Serving the Future Needs of Business in Management Development and Retention

Dr. Jim Pulcrano
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Abstract

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Abstract

This literature review was undertaken at the joint request of AACSB, EMBAC and UNICON. Articles and books, of both an academic and managerial nature, were examined, trying to parse out how the world of business is changing, how businesses are changing the way they retain and develop talent, and how business schools are responding to this.

Changes in the business world that stood out were the South-South orientation of trade, but with innovation still more likely to come from the developed world (apart from China), the increased speed and depth of communications, the growth of the Asian middle class (though Western consumers on a per capita basis still remain the kings of consumption), the continued dominance of Western brands, the greater need for education and an understanding of technology by a broader swath of the population, the decline of long-term single-company careers with the concurrent lack of financial ties and loyalty, and the decline of private shareholder-owned corporations in the United States.

Companies continue to invest heavily in developing their people, and the “war for top talent” continues unabated in most parts of the world, but this applies almost entirely to college and middle-skills educated workers. Top executives recognize that a lack of leadership talent is a brake on growth, especially in emerging markets, and with locals in those markets. Understanding China and having the talent needed for it is critical. Corporate universities continue to grow in number and sophistication as one response to this. Curriculum-wise a push to develop people who can eventually work at the enterprise level is another response, while critical thinking and leadership are the top subjects.

Business schools appear to be in a quandary, both for MBAs and executive education. Businesses, candidates and the schools themselves are not sure of the future, and the future is not waiting for deans and directors to figure it out. MOOCs are the most obvious manifestation of change, though online learning in one form or another has existed for quite some time and many schools were already using social media in some form. Curriculum changes towards more personal leadership, an emphasis on values, critical thinking and experiential exercises, and more, are all happening. The possibility of more extensive support by business schools to corporate universities continues to be tantalizing. Questions about whether business schools should be more like their medical and legal brethren, professional schools, or rather continue to compete for legitimacy with the physics departments of their universities, are being hotly debated (while managers question the relevance of business school research and teaching). And all of this is happening while the world of business schools slants rapidly towards Asia and emerging economies, not just for students, but also for competitors.

With the increasing complexities of the world, the dynamism of the changes around us, the growth of the number of those participating in some form of capitalism and the possibilities offered by technology, we are at the cusp of something greater than we’ve seen in the past 30 years. There has been no better time to be involved in graduate management education.
Serving the Future Needs of Business in Management Development and Retention

The world of work, business and management has changed drastically over the past decade. Unless an economic, political or environmental crises brings us another black swan our world is likely to remain on the current trajectory, albeit a trajectory that will be rockier than those experienced in the past. Managers and business schools will have to be part of that trajectory, or resign themselves to low level jobs or only local impact, and even those possibilities may be in doubt. Although the market will determine the fate of many of the varied experiments of today and tomorrow, one thing is almost guaranteed: New competitors and products starkly demonstrate that standing still is unlikely to be a sustainable strategy. Schools must proactively demonstrate relevance, value, and reputation, which means rethinking how they conduct research, select and train faculty, design curriculum, engage students and measure quality (Holtom, Porter, 2013).

Underlining this, in mid-2010 Jeffrey Immelt of GE described five “big themes” in the world economy with powerful implications for GE and its leadership vision. These included the re-ordering of the global economy toward emerging markets as the main sources of growth; the need for new products at more price points to enable GE to compete across diverse global markets; the geo-political and business impact of a resource-constrained future; the role of substantive and strategic collaboration in a highly networked world; and the growing intersection of government with business in both mature and emerging countries (Immelt, 2010).

Given the relationship between management education and the business world, market forces such as globalization, technological change, and new workplace requirements may affect business education more than any other branch of academia. And the stakes are huge (Friga, Bettis, Sullivan, 2003).

Much of what business schools impart – theory and analytical techniques of various sorts – is readily learned and imitated, at least by intelligent people. Communication ability, leadership, interpersonal skills and wisdom are at once less easily taught or transferred to others but, at the same time, because they are less easily imitated, have more value in the competition for leadership positions that occur in organizations (Pfeffer, Fong, 2002).

Research methods
The questions the author was asked to research were:
1. How are businesses changing the way they develop and retain managerial talent and what are the linkages between business needs and management education providers?
2. How have business schools been changing to meet the evolving needs of business stakeholders as it relates to management education, with particular interest in graduate and executive (degree and non-degree) education?

Rather than proceeding directly to answer the first question, the author performed his own reality check on how the world, and the world of business, was changing. This was done through an examination of data on transportation, energy, demographics, communications, venture capital, brands, intellectual property, employment, and mining.

Through the lens of the changes in the world of business, the author then started the literature review, using both managerial and academic sources. Key words used to identify relevant articles were talent, leadership development, management development, executive development, talent retention, training, corporate university, learning, business school and business school change. A preference was given to articles from 2000 onwards. Initially articles were primarily sourced from Academy of Management Learning & Education, Academy of Management Journal, Harvard Business Review, McKinsey...

Midway through the project the scope of articles included was narrowed down while the sources were broadened.

As a tangent to the literature review a publication and citation analysis was also performed.

To aid the reader who wishes to go into more detail on selected articles, but needs to better understand which articles are relevant to his or her interests, I have included an annotated bibliography. This includes the copyrighted annotations provided by the author or publisher, as well as selected text chosen by me.

**How is the world and business changing?**

Changes in the business world that stood out were the South-South orientation of trade, but with innovation still more likely to come from the developed world (apart from China), the increased speed and depth of communications, the growth of the Asian middle class (though Western consumers on a per capita basis still remain the kings of consumption), the continued dominance of Western brands, the greater need for an understanding of technology by a broader swath of the population, the decline of long-term single-company careers with the concurrent lack of financial ties and loyalty, and the decline of private shareholder-owned corporations in the United States.

The world continues to be inter-connected. The decoupling of the BRICs from the West predicted by some authors has not happened. But we do see a so-called South-South alignment happening. The volume of global trade has increased substantially, with not-insignificant portions of it destined for domestic consumption in Brazil and China (as well as shipping goods from Asia to Western Europe and North America). Shipping within North America and intra-Europe has declined over the past 12 years (Figure 1). The desire to have faster supply chains out of Asia is causing investment in overland rail links between Vladivostok and Europe. In 2002 three of the top ten ports in the world (by volume) were outside Asia. Today only one non-Asian port, Rotterdam, remains in the top ten (see Figure 2).

The world is communicating more with increased speed, and with communications available to a broader population. Internet users have gone from 118 million in 1997 to 2.4 billion in 2012 (see Figure 3). Asia-Pacific’s share of global users has gone from 16% to 45% in the same period, while North America and Western Europe’s combined share has declined from 75% to 26%. Of the $227 billion paid for access to ISPs in 2011, 38% was in Asia-Pacific, 33% in Europe, 28% in the Americas and less than 1% in MiddleEast & Africa (informa MarketLine Industry Profile, Global Internet Access, Aug 2012).

Global oil production increased by 12% between 2002 and 2011. During that same period North American consumption of oil decreased by 2% and that of Asia Pacific increased by 29%, with APAC refinery capacity growing at 30% (see Figures 4, 5 and 6). The impact of fracking in North America, together with weaker demand, will likely cause US oil imports to decline below the 45% figure of 2011, while China’s oil import dependency jumped to 58% in 2012 and is forecast to reach 70% by 2020 (from consultancy Wood Mackenzie).
Iron and steel make up 64% of the overall value of the global metals and mining market (followed by coal at 22%). From 2007 to 2011 the industry volume grew at a compounded annual growth rate of 4.3%, while the value grew at 11.6% (Figure 7). Projections are that the value will grow at 10.7% for 2011-2016, mainly due to China’s needs, and volume at 3.8% (Figure 8). With 245,000 employees worldwide (company website), ArcelorMittal is the world’s largest steel company, followed by three Asian players (Figure 9).

With the exception of China, innovation is still least likely to come from emerging economies. US venture capital investments are only at 25% of what they were at the peak in 2000, but they still lead the world with $27 billion invested in 2012 (Figure 10) and the only non-western markets where early-stage investments are relatively easily available are Israel, Malaysia, Singapore and Taiwan (Figure 11). It was reported that in 2009 there was $1.9 billion invested in venture capital in China, but from the WCC survey it would appear to be difficult to access in general.

Following on in this vein, in 2012 the United States retained its position as the top nation for patent filings (Figure 12). But looking at the data from 2008 to 2012 there are at least 3 items to consider:

a) US patent filings between 2008 and 2012 dropped by almost 1%.

b) China’s patent filings over the same period trebled, almost overtaking Germany at #3.

c) Japan is still the #2 nation on earth in patent filings, and grew its filings by over 50% 2008-2012.

The top consumer brands continue to be dominated by US, European and Japanese firms. Samsung joined the rankings in 2010 in the 19th position. HTC, the Taiwanese high-tech manufacturer, was the 98th most valuable global brand in 2011. As of 2012 there were no Chinese or Indian brands in the world’s top 100 consumer brands as ranked by Interbrands (Figure 13). However, in a rival branding league table we find Samsung in 2nd place in 2013. China Mobile is at 20th (up from 34th in 2012). The Chinese bank ICBC is at 31st and China Construction Bank is at 46th (up from 54th and 48th respectively).

The world’s evolution is often judged by the growth of the middle class. According to Homi Kharas and Geoffrey Gertz, by 2015, for the first time in 300 years, the number of Asian middle class consumers will equal the number in Europe and North America. By 2021, on present trends, there could be more than 2 billion Asians in middle class households (Figure 15). The absolute number of middle class consumers in each region understates the consumption of North America and Europe, and overstates that of the rest of the world. Nonetheless, by 2030 70% of the consumption by the world’s middle class will be outside of North America and Europe, as compared to 54% in 2009 (Figures 16 and 17). In 2009 developing countries accounted for 11% of the middle class consumption. In 2030 these countries are projected to account for 52%. These numbers should be evaluated in parallel to income. In 2010 the US per capita income was just under $50,000 per year, followed by Canada at $40,000 and Germany at $38,000. China was 13th in the world at under $10,000 and India 16th at $4,000. By 2030 the average US per capita income is projected to reach $138,000, while China’s will rise to $40,000 (12th in the world) and India’s to just under $20,000 (again 16th in the world).

In North America it would appear that the trend is towards careers in multiple companies, as long-term employment disappears at the same time as manufacturing and private shareholder ownership decreases. This may increase the individual desire for business education, but decrease the corporate incentive to provide it.
Large corporations were a dominant force in American society for generations. As the United States has shifted to a post-industrial economy, finance has increasingly taken center stage. The disappearance of manufacturing employment has corresponded to another change: large corporations have lost their place as the central pillars of American social structure. For most of the 20th century, social organization in the United States orbited around the large corporation. As manufacturing employment gave way to services and the largest employers shifted from firms such as GM to those such as Wal-Mart, the nature of the employment relation changed (Figure 18): The long-term mutual obligations of old were replaced by expectations of more temporary attachments. Changing employment ties were facilitated by the advent of relatively portable defined-contribution pensions, which provided a vast source of new investment for mutual funds—particularly the half-dozen largest fund families that captured the bulk of these inflows. The growth of pension investment helped concentrate ownership in the hands of institutional investors, which abetted an overriding corporate focus on shareholder value as the ultimate measure of corporate and managerial performance (Davis, 2009)

The result of the shift from manufacturing to service, in short, has been a disaggregation of employment in which the attachments of workers to particular firms is more tenuous, expected tenures are shorter, and workplaces themselves are often on a smaller scale. The traditional rationale for maintaining long-term employment relations was in part to encourage the development of investments in firm-specific skills. Greater employee mobility thus goes hand in hand with lower firm-specific investments (Davis, 2009).

The global Occupy movement that emerged in the fall of 2011 has highlighted the problems of rising inequality, decreasing mobility, and economic insecurity in the United States and elsewhere. The gap between the incomes of the top 1% and the rest is greater than at any point since the start of the Great Depression, while the prospects for those at the bottom of the economic ladder to move up have dimmed.

Financial elites appear more concentrated and less constrained than at any time since the turn of the twentieth century, when J. P. Morgan and a handful of other bankers controlled the flow of capital and held positions on the boards of nearly every major national corporation. The numbers are striking. By 2010, 75% of the largest 1,000 corporations’ shares were held by institutions, not individuals. Moreover, as of 2011, BlackRock—proprietor of the iShares ETF business—owned at least 5% of the shares of more than 1,800 US corporations. This represents more than 40% of the roughly 4,300 US companies listed on major stock markets. With more than $3.5 trillion in assets under management, BlackRock was the single largest shareholder of one in five corporations in the United States, often including the largest competitors in the same industry (Davis, 2012). At this writing, these include Exxon Mobil and Chevron; AT&T and Verizon; JPMorgan Chase and Citigroup; GE; and more than 800 others. Similarly, Fidelity is the largest shareholder of one in ten US corporations. Even at the height of “finance capitalism” in the early twentieth century, the United States has never before seen corporate ownership this concentrated in the hands of a small number of institutions (Davis, 2013).

Automation and outsourcing, and the rapid cycle time for products, imply that long-term corporate employment is largely obsolete in the United States for the majority of the workforce. Even short-term employment may be rare and unpredictable. As a result, the employer-based social welfare system in the United States is increasingly unsuited to the realities of employment here. Given the fruit fly-like expected lifespans of these enterprises (public corporations), it makes little sense for such companies to build strong corporate cultures with generous employee benefits intended to ensure commitment,
and it makes even less sense for an employee to risk learning idiosyncratic skills for a company that is unlikely to still exist in five years (Davis, 2013).

Of the manufacturers that continue to employ a substantial number of US workers, several of the largest are military contractors who receive from 50-90% of their revenues from the US government. Boeing, Lockheed Martin, General Dynamics, Northrop Grumman, and Raytheon are among the twenty largest manufacturing employers in the United States. Without these military contractors, the manufacturing employment picture in the United States would be even more disastrous (Davis, 2013).

The preceding paragraphs speak to the economy in general, but for those without a college degree or qualifications of some sort in technology the job situation is even worse, particularly in manufacturing. To oversimplify only slightly, big firms prefer investing in machines to people, and small firms rely on outside vendors for much of the heavy lifting of production and distribution (Brynjolfsson, McAfee, 2012).

According to Marc Andreessen of Netscape and venture capital fame, “The spread of computers and the Internet will put jobs in two categories. People who tell computers what to do, and people who are told by computers what to do.” The division between the masters of machines and those who take orders from them will feed even greater income inequality in the years ahead, he says. Success in the 2042 economy also requires big changes in education -- both in how society provides schooling and in how young people should consume it (Mullaney, 2012).

We are left with one generation in the United States entering the labor force saddled with enormous student loan debt, a broken social welfare system still tied to employment, and uncertain prospects for future economic prosperity, while another anxiously eyes the stock market and awaits a point when it is safe to retire (Davis, 2013).

The economic growth of China, and to a lesser extent Brazil and India, is bringing more consumers and workers into the global economy. Though these economies still look to the West for innovation and consumer goods, it is not obvious that they will follow the so-called developed world’s economic or governance model, which, given the decline in the US of long-term single-company careers with the concurrent lack of financial ties and company-employee loyalty, may actually be a net positive. The increasingly interconnected world, whether that be by tanker or Internet, provides huge opportunities for individuals and companies.
How are businesses changing the way they develop and retain managerial talent?

Companies continue to invest heavily in developing their people, and the “war for top talent” continues unabated in most parts of the world, but this applies almost entirely to college and middle-skills educated workers. Top executives recognize that a lack of leadership talent is a brake on growth, especially in emerging markets, and with locals in those markets. Understanding China and having the talent needed for it is critical. Corporate universities continue to grow in number and sophistication as one response to this. Curriculum-wise a push to develop people who can eventually work at the enterprise level is another response, while critical thinking and leadership are the top subjects.

The need for educated talent

According to Groysberg and Bell (2013) the vast majority of board members in a survey of 1,000 corporate directors said that their companies are hiring in double-digits across the globe. The authors found that Western European companies are struggling to establish great talent management practices, and as they’re hiring poorly they hire more due to a higher percentage of hiring mistakes and thus incur higher costs. In a subsequent article they cited talent management as their single biggest challenge, which Cohn, Khurana and Reeves (2005) had also seen. Companies whose boards and senior executives fail to prioritize succession planning and leadership development end up either experiencing a steady attrition in talent or retaining people with outdated skills. They are forced to promote untrained and untested junior managers or hire from the outside with the concomitant integration and adjustment risks.

As cited in the previous section, business’ need for workers with increased education and technical skill has marked the past decade and will accelerate in the future. Workers with at least some college have ballooned to 59% of the US workforce, from just 28% in 1973 (over the same period, many high-school dropouts and those with no more than a high-school degree have fallen out of the middle class, even as those who have been to college, and especially those with bachelor’s and advanced degrees, have moved up). In the US many employers still struggle to fill certain types of vacancies, the so-called middle-skills jobs, for example in computer technology, nursing, and high-skill manufacturing. In 2012 people in these jobs represented 69 million workers in the US, about 48% of the labor force. Between 2010 and 2020 47% of all new job openings fall into this space (Kochan, Finegold, Osterman, 2012).

And it isn’t just about getting a college degree. In the United States, 27% of people with post-secondary licenses or certificates—credentials short of an associate’s degree—earn more than the average bachelor’s degree recipient (Holzer, Lerman, 2009).

Corporate Universities

Though senior executives claim that a lack of talent is their biggest worry, we know that the financial crises of 2008 took its toll on learning and development budgets (as does any profit warning anytime), even with companies such as GE (documented further along in his report). But corporate universities continue to grow. Economic conditions may cause some organizational retrenchment, but as corporate universities come to be viewed more as a strategic level and an investment than as a luxury and a cost, the likelihood of significant declines diminishes (Allen, 2002). It may be a “chicken and egg” argument, but, unlike the traditional training department, Corporate Universities have brought employee development to the highest recognition in the boardroom, with job titles like chief learning officer (Lui Abel, 2012).
The number of corporate universities throughout the world has been growing rapidly over the past decade. Jeannie Meister estimated that the number in the United States in 2001 was in excess of 2,000. Her estimate was 800 in 1995, 1,200 in 1997, and 1,600 in 1999. The growth of corporate universities in the US has been remarkably linear – an increase of 400 every two years. But, let’s be careful. If there are indeed two thousand corporate universities in America, many of them are little more than renamed training departments. Organizations are discovering that other than receiving a little internal public relations boost, there is little advantage to having an entity called a corporate university that does not truly add value (Allen, 2002).

To get a better understanding of the total number of corporate universities, the authors examined the annual reports of the Forbes Global 2000. They searched for a specific mention of a corporate university or academy function. The data showed that nearly 900 (45%) have an entity they describe as either a university or an academy (McAteer, Pino, 2011).

The success of Crotonville and diaspora of GE-trained managers in the leadership ranks of other large organizations encouraged the widespread adoption of the corporate university model. The position of CLO became common. In the ’90s, however, some organizations began to re-evaluate the costs and benefits of this model, shutting down centralized training facilities that were expensive to run and often seen as elitist. Many companies chose to re-direct their learning investment toward more distributed, ‘just-in-time’ training or online learning, rather than worry about filling up beds on a corporate campus. When Jeffrey Immelt - himself a graduate of Crotonville - became CEO in September 2001, the campus-centered model bearing the deep imprint of the Jack Welch years was ascendant at GE. The organization prided itself on spending over $1 billion annually worldwide on training and education to develop what it considered its most important product: leaders (Jaworski, Ben-Hur, 2012).

Set up first and foremost to develop young Chinese managers, Motorola University China now exhibits various features of a world-class corporate university as well as a strong corporate brand. It partners with 21 Chinese higher education institutions to deliver executive management programs (Shaw, 2005). Though I was able to find little published on this (beyond the GE case and this citation), I believe this must be an opportunity for business schools, which can bring rigour and value to corporate universities.

**Competences Needed**

But whether it is through a corporate university, in a business school or on the job, what are businesses looking for in the development of their people? According to Ready (2004) businesses need managers who can run business units, functions or regions, and also have the vision to work well at the enterprise level. Many companies have a sufficient pipeline of strong BU leaders, but yet lack enterprise leaders. What has changed in the past few years is that companies synchronize the actions of the business units and the goals of the enterprise as a whole, more tightly than ever. This is because customers increasingly demand integrated or global solutions. Companies must take people out of their career comfort zones and offer them challenging assignments in different roles.

According to a 2011 survey, *Critical Thinking* has supplanted *Leadership* as the number one topic for the next two to three years. This is significant since *Leadership* has been number one in the Trends in Executive Development Report for 25 years. *Leadership* is number two, followed by *Strategy* and “leading the next generation” (Hagemann, Mattone, 2011). Underlining the survey’s finding, in a 2010 interview with the then-new CEO of Nestlé he remarked, “I don’t need a professor to tell me about China; what I need is someone who helps our people understand the questions they should be asking
in order to understand China, or to reinvigorate our business in Europe, etc." (Pulcrano, personal communication).

**Geography**
The most pressing geographic need that most global businesses cite is China. China has been the poster child for growth over the past decade as GDP growth has averaged about 9% per year for the last 10 years, and foreign direct investment has grown from $10 billion to $100 billion in the last 20 years. State-owned enterprises, which will soon no longer be funded by the state, are mobilizing to stay relevant because their survival depends on it. There is a dearth of senior management talent in the country. Executive salaries have increased at a rate of 20% per year for about a decade. Turnover among senior executives in China is more than 15% – double that of other growing countries in Asia and triple that of Western Europe and North America. With the supply of graduates expected to grow more slowly than demand, this problem is expected to get even worse (Black, 2013). A response to this has been the proliferation of Chinese business schools, the use by Chinese companies of western schools and the growth of western schools offering programs in China and with Chinese schools. Anecdotally we have seen the same in Brazil and India, but not at near the same level as China.

Though not a top priority for most western multinationals, by 2025 nearly 95 million people living in the MENA region (Middle East and North Africa) will be between the ages of 15 and 24. This represents an 8% increase from 2005 and it will peak at 100 million in 2035. Zayed University in the United Arab Emirates reported a 50% increase in students since 2010 (Hodgson, Clausen, 2012).

**Recruiting and Retention**
Whether it be in China, in the Middle East or at home, talent retention still seems to be an issue for many companies, though Davis’ findings (2013) may explain why it is not a more pressing issue. For example, Conger and Fulmer (2003) suggested that succession planning and leadership development ought to be two sides of the same coin, but often are not in many companies. Bunker, Kram and Ting (2002) argued that delaying a promotion in order to develop better people skills may be necessary, for inexperienced but otherwise brilliant managers, especially in today’s cross-cultural world, but that this wasn’t often enough the practice.

Much of the responsibility for retention rests with individual managers and their ability to employ Grade A people-management and motivational skills. Also by providing work that best suits an individual’s particular interests. And a company should exert some effort and undertake some analyses to determine the nonmonetary interests and preferences of its key employees. They also need to get their best people more deeply engaged and thus more committed to the organization and tie variable compensation to retention rates, as well as for helping good employees leave their groups for other jobs in the company, rather than holding them back and thus eventually losing them to outside firms (Michelman, 2003).

In today’s war-for-talent, Capelli (2000) stated that across-the-board approaches to talent retention are no longer effective and he suggests that leading companies are taking a market-oriented approach to talent. Echoing the findings of Michelman, Capelli says that these firms:
- accept that the market, not the company, ultimately determines the movement of employees
- decide on which people or roles really need to be retained, and for how long, and then focus on these.
- tailor retention efforts to individuals, jobs, skills or groups that must be retained.
- tailor compensation packages (but accept that it is a component that can be easily copied).
- pay out bonuses over time.
- design jobs to include tasks that high-risk, high-value employees enjoy (and exclude those they don’t).
- design jobs to provide flexibility tuned to the individual high-risk, high-value employee.
- encourage social ties among key employees.
- engender commitment to the work (and assume they won’t get loyalty to the company).
- choose locations to influence turnover rates (up or down).
- choose employees who can do the job but who will be less difficult to retain (i.e. not in high demand, ex-convicts).
- be clear about what level of turnover is acceptable
- use IT systems (i.e. CRM, groupware) to retain key knowledge from key employees who might leave.
- when all else fails, outsource those jobs where retention is impossible or too expensive

Few of the above, other than the development of social ties, perhaps through custom programs, are areas where a business school could add value.

Perhaps it is a generational or developing world issue, or both, but Ready, Hill and Conger (2008) found that firms that emphasized 4 key areas were more successful at recruiting and retaining top talent in emerging markets:

**Big brands** are associated with personal advancement and inspirational leadership
**Opportunity** to get challenging work, competitive pay and an accelerated career track
**Purpose** typically means a game-changing business model, a chance to impact their nation or the world and a mission to help the unfortunate
**Culture** that is authentic, merit-based and talent-centric.

**Motivation & High-Potentials**
In the talent race, a local company that creates genuine opportunities and exhibits the desired cultural conditions will often win out over a Western multinational offering higher pay, especially with high-potentials who can choose. The previously mentioned 4 key areas are important in any market, but especially in emerging markets where top talent has many choices and can change quickly. If we carry these ideas further along in this paper to our discussion of business schools, one could imagine these being the drivers for change in a major MBA program.

For people with satisfactory salaries some nonfinancial motivators are more effective than extra cash in building long-term employee engagement in most sectors, job functions, and business contexts. The respondents to a McKinsey Quarterly survey view three noncash motivators – praise from immediate managers, leadership attention (for example, one-on-one conversations), and a chance to lead projects or task forces – as no less or even more effective motivators than the three highest-rated financial incentives: cash bonuses, increased base pay, and stock or stock options. By contrast respondents rated large-scale communications events, such as town hall meetings common during the economic crisis, as one of the least effective nonfinancial motivators, along with unpaid or partially paid leave, training programs, and flexible work arrangements (Dewhurst, 2009). Though training programs were evaluated as ineffective motivators, I would suggest that, well-done, leadership development programs easily incorporate all 3 of the top motivators. If there is a conversation, or evaluation pre-program, and measureable impact post-program, praise from the immediate manager will be forthcoming, and should be built into the leadership development process in the firm. The CEO “fireside chat” in custom programs or a quick debrief by the SVP in the hallway about the program, responds to the need for leadership attention. Bringing an issue or project into a program, to be worked on explicitly as part of the program, responds to the third point. These are simple examples that should be seen as good practice for an HR director or business school program director.
The talent that companies are typically trying to motivate, retain and develop are what we usually call high-potentials, no matter the level in the hierarchy. Almost 100% of companies interviewed by Ready, Hill, and Conger (2010) proactively identified high potentials. Common characteristics of high-potentials:
- deliver strong results consistently
- master new types of expertise
- recognize that behaviour counts, and they reflect company culture and values
- they have a drive to excel
- they possess an enterprising spirit (willingness to take on new challenges)
- they have a catalytic learning capability (capacity to scan for new ideas, absorb them and translate them into productive action), which requires self-reflection and the recognition that seeking advice is worthwhile.
- they have dynamic sensors (feel for timing, ability to quickly read situations, and a nose for opportunity). This can be developed by listening to others more carefully, observing how others respond to you and refreshing one’s network to align with the company’s new businesses.

All of these points are, could or should be taken into account by business schools, either in the students recruited into MBAs or in the design of programs.

The Community
Moving beyond high-potentials, successful companies today take a multipronged approach to nurture not only prospective leaders but also the community as a whole. Multinational organizations are under pressure from governments to become local, but they also recognize the commercial benefits, which include a better understanding of local customers and the business environment. A successful strategy must integrate the nurturing of local leaders with broader localization efforts, such as promoting education, building a supplier base and improving the local infrastructure. Companies that focus on the community, high-potential candidates and emerging business unit leaders, rather than the overall workforce, achieve the best results (Eddy, Hall, Robinson, 2006).

Echoing the companies cited by Eddy, Hall and Robinson, Prime Minister Lee Hsien Loong said retention and talent development will keep Singapore an exciting, vibrant city and spur Singaporeans to stay in the country to pursue new opportunities. Mr Lee was speaking at the launch of Unilever's leadership development centre. The S$80-million facility is Unilever's only campus outside London. More than 1,400 Unilever employees are expected to be trained at the Four Acres Singapore campus every year. It hopes to groom leaders who will seize opportunities in emerging regional markets and double Unilever's revenues by 2020. (Saifulbahri, 2013).

Four Cases
To supplement the literature review I selected 4 business cases to examine in a bit more detail, GE Crotonville, Apple University, Nestlé and a consortium.

The case of GE Crotonville
GE has been consistently ranked at the top of global surveys of “Best Companies for Leadership” with Crotonville recognized as the beating heart of GE’s leadership culture (Ben-Hur, Jaworski, 2012), but given the impact of the 2008 global financial crises, GE did a complete review of Crotonville with the Re-Imagining Crotonville project (RIC). Crotonville sent the 35 members of its top leadership course on a worldwide tour of 100 organizations share ideas on the topic of 21st century leadership. The class report to CEO Jeffrey Immelt indicated that successful organizations found ways to connect individuals’
passion to business purpose. It also noted a widespread expectation that GE, long recognized as an incubator of leadership talent, held a unique point of view on the nature of leadership. Following these two events, the team engaged GE leaders and others attending programs at Crotonville in ongoing dialogue on the topic. Among the themes that emerged were the heightened uncertainty and ambiguity that leaders were called upon to manage in all facets of their business, and the need to develop a broader understanding of the external environment and global context for action. As GE looked to enter new markets, its leaders needed to cultivate the skills required to operate successfully in these novel environments. This extensive exploration of leadership principles became the catalyst for a re-examination of how leadership was taught at GE, and at Crotonville in particular. “If we’re changing our expectations for our leaders but we’re not changing how we develop them, that really doesn’t make sense,” observed Janice Semper (See figure 19 for history of GE Crotonville) (Jaworski, Ben-Hur, 2012).

By 1950, when Ralph Cordiner became the fifth person to lead GE, the company had grown to $2 billion in revenue and 200,000 employees. Recognizing that the company had grown too large and complex to be centrally managed, Cordiner instituted a program of decentralization, to empower managers closest to the action to make decisions and take more independent initiative. Cordiner reorganized GE’s 13 business departments into 20 decentralized operating divisions. Each included different functional structures including engineering, manufacturing, marketing, finance, public relations, and legal. This generated a demand for many more general managers capable of running semi-autonomous businesses and to address this need, Cordiner chartered a GE management institute. Management education was considered the linchpin of decentralization. Beginning with Cordiner’s program to disseminate the principles of decentralization, Crotonville became the locus of successive leadership change efforts centered around management education. During its first years, the Advanced Management Course (AMC) was the only course offered on a continuous cycle through 1961. Over 1,500 GE managers participated in the course focused on general management skills - such as planning, organizing, and measuring - applicable across different businesses and functions. Each course was 13 weeks long. The GE Management Development Institute also created a decentralized management program, the Professional Business Management Course, which was conducted at company locations for as many as 32,000 employees overall (Jaworski, Ben-Hur, 2012).

The final years of Cordiner’s tenure saw a re-evaluation of Crotonville’s offerings. AMC was discontinued and replaced with a new General Management Course (GMC). Also 13 weeks long, GMC focused on overall business management, rather than task management, and participants were selected for their general management potential. The new course shifted away from the more theoretical approach of AMC to emphasize practical analysis of business activities through examination of case histories (Jaworski, Ben-Hur, 2012).

Crotonville continued to broaden its offerings and introduce new programs. The Manager Development Course (MDC) was created as a four-week program offered to managers lower in the organization to help them think more holistically about the business. The course was grounded on management accounting and introduced concepts to explore issues related to interpersonal and group dynamics. Instruction also shifted toward more experiential learning. This new direction was evident throughout the ‘70s as Crotonville courses turned more attention to teaching “people skills” (Jaworski, Ben-Hur, 2012).

This period also saw an expansion beyond the confines of the Crotonville campus. Recognizing that interpersonal skills were of value to all managers, Crotonville-designed courses were offered to a broad
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In 1973, Crotonville re-evaluated the GMC course and decided to offer two 4-week courses in its place - the Business Management Course (BMC) focused on the contribution of senior functional managers to the business strategy, and the Executive Development Course (EDC) was aimed at multi-function general managers. Together, MDC, BMC, and EDC comprised a career-coordinated continuum of educational experiences reflecting the evolving needs of leaders at different levels of responsibility. While a number of Crotonville-designed programs were offered in different regional and global locations, these executive learning courses continued to be taught primarily at Crotonville. By the end of the decade, approximately 4,000 people attended courses at Crotonville each year (200 in 1956), choosing courses they deemed useful to their careers rather than those mandated by corporate edict (see Figure 20 for course history).

Jack Welch made Crotonville a centerpiece of his tenure. While downsizing staff, he invested $75 million in the Crotonville campus and constructed a new 188-bed residence hall. Each room was identical, reinforcing the notion of an egalitarian community - a tradition that traced its roots to the non-hierarchical principles of Association Island - where everyone was expected to speak up and contribute ideas. Welch himself was actively engaged in teaching. Selection to the executive courses was also linked more closely to talent management and succession through a process known as 'Session C' that evaluated each GE manager's individual performance and development. Those invited to Crotonville received handwritten notes from Welch asking them to let him know personally if they would be unable to attend (Jaworski, Ben-Hur, 2012).

To train the new kinds of managers Welch wanted, Crotonville created programs targeting people at key career transition points. The New Manager Development Program (NMDC) was introduced along with a course for new graduate hires (CELC). Much of the executive curriculum was re-focused around 'action learning' projects - tasking participants with tackling real, pressing challenges submitted by leaders of GE businesses. There was a philosophical shift away from 'training' to a 'workshop' atmosphere with real stakes and results. Welch brought in leading management educators from academia, including Noel Tichy and Steve Kerr.

At Crotonville under Immelt, the focus shifted accordingly to more strategic disciplines, including scenario planning and system dynamics. A new Leadership Development Course (LDC) aimed at developing the influence and leadership capabilities of strong performers who did not manage direct reports was added. A number of Crotonville-designed programs in 'leadership essentials,' such as communication skills and project management, were also offered at locations around the globe along with a suite of online tools and courses.

Another new program launched by GE’s Susan Peters in 2006 sought to embed the mindset of organic growth at the business level. The 'Leadership, Innovation, and Growth' (LIG) program invited intact, multifunctional business teams to Crotonville for a week-long series of learning sessions and intensive strategy discussions focused on the business’ Growth Playbook. At the conclusion of the course, each team was expected to compose a brief 'commitment letter' for Immelt with a detailed plan of action. As John Dineen, President and CEO of GE Healthcare, commented, "The fundamental difference with LIG is that it is team-based. You work as a team, you learn as a team, you learn about each other as a team. You apply the tools that you've learned in the class and, because you take those tools back
Immelt, who was personally involved in discussions with the teams, said, "When somebody asks me, 'At your level of the company, what does a leader do?' I always say, 'Drive change and develop other leaders.' LIG gave me a chance to do both at the same time (Prokesh, 2009)" A second generation of LIG brought teams from the company's top 60 P&Ls to Crotonville every few years for week-long learning sessions and strategy reviews. In the wake of the global financial crisis, Immelt revamped GE's strategy to focus more on areas of its core strengths in manufacturing and infrastructure technologies (See Figure 21 for the continued evolution of Crotonville programs).

Unfolding trends placed new demands on GE leaders and the abilities needed to adapt and manage in a complex, globalized environment. The implications for leadership development were reflected in the effort to update the company's Growth Values and to embed a stronger emphasis on macro-economic factors into leadership training. A global dialogue was initiated to ensure that Crotonville-designed courses delivered around the world embodied an authentic expression of the core tenets of leadership learning adapted to the local environments.

The renewed focus on content at Crotonville began with a re-examination of the executive learning curriculum - MDC, BMC, and EDC. The basic structure of the curriculum had changed little in the nearly four decades of its existence and the individual courses had acquired strong 'brands' and cache as milestones for promotion to top leadership positions in the company. In 2010, MDC was a 3-week course offered eight times a year to cohorts of 80 'high potential' leaders at the SPB (Senior Professional Band) or early EB (Executive Band) level. The course focused on issues of personal leadership development, finance, and management skills and exposed participants to a broad cross-section of peers from across the company's many businesses. The course invited senior leaders, including the CEO, to address the group on the nature and demands of leadership in GE.

BMC and EDC, which drew participants from the top 500 Executive and Senior Executive leaders in the company, were designed around action learning projects addressing companywide priorities. BMC, offered three times a year to a total of 150 participants, examined emerging business opportunities and issues (e.g., product management, rise of social media, etc.). EDC, offered annually to a cohort of 35, was intended to catalyze cultural change in the organization through CEO-sponsored projects on themes emerging from Session C. These included topics such as partnerships, simplification, and risk. Each BMC and EDC cohort presented its analysis and recommendations to the CEO.

With the launch of Re-Imagining Crotonville (RIC), the team faced the question of what to keep and what to change in the top-tier curriculum. The team opted instead to re-focus the programs while retaining the widely recognized course names and structure. The vision crystallized around creating a more integrated architecture for the executive curriculum that tied content, structure, and delivery more closely to the goals of producing specific leadership capabilities. For BMC and EDC, the objectives became to develop 'Global Strategists' (BMC) and 'Global Entrepreneurs' (EDC) capable of navigating and shaping an increasingly complex market environment (Jaworski, Ben-Hur, 2012).

Subsequent to the exercise outlined in the IMD case “Re-Imagining Crotonville-A”, GE made four major moves at Crotonville and in executive development. They coalesced around three themes: content, environment, and experience, and how these elements worked together to support the development of leaders equipped to meet the contemporary challenges of 21st century leadership (Ben-Hur, Jaworski, 2012):
1) $100 million investment in the renovation of the Crotonville campus
   - The White House was transformed into a more open environment, away from the clubby, male “bar” atmosphere;
   - More peer-to-peer and team areas created, moving away from the teacher/facilitator/leader focus of “the pit”;
   - Living space modernized and opened up, though still keeping the egalitarian atmosphere of the past;
   - Expanded the grounds to include hiking trails and more areas for sports.

2) Effort was made to understand, redesign, promote and live the Crotonville brand.

3) Certain core programs were redesigned, and an effort was made to provide better synchronization between the programs. GE was trying to create and maintain coherence between the programs and with the history of each program.

4) Due to an across-the-company need for cost-cutting, Jeffrey Immelt demanded that $200 million be slashed from GE’s annual $1 billion spend on leadership development. This entailed layoffs, centralization of many functions and programs, and corresponding reductions in the business units (Jaworski, Semper, 2013).

Immelt himself came up with the terms for the types of leadership required at each level:
MDC – Global Operator – People who have deep operating capabilities and rhythm. They work effectively on process skills.
BMC – Global Strategist – Learn about global strategy, understand it, and apply it.
EDC – Global Entrepreneurship – These people write the “playbook”. They have to think differently (Peters, 2011).

The current mission of Crotonville is to “inspire, develop and connect the GE leaders of today and tomorrow” (Ben-Hur, Jaworski, 2012).

The case of Apple University

It was held as a given by many of us in the business school world that Apple Computer would never be a large client of executive development programs, and that having an MBA was not an obvious entry ticket to working at the company. In 2008 that changed, but in a way that fit the Apple lore.

Deep inside its sprawling Cupertino, California campus, one of the world’s most successful and secretive companies has had a team of experts hard at work on a closely guarded project. But it isn’t a cool new gadget. It’s an executive training program called Apple University that Jobs considered vital to the company’s future: Teaching Apple executives to think like him. Jobs personally recruited the dean of Yale’s Business School in 2008 to run it. Joel Podolny’s assignment: Help Apple internalize the thoughts of its visionary founder to prepare for the day when he’s not around anymore. “One of the things that Steve Jobs understood very well is that Apple is like no other company on the planet,” said long time Apple analyst Tim Bajarin. “It became pretty clear that Apple needed a set of educational materials so that Apple employees could learn to think and make decisions as if they were Steve Jobs.” Podolny tasked leading business professors including Harvard University’s Richard Tedlow, who wrote a biography of former Intel chief Andy Grove, with researching the company’s major decisions and the top executives who make them. Those executives — including Cook — have used those case studies to teach courses that groom the company’s next generation of leaders (Guynn, 2011).
Apple began approaching Podolny and other academics about five years ago, according to people who were contacted. The project took on greater urgency in 2008 shortly before Jobs took his second medical leave from Apple. Podolny, an accomplished scholar and administrator whose resume includes teaching at Stanford and Harvard, is an economic sociologist who focuses on leadership and organizational behavior. The importance of his new position at Apple was apparent from the first day: Podolny moved into an office between Jobs and Cook. And, in a testament to Jobs’ faith in Podolny, he was later named vice president of human resources (Guynn, 2011).

Richard Tedlow retired from Harvard last year, and is now working full-time for Apple to add his expertise on U.S. business history to the Apple University curriculum. His lectures reportedly draw upon crises and missteps experienced by other major businesses, events which offer lessons to help Apple’s future leaders avoid similar pitfalls and learn how to respond when faced with adversity (Slivka, 2012).

Examples of the case studies being taught at Apple University include the story of how Apple crafted its retail strategy from scratch and Apple’s approach to commissioning factories in China. Wherever possible the cases shine a light on mishaps…. Tedlow is teaching them business lessons about other companies that the Apple executives can apply to their own situations. For instance, Tedlow has lectured Apple’s PR staff on the Tylenol tampering crisis of 1982 and how the McNeil Consumer Products unit of J&J responded. He taught a class for executives about the fallen grocery store chain A&P as an example of what happened to a company that once dominated its field. Quipped an attendee: "We were all trying to figure out what A&P had to do with Apple (Lashinsky, 2012).


The case of Nestlé

For more than 50 years Nestlé has been known as a company whose continued success is based on its people, not just products, processes and brands.

In 2012, we have, for the seventh year, been ranked Number 1 in the consumer food products industry in Fortune magazine’s annual survey of “The world’s Most Admired Companies”. Nestlé received the top score in every category rated: people management, innovation, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, quality of products/services and global competitiveness. We are committed to continuous learning and development for our people. We encourage people to test their skills and develop new ones, both by giving them responsibility as early as is reasonable and by offering opportunities to work with people from many different countries and cultures (Nestlé, 2013).

The logic that led to the founding of IMEDE (predecessor to IMD), provides insights into how Nestlé viewed (and views) people development.

“In June 1955 a number of Nestlé’s international executives met in Frankfurt in order to discuss sales organization problems and general organization within the Nestlé Group. Then came the idea: at that meeting we asked a group of young people in responsible positions what they had encountered in the
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past due to a lack of special management techniques, and their feelings on how to better prepare younger people for higher levels of responsibility. In the solitude of a 10,000 kilometer flight to Sydney over three days and nights, my colleague, J.-C Corthésy and I had the chance to assimilate the suggestions and major points of this brief but intensive meeting. Shortly thereafter, another 10,000 kilometers brought us into contact with a group of professors at Harvard University… after a tumultuous sixteen hour meeting, the idea that is today IMEDE was conceived and developed. Initially, we were thinking of an internally run institute… but the Harvard representatives convinced us that such a “private” structure was not truly valid; they suggested that it would be more valuable, both for Nestlé and for the business community, to increase the range of the audience. In addition to the increased intellectual stimulation of such teaching, they would provide an important defense against conformity…”

Enrico Bignami, Former CEO & Vice Chairman, Nestlé, 1977 (Pulcrano, Husler, 1998).

Since 1957, over 2,600 Nestlé managers have participated in IMD programs, principally IMD’s open programs. “We need a “fund” of well-trained executives that can function in practically any environment, anywhere in the world and connect strongly with the local community. This requires a certain mentality and set of skills that can only come from a well-balanced background of knowledge and experience. We have a policy of developing our managers over the long term. We identify the high potentials early on and put them on the appropriate track for advancement. This may involve internal training courses in the “Nestlé way” of operating, but at some point we want to challenge our future leaders with other approaches. This is where the IMD programs come in, as they are exposed not only to other cultures, experiences and, of course, the latest in management techniques, but they are stimulated to open their minds to new ways of doing things that can be beneficial to the way our organization operates.”

“National business schools, however good they are, and however hard they try, reflect in one way or another the culture in which they are embedded. IMD is not trying to impose a single culture or one way of doing things. It simply shares the best techniques and skills of the moment from wherever they originate. This attitude is an ideal fit for our way of doing things.”

“Pulling together the best managers from all over the world creates an excitement at IMD that you can feel. My own experience at IMD in 1994/95 on the Program for Executive Development (PED) program came at a crucial point in my career with Nestlé.” Bulcke feels that a program like PED allows the participant to be physically and mentally detached from everyday business, and that this is necessary. “Its 2 x five week format allows for what you could call ‘detached involvement’. This means you are away long enough to see that there is another world out there. While you are on campus you are constantly challenged to position the learning in terms of your own business context and, between modules, actually begin to share relevant ideas and innovations with your colleagues back home and even begin to implement changes within your own organization. But, in my opinion, PED only makes sense after the manager has fought a few battles. You need this experience to get the best value from the program, and to get the most from other managers who have fought their own battles in other companies, industries and countries…..” Nestlé recently announced strong organic growth of 9.8% for the first quarter 2008, and foresees organic growth for the full year approaching the 2007 figure. Bulcke believes that this dynamism reflects the organization’s momentum as the world’s largest nutrition company and because they are winning the "war for talent”.

“I believe that this success is directly related to the quality of our people. We invest in them and they stay with us. We see the value of loyalty and invest a considerable amount of money on training of all kinds. Do we spend too much? Do we really spend more than others? I don’t think so. Remember
the cliché, “If you think training is expensive, try ignorance”. We have good people and we mustn’t lose them. In fact the tendency today is to invest more rather than less on training as the momentum of change in our world continues to increase. Good people are curious, but curiosity dries out if it is not challenged. We care about our people but we also challenge them to evaluate new ideas, new ways of doing things that will bring value to the company. The war for talent is going to get more intense, but with great people and training, success will be ours.” (Pulcrano, 2010).

While our training and learning approach reflects our decentralized nature in that employees are given the knowledge and tools they need to respond to local needs, we also recognize the need for a Company-wide strategy of career development (Nestlé, 2013).

Our business is based on respect for different cultures, and we expect our staff to be comfortable and effective in different settings. We provide opportunities for employees to transfer their expertise across Nestlé, through short-term missions, project assignments or expatriation. We aim for equal movement between emerging and developed countries. In 2012, we gave additional focus to the movement of talent across diverse geographies, particularly from emerging to developed countries. Our key priority remains that we always have the right talent at the right place at the right time. In 2012, 30% of all expatriates at Nestlé’s Swiss headquarters and central functions were from emerging markets (2011: 40%), and 53% of expatriates from our Swiss headquarters were based in developing countries (2011: 64%). Employees can also give their careers an international dimension at our International Training and Conference Centre in Rive-Reine, Switzerland, where Nestlé people exchange ideas in seminars and training courses designed to foster leadership in the Company. This year 2,148 employees from around the world attended courses at Rive-Reine (2011: 2,103), of which 939 (44%) were women (2011: 42%) (Nestlé, 2013).

We believe in recruiting and developing local talent – especially in developing countries – while also promoting international career possibilities for our employees. The proportion of Local Management Committee members in developing countries native to that country was 49.5% (2011: 53%). The proportion of Local Management Committee members in developed countries who were native to that country was 59% (2011:58%).

Line managers have long been recognised as vital to our continued success. Indeed, following feedback from the 2011 ‘Nestlé and I’ employee survey, line manager capability has been identified as one of our key priorities in 2013. Corporate actions taken in 2012, to address this issue include the launch of a revised leadership framework, enhancing our Progress and Development Guide and continuing to build a strong network of coaches through training programmes such as ‘Everyday Coaching’. We also ran 26 half-day sessions dedicated to feedback practice. Ten additional sessions have been planned for 2013. We have also been active at the country level. Nestlé UK, for example, has established a ‘Manager’s Toolkit’ available on the intranet, comprising 21 e-learning modules to support line managers through the career path of an employee.

Our Human Resources policy states that each manager has a duty to act as a mentor to his or her employees. We use employee mentoring as a powerful tool across the business, providing access to valuable personal experience, insights and guidance from more senior Nestlé staff. Our corporate mentoring programme aims to accelerate the professional development of more than 100 Nestlé executives. Mentees are paired with a top leader for 18 months as part of their professional development. The programme, now in its third year, includes 500 executives – some of whom have been mentees themselves. Our focus now is to connect the corporate mentoring programme with our
many local business programmes at the country level, to ensure development continuity throughout the employee life cycle.

We want all our work places to offer best practice training methodologies, tools, support mechanisms and structures. We support our core curriculum of more than 50 courses with videos and e-courses – essential training tools for a workforce of our size. Among the hundreds of general e-courses we offer globally, 351 have been specially developed for Nestlé. Training is delivered by Nestlé, or by local/global external partners as appropriate. In 2012, we signed a contract with Cornerstone OnDemand to supply our first ever Global Learning Management System. This strategic partnership aims to maximize our employees’ development journey. The system, to be rolled out from January 2013, will benefit Nestlé by creating a central space for employees to arrange and undertake training, and by making monitoring and management information more readily available. Our human resources team is responsible for the ‘Leadership Development’ and ‘Education and Training’ components of the Nestlé Continuous Excellence initiative. Work on pilot programmes for these components began in 2012, and they will be deployed in 2013. In 2012, each employee received an average of 10 hours’ training (2011: 2.02 hours). This figure covers approximately 80% of employees in the countries we operate in.

We continue to use succession planning to maintain a healthy supply of the talented people we need. Robust, high-quality succession planning helps us to develop people into new roles, which in the long term, allows us to provide people with growth opportunities. Succession planning also strongly compliments our efforts relating to gender balance and diversity. In 2012, 75% of key Nestlé positions were filled through succession planning (2011: 79%). Promotions through succession planning are exclusively based on competence, insight, performance and potential. About 6,000 people have now been identified as potential successors for key Nestlé positions at deeper levels within the organisation.

Coaching will also play a much larger role in our provision of training, as we realise how effective it can be in accelerating development. Consequently, we’ll be launching a Nestlé-accredited ‘Train the Trainer’ programme as well as coaching courses (Nestlé, 2013).

Nestlé’s innovation and R&D training is mostly decentralized and hands-on, using the 70, 20, 10 rule. An interchange of cultures, ideas and best practices: 2,600 expatriates originate and are received in 97 different countries. Nestlé has three pillars of learning: Leadership, Innovation and Functional. Nestlé sees the selection and development of talents in innovation and R&D as an enabler of the innovation process (Dreyer, 2011).

Though Nestlé has worked closely with IMD since the school’s founding, Nestlé also has a strong relationship with London Business School and has co-designed and delivered two major leadership programs with LBS over the past decade (Pulcrano, personal communication, 2013).

The case for consortia – 6 European multinationals
This is a current case with 6 European multinationals who have decided to create their own leadership program for their N-1 and N-2 high potentials, through a consortium. The effort is led by the respective heads of learning and development at these firms. All are very active in executive education, and all have relationships with major business schools across the US, Europe and Asia. Yet they have decided that they do not want a business school to be in charge of this program. Two reasons drove this considered decision: a) parity amongst participants from a seniority perspective. All had had bad experiences with major schools who promised parity, but then had a classroom experience that was
different. As the participants from these companies were very senior, the impact on the heads of L&D was negative, and thus they were unwilling to try again; b) control of the contents, speakers, coaches and professors. It was a commonly held view of the participating companies that if you went with one school you would be saddled with their approach and their professors, for better or for worse (Pulcrano, personal communication, 2013).

Summary
A commonality between GE Crotonville and Apple University was the reflex to reach out to the business school world to recruit the best and the brightest to design and teach in these supposedly business-focused in-house academies. Noel Tichy and Steve Kerr at GE, and Joel Podolny, Richard Tedlow and Morten Hansen at Apple University. This mirrors Nestlé’s call to Michael Porter when they were initiating their corporate Creating Shared Value concept (Joehr, Kruschwitz, 2013), and the above-mentioned consortium’s call to a business school insider for ideas, facilitation and eventually teaching.

GE, Apple and Nestlé are some of the best run and most admired companies in the world. Different in many respects, but similar in their current and past success. Though GE, Apple and the consortium did not choose to give the bulk of their learning and development to a school, or even a group of schools, their deliverables, from what we can see, are not polar opposites from what is commonly delivered in business schools (i.e. the famous Tylenol case). They believe fiercely in the development of their people, and do it in ways similar to what a business school would do it, but choose to do it internally.
Business schools and how they are responding to business needs

Business schools appear to be in a quandary, both for MBAs and executive education. Businesses, candidates and the schools themselves are not sure of the future, and the future is not waiting for deans and directors to figure it out. MOOCs are the most obvious manifestation of change, though online learning in one form or another has existed for quite some time and many schools were already using social media in some form. Curriculum changes towards more personal leadership, an emphasis on values, critical thinking and experiential exercises, and more, are all happening. The possibility of more extensive support by business schools to corporate universities continues to be tantalizing. Questions about whether business schools should be more like their medical and legal brethren, professional schools, or rather continue to compete for legitimacy with the physics departments of their universities, are being hotly debated (while managers question the relevance of business school research and teaching). And all of this is happening while the world of business schools slants rapidly towards Asia and emerging economies, not just for students, but also for competitors.

Purpose and Values

There is little doubt that business education is big business and for many, including business schools and their professors, a lucrative business (Pfeffer, Fong, 2002), and thus writing about it for that audience is like walking through a minefield in the hope that we can get to the other side (our careers, a research project, a program, another MBA cohort) without anything blowing up. However, from the literature it appears that the minefield today is too densely packed for any modicum of safety, and thus, whether we want to or not, whether we have the answers or not, we have to start clearing the minefield.

To many in society, business schools have lost their legitimacy, whether that’s because of Enron or the financial meltdown on Wall Street in 2008 or the arrogant neighbour with an MBA who seems to do little of value but drives a Porsche. People don't simply lack trust in business schools; they actively distrust them. In order to reduce people’s distrust, business schools need to show that they value what society values, begin to have a focus on value-based leadership and ethics. Business schools must emphasize values as much as they do analytics, and encourage students to adopt a holistic approach to business problems. Podolny (2009) goes so far as to demand that we withdraw degrees for those violating codes of conduct.

But to do that, business schools need an agreed upon code of conduct, and to arrive at such a code of conduct we have to understand what we value, what we stand for. The benefit of treating management as a profession is that it forces us to identify and address the values we espouse; to take a concerted look at the types of ideals we deem important enough to instil… The first step in fulfilling the promise of professionalism is to agree on a common set of principles, content domains, and experiences that will exist within any graduate management education program (Dierdorff, Nayden, Jain, 2013). This is in line with Podolny’s (2009) view that business schools must infuse ideals, beginning with the notion of shared value through effective management for individuals, organizations and society, like other professional schools, which influence the conduct of people in related occupations by inculcating particular values (for example, impartial counsel, doing no harm, or serving the greater good).

What types of values should be emphasized in graduate management education? Birnik, and Billsberry (2007) argue that business schools must address simultaneously the issues of being rigorous, relevant and righteous. In the quest to be scientific business schools have focused on economics and the promotion of individual students’ self-interests. Righteousness in this sense refers to a pluralistic promotion of self-interest and altruism. The scientific model places a clear emphasis on analysis and
quantification, rather than judgement, interpretation, reflection and personal values. From anthropology, evolutionary biology and psychology, rational self-interest does not appear to be the only driver of human behaviour and thus business schools should not be afraid to change.

At the very least, business schools must first recognize that we do indeed impart a certain view of the world. Then we must inculcate the fact that there are multiple value propositions of equal importance to organizations and societies, and that these extend necessarily beyond mere economic or financial success (Dierdorff et al, 2013). This multitude of views is especially important in today’s global world, but saying “it depends” mustn’t become an excuse for not espousing any values, as it has in the past. The Hippocratic Oath, to which 98% of American medical students swear and which is often held up as an example for professions, was created in the 5th century B.C. (Wikipedia). Do we have something from the business past, millennia ago, upon which we can agree, as to the common responsibilities of the students and managers that we work with, or do we need to create it?

Executive education today, whether fulltime MBA programs or executive development, has changed somewhat over the past 100 years. Prior to 1950 we had the “Corporate-Based Era”, learning techniques to make corporations more efficient. From 1954 until the early 2000s we had the “Faculty-Based Era”, bringing the research of the faculty into the classroom, but with research taking precedent. Going forward, Frida, Bettis, and Sullivan (2003) suggest that business schools should move to the “Student-Based Era”. Based on the voices of others, such as Dierdorff, Podolny, Thomas and Wilson (2011), and Pfeffer and Fong (2002), I would suggest that this should be expanded to the “Student and Society Era”.

Lockett and Gitsham (2011) argue that as society responds to trends such as population growth, poverty and human rights, biodiversity and species loss, etc., business schools must also change. Taking the case of Ashridge:
- specialist offerings, with an MSc in Sustainability and Responsibility
- focused modules in the mainstream MBA
- linking individual Faculty teaching to sustainability
- a quarter of open programs contain some aspect of sustainability
- encouragement of tailored program clients to include sustainability
- dedicated sustainability consulting practice
- dedicated sustainability research center
- encouraged use of virtual learning platforms (to reduce participant travel)
- paperless classrooms (for example, iPad use)

Many schools are already changing, perhaps accelerated by the criticism levelled at us in the aftermath of the great financial crises. Pfeffer and Fong (2002) offer a simple suggestion: business schools should model themselves more closely on their other professional school counterparts and less on arts and science departments. This entails focusing research on phenomena and problems of enduring importance, and building curricula that are evaluated, in part, by how well they actually prepare students to be effective in practicing the profession. It sounds simple, but how many career business school academics have had managerial experience? Would today’s doctoral students be prepared to spend 3 years in the trenches, selling products, managing teams, and trying to reach tough financial targets? Would tenure committees shave off 2 or 3 publication requirements while giving credit for time spent in a multinational or starting a new venture? Could we convince the Financial Times that teaching faculty without PhDs do not lower the quality of a school, and thus their place in the rankings?
In addition to our values, and value to society, there are questions as to whether we positively impact the careers of individuals who attend our programs. Again listening to Pfeffer and Fong (2002), we hear that neither possessing an MBA degree nor grades earned in courses correlate with career success, results that question the effectiveness of schools in preparing their students. Possessing an MBA neither guarantees success nor prevents business failure. They state that they know of no published studies, or even informal but systematic data, that would enable assessment of the effects of executive education either on the individuals who receive it or their organizations. They insist that the absence of much assessment is one of the defining characteristics of contemporary business education, and one reason that problems are likely to persist. Thomas and Wilson (2011) are equally scathing in their views: in their words, business school failings can be summarized as: knowledge creation, where schools research the wrong things, pedagogical issues, where schools teach the wrong things, and ideology, purpose and leadership issues which cause schools to focus almost exclusively on free market economics, cause lack of clarity on their roles in academia and lack of clarity in the world of practice.

Pfeffer and Fong found that the curriculum taught in business schools has only a small relationship to what is important for succeeding in business. Rubin and Dierdorff (2013) found that there were major discrepancies between the coursework content emphasis found in the typical MBA program with the knowledge areas actually required as revealed in a review of over 8,000 managerial jobs.

This contrasts somewhat with the findings of Boyatzis, Stubbs and Taylor (2002), who stated that MBAs can develop emotional intelligence and cognitive competencies crucial to effectiveness as managers and leaders during their programs. Though the design of their study did not allow specific attributions, they point out the need for (1) an explicit philosophy of education and pedagogy; (2) a course on leadership assessment and development using self-directed learning theory as the basis for its design; (3) a focus on specific competencies in selected courses while addressing course material, such as the marketing course that assessed students on the presentation skills or the operations management course using group projects assessing their group process competencies; (4) a dramatic increase in the percentage of courses requiring field projects in companies, group work, and student collaboration; and (5) opportunities to participate in voluntary activities, such as a chapter for Habitat for Humanity and functional clubs like the marketing club.

Another study seeking to counter the criticism came from Zhao, Truell et al (2006), who surveyed 309 graduates who obtained MBAs between 1996 and 2002 regarding the short- and long-term impact of MBA education on their careers. The findings indicate MBA education has a positive impact on its graduates’ employment, annual income, and job promotion in both short and long terms. In addition, MBA graduates believe that they are better performers than their peers without MBAs are in the areas of problem-solving, leadership, and team collaboration. The MBA graduates would not have their current annual incomes and job positions if they had not obtained MBA degrees. The potential self-report bias in this study may cause doubts, but those who have obtained the degree continue to see it as critical to their careers. As Spender and Khurana stated (2013), getting the credential may make a student more employable, which qualifies it as a personal investment with a reasonable return. However they found that the credential does not seem to improve managerial performance and may have no measurable organizational or national payoff. Certainly we can do better than this.

Though most business schools have serious and lofty ambitions, we should also accept that graduate business programs may be as much about networking, screening or recruiting services as educational
Serving the Future Needs of Business in Management Development and Retention

institutions (Pfeffer, Fong, 2002). Graduate management education serves as a filter of sorts; organizations can reasonably assume that individuals who apply and eventually matriculate from business schools possess demonstrated ability and motivation that underlies effective job performance (Dierdorff, Nayden, Jain, 2013), and this in itself is a service to the companies that eventually hire them. But is it enough?

Though their work was focused on business, the findings of Ready and Truelove (2011) could just as easily apply to a business school. The authors describe a corporate model that they call “collective ambition” as a summary of how leaders and employees think about why they exist, what they hope to accomplish, how they will collaborate to achieve their ambition and how their brand promise aligns with their core values. Purpose, a company’s clear and explicit reason for being, is the foundation for 6 other elements of the model.

According to Bennis and O’Toole in their writing in 2005, conditions at business schools have worsened dramatically since the mid-1980s. During the 1970s and early 1980s, the best business schools were arguably the most intellectually exciting places in academia. In many universities, B schools were the loci of multidisciplinary research. Businesspeople today are starting to sense that the individuals in the academy are not engaged in the same profession they practice. It’s no wonder that there’s been a marked increase in the number of in-house corporate universities and for-profit management education organizations.

To close out this section on the Purpose and Values of graduate management education, the quote from Dierdorff, Nayden and Jain (2013), says it well: “A dual focus on enhancing learning and promoting the transfer of this learning into practice is essential. We have reason to believe that the traditional approach to graduate management education is insufficient to address the growing complexity of the world of work. As business school insiders have exhaustively detailed over the past two decades, there are numerous areas in which graduate management education falls short of meeting its promises of value contribution”.

**Content and Design**

In the previous section there was a strong sentiment that what we do in graduate management education must go beyond economics and analytical skills, and focus more on interpersonal skills, Goleman’s six leadership styles being but one example of the many concepts we need to help learners with (Goleman, 2000). Pfeffer and Fong (2002) also suggest that we focus on those subjects less easily taught – communication ability, leadership, interpersonal skills – and less easily imitated, and that this would have more value to individuals in the competition for leadership positions in organizations.

Klimoski and Amos (2012) feel that we are not using evidence-based teaching, especially in our efforts in leadership development in MBA programs, which must be directed toward producing or strengthening such things as leadership competencies, self-confidence as a leader (leadership self-efficacy), or leader identity.

As stated elsewhere in this document we face a more complex and dynamic world today than in the past. The traditional paradigm of business schools, with a strong focus on analytical models and reductionism, is not well suited to handle the ambiguity and high rate of change facing many industries today, as witnessed by the way GE Crotonville shifted its focus and offerings (Schoemaker, 2008).
Henry Mintzberg’s philosophy, and that which we saw elsewhere in the comments of Nestlé’s Paul Bulcke, has been that good management education will help people learn to ask the right questions, to reflect and to avoid the typical manager’s trap of reacting to one crisis after another (Mintzberg, Gosling, 2004). Mintzberg and Gosling went further and proposed seven basic tenets upon which that they believe management development should be built:

1) Management education should be restricted to practicing managers, selected on the basis of performance.
2) Management education and practice should be concurrent and integrated.
3) Management education should leverage work and life experience.
4) The key to learning is thoughtful reflection.
5) Management development should result in organization development.
6) Management education must be an interactive process.
7) Every aspect of the education must facilitate learning.

This overlaps Pfeffer and Fong’s (2002) recommendations of the key features required in order to increase the relevance of management education programs:
- concentrate on more experienced students
- design sessions and programs that are multidisciplinary
- include a clinical, application or action component

Podolny (2009) echoed this in stating that teaching should be done in a way that emphasizes the integration of several disciplines, and linking analytics and values. Teaching teams should be used instead of just functional experts alone.

The scientific model of business schools today is predicated on the faulty assumption that business is an academic discipline like chemistry or geology. Business is a profession, akin to medicine and the law, and business schools are professional schools – or should be. Most issues facing business leaders are, in the final analysis, questions of judgement. The aura of quantification masks the fact that social scientists often assume that the variables not included in their equations are insignificant. Most human factors and all matters related to judgement, ethics and morality, things that are difficult to measure, are exactly what make the difference between good business decisions and bad ones. Business education should help students to learn to recognize their conditional reflexes. (Bennis, O’Toole, 2005).

The multidisciplinary nature of programs, and the complexity of social problems mentioned elsewhere in this text requires that deans have the courage to build curricula which develop so-called T-shaped individuals, i.e. those who have significant disciplinary depth achieved through a liberal education involving critical, synthetic and analytic thinking, and appropriate training in the important functions and languages of management education (Wilson, Thomas, 2012).

Many CEOs and senior executives now have personal leadership coaches. But coaching MBA students while they are in school was rare. A greater number of business schools, from Wharton to Goizueta are now making individual coaching available to their MBA students. At Wharton, first-year MBAs can sign up for four one-on-one sessions and a pair of group workshops with coaches who raise self-awareness of their leadership strengths and weaknesses (Byrne, 2013).

Training social entrepreneurs and social innovators is becoming increasingly prevalent in business schools throughout the world (Smith, Woodworth, 2012), and this may be an opportunity for our field, by
reemphasizing and legitimizing balance and pluralism in business schools. According to Birnik and Billsberry (2007), the implications for teaching include the broadening of the business school agenda to include material from the humanities, sociology and psychology, focused on topics such as environmental degradation, free trade agreements, work-life balance, poverty reduction, security concerns, organized crime and corruption. Management students should also be confronted with the consequences of their managerial actions. Films, site visits, and fieldwork would also be included to get students to reflect critically and develop their own value systems. The implication for faculty selection is to choose professors who have the potential to become thought leaders in society as well as great educators.

There is no lack of suggestions, backed up by evidence, as to how executive development and MBA curricula should be changed. Multi-disciplinary teaching teams and sessions, broader fields of study, programs linked to real-world work (whether at work or in projects), tackling people skills much more while reducing the focus on developing analytical competence, using coaches and teaching subjects that are of value to society as well as to profit-driven companies, are all issues that every program director has to take into account.

Faculty and Research
There is little evidence that business school research is influential on management practice, calling into question the professional relevance of management scholarship (Pfeffer, Fong, 2002). Klimoski and Hu (2011) identified quite a few practices from business that have been adopted by universities, which one could take as a sign that business schools are paying attention to business. These include multisource feedback, coaching, mentoring, service learning, personality assessments, clinical counselling, international travel and developmental assignments. As Pfeffer and Fong did, one might also ask the question of how much transfer and adoption has occurred in the other direction? How much of the research or techniques developed by business school faculty have been adopted widely by managers?

To really achieve greater reliance on evidence-based practice in the world of work, those of us teaching management in business schools need to change our own instructional practices. Evidence-based management means managerial decisions and organizational practices informed by the best available scientific evidence. Refocusing management education on evidence promises improved managerial decision making and better organizational outcomes (Rousseau, McCarthy, 2007).

The dominant role of academically oriented faculty will remain a limiting factor if the subject requires clinical intuition and nuance. Few business academics have ever founded or run a company, served on corporate boards or conducted significant consulting beyond lectures or case studies. They may not get at the core issues that managers struggle with (Schoemaker, 2008).

Social entrepreneurship as a multidisciplinary field presents a unique opportunity and environment for business schools and their faculty to contribute to academic research and teach courses focused on both theoretical frameworks and practical skills on a holistic level (Kickul, 2012).

Research in business schools faces strong internal and external criticism for the production of theoretically grounded, but irrelevant research…… Many academics consider relevance to pedagogy or practice to be unimportant for perhaps ideological and certainly for career progression reasons (Wilson, Thomas, 2012).
In the future, finding suitable faculty will become even more of a challenge (Kang, Stark, 2013). Each year business school enrollments increase worldwide while the number of academically qualified faculty continues to shrink. In 2003 we estimated that there were 4,000 business schools worldwide. Now we know that the number is closer to 14,000 worldwide, resulting in a dire shortage of academically qualified faculty when looking at it via a global context (Hodgson, Clausen, 2012).

**Geography**

In 1997 we had one school outside North America accredited by AACSB – ESSEC in Europe. As of 2012 there were 156 AACSB-accredited institutions outside the US. Each year business school enrollments increase worldwide while the number of academically qualified faculty continues to shrink. In 2003 we estimated that there were 4,000 business schools worldwide. Now we know that the number is closer to 14,000 worldwide (Hodgson, Clausen, 2012).

American management scholars and MBA students are ill-informed about the operations of a mixed economy. Organizational research rooted in the United States traditionally treats governments as elements of an external “environment,” to be obeyed or co-opted, or as a drag on the natural operations of markets. Examinations of the corporation going forward will require insights from scholars outside North America, where states have long played more active roles in the operations of business. This will be a welcome addition to a research tradition that has for too long taken the American case to be an exemplar to be documented and exported, rather than one path among many (Davis, 2009).

The new international schools attract students and executive education participants who might otherwise attend more established schools, particularly in the United States or Europe. At the simplest level, this can reduce demand for programs at established schools. Additionally, it can reduce the diversity of students at these schools and deprive domestic students of valuable international perspectives. Finally, it can lessen existing programs’ attractiveness to overseas recruiters, who can more easily and efficiently find suitable hires at schools in their own regions (Hay, 2013).

**Rankings and Accreditation**

The view of rankings and accreditation is that they are flawed in various ways, but that they are here to stay and business schools need to accept this and work with them. Faced with a plethora of indistinguishable choices, and having difficulty in understanding which features and differences will make a difference for them, prospective students rely on rankings for at least part of their decisions. Podolny (2009) understands that rankings drive competition, and knows that many deans focus on influencing measures that can move their schools up the chart, but he feels that rankings have undermined the professionalization of business schools. He implores us to stop competing on rankings.

Bennis and O’Toole (2005) add that it is difficult for innovations to take root, as business school rankings inhibit change amongst the major players; innovations, when they happen, originate from schools in the lower tiers of the rankings with less to lose, but also with correspondingly lower impact.

Rankings are here to stay – whether media or academic driven – and in a hypercompetitive business school world Deans care about their rankings.... Accreditation serves to preserve and perpetuate the elite, thereby maintaining the status quo of what is considered to be a “good” business school.
Accreditation and regulation hinders knowledge improvement and development in both elite schools and in non-accredited schools, which are deemed to be poor relations by default (Wilson, Thomas, 2012).

AACSB’s emphasis on 3 types of scholarship (discipline-based, contribution to practice, learning and pedagogical scholarship) is good, but the relative weighting in favour of discipline-based scholarship affects tenure decisions, and thus narrows the focus of Faculty (Birnik, Billsberry, 2007). This works against the plea from many that business schools broaden what they teach, and bring together professors from different disciplines to do research and teach together.

MOOCs & Social Media
Though his comments were published in 2002, Allen’s view should not be overlooked in the race to MOOC everything “The main reason why I am certain that the use of e-learning will diminish is that there is often very little learning in e-learning. Much of the discussion about e-learning revolves around the “e” and very little around learning. While we know a great deal about technology, we still know relatively little about how people learn using technology” (Allen, 2002).

On November 2, 2012, using an acronym few would have recognized just months before, The New York Times announced “The Year of the MOOC”. A little more than a year after the first major offering, “Massively Open Online Courses” were center stage in the national dialogue on higher education. Distance learning and open education, growing incrementally for more than a decade, reached a tipping point and entered a new phase fueled by significant venture capital and institutional investments, increasing global access to broadband internet, and national concerns over the costs of higher education (Stine, 2013).

Big breakthroughs happen when what is suddenly possible meets what is desperately needed. The costs of getting a college degree have been rising faster than those of healthcare, so the need to provide low-cost, quality higher education is more acute than ever. At the same time, in a knowledge economy, getting a higher-education degree is more vital than ever. Private companies, like Phoenix (Apollo), have been offering online degrees for a fee for a few years. And schools like M.I.T. and Stanford have been offering lectures for free online. Coursera is the next step: building an interactive platform that will allow the best schools in the world to not only offer a wide range of free course lectures online, but also a system of testing, grading, student-to-student help and awarding certification of completion of a course for under $100 (Friedman, 2012).

With schools like Harvard Business School and Wharton, and investments from entities like Laureate Education (Redden, Fain, 2013), Coursera has money and brand power.

The 2013 Inside Higher Ed Survey of College and University Chief Academic Officers finds evidence that in some areas of higher education (MOOCs, for example) provosts aren’t yet ready to jump on the bandwagon, and relatively few see these offerings playing a positive role in higher education. Specifically 47% strongly or very strongly agreed that MOOCs could threaten the business models of their institutions. The highest level of concern was among provosts at for-profit institutions, where this number was 65%. More than 40% of provosts at public institutions shared a concern that courses would be outsourced to outside providers (Jaschik, 2013).
Ongoing rapid adoption of MOOCs by universities continued in the first half of 2013: While a January
2013 provost survey indicated only 2.6% of higher education institutions, another 9.4% had MOOCs in
the planning stages, a more recent survey has indicated as many as 43% of schools plan to offer
MOOCs in the next three years, and an April 2013 survey of distance education officials at community
colleges found that 44% of these institutions are currently exploring options for incorporating MOOCs
and MOOC content in their programs (Stine, 2013).

One of the reasons for their popularity is that MOOCs have brand. Early and well publicized adoption
by top universities including Stanford, Harvard, MIT and others has led to broader adoption, with
hundreds of top colleges and universities in the US and internationally now experimenting with MOOC
development and delivery. In addition to enhancing institutional brand, faculty also benefit: popular
MOOCs have the ability to raise the national and international reputation of the faculty who teach them
(Stine, 2013).

Since the launch early last year of Udacity and Coursera, the ivory towers of academia have been
shaken to their foundations. University brands built in some cases over centuries have been forced to
contemplate the possibility that information technology will rapidly make their existing business model
obsolete. MOOCs have multiplied in number, resources and student recruitment—without yet having
figured out a business model of their own..... Coursera has formed partnerships with 83 universities
and colleges.... EdX is now a consortium of 28 institutions... Sebastian Thrun, Udacity's co-founder,
thinks the effect will be similar in magnitude to what the creation of cinema did to demand for staged
fiction: he predicts a tenfold increase in the market for higher education (The Economist, 2013).

While the online revolution is sweeping through the education industry, most professors and many
schools are going about business as before, delivering ancient standard format lectures to bored
students. Executive educators are clinging to the hope that much of what they do really involves tacit
knowledge sharing, and thus they feel that their personalization strategy will keep them safe from the
onslaught of online education. This is not really the case. Maybe just 10% of the executive education
market is “safe” from the online onslaught. One needs only a few star professors who deliver the
content online and one needs a hoard of “lower-level” local instructors who will help with breakouts.
The traditional exec ed professor will be squeezed out (Hansen, 2013).

Inspired by Nobel laureate Herbert Simon's comment that “learning results from what the student does
and thinks, and only from what the student does and thinks,” Peter Norvig, Google's Director of
Research and a colleague of Udacity's Sebastian Thrun, created a course centered on the students
doing things and getting frequent feedback. “Our scheme to help make learning happen actively, rather
than passively, created many benefits akin to tutoring—and helped to increase motivation” (Norvig,
2013).

Proponents of adaptive learning say that technology has finally made it possible to deliver
individualized instruction to every student at an affordable cost—to discard the factory model that has
dominated Western education for the past two centuries. Critics say it is data-driven learning, not
traditional learning, that threatens to turn schools into factories...... The Bill & Melinda Gates
Foundation has launched the Adaptive Learning Market Acceleration Program, which will issue ten
$100,000 grants to U.S. colleges and universities to develop adaptive courses that enroll at least 500
students over three semesters (Fletcher, 2013).
Using MOOCs for a low-cost graduate degree crosses a threshold (speaking about Georgia Tech), but so does the fact that Virginia Tech no longer teaches any freshman math except by self-paced “online courses” (Lewin, 2013).

Individualized delivered-only-to-you MOOCs? Buckingham (2012) asserts that leadership development must be individualized, with training tips delivered electronically to individual managers based on their personality types on a regular basis. He likens this to the way Netflix proposes new movies to us based on the profile we provide. Leadership must be authentic, and thus cannot be generic or generalized from one-size-fits-all leadership development programs.

Beyond purely MOOCs, the use of social media in business is growing, and business schools might look at how they can also use this. When creating a team, managers often use demographics to decide on team members, in addition to technical or functional competence (as we do in business schools when creating study group teams). The authors provide evidence that a manager’s ability to use demographics is limited, but that relying on social networks to guide staffing or teaming decisions would have clearer performance implications. Network variables are more precise indicators of individual differences and sameness than demographics alone (Reagans, Zuckerman, McEvily, 2004).

Forty-one percent of respondents to a 2011 survey by the research arm of Chief Learning Officer magazine selected classroom-based Information and Learning Technology as their organization’s leading learning delivery method. This was followed by self-paced e-learning at 17% — driven by factors such as convenience (24%) and cost (17%) — and formal on-the-job training (OJT) at 14% — with effectiveness (17%) being cited as a key reason for its increased use. In 2011, compliance training was the only category where survey respondents didn’t cite classroom-based ILT as their preferred method, with 60% opting for self-paced e-learning (Reese, 2012).

And while many are getting excited by MOOCs, it is worth examining the outcome of a study at Stanford, that flips upside down the notion that students learn best by first independently reading texts or watching online videos before coming to class. Students who engaged in open-ended exploration outperformed students who used traditional textbook materials. Correctly sequencing activities is fundamental for improving student performance. “Our results suggest that students are better prepared to understand a theory after first exploring by themselves.” The authors believe that their results indicate the value for learning of first engaging one’s prior knowledge and intuitions in investigating problems in a learning domain — before being presented with abstracted knowledge. Having first explored how one believes a system works creates a knowledge-building relevance to a text or video that is then presented. The researchers advocate the flipped flipped classroom (Schneider, Wallace, Blikstein, Pea, 2013).

The Future
People going into business no longer anticipate having a single career in the same organization over the course of their working lives but rather expect multiple careers in multiple organizations (Hay, 2013). Given Davis’ findings (2013) this is a logical response to the world and the future.

The era of continuing tuition increases could be at an end, and it is possible that state funding will be further reduced in many jurisdictions (Kang, Stark, 2013). According to Frida, Bettis and Sullivan (2003), course development costs could be reduced if basic courses were standardized and offered through the Internet (this was written before the recent MOOC announcements). Excess Faculty could
be reduced or shared across schools through distance-learning. Which institutions will exit? Most vulnerable will be lesser known schools with outdated technology platforms.

Business schools were traditionally focused on training managers for large corporate enterprises, elite consulting firms, and financial institutions. This orientation reflects an era in which small companies wanted to learn from the large companies and become like them. Increasingly, however, large companies want to emulate small companies in terms of wealth creation (Schoemaker, 2008). This mirrors GE Crotonville’s efforts with its most senior executive development program.

Cited by Schoemaker (2008), but known to all of us is the growth of corporate universities (like GE’s Crotonville), the rise of action learning interventions offered by consultancies (such as the Center for Creative Leadership), the success of independent entities (like Duke CE in the USA, IMD in Switzerland, or CEDEP in France), the growth of for-profit entities such as Laureate Education, as well as a rich guru market fuelled by speakers bureaus are steadily taking market share from business schools. Sophisticated companies now design their own executive education programs, cherry-picking the best faculty across business schools rather than entrusting their entire offering to one name-brand school.

Laureate’s $50 million investment in Thunderbird creates an interesting scenario for established business schools (Redden, Fain, 2013). As of 2011 61% of Laureate’s students around the world were undergraduates, with 27% of their overall student body in business education. With the Thunderbird executive education brand, and Laureate’s experience in distance-learning (plus an investment in Coursera), together with strong and diverse investors (i.e. KKR, Harvard endowment, the International Finance Corporation), a willingness to invest a good portion of their $3.5 billion in yearly revenue in brand building (i.e. Bill Clinton as advisor), is it impossible to see them as a direct competitor to today’s providers of graduate executive education?

Although the market will determine the fate of many of the varied experiments of today and tomorrow, one thing is almost guaranteed: New competitors and products starkly demonstrate that standing still is unlikely to be a sustainable strategy. Schools must proactively demonstrate relevance, value, and reputation, which means rethinking how they conduct research, select and train faculty, design curriculum, engage students, and measure quality (Holtom, Porter, 2013).

Thankfully there is no single way to be a successful business school. Although Harvard continues to succeed as a “classic” school, following it and other traditional business schools is no longer a guarantee of success and may well condemn other schools to failure. Numerous viable business models reflect the pressure to change. Duke CE has been successful in executive education with a business model that broke the mold and forced other schools to change how they compete for company-specific programs. CEIBS in Shanghai has defied the traditional dominance of management education by established school in North America and Europe. The challenge for deans and senior leadership teams is to determine which model works best in their context (Hay, 2013).

Potential impacts of MOOCs on the traditional educational model are many...however it is important to underscore the word “potential” as higher education as a model and a way of life for many has had a remarkably stable history for hundreds of years now (Stine, 2013).

Meanwhile, managers see the expanding volume of research that business school faculty publish as increasingly trivial and without practical value. And the classroom tension between academics’
interests and students' managerial interests grows greater than ever. In short, business schools are in the grip of the dysfunctional cycle L.W. Porter and McKibbin feared. Most management education scholars and administrators are aware of this (Spender, Khurana, 2013).

Producing research that is relevant to managers and society. Lowering the cost of getting or providing an education. Helping big company executives understand entrepreneurship. The impact of MOOCs, etc, etc. Finding the business model that suits each school’s unique assets and competences is the most important accomplishment that deans, senior staff and faculty can bring to their students and society.

Publications and citations
To better understand what is being written in academic journals about the topics in this report, I went to the Social Sciences Citation Index (Web of Knowledge, Thomson Reuters) to learn what had been published and cited over time on key words related to this research. This provides insights into the level of interest by academics and the selected publications on these topics.

The key word searches show Harvard Business Review as the most likely publication for articles on learning, training and business schools, by a wide margin. From a citation perspective, looking at all the key words used, Administrative Science Quarterly was the leader. Of the various key words used, learning was the one that came up most often in all publications.

I offer this data as a guide, rather than as a conclusion, as the volume of publications may reflect editorial choice, rather than academic or practitioner interest, though one would expect and hope that the two coincide.

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<td><strong>totals</strong></td>
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<td><strong>13181</strong></td>
<td><strong>772</strong></td>
<td><strong>7229</strong></td>
<td><strong>19</strong></td>
<td><strong>70</strong></td>
<td><strong>17</strong></td>
<td><strong>197</strong></td>
<td><strong>35</strong></td>
<td><strong>139</strong></td>
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For future researchers interested in the topic of this paper who may want to focus their attention on a small number of publications I would lean towards those journals where both learning or training, and either executive development, management development or leadership development had a larger number of publications. The number of citations is important, highlighting quality of research and writing and popularity of the topic, but the number of publications will assure the researcher of diverse perspectives on the subject. With that view, the Academy of Management Learning & Education, and Harvard Business Review, would seem to be the best sources, as well as the best places to publish.
Looking at some of the key journals and words over time one sees an obvious increase in interest in articles that mention learning, training or business schools starting in the mid-1990s. One can also see the weighting of the citations from particular articles – for example, in the California Management Review the 1998 article by Georg von Krogh on “Care in knowledge creation” generated almost 10% of all citations over time, with 40 citations in 2009 alone.
Of the more than 13,000 “learning” citations in Administrative Science Quarterly, more than 5,000 came from “Absortive-Capacity – A New Perspective on Learning and Innovation” by Cohen and Levinthal in March 1990. Second most popular article, with over 1,000 citations, was “Interorganizational collaboration and the locus of innovation: Networks of learning in biotechnology” by Powell, Koput and SmithDoerr, published in March 1996. Third was Edmondson’s June 1999 article “Psychological safety and learning behaviour in work teams” with 913 citations.
Can any conclusions be drawn from the drop in publications and citations around “business school” in Academy of Management Learning & Education since 2007 and 2011 respectively?

Conclusions
Restating the declaration by Holtom and Porter (2013): New competitors and products starkly demonstrate that standing still is unlikely to be a sustainable strategy. Schools must proactively demonstrate relevance, value, and reputation, which means rethinking how they conduct research, select and train faculty, design curriculum, engage students, and measure quality.

And though Thomas and Wilson (2011) saw it as precarious, the fact that business schools occupy a position at the interface between academia and management practice would seem to be the ideal place for us to create value and have an impact. Perusing the literature, a manager with some sense of academic language can’t help but be amazed at some of the insights and useful findings that academics have uncovered in their research. If only it could be understood and transferred to the world of everyday business. Likewise, someone with a research background witnessing the lack of rigour in
many managerial decisions would be appalled, but at the same time intrigued by the common sense and speed of top executives.

Faculty need to do research that is important to managers and society, but not cater too much to the desire to entertain participants. Research needs to be grounded without becoming a science project. It is unlikely in my lifetime that we will see business school academics shift towards the professional school model of medicine, law and architecture, where the qualified teacher/practitioner helps students to both understand theory and reality, content and techniques, but I believe this is the direction in which we must head. A doctoral program producing academics that plan to teach in business schools should consider requiring that no one graduates without a minimum of people management, sales, operations or entrepreneurial experience. If you haven’t fired someone, or lost a big client, how can you truly understand the managers in your classroom?

Likewise we need to assure that those who are getting a degree know what that degree stands for, both the advantages it brings, as well as the responsibilities. If it is an MBA, and is meant to be broad and focused on general management, let’s assure that the graduate has a broad foundation, going beyond pure business, either through his or her undergraduate degree, or through the additional subjects and faculty that we bring into the MBA. If it is a Masters program, let’s assure that it has the technical depth that is expected of someone who has mastered a subject. Though it can get messy, executive development programs should no longer be created without the target executives and their stakeholders involved in a co-creation process that we, as learning and management professionals, believe will have an impact.

Though some might see it as excessive Pfeffer and Fong’s 2004 statement should be reread by all of us, so that we don’t forget where we are coming from: “The value of business schools is seen as too focused on extrinsic motives such as career advancement and getting a higher salary. Business schools have presented their value proposition primarily as a path to career security and financial riches. There is little evidence that business schools or business education are related to economic development. Business schools are not fulfilling the role of developing important, relevant knowledge and serving as a source of critical thought and inquiry about organizations and management and thus advancing the professionalism of management. Business schools have not articulated a set of professional values and responsibilities or developed a standard of professional conduct. The possible emphasis by business schools on the development of critical thinking and integrative skills is the exception rather than the rule”.

But I will end on a positive note. With the increasing complexities of the world, the dynamism of the changes around us, the growth of the number of those participating in some form of capitalism and the possibilities offered by technology, we are at the cusp of something greater than we’ve seen in the past 30 years. There has been no better time to be involved in graduate management education.

**Future Research**

Too many things that should be answered are not in the literature, or were simply unfound by the author. I feel it is imperative that a 2nd stage survey to managers, and a separate survey to business schools, be launched quickly. Survey questions, to both schools and managers could reflect Immelt’s
big themes, both to see if these echo with other managers, and to learn whether schools are responding to this, both with research and in teaching.

At least for the United States, questions that get at the impact of the advent of portable defined-contribution pensions and the Affordable Healthcare Act, and how these relate to tenure in management jobs, and willingness to invest in executive education (by the employer and the individual), would provide insights that I have not found in the literature.

One of the areas deficient in this report is how businesses are responding to the changes in the world around them in how they attract, retain and develop their top talent. Other than the occasional article hyping one company or another, there was little serious literature on this (at least I was unable to discover it, and my apologies for that). Even with companies that I know well, publicly-available information was hard to come by, and provided few insights into the real practices behind the scenes. I believe this warrants a serious effort in the second stage to survey a wide range of companies on if or how their practices are changing.

And this is not just about asking the businesses. Like the GE story at IMD, I have to believe that there are other gems like this at other schools that show how business schools are explicitly and concretely adding value to companies beyond simply delivering custom programs or developing individuals in open programs. Perhaps some of it is captured in cases or the school’s own newsletters, but many top schools hide their brilliance. The second stage questionnaire to schools must elicit these stories to allow for followup in-depth interviews with those identified as having best-in-class practices that others can learn from. In the business questionnaire we should also elicit anecdotes from managers that allow us to uncover the gems of collaboration at business schools (if the schools don’t cite them themselves).

**Merci**

I am thankful to AACSB, EMBAC and UNICON for having had the faith to confide this important piece of research in me, and especially to Michael Desiderio of EMBAC for his support during the process. I’d also like to thank the Information Center staff at IMD, specifically Emma Caloz, Miriam Petrelli and Corinne Salamin.
**Bibliography – Annotated**


Chapter 5 of the book "The Corporate University Handbook" is presented. It emphasizes the significance of strategic partnerships in implementing corporate universities. The author notes that operating a corporate university requires performing various tasks, such as needs assessment, educational programs development and managing vendor relationships. In this chapter, he discusses the advantages and disadvantages of partnerships.


An outlook on corporate universities from a chapter of the book "The Corporate University Handbook" is presented. It forecasts the development of corporate universities in the U.S. and elsewhere in the world. It discusses the application of electronic delivery formats and the possible increase in partnerships in relation to corporate university management. It also explores the development of a more strategically oriented corporate universities.


Chapter 3 of the book "The Corporate University Handbook" is presented. It describes the different types of corporate university structures that illustrate organizational culture. Corporate alignment, according to the author, is one of the things that should be considered in choosing a model for corporate university. Content and functions of the university are also emphasized as relevant factors in developing structure. The chapter also discusses ways to organize the internal structures of a corporate university.


This article looks at business schools and the failures in their curriculum that contributes to a lack of management skills among graduates. According to the author, business schools are on the wrong track. For many years, MBA programs enjoyed rising respectability in academia and growing prestige in the business world. Their admissions were selective, graduates could command large salaries. By 2005 MBA programs faced intense criticism for failing to impart useful skills, leadership training, failing to instill norms of ethical behavior and even failing to lead graduates to good corporate jobs. According to the authors this situation grew out of a trend wherein business schools treated business as a science, rather than as a profession. In such an environment excellent research is produced but little of it has a base in practical application. The scientific model is predicated on the faulty assumption that business is an
academic discipline like chemistry or geology. In fact, business is a profession, akin to medicine and the law, and business schools are professional schools – or should be. Most issues facing business leaders are, in the final analysis, questions of judgement. The aura of quantification masks the fact that social scientists often assume that the variables not included in their equations are insignificant. Most human factors and all matters related to judgement, ethics and morality, things that are difficult to measure, are exactly what make the difference between good business decisions and bad ones. Business education should help students to learn to recognize their conditional reflexes.


The article focuses on the role of Lancaster University Management School (LUMS) dean Sue Cox as the new vice-president of academic affairs at the European Foundation for Management Development (EFMD). It says that the high professional qualities, commitment, and achievements of Cox are well suited to EFMD. It states that she is expected to represent business schools within EFMD and support challenges to run a business school.


Black, S. (2013). The War for Leadership Talent: Creating a Superior Employee Value Proposition. insights@imd. Lausanne, Switzerland, IMD. 27.

China has been the poster child for growth over the past decade. GDP growth has averaged about 9% per year for the last 10 years, and foreign direct investment (FDI) has grown from $10 billion to $100 billion in the last 20 years. This has led to phenomenal growth among both state-owned enterprises (SOEs) and privately owned enterprises (POEs). Across the board, Chinese firms have been innovating with products and processes in order to remain competitive. SOEs, which will soon no longer be funded by the state, are mobilizing to stay relevant because their survival depends on it. Combined with the nuances of the Chinese education system and the lack of international exposure among Chinese managers, this has meant there is a dearth of senior management talent in the country. As a result, executive salaries have increased at a rate of 20% per year for about a decade. The imbalance between supply and demand has led to intense competition to secure talent, including targeted price wars. In addition to rising compensation, turnover among senior executives in China is more than 15% – double that of other growing countries in Asia and triple that of Western Europe and North America. With the supply of graduates expected to grow more slowly than demand, this problem is expected to get even worse.


In contrast to earlier studies, it appears that MBAs can develop emotional intelligence and cognitive competencies crucial to effectiveness as managers and leaders during their programs. What caused these dramatic improvements in cognitive and emotional
intelligence competencies from the MBA program? Unfortunately, we did not have a research design in place to make specific attributions, but the components of the MBA program that changed from the earlier program included (1) an explicit philosophy of education and pedagogy; (2) a course on leadership assessment and development using self-directed learning theory as the basis for its design; (3) a focus on specific competencies in selected courses while addressing course material, such as the marketing course that assessed students on the presentation skills or the operations management course using group projects assessing their group process competencies; (4) a dramatic increase in the percentage of courses requiring field projects in companies, group work, and student collaboration; and (5) opportunities to participate in voluntary activities, such as a chapter for Habitat for Humanity and functional clubs, like the marketing club (which the part-time students did not have the time or inclination to participate in). Our interpretation has been that the leadership course and the wide range of learning activities integrated into the MBA program caused the results.


By now we expect personalized content it's routinely served up by online retailers and news services, for example. But the typical leadership development program still takes a formulaic, one-size-fits-all approach. And it rarely happens that an excellent technique can be effectively transferred from one leader to all others. Someone trying to adopt a practice from a leader with a different style usually seems stilted and off-a Franken-leader. Breakthrough work at Hilton Hotels and other organizations shows how companies can use an algorithmic model to deliver training tips uniquely suited to each individual's style. It's a five-step process: First, a company must choose a tool with which to identify each person's leadership type. Second, it should assess its best leaders, and third, it should interview them about their techniques. Fourth, it should use its algorithmic model to feed tips drawn from those techniques to developing Leaders of the same type. And fifth, it should make the system dynamically intelligent, with user reactions sharpening the content and targeting of tips. The power of this kind of system highly customized, based on peer-to-peer sharing, and continually evolving will soon overturn the generic model of leadership development. And such systems will inevitably break through any one organization, until somewhere in the cloud the best leadership tips from all over are gathered, sorted, and distributed according to which ones suit which people best. HBR Reprint R1206E

Bunker, K. A., K. E. Kram, et al. (2002). "The young and the clueless." Harvard Business Review 80(12): 80-+. It's natural to promote your best and brightest, especially when you think they may leave for greener pastures if you don't continually offer them new challenges and rewards. But promoting smart, ambitious young managers too quickly often robs them of the chance to develop the emotional competencies that come with time and experience-competencies like the ability to negotiate with peers, regulate emotions in times of crisis, and win support for change. Indeed, at some point in a manager's career-usually at the vice president level-raw talent and ambition
become less important than the ability to influence and persuade, and that's the point at which the emotionally immature manager will lose his effectiveness. This article argues that delaying a promotion can sometimes be the best thing a senior executive can do for a junior manager. The inexperienced manager who is given time to develop his emotional competencies may be better prepared for the interpersonal demands of top-level leadership. The authors recommend that senior executives employ these strategies to help boost their proteges' people skills: sharpen the 360-degree feedback process, give managers cross-functional assignments to improve their negotiation skills, make the development of emotional competencies mandatory, make emotional competencies a performance measure, and encourage managers to develop informal learning partnerships with peers and mentors. Delaying a promotion can be difficult given the steadfast ambitions of many junior executives and the hectic pace of organizational life. It may mean going against the norm of promoting people almost exclusively on smarts and business results. It may also mean contending with the disappointment of an esteemed subordinate. But taking the time to build people's emotional competencies isn't an extravagance; it's critical to developing effective leaders.

Byrne, J. (2013) Executive Coaching Comes To Business School. LinkedIn
For years, executive coaching has become increasingly popular in Corporate America. Many CEOs and senior executives now have personal leadership coaches for both self-development and private counsel. But coaching MBA students while they are in business school was rare and more often done on an ad hoc basis by counselors in the career development center. No longer. A greater number of business schools, from the University of Pennsylvania's Wharton School to Emory University's Goizueta School of Business are now making individual coaching available to their MBA students. At Wharton, first-year MBAs can sign up for four one-on-one sessions and a pair of group workshops with coaches who raise self-awareness of their leadership strengths and weaknesses. As staff writer Maya Itah points out in a story on PoetsandQuants.com today, whether that coaching is mandatory, voluntary, leadership-focused or all about communication skills, MBAs have been using it to zero in on specific self-development challenges, cultivate better people skills and map out career goals

Open competition for other companies' people, once a rarity in business, is now an accepted fact. Fast-moving markets require fast-moving organizations that are continually refreshed with new talent. But no one likes to see talent leave; when a good employee walks, the business takes a hit. It's futile to hope that by tinkering with compensation, career paths, and training efforts, you can wall off your company from today's labor market. But there is an alternative: a market-driven approach to retention based on the assumption that long-term, across-the-board loyalty is neither possible nor desirable. By taking a hard look at which employees you need to retain and for how long, you can use highly targeted programs to keep the required talent in place. Most companies today rely on compensation to build loyalty, but compensation is only one of many useful retention mechanisms. You can redesign jobs to reduce turnover: UPS kept many more drivers by shifting the tedious job of loading trucks to other employees. You can promote loyalty to particular projects or to work teams. You can hire people who aren't in high demand and place valuable employees in locations where they won't be constantly tempted by job offers. You can team up with other companies to offer cross-company career paths. And when there's no effective way to prevent attrition, you can learn to live with it: outsource, strengthen recruitment, standardize jobs, cross-train employees, and organize work around
short-term projects. If managing retention in the past was akin to tending a dam, today it is more like managing a river. The object is not to stop water from flowing but to control its direction and speed.


An interview with founder and president Douglas Ready of the International Consortium for Executive Development Research organization is presented. He discusses various ways for recognition of potential employees in a workplace. Ready believes that organization's workforce should focus upon their performance and living the company's values to outreach their development. He comments on the importance of indicating potential employees by employers for enhancing their performance.


Traditionally, corporate boards have left leadership planning and development very much up to their CEOs and human resources departments - primarily because they don't perceive that a lack of leadership development in their companies poses the same kind of threat that accounting blunders or missed earnings do. That's a short sighted view, the authors argue. Companies whose boards and senior executives fail to prioritize succession planning and leadership development end up experiencing a steady attrition in talent and becoming extremely vulnerable when they have to cope with inevitable upheavals-integrating an acquired company with a different operating style and culture, for instance, or re-examining basic operating assumptions when a competitor with a leaner cost structure emerges. Firms that haven't focused on their systems for building their bench strength will probably make wrong decisions in these situations. In this article, the authors explain what makes a successful leadership development program, based on their research over the past few years with companies in a range of industries. They describe how several forward-thinking companies (Tyson Foods, Starbucks, and Mellon Financial, in particular) are implementing smart, integrated, talent development initiatives. A leadership development program should not comprise stand-alone, ad hoc activities coordinated by the human resources department, the authors say. A company's leadership development processes should align with strategic priorities. From the board of directors on down, senior executives should be deeply involved in finding and growing talent, and line managers should be evaluated and promoted expressly for their contributions to the organization-wide effort. HR should be allowed to create development tools and facilitate their use, but the business units should take responsibility for development activities, and the board should ultimately oversee the whole system.

Directors of some major corporations have begun to recognize that a lack of leadership development in their companies poses the same kind of threat that accounting errors or missed earnings do. Companies whose boards and senior executives fail to prioritize succession planning and leadership development end up either experiencing a steady attrition in talent or retaining people with outdated skills. They are forced to promote untrained and untested junior managers or hire from the outside with the concomitant integration and adjustment risks.


Developing Your Leadership Pipeline. Why do so many newly minted leaders fail so
spectacularly? Part of the problem is that in many companies, succession planning is little more than creating a list of high-potential employees and the slots they might fill. It's a mechanical process that's too narrow and hidebound to uncover and correct skill gaps that can derail promising young executives. And it's completely divorced from organizational efforts to transform managers into leaders. Some companies, however, do succeed in building a steady, reliable pipeline of leadership talent by marrying succession planning with leadership development. Eli Lilly, Dow Chemical, Bank of America, and Sonoco Products have created long-term processes for managing the talent roster throughout their organizations—a process Conger and Fulmer call succession management. Drawing on the experiences of these best-practice organizations, the authors outline five rules for establishing a healthy succession management system: Focus on opportunities for development, identify linchpin positions, make the system transparent, measure progress regularly, and be flexible. In Eli Lilly's "action-learning" program, high-potential employees are given a strategic problem to solve so they can learn something of what it takes to be a general manager. The company—and most other best-practice organizations—also relies on Web-based succession management tools to demystify the succession process, and it makes employees themselves responsible for updating the information in their personnel files. Best-practice organizations also track various metrics that reveal whether the right people are moving into the right jobs at the right time, and they assess the strengths and weaknesses not only of individuals but of the entire group. These companies also expect to be tweaking their systems continually, making them easier to use and more responsive to the needs of the organization.


Shareholder-owned corporations were the central pillars of the US economy in the twentieth century. Due to the success of the shareholder value movement and the widespread "Nikefication" of production, however, public corporations have become less concentrated, less integrated, less interconnected at the top, shorter-lived, and less prevalent since the turn of the twenty-first century, and there is reason to expect that their significance will continue to dwindle. We are left with both pathologies (heightened inequality, lower mobility, and a fragmented social safety net) and new technologies suitable for being repurposed in more democratic forms. Local solutions for producing, distributing, and sharing can provide functional alternatives to corporations for both production and employment; what is needed is the social organization to match the tools that we already have, or will have shortly. The time for democratic local economic forms prophesied by generations of activists may finally be at hand.

Over the course of the twentieth century, the public corporation took on four central functions in US society. The obvious ones are the production of goods and services and the provision of employment, which they share with corporations around the world. But the American corporation evolved additional functions that distinguished it from businesses elsewhere, prodded in part by the Progressive agenda. The corporation became a crucial source of social welfare services that were provided by the state in other industrialized economies, including health care for employees and their dependents and retirement security. After 1980, they also
become the predominant vessel for individual retirement savings.

Employment also came to be concentrated in corporations. At the turn of the twentieth century, 42% of the US labor force was dispersed among six million farms. By the time of the World War II, almost half of the private labor force worked in manufacturing—overwhelmingly in public corporations such as General Motors and General Electric—and by 1970 nearly one in ten workers were employed by the twenty-five largest corporations. As Berle and Means described it, assets and employment seemed to respond to a centripetal force, becoming increasingly concentrated through corporate consolidation (Berle, Means, 1932, 1991). During the decade of the 1960s, for instance, GM added 100,000 employees, AT&T grew by 200,000 employees, and ITT grew from 132,000 employees to 392,000 through dozens of acquisitions (from Berle, Means, 1932, 1991).

The public corporation in the United States is now unnecessary for production, unsuited for stable employment and the provision of social welfare services, and incapable of providing a reliable long-term return on investment.

One striking consequence of the past several years of market turmoil is that the number of public corporations in the United States has dropped by more than half since 1997 and has declined every year but one since then, as mergers and delistings each year far outstrip initial public offerings.


The article focuses on an approach that would facilitate advancement among business schools. It notes the significance of management and leadership, as well as science and technology to the innovation value chain. It cites the move of the Singapore Management University (SMU) to develop an inter-disciplinary research responsive to the needs of society. Moreover, it indicates the importance of establishing strong relationships and strategic partnerships with the business sector.


Numerous studies have concluded that for people with satisfactory salaries some nonfinancial motivators are more effective than extra cash in building long-term employee engagement in most sectors, job functions, and business contexts. The respondents to a McKinsey Quarterly survey view three noncash motivators – praise from immediate managers, leadership attention (for example, one-on-one conversations), and a chance to lead projects or task forces – as no
less or even more effective motivators than the three highest-rated financial incentives: cash bonuses, increased base pay, and stock or stock options. By contrast respondents rated large-scale communications events, such as town hall meetings common during the economic crisis, as one of the least effective nonfinancial motivators, along with unpaid or partially paid leave, training programs, and flexible work arrangements.


Business schools must first recognize that they do indeed impart a certain view of the world, one that holds unintended and sometimes negative, consequences. Then business schools must inculcate the fact that there are multiple value propositions of equal importance to organizations and societies, and that these extend necessarily beyond mere economic or financial success.

It is imperative for business schools to ensure that their various program offerings are aligned with the needs of individuals, organizations, and society rather than merely leveraged as additional sources of revenue..... it is crucial for institutions to clearly articulate what their degrees mean in real curricular or programmatic terms..... For the MBA degree, this involves an emphasis on a cross-functional breadth of education, whereas the emphasis is on a technical depth of education for MS degrees.

It is critical to simultaneously recognize what we do has value, but that it also needs meaningful improvement. Only a balanced perspective can bring a reinvigoration in the way graduate management education is delivered in contemporary business schools.


In this interview Michael Porter explores social entrepreneurship in the context of a larger transformation of capitalism. He suggests that social entrepreneurship is an important transitional vehicle toward the creation of shared value and a capitalist system in which meeting social needs is not just a peripheral activity but a core aspect of every business. Porter discusses the implications of this perspective on social entrepreneurship with a view to new opportunities but also responsibilities for educators in the field. I examine how this fits with but also extends current debates on social entrepreneurship. The interview concludes by examining where Porter's ideas may take us and reflecting on social entrepreneurship education as conversations about the social becoming more entrepreneurial but also the entrepreneurial becoming more social.


Since the launch early last year of Udacity and Coursera, the ivory towers of academia have been shaken to their foundations. University brands built in some cases over centuries have
been forced to contemplate the possibility that information technology will rapidly make their existing business model obsolete. MOOCs have multiplied in number, resources and student recruitment—without yet having figured out a business model of their own..... Coursera has formed partnerships with 83 universities and colleges..... EdX is now a consortium of 28 institutions... Mr. Feerick of Alison predicts that the market will be commoditised, spelling trouble for many institutions. Anant Agarwal, the boss of EdX, reckons the MOOC providers will be more like online airline-booking services, expanding the market by improving the customer experience. Sebastian Thrun, Udacity’s co-founder, thinks the effect will be similar in magnitude to what the creation of cinema did to demand for staged fiction: he predicts a tenfold increase in the market for higher education. Sceptics point to the MOOCs’ high drop-out rates, which in some cases exceed 90%. But Coursera and Udacity both insist that this reflects the different expectations of consumers of free products, who can browse costlessly. Both firms have now studied drop-out rates for those students who start with the stated intention of finishing, and found that the vast majority of them complete the courses.


Elmer-DeWitt, P. (2013) Apple University hires another high-profile academic. CNNMoney-FortuneTech


They define the value chain for management education as the creation, assimilation and dissemination of knowledge about business management.... we identified the increased importance of distribution strategies over assimilation as we move forward. They expect changes in supply, with new entrants from private education firms, technology firms, major corporations with corporate universities, consulting firms and non-US business schools.


In this paper, I develop and empirically test the proposition that performance pressure acts as a double-edged sword for teams, providing positive effects by enhancing the team's motivation to achieve good results while simultaneously triggering process losses. I conducted a multi-method field study of 78 audit and consulting teams from two global professional firms, revealing an irony of team life: even though motivated to perform well on a high-stakes project, pressured teams are more likely to engage in performance-detracting behaviors. Survey results show that, as performance pressure increases, team members begin to overly rely on general expertise while discounting domain-specific expertise, leading to suboptimal performance. I then use longitudinal qualitative case studies of six project teams across two firms to explore the underlying behavioral mechanisms that generate this outcome. Results reveal four limiting team processes: (1) a drive toward consensus, (2) a focus on common knowledge, (3) a shift from learning to project completion, and (4) increased conformity to the status hierarchy. Results also show that only domain-specific expertise is the kind that teams underuse when facing higher
pressure increases client-rated team performance. I thus find, paradoxically, that when teams
need domain-specific expertise the most, they tend to use it the least, despite evidence
suggesting they are highly motivated to do well on their task.


The leader’s job is to get results. A random sample of 3,871 executives shows that there are six
distinctive leadership styles, each from a different component of emotional intelligence. The
research indicates that the leaders with the best results do not rely on only one leadership style.
The more styles a leader exhibits, the better. Leaders with four or more styles have the very
best climate and business performance. And the most effective leaders switch flexibly among
the leadership styles as needed.

Grima, F. (2011). "Between authenticity and conformism: ideological tension as a lever for change in
Business School." M@n@gement 14: 311-350.

Network
The most active sectors for hiring were materials, IT and telecommunications and the most
active regions were Australia, New Zealand and North America. Least active were financial
services and healthcare and Eastern Europe, Russia and Western Europe. Companies are
hiring in emerging markets, but even more so in their home regions, especially in Asia where
100% of companies plan to hire within the region. Likewise North American and Western
European companies intend to hire primarily from within their regions, but across the north
Atlantic alliance. The authors found that Western European companies are struggling to
establish great talent management practices, and as they’re hiring poorly they hire more due to
a higher percentage of hiring mistakes and thus incur higher costs.

Network
Corporate directors identified talent management as their single greatest strategic challenge,
and the vast majority of board members believe that their organizations are not doing it well.
(Groysberg, Bell, May, 2013)

89(3): 60-+
Job requirements at the top of corporations have changed. Companies have come to expect
much more from their C-level executives, who need new and different skills to deal with today's
business realities. Exactly what abilities do firms want in their leaders now and in the future?
By examining hundreds of job profiles developed by executive-search firm Heidrick & Struggles
and interviewing numerous senior managers, the authors have identified some clear trends.
One strikingly consistent finding is that today technical and functional expertise matters less at
the top than business acumen and "soft" leadership skills do. Members of senior management
now have more in common with their peers than with the people they manage. To thrive at the
C-level, you must be a strong communicator, a collaborator, and a strategic thinker. You need a
global mind-set and will be expected to offer your CEO deep insights on key business decisions.
This article explores those developments in more detail and explains other findings about the latest requirements in each of seven C-level jobs: CIO, chief marketing and sales officer, CFO, general counsel, chief supply-chain management officer, chief human resources officer, and CEO. It offers a road map for ambitious managers who want to know which skills they should focus on developing in order to rise up the chain of command.


An interview with John Fernandes, President of the Association to Advance Collegiate Schools of Business (AACSB) International, is presented. When asked about the accreditation of business education in universities in the Middle East and North Africa (MENA) region, he said there are nine AACSB-accredited universities in the MENA region. He mentions protests and leadership change in the MENA region have not significantly impacted business education and talks about changes in management education.


Surveys have shown that 80% of Americans don't trust corporate executives and worse-that roughly half of all managers don't trust their own leaders. Mergers, downsizing, and globalization have accelerated the pace of change in organizations, creating a crisis of trust that didn't exist a generation ago. Leaders who understand how trust is built can actively influence its development, resulting in a more supportive and productive work environment and, not incidentally, a competitive advantage in the war for talent. Building on research in social psychology, and on his 15 years of experience consulting on trust, the author has developed a
model for predicting whether trust or distrust will be chosen in a given situation. It helps managers analyze ten factors at play in the decision-making process. Hundreds of top executives have used it to diagnose and address the root causes of distrust in their work relationships. Some of the factors in the model relate to the decision maker: How tolerant of risk, how well-adjusted, and how relatively powerful is he or she? Others relate to the specific situation: How closely aligned are the interests of the parties concerned? Does the person who is asking to be trusted demonstrate competence? Predictability and integrity? Frequent and honest communication?


On December 1, 2009, a small group assembled inside a converted farmhouse in rural Crotonville, New York. Though most of the people gathered on that chilly morning worked at Crotonville, they had exchanged their usual business attire for warm jackets and walking shoes in preparation for a tour of the 59-acre facility. The tour was led by an external consultant who had been asked to help the team see the familiar features of the campus with “outside eyes” to better understand how visitors and course participants experienced Crotonville. This unusual meeting had been precipitated by events of the previous several months and against the backdrop of the 2008 global recession. On a plane trip with Peters and SVP of Human Resources John Lynch, Chairman and CEO Jeffrey Immelt had speculated aloud about how GE’s deep-rooted leadership culture prepared managers to negotiate the challenges of an increasingly complex and uncertain business environment. Peters, who had come into her current role in 2006 as the first person in GE history to lead both talent development and learning, took the query as a call to action.

A cue for taking a fresh look at Crotonville in December 2009 came from a participant in the multi-disciplinary leadership dialogue earlier in the year who counselled against “educated incapacity” - an acquired inability of experts to perceive solutions, or even problems, outside of accustomed frameworks.

Overnight, this generated a demand for many more general managers capable of running semi-autonomous businesses. As Cordiner acknowledged, “Not customers, not products, not money, but managers may be the limit of General Electric's growth.” To address this need, Cordiner charted a GE management institute to conduct research on management issues and draft the principles governing GE’s philosophy of decentralization. These management principles were compiled in-house under the direction of Harold Smiddy in a set of “Blue Books”….. The seven volumes provided a detailed guide to every aspect of the role of a multi-functional general manager in a decentralized organization. Management education was considered the linchpin of decentralization. The Blue Books formed the basis for the first course taught by Cordiner at the newly inaugurated learning center in Crotonville to a class of managers that included Reginald Jones, who would later become GE’s seventh CEO…… Beginning with Cordiner’s program to disseminate the principles of decentralization, however, Crotonville became the locus of
successive leadership change efforts centered around management education. During its first years, AMC was the only course offered and ran on a continuous cycle through 1961. In all, over 1,500 GE managers participated in the course focused on general management skills - such as planning, organizing, and measuring - applicable across different businesses and functions. Each course was thirteen weeks long. The Management Development Institute also created a decentralized management program, the Professional Business Management Course, which was conducted at company locations for as many as 32,000 employees.

The final years of Cordiner’s tenure as CEO saw a re-evaluation of Crotonville’s offerings. AMC was discontinued and eventually replaced with a new General Management Course (GMC). Also thirteen weeks long, GMC focused on overall business management, rather than task management, and participants were selected for their general management potential. The new course shifted away from the more theoretical approach of AMC to emphasize practical analysis of business activities through examination of case histories. In part, these changes reflected the evolving business context. Decentralization had helped the company meet its growth objectives.

Under Jones, the concept of strategic planning was fully implemented in GE's management systems. Crotonville responded with the creation of a new Strategic Planning Workshop. As in the past, GE looked to education and to Crotonville to spearhead this massive corporate initiative.

According to Tichy, "The GE 'blue books' were symbolically burned. Welch has said repeatedly that there are no more textbook answers; leaders must write their own textbooks." Welch also invited customers to Crotonville to engage with GE.

Reacting to feedback from course participants that their efforts to bring learnings absorbed at Crotonville back to their businesses were often stymied by superiors, Welch launched an initiative to take Crotonville out to the businesses through a program called 'Work-Out.' Work-Out sessions were instituted in every business, inviting employees to raise challenges and propose solutions and requiring managers to make immediate 'yes' or 'no' decisions on ideas presented.

With strong support for the change project, Peters still faced a daunting challenge in re-imagining Crotonville without spoiling the 'special sauce' that had contributed to its long-standing success. GE already enjoyed an unparalleled reputation for leadership development built on the foundation of the Crotonville 'brand.' How should RIC balance change and tradition to both preserve and build the brand? What elements were most important to realize the vision to 'inspire, connect, and develop' GE leaders at Crotonville? And, in a company that was now more global than ever, where should GE invest to ensure that Crotonville learning reached all corners of the sprawling company? These were some of the questions that Crotonville's leadership team faced in its ambitious agenda to prepare GE's next generation of leaders. The first 65 years of Crotonville's existence had been marked by ongoing change and adaptation - with Re-imagining Crotonville, the institution was poised for the next step in its continuing evolution. The first 65 years of Crotonville's existence had been marked by ongoing change and adaptation - with Re-imagining Crotonville (RIC), the institution was poised for the next step in its continuing evolution.

Jaworski, B. and J. Semper (2013). IMD OWP 2013 session on Re-Imagining Crotonville. Lausanne, Switzerland, IMD.
Serving the Future Needs of Business in Management Development and Retention

Hans Joehr, corporate head of agriculture at Nestlé, describes the company’s Creating Shared Value approach to sustainability.

The article offers information on the labor market in the U.S., with reference to jobs that are available in various cities. It is stated that currently the hiring boom in the U.S. is slowing down but employment remains high, especially for college-educated workers. It is stated that Callidus Software Inc. is expanding so fast that the company is unable to recruit the required number of people needed. It is noted that employment in housing, construction and technology are in demand. It is suggested that cities have been ranked based on projections from Global Insight Inc. which forecasts job-growth rates. Information is also provided on cost-of-living, income-growth, and jobs rankings.


When it comes to inculcating new knowledge or building skills, business educators at the MBA level are not making use of what our field knows from our research on leadership and leadership development. Our field is not engaged in evidence-based teaching. We argue that efforts at leadership development in MBA programs must be directed toward producing or strengthening such things as leadership competencies, self-confidence as a leader (leadership self-efficacy), or leader identity. We argue that most MBA programs are not doing all that they should, based on what our field knows from research findings. Business schools do not implement much of what its faculty already knows to be valid and potentially useful when it comes to leadership development.


Nearly half of new job openings from 2010 through 2020 will be middle-skills positions in fields such as computer technology, nursing, and high-skill manufacturing. They require postsecondary technical education and training, and they're increasingly hard to fill. As federal funding for job training declines, Kochan, Finegold, and Osterman urge companies to take the lead in closing the middle-skills gap. Getting there, they argue, will require local business Leaders to work with one another, educational institutions, and in some cases, unions. Available models include apprenticeship programs, such as those spearheaded by the Center for Energy workforce Development; partnerships like those between Kaiser Permanente and its
employee unions; sector-based regional initiatives, such as Boston-based SkillWorks; and collaborations with higher-education consortia that embrace strong ties to industry. Effective collaborative training programs involve employers in designing and funding the initiatives and in finding jobs for graduates. They integrate classroom education with opportunities to apply new skills in actual or simulated work settings. And they start graduates down a clear career path. These best practices, with leadership from the private sector, should be the cornerstones of a national job-training strategy.

The lifetime earnings gap between those with a high school education and those with a college degree is now estimated to be nearly $1 million. And the differential has been widening. In 2008, median earnings of workers with bachelor’s degrees were 65% higher than those of high school graduates ($55,700 vs. $33,800). Similarly, workers with associate’s degrees earned 73% more than those who had not completed high school ($42,000 vs. $24,300).


Using MOOCs for a low-cost graduate degree certainly crosses a threshold (speaking about Georgia Tech), but so does the fact Virginia Tech no longer teaches any freshman math except by self-paced “online courses”, Peter McPherson, president of the Association of Public and Land Grant Universities.


The article discusses the initiatives of Ashridge Business School in Hertfordshire, England to respond to trends such as population growth, urbanisation, poverty, human rights, public health and climate change. It notes the school’s Master of Science in Sustainability and Responsibility which is aimed at developing participants personally and professionally. Moreover, it indicates that 25 percent of its portfolio of open-enrolment programmes feature sustainable business.


To get a sense of the growth of corporate universities since the days of Crotonville and Motorola University, consider that the total number was estimated at 400 in 1988, and Corporate University Xchange (CorpU) data suggests that this had increased to over 2,000 by the 1990s and double that worldwide by 2010. To get a better understanding of the total number we examined the publicly available annual reports of the Forbes Global 2000. We searched the reports for a specific mention of a corporate university or academy function. The assumption was that if it was important enough to merit a mention in an annual report, the investment had been raised to a strategic level. The data shows that nearly 900 or 45% have an entity they
describe as either a university or an academy. This breakdown of the group by industry shows that financial and industrial sector companies account for approximately 40% of the total.


Peters, S. (2011). Re-Imagining Crotonville-B. IMD case study. Lausanne, Switzerland, IMD.


Presents an update on the state of business schools in the U.S. as of Sept 2002. Effects of business schools on careers concentrates on the Master of Business Administration (MBA)
degree; Significance of business school research; Barriers to changing the MBA education model.

Neither possessing an MBA degree nor grades earned in courses correlate with career success, results that question the effectiveness of schools in preparing their students. And, there is little evidence that business school research is influential on management practice, calling into question the professional relevance of management scholarship. Possessing an MBA neither guarantees success nor prevents business failure.

A large body of evidence suggests that the curriculum taught in business schools has only a small relationship to what is important for succeeding in business. Much of what business schools impart – theory and analytical techniques of various sorts – is readily learned and imitated, at least by intelligent people. Communication ability, leadership, interpersonal skills and wisdom are at once less easily taught or transferred to others but, at the same time, because they are less easily imitated, have more value in the competition for leadership positions that occur in organizations.

When students are relieved of any sense of responsibility for their learning and much involvement in the learning process, the evidence is that they learn less.


Many people believe that management education has contributed to the systemic failure of leadership that led to the recent financial crisis. That may be so because a focus on value-based leadership and ethics has not been central to management education..... People don’t simply lack trust in business schools; they actively distrust them. In order to reduce people’s distrust, business schools need to show that they value what society values. So deep and widespread are the problems afflicting management education that people have come to believe that business schools are harmful to society, fostering self-interested, unethical, and even illegal behaviour by their graduates.


The article refers to personnel management research which focused on how organizations identify and develop high potential employees and discusses the qualities of executives who were previously identified as high potential managers. Topics include building trust and credibility among stakeholders and colleagues, attaining strategic or financial goals, and gaining new types of knowledge. The discussion focuses on characteristics that have been found in successful people such as being ambitious, developing catalytic learning capability, exhibiting an entrepreneurial spirit, and having the ability to recognize opportunity and obstacles.

Common characteristics of high-potentials:
- deliver strong results consistently
- master new types of expertise
- recognize that behaviour counts, and they reflect company culture and values
- they have a drive to excel
- they possess an enterprising spirit (willingness to take on new challenges)
- they have a catalytic learning capability (capacity to scan for new ideas, absorb them and translate them into productive action). This requires self-reflection and the recognition that seeking advice is worthwhile.
- they have dynamic sensors (feel for timing, ability to quickly read situations, and a nose for opportunity). This can be developed by listening to others more carefully, observing how others respond to you and refreshing one’s network to align with the company’s new businesses.

For top execs and HRMs they counsel:
- Be clear on the skills and behaviours your firm needs for the future,
- Be consistent in how you develop talent.
- Be creative about the next generation.


"This war for talent is like nothing we've ever seen before," write the authors, who have spent decades studying talent management and leadership development. Recently they interviewed executives at more than 20 global companies to identify strategies for attracting talent in developing economies - where, they learned, brand, opportunity, purpose, and culture play out in particular ways. A desirable brand affiliation in conjunction with inspirational leadership appeals to eager young high potentials suddenly awash in possibilities. Opportunity should imply an accelerated career track - or at least a fast-paced acquisition of skills and experience.

Purpose ought to benefit a job candidate's home country and express the value of global citizenship. A company's culture should be meritocratic, value both individual and team accomplishments, and follow through on promises implied in recruitment. Lenovo, TCS Iberoamerica, Standard Chartered Bank, and HCL Technologies have all made a concerted effort to keep those promises. Lenovo, for example, very methodically provides development opportunities for its high potentials, with career maps that are linked to key slots across the globe. TCS puts Brazilian and Uruguayan leaders who are well connected and admired in their communities in charge of local operations. SCB lives up to its values by investing in renewable-
Serving the Future Needs of Business in Management Development and Retention

energy businesses and supporting local communities through microfinance programs. HCL has empowered its employees with a revamped intranet that allows them to report problems with services and processes or ask the CEO direct questions. The authors claim that emerging markets pose special challenges for foreign multinationals. For instance, talent strategies that work at home will probably need extensive tailoring to succeed in the developing world, and an overreliance on fluency in English may impede spotting talent. It's critical to develop a core of local talent and to embrace and leverage diversity. In the talent race, a local company that creates genuine opportunities and exhibits the desired cultural conditions will often win out over a Western multinational offering higher pay.


We compare two alternative approaches for evaluating the potential of a work group or team: one that focuses on team members' demographic characteristics and one that focuses on the members' social networks. Given that people's network contacts often share their demographic attributes (i.e., the network is homophilous), the two approaches seem equivalent, and the first seems preferable because it is easier to implement. In this paper, we demonstrate several important limits to this rationale. First, we argue and show, in an analysis of 1,518 project teams in a contract research and development firm, that even when internal organizational networks are significantly homophilous with respect to demographic variables, the very logic of the causal structure that underlies theories of demographic diversity carries ambiguous performance implications. This ambiguity is due to the fact that demographic diversity has opposing effects on two social network variables—internal density and external range—each of which has a positive effect on a team's performance. We also demonstrate that a focus on demographic criteria is problematic because the demographic makeup of an organization can place inherent limits on a manager's ability to shape the demographic composition of a team. The ambiguous performance implications and the inherent limits placed on a manager's ability to manage a team's demography reduce the likelihood that a manager's interventions will be successful. The performance implications of managing a team's social capital, however, are clear.


Laureate Education is big. Like 800,000 students attending 78 institutions in 30 countries big. Yet the privately held for-profit university system has largely remained out of the public eye. That may be changing, however, as the company appears ready for its coming out party after 14 years of quiet growth.

Laureate has spent heavily to solidify its head start on other globally minded American education providers. In addition to its rapid growth abroad, the company has courted publicity by investing in the much-hyped Coursera, a massive open online course provider. And Laureate recently made news when the International Finance Corporation, a World Bank subsidiary, invested $150 million in the company -- its largest-ever investment in education. The company has also kicked up controversy over its affiliation with the struggling Thunderbird School of Global Management, a freestanding, nonprofit business school based in Arizona. The backlash among Thunderbird alumni, many of whom aren’t keen on a takeover by a for-profit, has...
dragged the company into the ongoing fight over the role of for-profits in American higher education, which Laureate had largely managed to avoid until now.


Forty-one percent of respondents to a 2011 survey by the Human Capital Media Advisory Group, the research arm of Chief Learning Officer magazine, selected classroom-based Information and Learning Technology as their organization’s leading learning delivery method. This was followed by self-paced e-learning at 17% — driven by factors such as convenience (24%) and cost (17%) — and formal on-the-job training (OJT) at 14% — with effectiveness (17%) being cited as a key reason for its increased use. Since 2009, an average of 43% of respondents said classroom-based ILT has been the primary method of learning for their companies. After modest gains from 2009 to 2010, e-learning and formal OJT saw numbers dip even as other learning delivery methods inched upwards: coaching/mentoring at 9%, virtual classrooms at 7% and informal online learning at 5%. Classroom-based ILT is used for nearly every organizational training need, with 65% of respondents using this vehicle for business skills training; 63% for leadership development; 54% for on-boarding/new-hire training; 39% for core competencies; and 33% to teach technical skills. In 2011, compliance training was the only category where survey respondents didn’t cite classroom-based ILT as their preferred method, with 60% opting for self-paced e-learning


The article discusses ways in determining and evaluating the quality of Master of Business Administration (MBA) programme in business schools. It emphasizes the importance of understanding the essential components that constitute educational quality in graduate management programs by reviewing the curriculum, institutional resources, and strategic focus. It also suggests the advantage of using multidimensional model as basis for the development of educational rating system.


The article argues that a new business-school model is needed in the United States. Business education should be based on a curriculum for managing emerging technologies in a fast-changing world and maintaining a balance between business and society. Five issues relating
to investment in innovative technologies and market uncertainty need to be addressed in the master of business education programs. They include: being a first mover with contingency options; identifying the risks in a pioneering strategy; managing diversified businesses; mixing competition and collaboration; and developing the ability to recognize trends via environmental scanning. Suggestions for changes in the teaching, research, and institutional aspects of business schools are mentioned.

The solution for business schools is to blend theory and practice better in teaching, form more strategic alliances with competitor entities and design the curriculum around business challenges rather than academic disciplines.


Slivka, E. (2012) 'Apple University' Trains Future Apple Executives with Focus on Missteps of Apple and Others. MacRumors


Training social entrepreneurs and social innovators is becoming increasingly prevalent in business schools throughout the world, highlighting the need for effective pedagogical strategies. Drawing on social identity theory and research on self-efficacy, we present a social identity and self-efficacy approach to social entrepreneurship education that focuses on helping students develop identities as social entrepreneurs and gain confidence in their ability to effect positive social change. We share examples of pedagogical devices and related content that have been used in the classroom to reinforce such an approach, and we offer four case examples to demonstrate the significant impact group social entrepreneurship projects can have on both students and society. We also identify and offer suggestions for overcoming many of the potential challenges faced when attempting to teach social entrepreneurship and innovation in a university setting.


We argue that schools will have to make substantial changes in what they research and teach. This means broadening the traditional focus of research and teaching in business schools to look more broadly at wider society, to embrace multi-disciplinary perspectives and to turn its theoretical perspectives and research focus towards “big” questions. In turn, this means
engaging to a greater extent in public and private policy debates – reclaiming the terrain of work, employment and society.

Schools should develop a strong norm of learning and not primarily viewing management qualifications and degrees as increasing individual salaries. Secondly, schools should place a far greater emphasis on the ethical and moral questions endemic in modern capitalism and critically examine the role of businesses and managers in society.

Business schools occupy a precarious and controversial position at the interface between academe and management practice where, arguably, the needs of neither are met!

The Hippocratic Oath is an oath historically taken by physicians and other healthcare professionals swearing to practice medicine honestly. It is widely believed to have been written by Hippocrates, often regarded as the father of western medicine, or by one of his students. The oath is written in Ionic Greek (late 5th century BC), and is usually included in the Hippocratic Corpus. Classical scholar Ludwig Edelstein proposed that the oath was written by Pythagoreans, a theory that has been questioned because of the lack of evidence for a school of Pythagorean medicine. Of historic and traditional value, the oath is considered a rite of passage for practitioners of medicine in many countries, although nowadays the modernized version of the text varies among them.


The authors surveyed 309 graduates who obtained MBAs between 1996 and 2002 from an Association to AACSB-accredited college of business regarding the short- and long-term impact of MBA education on their careers. The findings indicate that the AACSB International-accredited MBA education has a positive impact on its graduates’ employment, annual income, and job promotion in both short and long terms. In addition, MBA graduates believe that they are better performers than their peers without MBAs are in the areas of problem-solving, leadership, and team collaboration (Zhao, Truell et al, 2006). The MBA graduates would not have their current annual incomes and job positions if they had not obtained MBA degrees.

Therefore, the findings of the study do not support the claim that there is little evidence that attaining the MBA credential itself has much effect on graduates’ salaries or career attainments (referring to Pfeffer, Fong, 2002)
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Annex - Figures

Maersk Line division of container trade (based on FFES)

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Source: Maersk, June 2013

Vietnam’s main container port of New Saigon is projected to witness a 43% increase in throughput, to feed demand from Europe and the US, but also growing consumer needs in China. The port of Santos in Brazil is projected to record an increase in container throughput of 81% (2011-2016) to meet growing domestic demand. (Business Monitor International, Special Report, Container Shipping Sector Faces Even Tougher 2012).

Figure 2

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<td>Australia</td>
<td>Ritsumei</td>
<td>Brazil</td>
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<td>Japan</td>
<td>Ritsumei</td>
<td>China</td>
<td>Newcastle</td>
<td>Australia</td>
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</tbody>
</table>

Source: American Association of Port Authorities
**Figure 3**
The table below shows Internet Users in millions, and then percentage of the population using the Internet (Euromonitor International, from ITU/OECD/national statistics)

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td>1,360,615</td>
<td>2,431,740</td>
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<td>Australasia</td>
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<td>13,194</td>
<td>17,545</td>
<td>22,273</td>
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<td>2,773</td>
<td>28,052</td>
<td>94,133</td>
<td>172,200</td>
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<tr>
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<td>2,971</td>
<td>47,097</td>
<td>133,910</td>
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<tr>
<td>North America</td>
<td>63,444</td>
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<td>Western Europe</td>
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<td>167,283</td>
<td>281,986</td>
<td>354,051</td>
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</table>

| World             | 2     | 11    | 21     | 35     |
| Asia Pacific      | 1     | 6     | 13     | 28     |
| Australasia       | 16    | 56    | 70     | 82     |
| Eastern Europe    | 1     | 8     | 28     | 52     |
| Latin America     | 1     | 9     | 24     | 41     |
| Middle East & Africa | 0   | 2     | 7      | 20     |
| North America     | 21    | 59    | 75     | 79     |
| Western Europe    | 6     | 37    | 60     | 72     |
## Figure 4

### Oil

*Thousand barrels daily*

<table>
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<tr>
<th></th>
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<td><strong>Production</strong></td>
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<td></td>
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<td>North America</td>
<td>14,077</td>
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<td>S &amp; C America</td>
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<td>6,963</td>
<td>7,104</td>
<td>7,381</td>
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<td>Europe &amp; Eurasia</td>
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<td>17,476</td>
<td>17,537</td>
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<td>MiddleEast</td>
<td>21,710</td>
<td>25,392</td>
<td>26,320</td>
<td>27,690</td>
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<td>Africa</td>
<td>8,028</td>
<td>9,954</td>
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<td>8,804</td>
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<tr>
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<td>7,904</td>
<td>7,969</td>
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<tr>
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<td>74,492</td>
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<tr>
<td><strong>Consumption</strong></td>
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<td>North America</td>
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<td>2,864</td>
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<td>21,983</td>
<td>24,429</td>
<td>25,720</td>
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<td><strong>World</strong></td>
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<td><strong>Refinery capacity</strong></td>
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<tr>
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*Source: BP Statistical Review of World Energy, June 2012*
The compound annual growth rate of the oil market is only expected to expand by 1.4% from 2011 to 2016, with 7.3% growth over 2011.

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<thead>
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<th>Global crude oil market</th>
<th>millions of barrels</th>
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<tr>
<td>2008</td>
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<tr>
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<tr>
<td>2015</td>
<td>29,150</td>
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<tr>
<td>2016</td>
<td>29,600</td>
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</table>

*Marketline: Global Crude Oil June 2012*
Figure 7

<table>
<thead>
<tr>
<th>Year</th>
<th>Global steel market (mio metric tons)</th>
</tr>
</thead>
<tbody>
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<td>1,281</td>
</tr>
<tr>
<td>2008</td>
<td>1,267</td>
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<td>2011</td>
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<td>2012</td>
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<tr>
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<tr>
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<td>1,647 <em>forecast</em></td>
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<tr>
<td>2015</td>
<td>1,719 <em>forecast</em></td>
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<tr>
<td>2016</td>
<td>1,805 <em>forecast</em></td>
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Marketline, Global Steel Sept 2012

Figure 8

<table>
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<th>Year</th>
<th>Global Metals &amp; Mining market (mio metric tons)</th>
<th>$ billions</th>
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<tr>
<td>2007</td>
<td>8,410</td>
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<tr>
<td>2008</td>
<td>8,726</td>
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<td>2016</td>
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Marketline, Global Metals & Mining, Oct 2012

Figure 9

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<th>Global steel market share, %</th>
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<tr>
<td>Hebei Group</td>
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<tr>
<td>Baosteel</td>
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<td>POSCO</td>
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Marketline, Global Steel Sept 2012
**Figure 10**
Annual US venture capital investments (PwC MoneyTree).

![Graph showing annual US venture capital investments from 1995 to 2012.](image)

**Figure 11**
Availability of venture capital (as perceived by business people in their respective countries) is one measure of how likely new ventures (and new employment) are going to be created.

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<td>2.36</td>
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<td>4.12</td>
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<td>4.84</td>
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<td>5.47</td>
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<td>Taiwan</td>
<td>5.50</td>
<td>6.47</td>
<td>6.32</td>
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<td>6.58</td>
<td>6.78</td>
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<td>6.97</td>
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<td>3.20</td>
<td>4.96</td>
<td>3.83</td>
<td>© IMD WORLD COMPETITIVENESS ONLINE 1995 – 2013</td>
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</table>
### Figure 12

<table>
<thead>
<tr>
<th>PCT Application Country of Origin</th>
<th>Year of PCT Filing</th>
<th>2012 Share (%)</th>
<th>Compared to 2011 (%)</th>
<th>Compared to 2008 (%)</th>
</tr>
</thead>
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<tr>
<td>USA</td>
<td>2008: 51,643; 2009: 45,628; 2010: 45,029; 2011: 49,060; 2012: 51,207</td>
<td>26.3</td>
<td>4.4</td>
<td>-1%</td>
</tr>
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<td>2008: 18,855; 2009: 16,797; 2010: 17,568; 2011: 18,851; 2012: 18,855</td>
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<td>0%</td>
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<td>13.6</td>
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</tr>
<tr>
<td>Korea</td>
<td>2008: 7,899; 2009: 8,035; 2010: 9,669; 2011: 10,447; 2012: 11,848</td>
<td>6.1</td>
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<tr>
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<td>4.0</td>
<td>9%</td>
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<tr>
<td>UK</td>
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<td>2.5</td>
<td>1.0</td>
<td>-10%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2008: 3,799; 2009: 3,672; 2010: 3,728; 2011: 4,009; 2012: 4,194</td>
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<td>4.6</td>
<td>10%</td>
</tr>
<tr>
<td>Sweden</td>
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<td>3.6</td>
<td>-13%</td>
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<tr>
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<td>5.2</td>
<td>-2%</td>
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<td>Canada</td>
<td>2008: 2,976; 2009: 2,527; 2010: 2,698; 2011: 2,945; 2012: 2,748</td>
<td>1.4</td>
<td>-6.7</td>
<td>-8%</td>
</tr>
<tr>
<td>Finland</td>
<td>2008: 2,214; 2009: 2,123; 2010: 2,138; 2011: 2,079; 2012: 2,353</td>
<td>1.2</td>
<td>13.2</td>
<td>6%</td>
</tr>
<tr>
<td>Australia</td>
<td>2008: 1,938; 2009: 1,740; 2010: 1,772; 2011: 1,739; 2012: 1,708</td>
<td>0.9</td>
<td>-1.8</td>
<td>-12%</td>
</tr>
<tr>
<td>Spain</td>
<td>2008: 1,390; 2009: 1,564; 2010: 1,772; 2011: 1,729; 2012: 1,687</td>
<td>0.9</td>
<td>-2.4</td>
<td>21%</td>
</tr>
<tr>
<td>All Others</td>
<td>2008: 13,725; 2009: 12,655; 2010: 13,346; 2011: 14,298; 2012: 14,466</td>
<td>7.4</td>
<td>1.2</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Source: WIPO Statistics Database, March 2013*

### Figure 13

<table>
<thead>
<tr>
<th>Top 20 consumer brands</th>
<th>2012</th>
<th>2010</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coca-Cola</td>
<td>Coca-Cola</td>
<td>Coca-Cola</td>
<td>Coca-Cola</td>
</tr>
<tr>
<td>2. Apple</td>
<td>IBM</td>
<td>IBM</td>
<td>IBM</td>
</tr>
<tr>
<td>3. IBM</td>
<td>Microsoft</td>
<td>Microsoft</td>
<td>Microsoft</td>
</tr>
<tr>
<td>4. Google</td>
<td>Google</td>
<td>GE</td>
<td>GE</td>
</tr>
<tr>
<td>5. Microsoft</td>
<td>GE</td>
<td>Nokia</td>
<td>Nokia</td>
</tr>
<tr>
<td>6. GE</td>
<td>McDonalds</td>
<td>Toyota</td>
<td>Toyota</td>
</tr>
<tr>
<td>7. McDonalds</td>
<td>Intel</td>
<td>Intel</td>
<td>Intel</td>
</tr>
<tr>
<td>8. Intel</td>
<td>Nokia</td>
<td>McDonalds</td>
<td>McDonalds</td>
</tr>
<tr>
<td>9. Samsung</td>
<td>Disney</td>
<td>Disney</td>
<td>Disney</td>
</tr>
<tr>
<td>10. Toyota</td>
<td>HP</td>
<td>Google</td>
<td>Google</td>
</tr>
<tr>
<td>11. Mercedes-Benz</td>
<td>Toyota</td>
<td>Mercedes-Benz</td>
<td>Mercedes-Benz</td>
</tr>
<tr>
<td>12. BMW</td>
<td>Mercedes-Benz</td>
<td>HP</td>
<td>HP</td>
</tr>
<tr>
<td>13. Disney</td>
<td>Gillette</td>
<td>BMW</td>
<td>BMW</td>
</tr>
<tr>
<td>14. Cisco</td>
<td>Cisco</td>
<td>Gillette</td>
<td>Gillette</td>
</tr>
<tr>
<td>15. HP</td>
<td>BMW</td>
<td>American Express</td>
<td>American Express</td>
</tr>
<tr>
<td>16. Gillette</td>
<td>Louis Vuitton</td>
<td>Louis Vuitton</td>
<td>Louis Vuitton</td>
</tr>
<tr>
<td>17. Louis Vuitton</td>
<td>Apple</td>
<td>Cisco</td>
<td>Cisco</td>
</tr>
<tr>
<td>18. Oracle</td>
<td>Marlboro</td>
<td>Marlboro</td>
<td>Marlboro</td>
</tr>
<tr>
<td>19. Nokia</td>
<td>Samsung</td>
<td>Citi</td>
<td>Citi</td>
</tr>
<tr>
<td>20. Amazon.com</td>
<td>Honda</td>
<td>Honda</td>
<td>Honda</td>
</tr>
</tbody>
</table>

## Top 50 Consumer Brands (by Brandirectory)

<table>
<thead>
<tr>
<th>Rank</th>
<th>2013</th>
<th>2012</th>
<th>Company</th>
<th>Country of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>Apple</td>
<td>USA</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>2</td>
<td>Samsung</td>
<td>Korea</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>3</td>
<td>Google</td>
<td>USA</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>5</td>
<td>Microsoft</td>
<td>USA</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>5</td>
<td>Walmart</td>
<td>USA</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>7</td>
<td>IBM</td>
<td>USA</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>7</td>
<td>GE</td>
<td>USA</td>
</tr>
<tr>
<td>8</td>
<td>10</td>
<td>1</td>
<td>Amazon.com</td>
<td>USA</td>
</tr>
<tr>
<td>9</td>
<td>8</td>
<td>12</td>
<td>Coca-Cola</td>
<td>USA</td>
</tr>
<tr>
<td>10</td>
<td>12</td>
<td>11</td>
<td>Verizon</td>
<td>USA</td>
</tr>
<tr>
<td>11</td>
<td>11</td>
<td>11</td>
<td>AT&amp;T</td>
<td>USA</td>
</tr>
<tr>
<td>12</td>
<td>19</td>
<td>15</td>
<td>Shell</td>
<td>NL</td>
</tr>
<tr>
<td>13</td>
<td>9</td>
<td>1</td>
<td>Vodafone</td>
<td>UK</td>
</tr>
<tr>
<td>14</td>
<td>16</td>
<td>14</td>
<td>Wells Fargo</td>
<td>USA</td>
</tr>
<tr>
<td>15</td>
<td>15</td>
<td>35</td>
<td>Toyota</td>
<td>Japan</td>
</tr>
<tr>
<td>16</td>
<td>14</td>
<td>16</td>
<td>NTT Group</td>
<td>Japan</td>
</tr>
<tr>
<td>17</td>
<td>35</td>
<td>9</td>
<td>Volkswagen</td>
<td>Germany</td>
</tr>
<tr>
<td>18</td>
<td>23</td>
<td>27</td>
<td>The Home Depot</td>
<td>USA</td>
</tr>
<tr>
<td>19</td>
<td>28</td>
<td>34</td>
<td>Chase</td>
<td>USA</td>
</tr>
<tr>
<td>20</td>
<td>34</td>
<td>22</td>
<td>China Mobile</td>
<td>China</td>
</tr>
<tr>
<td>21</td>
<td>22</td>
<td>13</td>
<td>BMW</td>
<td>Germany</td>
</tr>
<tr>
<td>22</td>
<td>13</td>
<td>17</td>
<td>HSBC</td>
<td>UK</td>
</tr>
<tr>
<td>23</td>
<td>17</td>
<td>34</td>
<td>Bank of America</td>
<td>USA</td>
</tr>
<tr>
<td>24</td>
<td>29</td>
<td>18</td>
<td>Citibank</td>
<td>USA</td>
</tr>
<tr>
<td>25</td>
<td>18</td>
<td>18</td>
<td>McDonald's</td>
<td>USA</td>
</tr>
<tr>
<td>26</td>
<td>20</td>
<td>26</td>
<td>Intel</td>
<td>USA</td>
</tr>
<tr>
<td>27</td>
<td>50</td>
<td>20</td>
<td>Walt Disney</td>
<td>USA</td>
</tr>
<tr>
<td>28</td>
<td>26</td>
<td>28</td>
<td>Mercedes-Benz</td>
<td>Germany</td>
</tr>
<tr>
<td>29</td>
<td>25</td>
<td>63</td>
<td>Santander</td>
<td>Spain</td>
</tr>
<tr>
<td>30</td>
<td>63</td>
<td>54</td>
<td>Hyundai</td>
<td>Korea</td>
</tr>
<tr>
<td>31</td>
<td>54</td>
<td>27</td>
<td>ICBC</td>
<td>China</td>
</tr>
<tr>
<td>32</td>
<td>27</td>
<td>27</td>
<td>Mitsubishi</td>
<td>Japan</td>
</tr>
<tr>
<td>33</td>
<td>46</td>
<td>46</td>
<td>Siemens</td>
<td>Germany</td>
</tr>
<tr>
<td>34</td>
<td>36</td>
<td>32</td>
<td>Ford</td>
<td>USA</td>
</tr>
<tr>
<td>35</td>
<td>32</td>
<td>38</td>
<td>American Express</td>
<td>USA</td>
</tr>
<tr>
<td>36</td>
<td>38</td>
<td>40</td>
<td>Pepsi</td>
<td>USA</td>
</tr>
<tr>
<td>37</td>
<td>40</td>
<td>43</td>
<td>BNP Paribas</td>
<td>France</td>
</tr>
<tr>
<td>38</td>
<td>43</td>
<td>45</td>
<td>ExxonMobil</td>
<td>USA</td>
</tr>
<tr>
<td>39</td>
<td>45</td>
<td>39</td>
<td>Tata</td>
<td>India</td>
</tr>
<tr>
<td>40</td>
<td>41</td>
<td>41</td>
<td>Nestlé</td>
<td>Switzerland</td>
</tr>
<tr>
<td>41</td>
<td>24</td>
<td>42</td>
<td>Tesco</td>
<td>UK</td>
</tr>
<tr>
<td>42</td>
<td>59</td>
<td>37</td>
<td>Nissan</td>
<td>Japan</td>
</tr>
<tr>
<td>43</td>
<td>37</td>
<td>51</td>
<td>Chevron</td>
<td>USA</td>
</tr>
<tr>
<td>44</td>
<td>51</td>
<td>49</td>
<td>Target</td>
<td>USA</td>
</tr>
<tr>
<td>45</td>
<td>49</td>
<td>48</td>
<td>Mitsui</td>
<td>Japan</td>
</tr>
<tr>
<td>46</td>
<td>48</td>
<td>46</td>
<td>China Construction Bank</td>
<td>China</td>
</tr>
<tr>
<td>47</td>
<td>42</td>
<td>47</td>
<td>GDF Suez</td>
<td>France</td>
</tr>
<tr>
<td>48</td>
<td>44</td>
<td>44</td>
<td>Hitachi</td>
<td>Japan</td>
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<td>49</td>
<td>33</td>
<td>49</td>
<td>UPS</td>
<td>USA</td>
</tr>
<tr>
<td>50</td>
<td>52</td>
<td>50</td>
<td>IKEA</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

In the 19th century the Industrial Revolution created a substantial middle class in Western Europe and the United States. After WWII another period of middle class growth occurred in Europe, North America and Japan. Today’s expansion is happening in the emerging markets. In Asia alone, 525 million people can already count themselves as middle class, and this is expected to expand by another three billion over the next 20 years. The definition of “global middle class” used was people earning $10 to $100 per day (Ernst & Young, Hitting the Sweet Spot: The growth of the middle class in emerging markets, 2013).

The absolute number of middle class consumers in each region understates the consumption of North America and Europe, and overstates that of the rest of the world. Nonetheless, by 2030 70% of the consumption by the world’s middle class will be outside of North America and Europe, as compared to 54% in 2009.
Figure 17
If one goes further and thinks in terms of countries, the change in where the buying power is even more apparent. In 2009 developing countries accounted for 11% of the middle class consumption. In 2030 these countries are projected by Kharas and Gertz to account for 52%.

<table>
<thead>
<tr>
<th>Total Middle Class Consumption, Top 10 Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2005 PPP$, billions and global share)</td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
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<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>10</td>
</tr>
</tbody>
</table>

Source: IEMS, Kharas, Gertz, 2010

A qualifier to add to these macro-economic figures is the average per capita income in each of these countries. According to the EIU, in 2010 the US per capita income was just under $50,000 per years, followed by Canada at $40,000 and Germany at $38,000. China was 13th in the world at under $10,000 and India 16th at $4,000. By 2030 the average US per capita income is projected to reach $138,000, while China’s will rise to $40,000 (12th in the world) and India’s to just under $20,000 (again 16th in the world).

Figure 18

<table>
<thead>
<tr>
<th>10 Largest US Corporate Employers, 1950-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>AT&amp;T</td>
</tr>
<tr>
<td>GM</td>
</tr>
<tr>
<td>US Steel</td>
</tr>
<tr>
<td>GE</td>
</tr>
<tr>
<td>Ford</td>
</tr>
<tr>
<td>Sears</td>
</tr>
<tr>
<td>Bethlehem Steel</td>
</tr>
<tr>
<td>Chrysler</td>
</tr>
<tr>
<td>Exxon</td>
</tr>
<tr>
<td>Westinghouse</td>
</tr>
</tbody>
</table>

Figure 19
History of GE Crotonville (Jaworski, Ben-Hur, 2012)

1911 Association Island acquired as a site for management meetings and retreats

1956-61 Crotonville inaugurated to spearhead CEO-led decentralization agenda


'81-2001 Crotonville becomes center of a cultural change effort to unleash individual initiative and cut through bureaucracy

2001-10 More global focus, return to strategic planning and emphasis on management ‘depth’ through intact team learning

Figure 20
History of GE Crotonville courses (Jaworski, Ben-Hur, 2012)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC</td>
<td>GMC</td>
<td>GMC</td>
<td>EDC</td>
</tr>
<tr>
<td>(13 weeks)</td>
<td>(13 weeks)</td>
<td>(8 weeks)</td>
<td>(4 weeks)</td>
</tr>
</tbody>
</table>

= Executive Curriculum

Professional Business Management Course

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MDC</td>
<td>BMC</td>
<td>MDC</td>
<td></td>
</tr>
<tr>
<td>(4 weeks)</td>
<td>(4 weeks)</td>
<td>(4 weeks)</td>
<td></td>
</tr>
</tbody>
</table>

= Non-executive Curriculum

(Crotonville-designed courses delivered at Crotonville and in the businesses)

Talent Development Program (1966)

Interpersonal Communications Workshop (1969)

First Time Managers Course (1969)

Executive Workshops (e.g., Strategic Planning)

Motivation Workshop (1973)
Figure 21
Continued evolution of GE Crotonville programs (Jaworski, Ben-Hur, 2012)
This work was initiated and sponsored by AACSB, EMBAC, and UNICON.

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AACSB International—The Association to Advance Collegiate Schools of Business is a global, nonprofit membership organization of educational institutions, businesses, and other entities devoted to the advancement of management education. Established in 1916, AACSB International provides its members with a variety of products and services to assist them with the continuous improvement of their business programs and schools.
www.aacsb.edu

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