The MBA for the Future:
Being equipped to transform the financial landscape
Introductory Remarks

ASSOCIATION OF MBAS
GLOBAL CONFERENCE FOR DEANS AND DIRECTORS
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SHAPING THE FUTURE OF MANAGEMENT EDUCATION

Prof. Manuel Escudero
Special Adviser, UN PRME
@EscuderoManu
UN Global Compact

- Launched in 2000
- Universally accepted value platform:
  - Human Rights,
  - Good Workplace practices,
  - Environmental standards,
  - Anti-Corruption.
- 8,000+ businesses in over 135 countries
- 4,000+ non-business participants

Value creation in financial, social, environmental and ethical terms
Principles for Responsible Management Education (PRME)

- UN-backed initiative to change the **curriculum, research** and **learning methods** of management education based on UN Global Compact/Corporate Sustainability approach
- Launched in 2007
Who Participates

- 600+ business and management schools from 80+ countries
- 43 of the *Financial Times*’ top 100 business schools (MBA)
The Six PRME Principles

**Principle 1 - Purpose:** We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

**Principle 2 - Values:** We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

**Principle 3 - Method:** We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

**Principle 4 - Research:** We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

**Principle 5 - Partnership:** We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

**Principle 6 - Dialogue:** We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.
The PRME way

- STRATEGIC AMBITION
- TRANSVERSALITY
- LEARNING FROM PEERS
8 years of PRME

Success due to its **timely inception**: “How to fix Business Schools” “Should b-s share part of the blame?”

**Early recognition** by institutional stakeholders: As a result, all the Associations in the industry entered the initiative (AACSB, EFMD, AMBA, GMAC, CEEMAN, CLADEA, AABS, AAPBS, ABIS, GRLI…)

**Engagement mechanisms:**
* Learning from community of peers
* Reporting & recognition

As a result, **truly and sustainable international initiative**, with almost all the internationally-oriented business and management schools in the world.

**Multiplier effects**: Institutional stakeholders are establishing **new standards** for international accreditation of business schools. i.e. 11th criteria of EQUIS.

But these are first steps
1. Challenges for the future of business education

Three new megatrends for the company and for business education of future leaders and professionals:

- **Sustainability**: global, social & environmental
- **Digital Economy**
- **Innovation**: efficiency & creation

Current economic theories & business decision making models have to take into consideration these new global trends.
Second, we need to generate a concept of sustainability that connects with increasing income inequalities in the developed world and with the welfare gap between developed and developing world.

Sustainability models have to include increasing inequalities as a central concern.

“Advances in digital technologies, are driving an unprecedented reallocation of wealth and income”.

http://tanguduavinash.files.wordpress.com/2014/02/the-second-machine-age-erik-brynjolfsson2.pdf
Third, we should become active with respect to social and environmental challenges and critical issues of **global sustainability**.

A historic opportunity related to Global Sustainability: the conditions and targets for global sustainability are being discussed right now and will be launched this year 2015 as the **Sustainable Development Goals (SDGs)**.
At the core of those challenges there is the need to redesign Finance and Accounting Education

The biggest crisis in our lifetime has been the 2007 “Financial Crisis”. Its effects are still lingering in terms of an enormous multiplying economic and social cost: recession, public debt, slow growth and high unemployment. Business schools took part of the blame.

It is a logic reaction, since we provide the bulk of professionals and leaders in the sector. According to recent data (2014 GMAC Prospective Student Survey, more than 12,000 prospective students from across the globe) students preferred expectations are to work in finance or accounting:

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<tr>
<th>Rank</th>
<th>Men</th>
<th>Women</th>
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<tbody>
<tr>
<td>1st</td>
<td>Investment banking (18%)</td>
<td>Accounting (16%)</td>
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<tr>
<td>2nd</td>
<td>Management consulting (17%)</td>
<td>Banking (15%)</td>
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<tr>
<td>3rd</td>
<td>Consulting services (17%)</td>
<td>Consulting services (15%)</td>
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<tr>
<td>4th</td>
<td>Banking (14%)</td>
<td>Investment banking (14%)</td>
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At the core of those challenges there is the need to redesign Finance and Accounting Education

To meet the three challenges mentioned before it is necessary to redesign what we teach in Finance and Accounting:

- Coming to terms with the digital economy based on innovation implies changing the cornerstone of current financial and economic models based on cost minimization and efficiency with disregard of innovation and creation.

- Coming to terms with long-term growing inequality can only be done if current models of decision making based on the paradigm of short-term shareholders value maximization are abandoned.

- Addressing the conditions of global sustainability (the Sustainable Development Goals) implies new methods of social and environmental accounting, addressing the question of externalities or consolidating new approaches to investment.
At the core of those challenges there is the need to redesign Finance and Accounting Education

There is a growing consensus that the financial root causes of the 2007 crises remain largely unaddressed. While there has been plenty of regulatory and governance reforms on both sides of the Atlantic, they focus on potentially making the existing system safer rather than addressing the fault lines that led to the crisis.

In short, there is a lot to contribute as business schools (as thought leaders, researchers and educators) in the area of finance and accounting, which is crucial to meet the big challenges of our times.
How to proceed?

In a steady, gradual way, closely linked to sustainable businesses

- In a gradual way, as the sector (financial and corporate) makes progress towards sustainability, and presenting advances as they take place.

- However, there is a number of new important issues that can already be introduced in Finance and Accounting in four important areas:

  a) Socially Responsible Investment – or the introduction of Environmental, Social and Governance (ESG) Concerns in investment decision-making by investors or even corporations.

  b) Systemic issues, or the reengineering and reforms of the financial system (Basil III) and financial services (Impact Finance) to deliver on sustainable and equitable development.

  c) Financing sustainable innovation related to new business models and social entrepreneurship (Social Finance, Microcredit, Crowd founding).

  d) Social and environmental accounting, metrics and indicators.
4. Challenges for future business education

The roundtable:

We have the luxury of a panel of colleagues with plenty of insight into these four areas.

✓ Jessica Fries, Executive Chairman, The Prince’s Accounting for Sustainability Project (A4S)

✓ Darek Sobieraj, Chief Financial Officer, Coca-Cola Hellenic

✓ Faye Chua, Head of Futures at ACCA
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