumes of data but have not yet leveraged the full potential of digitization.
- **High maturity:** They fully organize Big Data collection, structuring it with powerful tools, in a reliable way.
- Depending on the type, management controllers either play a role of 'technician', similar to traditional accountants, or make a full way to an 'augmented business partner'.



# HOW HAS COVID-19 CHANGED LEADERSHIP?



Professor **Dimitrios Spyridonidis, Warwick Business School**, draws the lessons from the COVID-19 crisis to focus on four areas leaders need to master in the changed landscape of the future.

**Related research:** Denis, J., Cote, N., Fleury, C., Currie, G. and Spyridonidis, D. (2021) "Global health and innovation: a panoramic view on health human resources in the COVID-19 pandemic context", *International Journal of Health Planning and Management*. Croft, C., McGivern, G., Currie, G., Lockett, A. and Spyridonidis, D. (2021) "Unified divergence and the development of collective leadership", *Journal of Management Studies*.

**T**he COVID-19 pandemic has been among the greatest global challenges any of us have faced.

In the short-term, operating models have had to change rapidly, but there are some important longer-term lessons for leaders, in terms of how they treat themselves, how they lead others, how they manage an organisation and how they support system-level change.

Strategic leadership is needed more than ever to deal with the complexity and uncertainty organisations face in the wake of the COVID disruption, which is a near perfect example of a VUCA event: a volatile, uncertain, complex and ambiguous crisis. While we can never fully control our environment, it has highlighted that we must be prepared to evolve and change. In the early days of the pandemic, organisations did just that, performing an amazing pivot to new ways of working. But how can leaders and organisations maintain that level of agility in normal times?

**If a leader sees a straightforward problem, a solution can usually be found from what they have done in the past. But COVID-19 was something new.**



If a leader sees a straightforward problem, a solution can usually be found from what they have done in the past. If they know a process is broken or a system needs changing, they know how to fix it. But COVID-19 was something new.

## PURPOSE AND COMPASSION

Preparing a business for a volatile and complex future is not something that can be solved by putting in the right process or updating technology. Leaders need their organisations to be able to respond quickly and fluently. They need to embrace adaptive leadership, but they also need to be aware of their own needs.

During a critical event like a pandemic, people often start to wonder what their purpose is; why they're doing what they're doing and what they think of themselves and their job. One of the positive unintended consequences of COVID is it created a space for leaders to stop and think critically about themselves; what is it that they assume about the future? That they might be able to check out and be able to pursue – what is it they believe? That reflection creates space for development and growth.

COVID-19 reminded us that leaders need to take care of themselves before trying to take care of others, mentally and physically – just like during a safety announcement on a plane when passengers are told to put on their own mask before trying to help anybody else. We can't ignore how difficult COVID-19 has been for people's mental health, and that applies to leaders as much as anybody.

## RELATIONAL RESILIENCE

That dovetails with another trend we saw in the crisis, with businesses becoming more compassionate. People and organisations that were better connected in their ecosystems were able to respond and recover more quickly. This points to the concept of relational resilience. In a crisis, leaders need to think about how well they are connected and how to develop strong relations to enable themselves and

others to come out of the crisis in the best possible shape.

With the darkest days of the pandemic hopefully behind us, the hybrid working environment is here to stay. This has a lot of implications for leading others. Having staff working from home puts more emphasis on the human aspect of leadership and on skills like compassion and empathy.

In western societies, leadership has often been bound up with 'hard' characteristics around competition and strength. But the crisis has created a greater need for softer traits like empathy, adaptability and active listening. We knew this was important before COVID-19, but it became more evident during the pandemic and leaders need to embrace it. Humanity is more important for leaders than any technical knowledge today as people must deal with stressful situations, such as working from home and dealing with the pandemic.

## ETHICS AND TECHNOLOGIES

The hybrid working environment is also inextricably linked to the theme of digitisation. This too was an important trend before COVID, but the pandemic pushed it to the fore, creating enormous ramifications for jobs and business models around how knowledge is shared, how communication happens and how leaders use technology to remain visible and influential.

In the future, it will force leaders to think more about the ethics of some technologies. To take one example, companies can spend a lot of time and effort supporting the technical teams that create algorithms which underpin AI functions used in areas such as recruitment.

But businesses are often not very good at identifying the cognitive biases of the people that create those algorithms. Leaders will need to do more to ensure that these algorithms are developed free from these cognitive biases by nurturing awareness of these issues throughout their whole organisation.

## COLLECTIVE LEADERSHIP

There are also lessons leaders can learn from the wider world. Systems level leadership is needed to combine the expertise, influence, and actions of different individuals to adapt and respond to the COVID-19 crisis. Some governments were very good at dealing with COVID, others were not. It showed leaders need to be able to distribute leadership across different levels of the system and different expert domains to create shared value and inclusive societies.

This requires leaders to embrace a paradox mindset, because during a crisis people tend to look to their leaders for action and inspiration, making leaders feel like heroes. Leaders, especially during the early stages of the crisis, need to be visible.

But as a crisis develops, and to move away from response to recovery, they need to distribute leadership more widely. That

often hasn't been possible with populist political leaders, such as Brazil's Jair Bolsonaro, the UK's Boris Johnson or, when he was in office, US President Donald Trump.

Populists can create environments that make it hard for collective leadership to happen, because populism is often overly focused on strong authoritative leadership, the presentation of simple solutions, coupled with hubris and arrogance.

The same applies to the business world. During the early stages of a crisis, there is a need for individuals to give a sense of direction, but then that person needs to orchestrate a concerted effort across the organisation for it to recover. Leaders by default are excellent problem-solvers, that's why they're leaders. Now they need to adapt. The hybrid environment is here to stay, and it would be a mistake to think things will go back to the old ways. Organisations need to evolve and adapt to this new environment and the role of leadership is of paramount importance. People have changed, their priorities have changed, the world has changed and so has technology. Thus, leaders need to change as well if they want to stay relevant. ///

## KEYS TAKEAWAYS

- To prepare a business for a volatile and complex future leaders need to embrace adaptive leadership and be aware of their own needs.
- One of the positive unintended consequences of COVID is it created a space for leaders to stop and think critically about themselves and create space for development and growth.
- COVID-19 reminded us that leaders need to take care of themselves before trying to take care of others. We can't ignore how difficult COVID-19 has been for people's mental health, and that applies to leaders as much as anybody.
- Having staff working from home puts more emphasis on the human aspect of leadership and on skills like compassion and empathy.
- The crisis has created a greater need for softer traits like empathy, adaptability and active listening.
- With reliance on digital technologies, leaders will need to do more to ensure that AI is developed free from cognitive biases.
- Leaders need to be able to distribute leadership across different levels of the system and different expert domains to create shared value and inclusive societies.



# DOES LEADER INTEGRITY INFLUENCE EMPLOYEE CREATIVITY?



What if the integrity of the manager-leader boosted creativity and innovation among the employees in the organisation? Professors **Peng He, School of Management Fudan University**, and **Feng Wei, Tongji University**, explore.

**Related research:** *Trickle-Down Effects of Perceived Leader Integrity on Employee Creativity: A Moderated Mediation Model*, Journal of Business Ethics, Springer.

In the current knowledge economy era, most companies offer freedom to the employees and expect them to be creative rather than simply execute tasks. In this light, we might ask ourselves if the integrity of the immediate supervisor and the manager have an impact on the creativity of the employees? If we consider that integrity is a positive attribute in any ecosystem, we might be inclined to say yes. But how big of an impact can it have on employee creativity?

This is what Profs He Peng and Feng Wei explore in their research by drawing a parallel between the integrity of the people at top management level and the creativity of their employees. They also explore if integrity is a transferable trait through levels of hierarchy – starting from top-management to mid-level managers and finally to the employees.

## INTEGRITY IN THE BUSINESS WORLD

Scandals in the business world are a regular phenomenon. They seem to be a common enough occurrence to prevent us from remembering one for a substantial period since we are served with another scandal. Among the many examples, the Enron Scandal and the Global Financial Crisis of 2006-2009 are perhaps the most memorable.

“Integrity is a key ingredient of leadership and organizational effectiveness and growth.”



Existing research shows that apart from helping to prevent scandals and ethical meltdowns in organizations, integrity is also a key ingredient of leadership and organizational effectiveness and growth. Leader integrity is also positively related to subordinates' attitudes, organizational behaviour, and performance while having a remedial effect on employee tendencies towards negative behaviour and absenteeism. So, what exactly is integrity? Is it a tangible quality? Even among the experts, a universal definition remains elusive. Although a complex and subjective notion, Professors Peng and Wei see integrity as a leader's moral values that are expressed in his/her words and actions in a consistent way.

## CREATIVITY AS A FUNCTION OF INTEGRITY

What does a leader with integrity offer to the organization? Leaders with integrity provide freedom to speculate, supervisory support, and tolerate mistakes and failures which are key situational factors to facilitate creativity in organizations. So, considering employee creativity as a function of top-management integrity, they both have a strong positive correlation.

The researchers suggest that in practical terms, the integrity of a leader is synonymous with three main traits – *reliability, trustworthiness, and being open and empathetic* – all of which are propellers/drivers of creativity among employees. *Reliability* is important for fostering creativity because followers will believe that if they contribute to the creative performance they will be rewarded in return. Employees contribute to creative performance in order to reciprocate to leaders who are reliable according to social exchange rules. If a leader is high in trustworthiness, followers are more willing to interact with him/her, share information, feel safe to take risk, and subsequently be willing to offer new ideas. And finally, *open-minded and empathetic* leaders are more likely to evaluate their subordinates' new ideas favorably and are less likely to punish employees for unconventional ideas or failed innovations.

## IS INTEGRITY CONTAGIOUS?

According to the research findings, it turns out that leaders with higher-level integrity are more likely to attract followers with higher-level integrity. Individuals are more likely to imitate those with high status and power than models of low standing and power. As such, lower-level managers and employees are inclined to observe their leaders' behaviour and imitate their upper managers.

Moreover, there seems to be a specific group of employees who are prone to be the most influenced by the top management. People "who lack self-esteem, who feel incompetent, and who are highly dependent are especially likely to pattern their behaviour after successful models. As such, first-line managers who want to improve themselves are more inclined to learn from their supervisors. And these are the type of people who create a long-term positive atmosphere among the employees.

Besides setting an example, higher-level managers can also influence employees in other ways. These include establishing policies that set clear expectations in their departments, using values-based leadership, and being aware of individual differences among subordinates.

## CREATING CREATIVE CONFIDENCE

In a nutshell, Profs Peng and Wei's research establishes a strong positive correlation between manager integrity and employee creativity. Although it is generally acknowledged that integrity is an essential quality, and certainly an admirable one in a manager, the fact that it manifests in employee creativity can be used by the firms to boost employee creativity.

Moreover, supervisors who discern a high level of professional ethical standards are more likely to mimic their leaders' integrity. As such, Profs Peng and Wei recommend that organizations develop employees' professional ethical standards through training and corporate social responsibility activities.

With technology becoming more and more accessible to companies and people, differentiation via a product or service is becoming increasingly difficult. In this light, we can argue that employee creativity is a key differentiating factor between companies today. And when leaders at the top demonstrate integrity, managers mimic them, creating a positive and empowering atmosphere in the firm which enables creativity among employees. ///

## KEYS TAKEAWAYS

- Leaders with integrity provide freedom to speculate, supervisory support, and tolerate mistakes and failures which are key situational factors to facilitate creativity in organizations.
- A leader of integrity provides a positive atmosphere which increases the overall employee creativity in the organization.
- A culture of integrity, rather than a compliance-oriented organizational culture, encourages employees not only to take risks and give opinions but also to be more willing to propose new and useful ideas.
- Leaders with higher-level integrity are more likely to attract followers with higher-level integrity.
- There is a trickle-down effect of integrity in an organization where the integrity at the top-management rubs onto the mid-level managers and eventually to the employees as well.
- Supervisors who discern a high level of professional ethical standards are more likely to mimic their leaders' integrity.

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# MENTORSHIP AS A DISRUPTIVE TOOL FOR CULTIVATING 21<sup>ST</sup> CENTURY LEADERS



**Laura McDermott**, Director of Academic Experience and Innovation at **IE Business School**, Adjunct Professor of Innovation and Design at IE University, and **Alexandra Zografou**, Manager of the MVDM Mentor Program at IE, explore the untapped potential of mentorship.

In a world that is ever-changing and continuously confronted by global challenges, mentorship can be a powerful tool to facilitate knowledge exchange, collaboration, and disruptive thinking. In this article, we explore the concept of mentorship from its emergence in ancient Greek times, to a powerful concept of the 21<sup>st</sup> century that, if designed and implemented in a conscious way, can bring an abundance of benefits not only to the individuals involved, but also to a wider social system.

## LOOKING TO THE PAST TO UNDERSTAND THE PRESENT

If someone attempted a historical journey to understand the evolution of the definition of “mentoring”, they would find its origins traced back to Homer’s *Odyssey*. As the story goes, the namesake protagonist, Odysseus, entrusts Mentor, a close friend senior in age, with his son’s care during his absence in the Trojan war.

The nature of this relationship based on advice, wisdom transfer, guidance, and trust has led the word “mentor” to be adopted in many languages as a term meaning someone who imparts wisdom to – and shares knowledge with – a younger, typically less-experienced person. Since the first mentorship

“  
Mentorship presents a key opportunity for intergenerational collaboration in companies.”





example was recorded, informal mentoring relationships and programs would take place between mentors and protégés throughout history – to name a few: Sir Thomas More and Thomas Linacre<sup>1</sup> ; T. S. Eliot and Ezra Pound; Martin Luther King and Dr. Benjamin Elijah Mays; both Beethoven and Mozart and Haydn<sup>2</sup> ; and most recently Steve Jobs and Mark Zuckerberg<sup>3</sup>.

## MENTORSHIP FOR PROFESSIONALS IN THE 20<sup>TH</sup> CENTURY

Despite the emergence of the mentor figure in ancient Greek times, it was not until the late 20<sup>th</sup> century that scientific research of mentoring began. The mid-70s appear to be the turning point, when mentoring for a professional career came to the spotlight as a topic for investigation<sup>4</sup>. Its popularity may be associated with the rise of the Human Resources Development Movement in business. The rise of formal mentoring initiatives in business was triggered by the five following trends: quest for innovation, merger explosion, changing composition of the workforce, coming labor shortage, and emergence of cross-cultural corporations<sup>5</sup>.

1. Jadwick, K. D.: The Perceptions of Effectiveness of Mentoring Relationships in Higher Education [Doctoral dissertation, Florida Atlantic University], ProQuest Dissertations & Theses Global, p. 24 (1997)
2. Ferreres, A.: Brief History of Mentorship, in Surgical Mentorship and Leadership - Building for Success in Academic Surgery, p. 5, Springer, Cham, (2018)
3. Smith, L.: Chapter 2: What can mentoring do? [Online Course], Exploring career mentoring and coaching, The Open University, (2018)
4. Anderson, E., Shannon, A.: Toward a conceptualization of mentoring, Journal of Teacher Education, 39, p. 39 (1988)
5. Jadwick, K. D.: The Perceptions of Effectiveness of Mentoring Relationships in Higher Education [Doctoral dissertation, Florida Atlantic University], ProQuest Dissertations & Theses Global, p. 25 (1997)

## MENTORSHIP IN COMPANIES

In research developed at IE Foundation, by IE's Observatory for Demography, the authors identified that mentorship presents a key opportunity for intergenerational collaboration in companies. Research on European companies shows that there begins to be a higher prevalence of formalised programs for intergenerational knowledge sharing, mostly taking the form of mentorship (from senior to junior, from junior to senior or bi-directional).

*If designed well, a mentorship program within a company could create a strong competitive advantage since wisdom can be exchanged in a collaborative fashion. Workers at all levels of an organization can benefit from having the insight of other generations and the skills and experience developed in diverse generational environments. From an organisational perspective, matching profiles together – profiles which may not normally interact – could provide an opportunity to maintain key knowledge and wisdom within a company. This could reduce the risk of losing key learnings when senior profiles begin to retire, while also helping junior profiles get a broader perspective or strategic view of the company.*

## MENTORSHIP IN THE 21<sup>ST</sup> CENTURY HIGHER EDUCATION

Mentoring today might be considered a practice which aims to cultivate “novel educational skills and practices for the 21<sup>st</sup> century”<sup>6</sup>, leveraging technology and the power of networks,

6. Speculative and Critical Design: approaches and influences in education: <http://ixdea.uniroma2.it/inevent/events/idea2010/index>.

helping students become familiar with a new environment and, ultimately, providing them with frameworks and abilities to help them navigate a complex professional and academic landscape.

In order to better understand the status of mentorship in Higher Education as a subject of global academic inquiry, we researched databases of academic journals, using a very specific set of keywords: “university mentoring program”. We analyzed 41 active university mentor program to find out whether they have developed any case studies discussing the initiatives they designed. The research showed that almost all of the landing pages dedicated to the mentorship initiatives did not mention any success indicators or activities designed, rather presented an overview of these programs. However, it is clear that all mentoring initiatives studied fall into one – or more – of the categories mentioned below.

## 3.2 CATEGORIES OF MENTORSHIP INITIATIVES FOUND IN HIGHER EDUCATION:

1. *Peer mentoring program*, in which experienced students welcome new students into the campus in order to boost their feeling of belonging<sup>7</sup>. In some cases, faculty mentors (Princeton, University of Washington) and staff mentors (University of Washington) assumed this role.

7. Brown University, Columbia University, Purdue University, the Technical University of Denmark, the University of Chicago, the University of Edinburgh, the University of Lund, the University of Sheffield, the University of St. Andrews, the University of Sydney and the University of Sydney Business School, the University of Toronto, the University of Washington, University of St. Francis

2. *Alumni mentoring program*, designed to facilitate career-based mentoring relationships between alumni and current students<sup>8</sup>.
3. *Mentoring programs targeted to a specific category of mentees*: staff<sup>9</sup>, research staff<sup>10</sup>, entrepreneurs<sup>11</sup>, minorities<sup>12</sup> and people of color<sup>13</sup>, women<sup>14</sup>, faculty<sup>15</sup>, alumni<sup>16</sup>, exchange students<sup>17</sup>, and male students only<sup>18</sup>.

Almost all programs name the benefits for each party involved, though some go further and include resources and/or toolkits<sup>19</sup> for the aspiring mentors, and provide a training timeline<sup>20</sup>. This might suggest the beginning of an encouraging, structured approach towards mentorship within an academic setting.

## DESIGNING THE IE BUSINESS SCHOOL MENTOR PROGRAM (FORMERLY HST MENTOR), LAUNCHED IN 2018

The IE HST Mentor Program was designed in late 2018 with the idea of connecting incoming students with previous generations, giving the latter the opportunity to contribute to the first's learning experience, and overall strengthening the sense of community among them.

The first Master's degree in which the Mentor Program was implemented was the Master in Customer Experience and Innovation (MCXI). From 2018 to 2019, the core academic design team started testing the concept through a ten-month pilot program with a few alumni who graduated from the program in July 2018. These mentors connected on a monthly basis with groups of students and got feedback on their learning experience. This pilot engaged Madrid-based alumni to effectively collect quantitative and qualitative feedback from existing students on a consistent basis. Students felt supported and listened to during their MCXI journey. Alumni developed their portfolio and were actively engaged in the IE community after graduating.

During the “pilot” mode of the first Master in 2018-19, there were six internal stakeholders actively participating in the

8. Columbia University, ITMO University, King's College of London, KTH Royal Institute of Technology, the American University of Paris, the University of Amsterdam, the University of Auckland, the University of Melbourne, the University of Pennsylvania, the University of Sydney Business School, the University of Washington, the University of Zurich, Trinity College of Dublin, Tsinghua University School of Economics and Management, University of California, Los Angeles, University College of London, University of St. Francis, Yale College and Graduate School
9. Imperial College of London, King's College of London, London School of Economics, University of Amsterdam, University of California, Berkeley, University of Toronto
10. King's College of London, Paris Sciences et Lettres University, University of Oxford.
11. MIT Venture Mentoring Service
12. University of Amsterdam, University of Cambridge
13. Princeton University
14. University of Cambridge
15. University of Copenhagen
16. New York University
17. The University of Hong Kong
18. International University of Japan
19. Imperial College, the American University of Paris, University at Albany, University College of London, University of Sheffield, University of Toronto
20. Technical University of Denmark, Tsinghua University, University of Copenhagen



project (not including the student mentees). Just two years later, at the end of the 2020-2021 academic year, HST Mentor Program counted on 50+ internal stakeholders actively participating in the project, from academic and marketing teams to mentor faculties and program coordinators.

Over time, this model was shifted, so that the focus was not so much about feedback, but more about the mentors empathizing and anticipating the needs of the students, before designing value-added activities for their monthly sessions – the core idea of the Mentor Program today. Social gatherings for mentors and mentees were also held, and many of the mentees felt so supported that they began building relationships with the mentors, who helped them with career advice and presentation skills, even outside the official sessions. A year later, academic year 2019-2020, the program was piloted in two more degrees: the Bachelor in Behavioral & Social Science and the Master in Visual & Digital Media.

Since the beginning, the academic design team at IE has tracked the satisfaction levels of the students with the Mentor Program, and has received extraordinarily positive feedback. What is perhaps most rewarding is seeing the strong sense of community flourishing, as a result of the knowledge exchange and relationship-building between mentors, students, academic directors and deans from across the different programs. Several expanded and personal accounts from the experience of mentees, mentors and mentees-turned-mentors were published on the online IE magazine "Rewire" as well as being broadcasted through IE social media channels.

*After being a... mentee guided by superb individuals throughout my [IE] experience, I took the opportunity to become a mentor myself. This program is not only beneficial for the students, but also for the mentors, allowing us to provide help and guidance to students while developing essential professional skills like workshop facilitation. What's more, it allows us to be part of a community where we get to know people from around the world and expand our network.*  
– Dimitris Spyrou, MCXI Mentee-turned-mentor.<sup>21</sup>

### MENTORSHIP: FROM THE PAST TO A FUTURE OF COLLABORATION AND INCLUSION

Mentorship programs, if designed well, have a great, untapped potential far beyond professional networking building. Knowledge exchange has its benefits on many levels. As we saw in the case of companies, it can be leveraged as a competitive advantage to retain intergenerational wisdom. It can also help to build professional connections and provide people with a sense of belonging. However, thinking bigger about the concept of mentorship, we see an opportunity to "connect the dots" and build social systems that foster empathetic and also disruptive approaches to the future.

<sup>21</sup> Spyrou, D.: The student becomes the master: former HST mentee Dimitris Spyrou on being a mentor in IE Rewire Magazine <https://rewire.ie.edu/hst-mentee-dimitris-spyrou-being-mentor/>

On a systems level, mentorship has the powerful potential to foster empathy between diverse perspectives. In a world characterized by disruption and challenges on social, environmental and governance levels, there is an urgent need for 21<sup>st</sup> century talent to think holistically. By designing spaces that cultivate knowledge and perspective exchange, we create the opportunity for greater levels of collaboration and inclusion.

In order to achieve this ambitious vision, we call upon our peers in education and design to think not only speculatively about the future, but also creatively and empathetically. With this article we hoped to provide a look to the past, in order to help us understand how we can shape the future together. ///

KEYS  
TAKEAWAYS

- Mentorship can be a powerful tool to facilitate knowledge exchange, collaboration, and disruptive thinking.
- The nature of this relationship based on advice, wisdom transfer, guidance, and trust has led the word "mentor" to be adopted in many languages as a term meaning someone who imparts wisdom to – and shares knowledge with – a younger, typically less-experienced person.
- Mentorship presents a key opportunity for intergenerational collaboration in companies.
- Mentorship programs triggers knowledge exchange on many levels. It can be leveraged as a competitive advantage to retain intergenerational wisdom.
- It can also help to build professional connections and provide people with a sense of belonging.
- However, thinking bigger about the concept of mentorship, we see an opportunity to "connect the dots" and build social systems that foster empathetic and also disruptive approaches to the future.
- On a systems level, mentorship has the powerful potential to foster empathy between diverse perspectives.

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# CAN SPIRITUALITY AND BUSINESS GO HAND-IN-HAND?



Does Spirituality increase the overall efficiency in an organization or are they two mutually exclusive fields? Professors **Marianna Fotaki, Warwick Business School, Yochanan Altman, University of Haifa,** and **Juliette Koning, Oxford Brookes University,** offer their insights.

**Related research:** *Spirituality, Symbolism and Storytelling in Twenty First-Century Organizations: Understanding and addressing the crisis of imagination*, Organization Studies, SAGE.

**T**he multiple crises we face today – economic, financial, food, water, energy, climate, migration, and security – the authors suggest, are partly due to the failure of our collective imagination. Can two topics as diverse as Spirituality and Organizational Efficiency co-exist? Or better yet, complement each other and help us approach the crises more efficiently?

To answer these questions, Professors Fotaki, Altman, and Koning set out to explore the role of spirituality in the current business environments. And they follow it up with how spirituality and business can work in tandem to achieve the overall objective of increasing the efficiency of organizations and the morale of the employees.

## ARE SPIRITUALITY AND RELIGIOSITY RELEVANT TO STAKEHOLDERS IN ORGANIZATIONS?

“With the numerous crises we face today, we must become part of the solution.”





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In most cases, spirituality and religiosity are referred to interchangeably. However, Profs Fotaki, Altman and Koning make a clear distinction between the two.

- *Religiosity* is defined as communally held beliefs, rituals, knowledge and practices that are related to the commonly accepted notion of the sacred
- *Spiritually* they define as an individual's convictions about self, others, the community at large and the world – along with their values regarding moral conduct derived from such convictions.

There are, in fact, fundamental similarities between the triad of spirituality, religion, and business. These include a form of 'golden rule' – to treat others as you would have them treat yourself; a system of norms and values, a shared

belief that spiritual figures care about morality and punish transgressions.

However, Fotaki, Altman and Koning argue that despite these fundamental similarities, the relationship between spirituality, religiosity, and ethical judgement in organizations is neither straightforward or a one-way street.

Arguments in favour suggest that spiritual individuals are more likely to perceive differences between right and wrong, hold more virtues, are more humanistic, encourage corporate social responsibility, and are more likely to engage in prosocial behaviours. On the flip side, studies have shown increased religiosity being associated with unethical judgement.

For example, it is argued that faith-based organizations may

be more prone to fraud, that spiritual leadership may be corrupting, and indeed that the entire workplace spirituality movement may have a dark side, detrimental to both individuals and organizations. And finally, other studies have found no significant connections between religion and work values and contrary to implicit expectations, religiosity has not been found to predict un/ethical judgement.

### WHY IS IT LOOKED DOWN UPON?

Profs Fotaki, Altman and Koning set two further questions. First, why management researchers have not explored the crossroads between religion and organization in a more meaningful and determined way. And second, why so little attention has been granted to these important issues in

prominent, influential management and organizational journals when more than three quarters of the world's population declare themselves as adherents of a religion.

The answer lies primarily in the business field's strong emphasis on tangible output variables. Moreover, the idea of studying a notion that is closely associated with not just the unknown, but also the unknowable, seems foreign and disconcerting. There is also an apparent reluctance of mainstream academic researchers to engage in religion and spirituality research, not to mention the challenge of finding adequate methodologies to capture the essence of religiosity/spirituality in a work and organization context.

The assumed reluctance may also be due to different reasons in different places. In the case of France, where



secularism is a foundational principle of the Republic and in China, officially an atheist nation, religion is frowned upon. As such, engaging in religious and spiritual research may be conceived as politically incorrect. In the UK, the inclusion of spiritual matters within predominantly capitalist forms of organizations is not the most favorable decision for businesses.

### FOCUSING ON THE STORIES RATHER THAN NUMBERS

“Storytelling, if you will, is the first research method”, claim Fotaki, Altman and Koning. Using storytelling as a tool to embed values and form a culture could be very effective since we as a species have been accustomed to stories from time immemorial. Stories open windows into the emotional, political, and symbolic lives of organizations. At the core, businesses don't just sell products and services but also stories, especially through their advertisements and social media handles. And the more the employees feel that they are a part of that story, the better their contribution to the company would be.

With the numerous crises we face today, we must become part of the solution. This, the researchers suggest, requires developing our capacity of imagination to research topics and issues including political and societal problems that matter to people within and outside the traditional areas of business. Can we move towards a future where the effectiveness and the future of an employee in a company are focused more on the stories of his work than the numbers? Time will tell. ///



### KEYS TAKEAWAYS

- While religiosity and spirituality are used interchangeably in most situations, there is a fine line between the two.
- Despite fundamental similarities between religiosity and organizations, the interaction between the two fields has been minimal.
- The relationship between spirituality, religiosity and ethical judgement in organizational contexts is neither straightforward nor unidirectional.
- The lack of tangible output variables has been a key reason why the effects of religiosity and spirituality on businesses were not given much importance by academic researchers.
- Since religion is a sensitive and geography-dependent topic, there exist different reasons in different places for the exclusion of religion from businesses.
- Storytelling could be a very effective tool to create a culture, increase morale and achieve the overall objective in a company.

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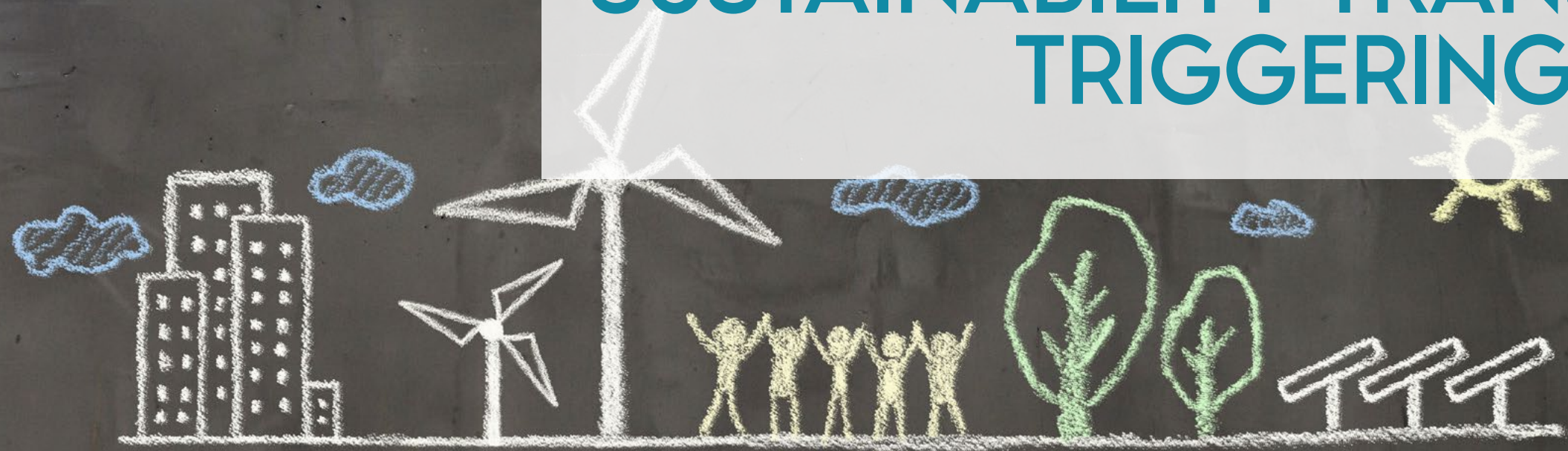
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# SUSTAINABILITY TRANSFORMATION: TRIGGERING THE CHANGE



# SUSTAINABILITY



**Alexis de La Tour du Pin,**  
Executive Director of the  
MSc in Sustainability  
Transformation and Chair  
on Environmental Transition  
at **ESSEC Business School**,  
with a focus on sustainability  
transformation, why sustainability  
is essential and what will make it  
happen.

## STEPPING OVER THE THRESHOLD

For some time now, persistent inequalities, climate change, food insecurity, and biodiversity loss have been growing issues and threats. But somehow, in spite of our collective footprint, these issues seemed far away in our mindsets. Indeed, a sustainability plan was a 'nice-to-have', much like a 'digital plan' used to be very secondary 10 or 12 years ago for large companies and organisations in general, while it is now core.

Sustainability is now more important than ever because it seems we've reached a tipping point and there is no turning back. And indeed, a variety of growing streams of pressure have pushed the global perception of sustainability stakes over a threshold.

Some of these streams of pressure overlap, with some of them causes, some of them consequences. But overall they create a constellation of pressure – natural disaster pressure, consumer pressure, media, finance, regulatory, political pressure – that has shifted our perceptions for good. But also – and maybe more importantly – employee pressure, as I believe the COVID crisis has probably been the most instrumental factor in generating this threshold effect.



**In many ways, we have passed the 'transition' stage. Business and industry require a full transformation now.**



In 2020-2021, many employees throughout the world were able to return home, sometimes reconnect with nature, turn inwards, towards themselves and/or their family. Employees came to realise that they needed more meaning to their job, and needed to work towards a more sustainable world.

One striking example was that of a global tech firm that called all of its employees to return to the office in 2021 when COVID seemed on the downturn, but was then forced to back down. The firm realised that a large percentage of their employees were ready to quit rather than go back to what appeared increasingly to them like an endless, absurd race for performance, epitomized by commuting. In this light, it is absolutely key for managers and corporate leaders in general to tackle sustainability as a core strategic stake. Working together towards having a sustainable impact brings meaning back to the table.

## FROM TRANSITION TO TRANSFORMATION

Two points can be stressed here. First, there is no turning back. More than that, there will be an acceleration in the pressure for sustainability, with a feedback loop in the sense that all of these streams of pressure mentioned above will nourish each other.

Second, that perceptions have become reality. Today, there is no need to justify why sustainability has become so central in the major issues affecting business, society and the planet. This is not to say that sustainability isn't an interesting debate in itself for the simple sake of debating – but not beyond. This ship has sailed. Sustainability *must* become central to corporate strategies, individual lives and societies.

Let me give you an example. I recently worked on a “sustainability workshop” with the R&D team of a global food manufacturer. This team of very savvy scientists were debating with me whether organic food really has an impact on health, arguing that many studies pointed to the absence of proof, that there were sanitary risks linked to not using phytosanitary inputs, and so on. I agreed that reality was more complex than it seems when it comes to organic food – after all, it's just a label, with its limits. But I stopped them at once, as the debate was fruitless. Because perceptions have won.

Indeed, increasing numbers of consumers will prefer organic food as opposed to non-organic food. And regulators and legislators, not to mention finance, will continue to push in this direction. All in all, things point to a landslide. As such, whether organisations and their leaders are convinced or not, the only choice is to bring sustainability to the core of their strategy, and to keep consumers, shareholders and employees happy.

In many ways, we have passed the 'transition' stage. Business and industry require a full *transformation* now – meaning a process that is deeper and that permeates every aspect of the organisation.

But there is no playbook as to how this transformation can happen, and that's what's exciting. Almost everything must be imagined. If we were to return to the analogy of the digital world of 10 years ago, back then, if you applied what had worked in terms of digital transition in the 2000s you'd fail to succeed a digital transformation in the 2010s – because the context had changed and a more profound shift was needed.

## TRIGGERING THE CHANGE

So first, I believe we must create an “agile” playbook, based on experience (existing knowledge) and intuition. A playbook we can adapt on the go. And if I had to give the general outline of this playbook, I would imagine 5 key chapters:

1. Mindsets
2. Talents
3. Standards
4. Impact measurement
5. Innovation & entrepreneurship

• **The priority – transform** mindsets at every level of organisations and societies. More specifically, within organisations, we must start with accompanying and coaching senior leadership, including boards of directors, for they have both the strongest power of inertia, and the strongest leverage to transform their organisations if they set their mind to it.

In terms of sectors, finance is a priority, and for the same reasons. Because immense forces of inertia remain there – more so than in any other sector – and because finance powers our entire economy and has the greatest leverage potential to transform it all. The case of transformation in the financial sector will be very interesting to scrutinize in the coming years, with pressure from economists such as Gaël Giraud, an advocate for a full reboot of finance, or from NGOs such as ReclaimFinance.

• **In order to transform mindsets – the need for a variety of talents.** The world not only needs new leaders to show the way, but also diplomats and creative facilitators to accompany this change and avoid cleavages, and storytellers to inspire us with better futures. That's where education comes into play, with the development of hybrid talents.

Beyond mindsets and talents, this transformation requires 3 elements:

• **New, clearer standards:** It is paramount for organisations and regulators to work towards simple, global norms for sustainability. We need simple regulations, and trustworthy labels – for blurred lines and inconsistent definitions are the seed of distrust and perceptions of greenwashing, which in turn generates disappointment and inaction.

What exactly does a company mean when it claims it offsets its CO2 emissions by planting trees? A tree captures carbon, but planting a tree does not mean that the tree will grow. It doesn't mean that the tree will not impoverish the soil and weaken biodiversity (if unadapted or invasive species are planted, or same species are systematically planted). It does not mean that this tree would not have

been planted anyway through other means of financing. And finally it does mean that the company will work on reducing its direct emissions. We need to agree on what exactly it is we are talking about, so trust can thrive and impact happen.

• **Simple, widespread impact measurement tools.** Assessing our climate footprint is complicated enough, though a harmonization of norms is indeed happening, and tools are emerging. But what about measuring our social impact? What about our footprint on biodiversity? What about measuring the full impact of a product's life cycle? This is much less standardised and more subjective for social impact – and generally much more complicated. Companies and their employees need accessible tools, though if these tools are too simple, or too automated, measurements will risk turning to the absurd, and disenchantment will settle in. Conversely, if impact measurement tools are too focused on the complexities of the real world, their use will not be able to be generalised. This delicate balance is an exciting challenge to tackle.

• **Sustainability innovators & entrepreneurs:** Many more intrapreneurship and entrepreneurship endeavours are required to achieve the planet's – and humankind's – urgently-needed sustainability transformation. Moreover, the need is for increasing numbers of people to think laterally and launch imaginative projects, whether they pertain to the NGO, public or corporate world. These are needed so that people can find jobs, finance projects to back, and corporations to start shifting their strategies. In the age of digital disruption, incumbent corporations have often adapted thanks to intrapreneurship or startup acquisition. Similarly, sustainability transformation will accelerate thanks to these channels of creativity.

So, we have seen that sustainability has moved from a 'nice-to-have' to a *must have*. And far from being secondary is now of primary importance to address the very present challenges facing business, people and planet – among them persistent inequalities, climate change, food insecurity, and biodiversity loss. A threshold has been passed – one of awareness and understanding of the need to change. And now, action is the way forward beyond that threshold. Mindsets, talents, global standards, measuring impact and innovation & entrepreneurship are key areas to tackle in the way forward. From a transition to a true sustainability transformation. ///



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## KEYS TAKEAWAYS

- A variety of growing streams of pressure have pushed the global perception of sustainability stakes over a threshold.
- Today, there is no need to justify why sustainability has become so central in the major issues affecting business, society and the planet. Sustainability *must* become central to corporate strategies, individual lives and societies.
- Triggering the change means adopting an "agile playbook":
  - > **Transform mindsets:** accompanying and coaching senior leadership. In terms of sectors, finance is a priority.
  - > **The need for a variety of talents:** new leaders, diplomats, creative facilitators and storytellers. Education can develop hybrid talents.
  - > **New, clearer standards:** We need simple regulations, and trustworthy labels – for blurred lines and inconsistent definitions are the seed of distrust and perceptions of greenwashing, which in turn generates disappointment and inaction.
  - > **Simple, widespread impact measurement tools:** To measure our footprint on social impact, biodiversity, and the full impact of a product's life cycle.
  - > **Sustainability innovators and entrepreneurs:** The need is for increasing numbers of people to think laterally and launch imaginative projects, whether they pertain to the NGO, public or corporate world.

# A KNOWLEDGE-DEDICATED EMAGAZINE WITH A TRULY INTERNATIONAL PERSPECTIVE

7  
CURRENT SCHOOLS

11  
CAMPUSES

4  
CONTINENTS

231,000  
ALUMNI

31,550  
STUDENTS & PARTICIPANTS





# UNLEARNING CSR: IS CONVENTIONALLY UNDERSTOOD CSR A DEAD-END?

RECOURCES

SUSTAINABILITY

ETHICS

**CSR**

RESPONSIBILITY

SINCERITY

LONG-TERM



Will the COVID-19 pandemic change how businesses understand CSR and make it more intrinsic in their business models? Professors **Andrew**

**Crane, School of Management, University of Bath (UK), and Dirk Matten, Schulich School of Business, York University (Canada),**

explore how conventional CSR approaches were impacted by the pandemic and how they should be approached for a better future.

**Related research:** Covid-19 and the Future of Research, Andrew Crane and Dirk Matten, *Journal of Management Studies* 58:1 January 2021 doi:10.1111/joms.12642

Covid-19 will be remembered for its direct threat to human lives. But it will also be remembered for exposing and challenging several assumptions, concepts, and practices in various fields. Profs Crane and Matten dive deep into one of such fields – Corporate Social Responsibility (CSR), reviewing four key areas – Stakeholders, Societal Risk, Supply Chain Responsibility, and Political Economy – where CSR should be conceptually reimaged.

“  
An ideal future  
is where CSR is a  
thing of the past.”



# STAKEHOLDERS: WHO AND WHAT REALLY COUNTS?

COVID-19 exposed a deep-rooted fallacy in our society by clearly illustrating who should be regarded as the most 'essential' stakeholders of a business. The pandemic shed light on the importance of frontline workers in healthcare, food services, and public transportation as well as unrewarded labour at home and in schools, such as teaching, childcare, and eldercare – workers, who, if not for the pandemic, would still be considered disposable.

We might be inclined to think that the "essential" workers are treated and compensated fairly but the reality remains bleak with such workers often being exposed to infection without necessary protection, and remaining poorly paid and economically vulnerable. The paradox that those deemed most essential receive such a small slice of the economic pie should be at the focal point of future research.

CSR has traditionally been presented as a tool to manage and fend off risks such as future legislation for individual companies. However, the risks that connect companies to COVID-19 are of a far broader scope. With the origin of the pandemic from the 'wet markets' in China reasonably well-established, the question arises as to the role of business responsibility in preventing such pandemics in the first place.

Businesses are also at the core of solving – or at least containing – the problem. Face masks, ventilators – and of course, vaccines – are all produced by businesses. As such, the core function of a business to produce goods and services that address social needs and demands has been brought under the spotlight by the pandemic. Moreover, Crane and Matten advocate that CSR needs to shift from an individual to a societal conception of risk.

# SUPPLY CHAIN RESPONSIBILITY AND POLITICAL ECONOMY

Many of us can remember that not long ago at the outset of lockdown, personal protective equipment, ventilators, and toilet paper were more valuable than stocks, gold, and bonds. Indeed, Covid-19 demonstrates the fragility of some of our global supply chains, especially when lockdowns severely disrupted production and logistics. And as is customary, low-wage workers in these supply chains clearly faced the music with many of them left without pay, employment, or social protection.

This leads us to the question that if corporate-led responsible sourcing programmes are largely unable to protect those most at risk in global supply chains when they most need it during a global pandemic, are they really worth continued attention and investment? In this light, the authors suggest that future research should focus on exploring alternative ways of ensuring that the rights and livelihoods of precarious workers in the supply chain are ensured and protected.

# WILL CSR BECOME A THING OF THE PAST?

While existing CSR research increasingly depicts governments as incompetent in tackling grand challenges, COVID-19 has indeed forced governments to take the centre stage. The pandemic has once again reinforced the fact that the social responsibility of a company is to coordinate with government by employing and protecting workers, producing socially useful products, and protecting their stakeholders. And not so much by voluntary, charitable good deeds – although these actions also play a positive role.

Profs. Crane and Matten contend that CSR should truly attempt to integrate social responsibility into business instead of being boxed in CSR boundaries that are often in the self-interest of the firm.

As such, COVID-19 questions the core purpose of what a firm is about and what role it should play in society. An ideal future is where CSR is a thing of the past – since all businesses ideally are infused with good intentions and practices to make society a better place in which to live. This sounds good and fair enough, but will it soon become a reality? This current crisis can serve as an opportunity to approach core questions around the purpose of business from the immediate necessities posed by fighting a pandemic. ///

# KEYS TAKEAWAYS

- The pandemic shed light on the importance of frontline workers and the overlooked and unrewarded labor, which, if not for the pandemic, would still be considered disposable.
- The core function of a business to produce goods and services that address social needs and demands is highlighted by the pandemic.
- Covid-19 demonstrated the societal risks embedded in our global supply chains, especially when lockdowns severely disrupted production.
- The pandemic has reinforced the fact that the social responsibilities of companies are to act with governments in employing and protecting workers, producing socially useful products, and protecting their stakeholders.
- Rather than being boxed into some CSR boundaries that are as often as not in the self-interest of the firm, there should be a better approach to how to truly integrate social responsibilities into businesses.



# YOI-SHIGOTO: LESSONS IN CSR



Professor **Yingyan Wang** of **Keio University** offers fresh insights from the Japanese concept of Yoi-Shigoto on how firms can leverage their organisational structures to foster a CSR-oriented attitude among their employees.

**Related research:** *Commitment to sustainable development: Exploring the factors affecting employee attitudes towards corporate social responsibility oriented management*, Wiley.

And just as well, for there is nary a business today that can afford to skirt the issue and still hope to make it big – and stay there. From leading luxury houses producing goods of basic hygiene, to social entrepreneurship firms focused on the idea of the triple bottom line—people, planet, and profit—social media is rife with eulogies of the sustainable kind. Yet, at the other end of the spectrum, this platform of the 21<sup>st</sup> century also provides for fiery discussions and ugly debates at the slightest hint of corporate malfeasance. And perhaps rightly so, for there is increasing acceptance of the fact that corporations have a duty not only to their shareholders, but also to other actors whom they engage with—employees, suppliers, governments, and civil society to name a few.

Developing such a progressive-looking view is important for it provides a source of competitive advantage, with such increasingly common practices as customers looking for ways to buy ethically, investors considering not only the personal profitability of their financing but also the environmental, societal, and governance (ESG) impact of their fiduciaries' decisions.

*“Yoi-Shigoto is a manifestation of Corporate Social Responsibility.”*





## UNDER THE SCANNER

Until about the last decade however, researchers typically focused on a bird's-eye view of CSR, rather than go into the nitty gritty by putting organisations under a microscope to examine them on an individual level. As such, these studies showed that the perception of CSR by the employees—considered by far the most valuable asset of an organisation—played a key factor in determining organisational commitment, employee satisfaction and loyalty, perceived organisational support, and organisational pride.

Yet, organisations have failed to leverage CSR properly in order to engage with their employees, without whom such practices will meet with little success, for it is ultimately the employees who pitch in their time and effort to meet these organisational goals. Moreover, this could largely stem from the fact that organisations don't know how to inculcate a pro-CSR attitude among their employees.

## WE THE PEOPLE

Existing research suggests that these employees can be grouped into three types—committed, indifferent, and dissident—on the basis of their attitude to CSR. This does not seem surprising. Not even identical twins are equally

alike. As such, it stands to reason that employees—who potentially come from varied backgrounds and consequently have diverse experiences—may be as different as chalk and cheese.

In what can be considered a tribute to Maslow—the American psychologist who created the eponymous hierarchy of needs that tries to explain human goals—is the fact that involvement in CSR research is driven out of a yen to satiate these needs.

As such, by examining the ways in which employees identify with and engage in their companies' CSR missions—those that showcase corporate commitments to CSR as an extension of their core business—and understanding the dynamics of organisational hierarchies in a 73-year-old Japanese Fortune Global 500 company, Prof. Wang shines the light on how firms can set the ball rolling on motivating employees towards CSR and cement their—and consequently the firm's—commitment to sustainable development.

In doing so, the study draws attention to a quintessential trait that one might associate with the Land of the Rising Sun: Quality. This hallmark of Japanese management was appropriately summed up in the formal mission of the company—'strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.' This is where *Yoi-Shigoto*—meaning high quality work—is most relevant. It refers to work that is not only beneficial to society but also useful and valuable for customers and partners—

all this while also proving to be a worthwhile challenge. In short, *Yoi-Shigoto* is a manifestation of Corporate Social Responsibility.

## WITH GREAT POWER COMES GREAT RESPONSIBILITY

Prof. Wang's work analysed data from a diverse pool of more than 800 employees to study various factors that form the environment in which the employees work. As such, the study focuses on hierarchical position, the distance that arises out of this corporate ladder, and what sort of support the employees perceived to be getting to achieve CSR goals.

The seniority of an executive symbolises the authority and resources placed at their disposal. In this light, it can affect the value of ownership they have towards the work that they do. Theory also posits that people try to associate themselves with groups that enhance their feeling of prestige. Given how responsible organisational behaviour provides a competitive advantage to firms—and consequently such benefits as increased employee motivation, cost savings, and customer loyalty—senior management, who are in a better position to understand and appreciate these advantages are more naturally inclined towards identifying and engaging with their firm's CSR-oriented mission than their fellow junior colleagues.

This is not to say that junior employees are not responsible towards their firms' responsible commitments. They just express it differently. It is hard to challenge the status quo. As such, they have a reasonably strong incentive to associate themselves with their superiors who act as role-models and, as seen above, are more oriented towards CSR. Additionally, a sense of such an association to the seniors' group can magnify feelings of self-concept—the idea that allows a person to answer the crucial question of 'Who am I?' On the contrary, it does not make a dent in the seniors' armour, for they are accustomed to working with people at different rungs of the organisational ladder and are, regardless, expected to be highly committed to the company's CSR paradigm.

Completing this trio is whether the rank-and-file perceives the management as walking the talk in valuing employee contribution towards organisational goals. It is also about whether the powers that be throw their weight behind the employees to kindle a desire in them to boost their efforts. This stems from the understanding that successful leadership is about being a guiding light for the entire organisation. To this end, frequent and high-quality exchanges between the senior and junior employees will precipitate positive reciprocity from the juniors as regards engaging in socially motivated behaviour. As such, employees take on positive opinions about the firm.





SALVATION LIES WITHIN

So, how can firms build their version of *Yoi-Shigoto*? For starters, they could take a leaf out of Japan's book. Given that Japanese society is highly collective, firms operating in societies that prize individualism could try to adapt such a model to suit their own needs. And promote shared socially motivated attitudes and behaviour.

Higher management also needs to lead from the front and act as role models in the workplace. A good example of such stewardship comes from India and Ratan Tata, who pledged about USD 65 million from the Tata Trusts in the fight against COVID-19. Following this, Tata Sons, of which Mr Tata is Chairman Emeritus, pledged double the amount. Continuing along these lines, it is also imperative that a culture of support exist in a company when junior employees wish to undertake CSR goals. This could include supporting employees wishing to take time off of working hours and engaging themselves in the company's CSR mission or simply recognising employee goodwill initiatives internally and/or externally, such as on social media handles.

Moreover, there is a need for effective interaction between junior and senior members of the organigram. To reach this aim, firms need to bridge the gap between the identification of CSR opportunities and engaging with them. While the former may exist in regions where the firm has area offices—where working for a large responsible firm could give a person a higher social status, and thus the motivation to engage in such activity—lack of support from HQ might not allow this drive to be carried out.

As such, modern corporations—already taking into consideration factors such as environment, gender, race, ethnicity, and access to opportunity in both their internal dealings and community outreach programmes—have to introspect to see what sort of changes they must make in order for their commitments to reach their full potential and provide them with long-term success – the *Yoi-Shigoto* way. ///

KEYS TAKEAWAYS

- Studies showed that the perception of CSR by the employees—considered by far the most valuable asset of an organisation—played a key factor in determining organisational commitment, employee satisfaction and loyalty, perceived organisational support, and organisational pride
- Existing research suggests that these employees can be grouped into three types—committed, indifferent, and dissident—on the basis of their attitude to CSR
- *Yoi-Shigoto* refers to work that is not only beneficial to society but also useful and valuable for customers and partners—all this while also proving to be a worthwhile challenge. In short, *Yoi-Shigoto* is a manifestation of CSR
- Higher management also needs to lead from the front and act as role models in the workplace
- Junior employees express commitment towards their firm's responsible commitments differently
- Frequent and high-quality exchanges between the senior and junior employees will precipitate positive reciprocity from the juniors as regards engaging in socially motivated behaviour.
- Firms operating in societies that prize individualism could try to adapt a collectivistic model to suit their own needs and thus promote shared socially motivated attitudes and behaviour.
- There is a need to bridge the gap between the identification of CSR opportunities and engaging with them.

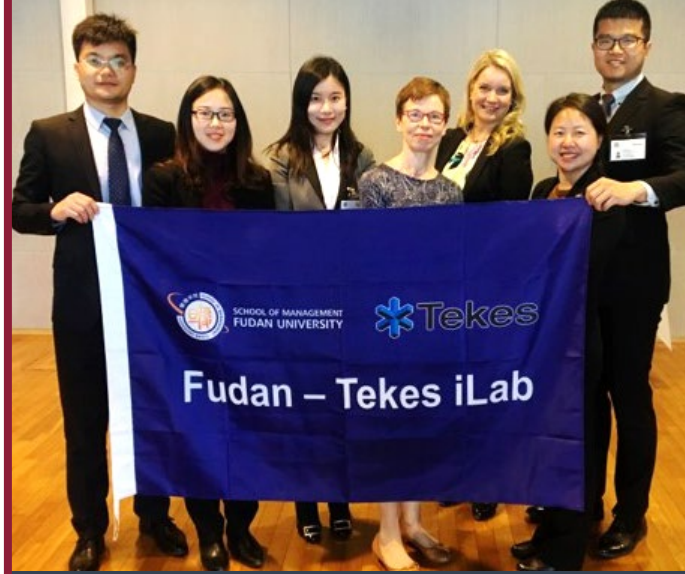
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# THE FAMILY OF BEINGS: PEOPLE, ANIMALS AND DIVERSITIES



**Jean-Sébastien Simon**, High Performance Coach & lecturer at **ESSEC Business School**, focuses on the People dimension to Conscious Business. But are people the only of our fellow beings concerned?

**M**ore businesses today focus on serving people, and having a positive social impact. This is critical today, and CSR policies have done a good job at helping businesses orient their activities in this direction.

A business which serves the People need not stop at serving human beings. Jeremy Rifkin, in his work on the Empathic Civilization (and the "*homo empathicus*") demonstrated how the consciousness of human beings evolved over the millennia to include more beings in their circle of care:

From tribal consciousness (empathizing only with those from our tribe), to theological consciousness (empathizing only with those from our religion) to ideological consciousness in the 19<sup>th</sup> Century (empathizing with those from our nation) to global consciousness (empathizing with all other fellow human-beings on earth and even with other creatures and the biosphere as a whole), consciousness becomes more encompassing.

What if we considered sentient beings in a continuum or a spectrum with the varieties of intelligences (and ways to measure it) from the smallest plant to animals and humans?

“  
The more  
conscious the  
business, the more  
sentient beings  
it can serve.”





## FROM MINIMUM TO ALL-ENCOMPASSING

The more conscious the business, the more sentient beings it can serve. For instance, in one of his presentations on Frugal Innovations, Professor Anil Gupta talked about an innovation in India which was a manual water pump that served both humans but could also quench the thirst of cows and other animals. Here, the well-being of animals has been thought about during the design phase of the product. A business which serves human beings is the **minimum** a business can do today.

For example, the French brand *PouleHouse* raises chickens in a way that exceeds the standards set by organic agriculture. They guarantee that their chickens are well taken care of for the decade of their life (in conventional organic farming, chickens are sent to the slaughterhouse after 18 months), and then retired. I am not even comparing to the non-organic farming practices where male chicks are sent to the grinder because they can't lay eggs.

Going further, brands such as *Impossible Foods* and *Beyond Meat* have grown tremendously, offering plant-based meat alternatives. These brands are prosperous, sustainable, have a lower carbon footprint, water use and respect the spectrum of life by not creating more suffering in this world. They also promote health. Documentaries such as the Netflix's *Change Makers*, and books such as Brendan Brazier's *Thrive Foods* (2011) are interesting sources of information if you want to learn more about plant based diets.

Animals are also making their way in the workplace, and up to 7% of organizations allow pets in the workplace, according to a survey by the Society for Human Resources Management (source). Their presence is believed to improve the work atmosphere, decrease stress, enhance the morale of employees, increase productivity, increase communication between employees and bonding. Furthermore, *Pets At Work* Programs increase the attractiveness of the workplace for Millennials.

## THE 7<sup>TH</sup> GENERATION: SERVING THE PEOPLE OF TOMORROW

Serving the people does not stop at serving people who live today. The intention and Vision of a business can take into account the 7<sup>th</sup> Generation. This means serving people in the future through our actions of today. Indeed, the businesses we are building today are serving the People of tomorrow. The UN World Commission on Environment and Development sums this up in the following statement: "sustainable

development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Imperatives, 1987). A Conscious Business creates the sustainable building blocks for the future generations.

For community engagement, companies have come up with many ways to give back, including fundraising, sponsorship, scholarships and investment in local public projects. As one of their social goals, the brand *Seventh Generation* states that it is committed to "Creating a healthy and vibrant workplace community". This can be done through the cultivation of *Diversity*.

## DIVERSITY IS... DIVERSE

In yesterday's world, when we thought about "Diversity", we usually thought about "cultural diversity." In today's world, things have changed: there are various kinds of *Diversities* an organization needs to work with: gender, ethnical origins, sexual orientation, physical ability, age, linguistic abilities, socio-economic status, religious, introversion, extroversion, ways of thinking and being in the world... The better businesses can apprehend and understand these forms of diversities, the better conscious services and products they will be able to design and offer.

For the purpose of this article, we will explore three key types of Diversity:

### • Neurodiversity

The diversity of our ways of thinking, perceiving the world and thus relating to the world. Each brain is wired in a unique way, "*Le café servi avec le Cœur*" and if we learn to use it as it is, we can tap into its infinite potential. People with specificities in their brain wiring such as forms of autism, borderline personalities, high potential and others each have gifts to share and create value.

Some companies have already found the opportunities. In France for instance, the *Café Joyeux* employs a lovely brigade of people with mental disability. Their motto: "*Le café servi avec le Cœur*" (Coffee served with the heart). Another example is *Auticonsult*, a French consultancy firm which has a team of consultants with Asperger's syndrome. They rely highly on their high work ethic, loyalty and ability to instantly spot errors to solve their clients' problems. Larger companies have developed programs tapping into this huge potential, such as the *Microsoft Autism Hiring Program*. Indeed, further insight has been published by the *Harvard Business Review* and also in the remarkable book by independent researcher and journalist Steve Silberman (2017).

### • Gender diversity

Increasingly, gender can be considered as a spectrum, with individuals identifying themselves as other than simply "man" and "woman". The desire to define themselves instead of letting their gender be defined by birth and biology is a growing trend and increasing numbers of people will wish to choose their gender. In various businesses, this can be seen as a challenge or even as a threat, with many leaders not knowing how to deal with this issue. However, this represents a tremendous opportunity to tap into. For instance, people who have transitioned have a high capacity for empathy with both men, women, and people of other genders which gives them a unique perspective useful to design more inclusive and user friendly products and services. Their heightened sense of empathy and adaptability can help them lead necessary transformations in the organization, and also a sales edge. Furthermore, their creativity can be a competitive edge as well.

### • Multi/trans-cultural diversity

Cultural diversity is a classic topic in a lot of global organizations. An emerging topic, however, is that of trans-cultural diversity. Indeed, more and more individuals have an extremely diverse background. And I have noticed this in some of the business students I teach. It is not uncommon to see students born in one country, raised by parents from two different nationalities, and who grew up and lived in several other countries.

By the time they reach 25, they might have experienced profoundly 10-20 different cultures for extended periods of time. For them, it might be challenging to point out where "home" is. When they are asked "where are you from?", it is hard for them to answer concisely. And the challenge is that they have to develop a *transcultural identity* – an identity beyond a single culture. They create a *culture of their own*. Linda Brimm calls these people *Global Cosmopolitans* (2010; 2018). They have a high sense of empathy, are great connectors and can hold tremendous responsibilities in dealing with people from different backgrounds, cross-functional teams and navigate well in time and space.

## TAPPING INTO DIVERSITY'S POTENTIAL

Conscious Businesses thus not only accept Diversity but know how to manage it, celebrate it, and tap into its tremendous potential to serve people in a more diverse, global and interconnected world by designing inclusive products and services to make the world a better place. What challenges do you see with diversity? What potential do you see? ///

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## KEYS TAKEAWAYS

- A business which serves the People need not stop at serving human beings. Sentient beings can be seen as a continuum or a spectrum with the varieties of intelligences (and ways to measure it) from the smallest plant to animals and humans.
- A business which serves human beings is the **minimum** a business can do today. Many recent start-ups have taken into consideration the well-being of the animals upon which they rely for their products and produce.
- Up to 7% of organizations now also allow pets in the workplace. They improve the work atmosphere, decrease stress, enhance the morale of employees, increase productivity, increase communication between employees and bonding.
- The intention and Vision of a business can take into account the 7<sup>th</sup> Generation, serving people in the future through our actions of today.
- For community engagement, companies have come up with many ways to give back, including fundraising, sponsorship, scholarships and investment in local public projects.
- Today, there are various kinds of *Diversities* an organization needs to work with: gender, ethnical origins, sexual orientation, physical ability, age, linguistic abilities, socio-economic status, religious, introversion, extroversion, ways of thinking and being in the world
- The better businesses can apprehend and understand these forms of diversities, the better conscious services and products they will be able to design and offer.
- **Neurodiversity:** Each brain is wired in a unique way, and if we learn to use it as it is, we can tap into its infinite potential. People with specificities in their brain wiring such as forms of autism, borderline personalities, high potential and others each have gifts to share and create value.
- **Gender diversity:** Increasingly, gender can be considered as a spectrum, with individuals identifying themselves as other than simply "man" and "woman". This can be seen as a challenge or even as a threat, but represents a tremendous opportunity to tap into in terms of empathy, creativity and adaptability.
- **Multi/trans-cultural diversity:** It is not uncommon to see students born in one country, raised by parents from two different nationalities, and who grew up and lived in several other countries. They have a high sense of empathy, are great connectors and can hold tremendous responsibilities in dealing with people from different backgrounds, cross-functional teams and navigate well in time and space.





# THAT WAS THEN, THIS IS NOW: WHAT KIND OF LEADERSHIP DOES THE CLIMATE CRISIS CALL FOR?



**Emilie Pratico**, Director of Strategy at **BCG BrightHouse**, and author of the book **The New Corporate Climate Leadership**, explores the

new breed of leader the world needs in order to anticipate, avoid, accommodate, and recover from crises from now to 2030.

**I**n the past few weeks, the volume – both by number and by resonance – of announcements made by companies on climate change seemed to signal an unprecedented shift in the private sector’s engagement to tackle the crisis. What does this tell us about the kind of leadership we can expect and the kind we need to tackle the climate crisis today and in the crucial years ahead?

Where deforestation is concerned, a coalition of public and private sector actors pledged to eliminate tropical deforestation by financing local efforts to protect and maintain standing forests. In the aviation sector, a sector not renowned for being on the “solutions” side of the climate equation, major players came together to make a net-zero commitment. A group of the world’s largest retailers – H&M Group, Ingka Group (IKEA), Kingfisher plc and Walmart came together to accelerate a movement in their industry to achieve net-zero emissions by 2050 at the latest, with interim commitments to halve emissions by 2030. For energy, several commitments were made, all amounting to a clear signal that “the end of coal is in sight,” such as The First Movers Coalition, a public-private partnership comprised of more than 30 companies with a market cap of over \$8 trillion, launched to make emerging clean energy technologies accessible and scalable.

“What usually takes decades or generations must occur in a matter of years.”





Impressive as all of this sounds, it pales in comparison to the commitment of the financial sector to deploy \$130 trillion over the next three decades to decarbonize the global economy, via The Glasgow Financial Alliance for Net Zero, which represents more than 450 banks, insurers and other asset managers in dozens of countries.

## HARNESSING THE LARGEST COMPANIES

The scale of action, radical collaboration the likes of which we have never seen before, and the level of ambition are all unheard of and in some ways are a cause for celebration and hope. Going by standards of past COPs, and of corporate climate action to this day, this marks a clear success at mobilizing critical actors of the fight to avert the worst of the climate crisis. Indeed, at least since the Paris COP where the historic agreement was signed in 2015, one of the major stakes of the fight against climate change has been to mobilize the private sector. Recognizing that companies hold much of the world's resources and leverage, and are involved in most of the planet's high-emitting activities, tackling the crisis was never going to be possible without harnessing the largest companies – and the ones in the most polluting sectors at that. Seeing what was achieved in Glasgow, then, should be one of the most positive steps we could have hoped for.

## THAT WAS THEN, AND THIS IS NOW

But that was then, and this is now. Between now and 2030 we must avoid unmanageable climate change by pursuing rapid and aggressive decarbonisation while also investing in resilience, meaning our capacity to anticipate, avoid, accommodate, and recover from crises. Going ahead, the features of leadership called for by the climate crisis need to go account for this – and while Glasgow was a nod in this direction, the final tally shows that companies do not have the full suite of tools to tackle climate. The path ahead will include the following:

- 1) *From tactical to transformational thinking.* What is at stake is not simply a 2-degree pathway – indeed not even a 1.5 one. This is a 2015 model of thinking that undergirded the Paris Agreement but is no longer fit for purpose. It is no longer sufficient merely to be “less problematic” but rather, true leaders will proactively build the inclusive economies of tomorrow by way of “just transitions,” not just for those communities that are currently dependent on the high-carbon economy but for those who will be central to building the low-carbon economy of the 21st century.
- 2) *Imagination, and not just ambition.* Having worked in the field of climate action for over a decade, I can say that the word “ambition” is probably the most used (and misused). Thinking in terms of ambition only, however, locks us into particular models when what we need is nothing less than new paradigms. Climate change is not only an environmental problem requiring scientific and technical solutions, but it also calls for cultural, economic, social, and political changes too. Leading companies will reinvent not only their emissions models, but the entire ecosystem in which they operate and that they in turn constitute.
- 3) *Cathedral thinking.* The standard for leadership is reaching net zero by 2050 with clear milestones by 2030. Given that

CEOs remain in post for an average of six years, there is a discrepancy between the timelines of their tenure and the timeline of climate action. True leaders need the vision to launch multi-generational and multi-stakeholder initiatives that will outlive the authority of any given individual or executive board. There is no doubt urgency but there is also the need to steadfast and persistent action even when companies are not in the spotlight, such as at a UN summit. Will the initiatives introduced at COP survive the excitement of the moment and translate into deeply entrenched action that is designed to last several decades?

4) *Courage and patience in a time of urgency.* Leaders need to understand that building coalitions takes time; persuading colleagues and superiors to lead requires significant investments of labor and considerable persuasive ability; and that it is only ultimately worth it if a sequence is set that leads to transformation. In addition, courage is the key attribute for the new corporate climate leader – the courage to speak hard truths to colleagues and also the courage to get out of professional silos and comfort zones. There is an old adage that few conflicts are solved without engaging the combatants. Similarly, it is impossible to properly manage and ultimately solve the climate crisis without engaging and working with those countries and companies who are driving the crisis. We often hear about the urgency of the climate crisis, but most who have had the opportunity to work in this field will also tell you that without patience, we will not build the transformation we need, one that is designed to last and that is inclusive.

No doubt these features will evolve in the years to come, as the climate crisis becomes even more urgent and as new generations of leaders take the reins of facing it. One of the challenges of the predicament is that what usually takes decades or generations, from technical innovation to leadership revolutions, must occur in a matter of years. While we welcome and even celebrate companies' joining the climate fight with pledges and commitments, we urge them to consider what deep changes will be needed not only to deliver on them, but in order to ensure that the scale, scope, and focus of their action is what the world needs. ///

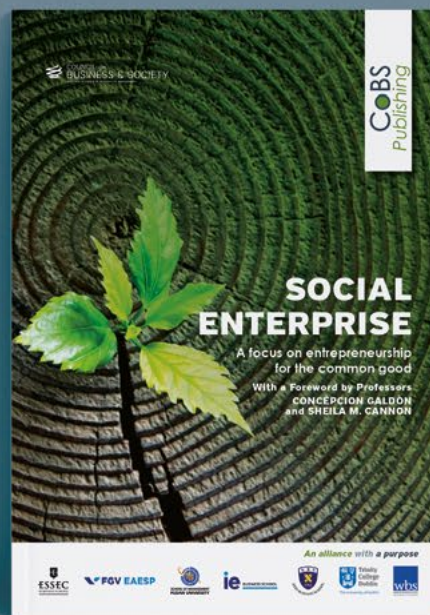
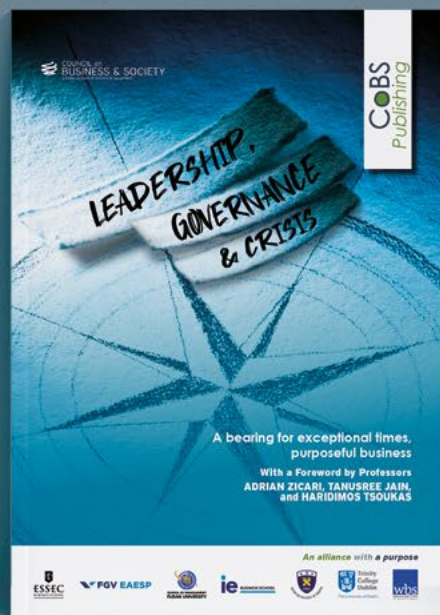


## KEYS TAKEAWAYS

- The volume of announcements made by companies on climate change seemed to signal an unprecedented shift in the private sector's engagement to tackle the crisis.
- In addition, The Glasgow Financial Alliance for Net Zero (450 banks) has committed to deploy \$130 trillion over the next three decades to decarbonize the global economy.
- Between now and 2030 we must pursue rapid and aggressive decarbonisation while also investing in resilience – our capacity to anticipate, avoid, accommodate, and recover from crises.
- The path ahead is: To move *from tactical to transformational thinking* (building the inclusive economies of tomorrow by way of “just transitions” for communities); *Imagination, and not just ambition* (Leading companies will reinvent not only their emissions models, but the entire ecosystem in which they operate and that they in turn constitute); *Cathedral thinking* (True leaders need the vision to launch multi-generational and multi-stakeholder initiatives that will outlive the authority of any given individual or executive board); *Courage and patience in a time of urgency* (courage is the key attribute for the new corporate climate leader – the courage to speak hard truths to colleagues and also the courage to get out of professional silos and comfort zones.).



# HOW MANY BUSINESS SCHOOLS DOES IT TAKE TO CHANGE THE WORLD?





# The Council on Business & Society: *What we do*

## **Global forum**

on critical issues at the crossroads of business and society involving academics, students, policy-makers, NGOs and professionals.

## **Joint courses and course modules**

bringing together the CSR expertise of the member schools' Faculty.

**Exchange of Faculty**  
to teach business and society modules within existing programmes.

**White papers**  
and position papers on issues key to business and society.

## **A Student CSR change-maker competition**

bringing together the students of all member schools and all programmes to write a CSR-oriented article, with a certificate, prize money and appearance in Global Voice.

## **Communication and visibility**

via the **Council Community website** and **blog** featuring regular articles, research and opinion pieces on issues relating to leadership and governance, diversity, sustainability, business ethics, energy, employee health and entrepreneurship.

A bank of shared **educational materials** between member schools with an international dimension, available for use in classes, courses and programmes.

A quarterly **eMagazine** featuring impact articles on CSR issues.

Council  
**Faculty research projects**

Inter-school  
**Student projects**

**Student Surveys**  
summarising how our students view key issues facing business and society.



# Getting involved

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