How the Circle Model can purpose-orient entrepreneurial universities and business schools to truly serve society

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Abstract

Purpose – The purpose of this paper is to outline a path for entrepreneurial universities to embrace their purpose as custodians of society and to hardwire it institutionally.

Design/methodology/approach – The paper is conceptual in its approach, drawing on practical and theoretical insights in the fields of responsible leadership, business sustainability and transformational change. The resulting Circle Model offers a developmental perspective connecting individual and organizational development in service of society.

Findings – A key finding lies in expanding the current understanding of an entrepreneurial university beyond its organizational effectiveness to become a true custodian of society in the way it educate, researches and lives this intended purpose. The model offers a next conceptual step for the 50+20 vision (Muff et al., 2013) which had outlined a radical new role for business schools.

Research limitations/implications – More research is required to understand how not only the educational and research strategies but also the organizational structure can be transformed to serve a given purpose.

Practical implications – Concrete insights and examples of the developmental perspective of the model illustrate the opportunities for educating responsible leaders, for consulting business organizations to serve the common good, and for walking the talk by hardwiring a purpose-driven organization.

Originality/value – The originality of the paper lies in the introduction of the idea of a common space of sustainability and responsibility as a foundation to reorient education and research of an entrepreneurial business school and hardwire its organizational structure truly around purpose.

Keywords Business sustainability, Purpose, Business school, Entrepreneurial university, Inner outer world, Personal responsibility

Paper type Conceptual paper

Introduction

The need for sustainable business with responsible leaders

Sustainability discourses are oriented on finding ways to ensure that the growing number of people on our planet can live as well as possible while avoiding further impeding the limits of our planet. Business sustainability as such is placed in the larger context of the idea of a “safe operating space” for economic development within planetary and societal boundaries (Raworth, 2012). Such a context results in a vision for business that inquires how business positively contributes to a world where “everybody lives well and within the limits of the planet” (WBCSD, 2010). The focus of the economic discussion is placed on what business can do to improve the sustainability challenges of today and tomorrow. Current discussions suggest that business because of its potential for innovation is being considered as a source of hope when looking at the sheer size of global environmental, social and economic challenges to be faced. “The sheer scale of this task is rarely acknowledged. In a world of 9 billion people all aspiring to Western lifestyles, the carbon intensity of every dollar of output must be at least 130 times lower in 2,050 than it is today. And by the end of the century, economic activity will need to take carbon out of the atmosphere rather than adding to it” (Jackson, 2011, p. 187). Yet, if business is going to save the day, the economic context in which it operates would need to be revised to transform short-term profit maximization goals toward generating positive value for society.
The need for responsible leadership
Leadership discourses have so far been mostly concerned with the functional efficiency of people in leadership roles, with critical voices expressing concern about the theory-practice gap and the relevance and missing purpose of such leadership approaches. By lifting the discourse from its functional limitations to a purpose-inspired practice, leadership would thus transform into responsible leadership with the aim to ensure that business organize itself to provide the largest possible value for the system in which it operates, society and the planet. It would thus be responsible leaders running responsible organizations solving the increasingly complex and interconnected environmental, societal and economic challenges of our times.

The common space for sustainability and responsibility
It is the sustainability context with all of its urgency, which is now forcing this instrumental logic in the field of leadership. To unleash the innovative power of business to solve the burning societal issues, we need different kinds of leaders, leaders who act responsibly for the world, “globally responsible leaders” (GRLI, 2005). Such responsible leaders would need to engage in shifting the organizational focus from inside-out to outside-in, from seeking markets for their products and services to applying their resources and competencies to resolving the burning sustainability issues locally or globally.

The need for purpose in entrepreneurial business schools
Sustainability and responsibility are at the heart of the debate in universities and business schools today that are looking at how to prepare themselves and their students for the future. It could be claimed that entrepreneurial universities with an interest to integrate purpose into their offer would be particularly interested in understanding this opportunity. Entrepreneurial business schools have a unique opportunity and responsibility to embrace their role as custodians of society and to integrate such purpose into the very core of their educational and research strategies. Entrepreneurial business schools as such would develop responsible leaders for organizations that transform to generate a significant positive contribution to society. The vision “50+20” represents a radical new vision for business schools (Muff et al., 2013). It is a call for the urgent need to reform our tertiary educational institutions along a tradition of educational radicals.

A new educational paradigm
Both sustainability and responsibility turn educational paradigms upside down: sustainability is per se a multi-disciplinary field challenging the traditional discipline-based teaching approach. A purpose-oriented approach toward organizational leadership on the other hand demands an experimental, whole-person learning pedagogy that challenges the current knowledge-transfer focused teaching. Furthermore, if the two fields are interconnected, it could be nothing less than a revolution in higher education; a new expression of tertiary education that could be considered as an entrepreneurial university (Clark, 1998; Muff, 2013).

A new research paradigm
Only a few decades ago, the future was assumed to be a predictable consequence of the past (with research methods fitting this thinking). Today, it is realized to a much larger degree defined in the present moment. In this largely ignored space of the “here and now” it is a challenge to sense (implying the use of more than just our analytical mind) where the future might be. And this will require different forms of research as well. A complete new offer an entrepreneurial university might embrace. Business School Lausanne is pioneering a new applied doctoral program (Muff, 2015) which focuses on developing such
future-relevant competencies in its doctoral students. Such competencies include knowing how to work with stakeholders and how to define research projects collaboratively with them. There is the opportunity to upgrade consulting into a re-orientation of purpose for organizations so that they can be accompanied in their journey to making a positive difference to our planet and its societies. Applied research is to be understood in this light, claim the authors of the 50+20 vision (Muff et al., 2013).

This paper will now look at the different elements that contribute to the suggestion that entrepreneurial business schools require the foundation of business sustainability and responsible leadership to sharpen their purpose in order to truly serve society.

**Organizational development (OD) toward business sustainability**

*Current economic thinking poses some of the biggest obstacles to change*

It prevents quite effectively any serious attempt of creating value for the long term, for more stakeholders than just one, while disregarding the context of serious environmental limitations and social short-comings. We are “facing ideological barriers when considering business sustainability from the dominant economic-centered paradigm” (Banerjee, 2011, p. 720). One such barrier consists of first and foremost looking for benefits that serve the organization in the form of new revenue potential and higher brand value on one side, or of reducing risk and cost factors on the other. It suggests that business can profit from sustainability while solving the social and environmental problems of the world through new growth opportunities (Hart, 2007) or through opportunities for innovation (Nidumolu et al., 2009). The underlying assumption is that business would not pursue environmental and social initiatives if these did not provide economic advantages to the business. Yet, scholars have argued that sustainability should not be “bolt on” but “built into” business (Eccles et al., 2012; Epstein, 2008; Esty and Winston, 2009; Laszlo and Zhexembayeva, 2011; Smith and Lensen, 2009), creating value beyond the shareholders (Hart, 2007). In such a context, the belief that the positive impact of business for the world cannot be measured (Kallio and Nordberg, 2006) is in itself another critical barrier. As a result, a purely economic perspective and an ideological bias in favor of business success are constraining relevant contributions of business sustainability to bring about real and noticeable improvements to the state of the planet (Dyllick and Muff, 2016).

*What we need is for business to embrace its innovation power*

And to dare a quantum leap from a self-serving perspective (finding markets for products and services) to a system perspective (using its resources and capacities to solve burning societal issues). Increasingly, capitalism is put into question or completed with interesting adjectives (e.g. conscious capitalism) despite the perceived lack of viable alternatives. Moving from business-as-usual to truly sustainable business implies that an organization not only considers the so-called “triple bottom line” (Elkington, 1997) or produces a “shared value” (Porter and Kramer, 2011) but actually applies its resources, capabilities and innovation power to solve societal, environmental or economic challenges in its sphere of influence (Dyllick and Muff, 2016). Such truly sustainable business organizations have embraced their responsibility not only for their economic survival but also for the well-being of the system of which they are a part: the economy, society and the planet.

*How can business become truly sustainable and achieve such complex shifts?*

The Dyllick and Muff typology (see Figure 1) sets an ambitious framework suggesting that companies go beyond what has been considered “reasonable” so far. The suggestion to shift the organizational perspective from inside-out (self-serving) to outside-in (system-based) outlines the next paradigm for business in the coming decade. It needs yet to be established how feasible it is for established and stock-quoted companies to embrace BST 3.0 which for
the moment seems to be the space of pioneers and social enterprises. Given the importance of enabling a massive transformation from business-as-usual toward BST 2.0, a challenge that concerns the large majority of firms and can result in tidal wave change, it is worth looking at the important lessons learned on this journey. These are based on insights from Miller Perkins (2011), Eccles et al. (2014) and Pless et al. (2012) who summarized the elements of advanced sustainability companies.

The ten elements of advanced sustainability companies:

1. Sustainability-oriented governance;
2. Holistic reward systems including sustainability and innovation objectives;
3. Stakeholder engagement with mutual trust;
4. Higher level of transparency;
5. Congruence between culture and strategy-flexible and externally-oriented;
6. Inspiring and strong leadership;
7. A trusting, collaborative, learning-oriented, valuing and open organizational climate;
8. Organizational readiness for change;
9. Clear and consistent external communication on sustainability; and
10. Longer time horizon.

Challenging organizational and personal shifts
The above list demonstrates what we know about companies embracing sustainability as we know it today. This short review offers some insights into the field of transformative changes ahead, leaving much hope and opportunity for companies to start adopting any number of these practices in their journey toward true sustainability. Such an outside-in perspective as suggested by Dyllick and Muff (2016) requires not only a different kind of organization but also a different kind of leader in order to achieve these challenging shifts. This is where business sustainability and responsible leadership touch and connect. A consideration for what this means for responsible leadership is discussed in the next section.
Individual development toward responsible leadership

Concern about the theory of leadership

In many ways, Western management theory which includes responsible leadership is quite remote from organizational reality. Already Barnard (1938/1974), a founding father of leadership theory, suggested that in order to understand the executive function we need to pay due attention to a variety of personal and interpersonal qualities such as feeling, judgment, proportion, balance and appropriateness. More recently, it has been argued that leadership theory needs to include ethical and moral aspects and may be considered to belong more to moral philosophy than to scientific theory (Korac-Kakabadse et al., 2001). Some say that the cause for this disconnection relates to the fact that the modern Western world has inherited an ethically denuded discourse of philosophy (Hadot, 1995). This epistemological rupture between academic observations and practitioner priorities sets the basis for the theory-practice gap so often discussed in Western literature. It may be one of the causes of the mostly functional understanding of leadership.

Dimensions of responsible leadership

When attempting to define what a responsible leader looks like or what it means to be a responsible leader, either the approaches are types or states of leadership (Quinn, 2004) or long descriptive lists of ideal attributes or roles. Critics point out the limitations of such approaches stating that these do not necessarily help the development of responsible leaders since idealistic states or long lists of ideal attributes do not necessarily help leaders to adopt such behavior. Others suggest that responsible leadership encompasses not only the individual but also the organizational and collective levels (Mirvis and de Jongh, 2010). The model proposed in this paper takes this larger perspective into account by suggesting that the individual, organizational and collective dimensions (I-we-all of us) relate to responsibility, sustainability and the common space, as outlined in more detail in the next section.

The responsible leadership grid

For the benefit of contextual clarity, it is useful to locate responsible leadership in a framework. Liechti (2014) has developed such a framework based on an extensive literature research in the domain of responsible leadership (Figure 2). The resulting competency grid suggests five competency dimensions and three leadership dimensions.

How to develop responsible leadership competencies? Strength-based leadership development suggests that it makes sense to focus on inherent personal leadership strengths rather than focusing on potential weaknesses, thus questioning the value of nurturing lists of ideal attributes. While we know much about how to develop knowledge and skills, the real challenge lies in the development of attitudes. In line with the knowing-doing-being approach referred to in Liechti’s model above, Dreyfus (2004) outlines the journey from a novice status to

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Figure 2. The responsible leadership competency grid

Source: Liechti (2014)
mastery in any field as follows: while it is possible to advance from novice to competence by learning with abstract explanations such as reading a book, the more advanced levels of proficiency and mastery cannot be achieved without direct unmediated involvement. He suggests that such proficiency and mastery can only be assimilated through an “embodied, a theoretical way” (Dreyfus, 2004). We are entering the field of experiential learning.

**Inner world – outer world interaction**

While most Western change management theory is built on a worldview that we move from one fixed state to another, in Eastern philosophies everything is perceived to be in a constant flow of impermanence. The Aristotelian worldview which has come to dominate Western thought consists of linear causal thinking emphasizing “static, form and permanence,” as compared to Chinese correlative thinking emphasizing iterative movement, change and transformation (Hwa, 1987, quoted in Chia, 2003, p. 960). Such correlative thinking derived from a sense of impermanence can also be observed through a prioritizing of action over words in the Eastern thinking. “Words are mere pointers to what lies beyond. In matters of deep comprehension one must be able to grasp the absolute by arriving at an unmediated penetration into the heart of things” (Chia, 2003, p. 962). This holistic description of a state of perception in the present moment requires an ongoing harmonization of inner will with a concrete judgment or action. As such, it suggests the integration of what a Western mind might experience as an “inner world – outer world” interaction, or the ability to shift back and forth between judging/doing and reflecting/thinking. The development of this ability and the experience of such a flow require practice; in business and in everyday life.

Sustainability providing a purpose for responsible leadership. It could be said that the purpose of responsible leadership is to enable business to act more responsibly toward society and the world, or to make business more sustainable. Connecting the two fields provides responsible leadership, an emerging theory and practice, with its (much needed) context or field of practice. Business sustainability becomes the “what for” of responsible leadership. Considering a model that connects business sustainability and responsible leadership from the perspective of organizational and personal development is explored in the next section.

**The Circle Model**

*Connecting the two elements of organizational and personal development*

There is a common space where sustainable business and responsible leadership meet. The proposed model (Figure 3) is schematically represented by a continuous movement between the inner world (reflecting personal development toward responsible leadership) and the outer world (OD toward true business sustainability). The common space at the center represents the space where inner-driven values-based responsibility (or wisdom) is applied in a co-creative stakeholder engagement process in service of the common good (expressed in the business sector as “truly sustainable business”). The two different left and right circular elements are contained and embedded in a continuous movement (infinity eight) representing the emerging nature of transformation that occurs at the interplay of the two individual circles. Furthermore, there is an empty central space in the middle of the two circles: the common space of “here and now” which seeks to express what a purposefully facilitated space might look like. In this transformative space we find personal and organization development converging to a higher aim of resolving societal issues. The model describes the emerging personal and organizational transformation and how the development of one influences and impacts the other. To depict the evolving nature of this emergence, we use the symbol of infinity (a sleeping eight). The model provides a conceptual framework connecting efforts which aim to develop responsible leaders with efforts that seek to enable business organizations to become truly sustainable[1].
The common transformative space

The empty space in the middle signifies the common transformative space of responsible leadership and business sustainability. This common space might be a challenging concept. The following explanation may be helpful: “space is not empty distance between things but a limitless intangible receptive ocean, which permeates within, throughout and beyond all tangible form. Space is that presence literally everywhere within all forms interplay in a co-creative evolutionary dynamic […] Nothing is entirely separate” (Hutchins, 2014, p. 148). While Hutchins talks about the nature of reality, the collaboratory describes a specific human practice (Muff, 2014). It is important to understand that such a common space is both a real and imaginary place where organizational and individual ambitions meet in service of a higher collective aim.

Key underlying challenges of the model

Returning to the two other elements of the model, consider the underlying challenges of OD toward sustainable business; and personal development toward responsible leadership. Leadership development is often void of a broader societal purpose and may as a result lack a concrete application. Leaders are developed but the question “What for?” is rarely asked. It seems that the purpose of leadership beyond making leaders more efficient or effective in running their organizations is not questioned. Business sustainability, on the other hand, has been a victim of a mostly technocratic approach attempting to “engineer” business to become sustainable without taking into account the role and importance of leadership; although it is hard to imagine how implementing sustainability in business could work without appropriate leadership. This results in two independent, if not closed circles as shown in Figure 4.

Figure 3.
The Circle Model – the common space of responsibility and sustainability

Source: Muff (2016)

Figure 4.
Responsibility and sustainability as independent closed circles

Responsible leadership  Business sustainability
A suggested virtuous circle
The proposed model suggests a virtuous movement which results in an emergence of leadership wisdom resulting in business as a positive contribution to society and the world. Such logic may apply using an instrumental rationale (Weber et al., 1923/1991) whereby responsible leadership is instrumentalized for the goal of making business sustainable. This logic suggests that as a leader becomes more responsible, she behaves in ways that are wiser. And as business is being led and supported by wiser leaders and employees, it will make wiser choices in terms of its contribution and positive impact on the world. Both these movements will result in a virtuous circle which is driven by the increasing consciousness of its employees and stakeholders.

A possible vicious circle
There are two challenges associated with these movements, which would result in a vicious circle. On the one side, the outside-in movement emerging from an outer world engagement may result in using force and power to change others rather than oneself in order to change the world, thus interrupting the infinity eight movement suggested here. On the other side, the inside-out movement emerging from an inner world engagement may result in a wish to retreat from worldly responsibilities rather than a wiser engagement in the world, thereby also interrupting the suggested infinity eight movement. The model anticipates a virtuous rather than a vicious circle, this assumption is built on the developmental theory further developed in the next section.

How could this model possibly be used? There are four applications that could be envisaged:

1. a contextual framework for personal transformation;
2. a contextual framework for organizational transformation;
3. a philosophical framework for multi-stakeholder change processes in complex situations; and
4. a methodological framework for effective learning and teaching in the classroom.

A state of emergence rather than a journey
As suggested earlier, the process of transformation that occurs between the “inner” and the “outer” world can be considered either as a journey or as an emergence. Having carefully considered the difference of the two, “emergence” appears more suitable. The “journey” metaphor implies a certain worldview which frames life as a journey, as famously introduced by Lao (1994): “a journey of a thousand miles starts under one’s feet” (chapter 64). A journey implies a sense of “if […] then […]” yet there is little to no knowledge of the causal relationships between inner work and outer world action beyond acknowledgment of their interdependency. There may well be immediacy rather than a sequence of occurrences. “Emergence,” on the other hand, leaves room for the unknown and acknowledges the author’s insufficient understanding of causalities. The interconnectivity of a state of being called “being-one-with-all” is central to this model and is represented in the central empty space and is well developed in quantum physics (the unified field). It shows the complexity of being and action and the resonance not just for one individual or an organizational life, but as a systemic truth on a much larger transcendental scale.

A developmental perspective to understand educational implications
Connecting individual, organizational and societal development
The Circle Model connects personal development and OD and it suggests that in interaction there is an emerging transformation of the former toward responsible leadership and the
latter toward truly sustainable business. At its center is a common space where individual and organizational aspirations meet in service of solving societal issues. A developmental perspective offers insight both into the individual dimension of leadership as well as into the collective dimension of societal transformation (Graves, 1970; Erikson, 1982/1997; Gebser, 1985/1991). Laloux (2014) recently attempted to bridge individual and OD and provides a model to explain the progression of organizational forms in the context of personal development. They suggest an upward spiral whereby responsible leadership and business sustainability may build on each other to reach higher levels of responsibility and sustainability.

Understanding development levels
Developmental theory assumes that there are many dimensions of human development (cognitive, moral, psychological, social, spiritual) and that individuals, organizations and societies evolve in an uneven way across these. This is critical when trying to enable the development of leaders and organizations. Importantly, developmental theory differentiates between a person “being” at a certain level of development and a person “operating from” or between a certain level of development. While the former invites easy judgment and potential exclusion of another person, the latter leaves room for vertical development for the person (Laloux, 2014, p. 39). A review of stage-based models in OD (including Wilber, Beck/Cowan, Barrett and Torbert) shows that all of these models focus on a transformative development both in an individual and organizational sphere (Cacioppe and Edwards, 2005). It should be pointed out that each phase has its own bright sides and dark sides; each has healthy and unhealthy expressions; and that an organization is typically a mosaic of several stages.

Comparing responsible leadership with OD levels
If we compare Laloux’s (2014) stage-based OD model with Liechti’s (2014) five dimensions of responsible leadership, it can be observed that her dimensions only emerge in the latest-stages of OD, namely, the “pluralistic” (green) or “evolutionary” (teal) stages (see Figure 5). An organization that operates from a pluralistic worldview is characterized by a strong empowerment, values-driven, stakeholder-model that mirrors Liechti’s competency dimensions: actor for change and innovation, ethics and values based and stakeholder relationship skills. Laloux (2014) calls the latest emerging stage of OD “evolutionary” and describes organizations operating from such a worldview as organizations that have moved
beyond hierarchy and consensus to employ a self-management approach, inviting employees to bring everything to work. They promote wholeness and understand that the organization has a life of its own including an unfolding, or evolutionary purpose. Such organizations embody Liechti’s dimensions of actor for change and innovation, self-awareness and systems thinking. These pluralistic and evolutionary stages of OD are described as emerging post-modern business paradigms and compared to the dominant business paradigm, the achiever stage. Both Liechti’s and Laloux’s models are analytical, neither of them are claiming that people or organizations actually go through these stages. There is no such thing as advancing as if one would walk up a staircase and as if they were immune to move down again.

This development perspective is critical for educational institutions with a purpose of developing individual and organizational leadership. Besides understanding the starting point of both an individual (student) and an organization (consulting), the perspective of developmental stages serves to frame the journey ahead and allows important scaffolding along the way.

**Implications for business education and entrepreneurial business schools**

*Connecting leadership and OD with entrepreneurial institutions*

With this understanding of developmental progress on individual, organizational and societal levels, considering the implications of such an insight for educators seeking to enable developmental shifts in individuals and organizations; and having previously addressed the need to develop responsibility in leaders and the challenge for business to become sustainable. This poses significant challenges for management education and it will indeed need a radically new vision of management education. As suggested in the introduction, entrepreneurial universities might want to embrace a deeper purpose focus beyond being well managed and run. Embracing the (possibly originally intended) purpose to serve as a custodian of society and thus develop both responsible leaders and organizations to be able to generate a positive contribution to society has interesting and important implications for investigation.

**Business wants employees with the “right attitude”**

Research confirms that among the attributes most desired by future employers, “having the right attitude” outweighs all other competencies, skills or attitudes, something that cannot be learned by reading books (Muff and Mayenfisch, 2014). It becomes clear that leadership is not something that can be learned without practicing and experiencing it, as well as reflecting on it. Liechti’s responsible leadership grid outlined earlier confirms other research findings that were conducted with executives with regard to key competencies sought in business graduates (Muff, 2012). These findings suggest a need for experiential learning in business schools to develop leaders for the future, examples of which are outlined in the resulting article. Furthermore, a more recent article focusing on a vision and transformational practice for business schools demonstrates the evolution of teaching and learning in business schools (measured by the degree of engagement). It suggests three orders of implementing changes in learning and teaching for globally responsible leadership with the Collaboratory as an example for third order change (Muff, 2013).

**Using education and research to enable transformative shifts**

This paper will now consider what happens at the intersection of responsible leadership (inner world) and true business sustainability (outer world), when individual and organizational aspirations connect. There are many different motivations or events that cause an individual to strengthen an inner dialogue with the self. There are equally many
reasons or triggers for a responsible leader to take on the challenge to transform business to become more sustainable – for the benefit of society and the world. Our interest here is to focus on one specific occurrence, when both movements (inside-out and outside-in) might occur: the moment when individual and organizational aspirations meet for the purpose of resolving a larger societal issue. It is in this moment that a perspective shift occurs for both the self-interest (inner world) and the business-interest (outer world) in service of a larger cause. Or as expressed previously, it is the moment when the three levels of responsible leadership (the “I,” the “we” and the “all of us”) connect. This shift results in a temporary detachment from both the self-inspired and the business-motivated perspectives to a higher, more inclusive perspective.

*Conditions to achieve such shifts*

To achieve this, we need to shift from an approach whereby “teaching is information delivered by an authority to one where students are drawn into creating, critiquing and discussing the world we inhabit” (Moore, 2011, pp. 181-182). Using the proposed model, it could be said that there is a disconnection between the inner and the outer world and the related models for development. Or, as Mintzberg (2005a) has argued so well in “Managers not MBAs”: there is too much management education, teaching the wrong things in the wrong ways to the wrong people at the wrong time. Scharmer and Kaufer (2013) propose cross-sector hubs bringing together stakeholders from business, higher education and local community to “form hands-on innovation where conversations and relationships combine the intelligence of head, hands and heart,” allowing for “consciousness-based action research, blending mindful, heartfelt, improvisational co-innovation” (p. 244). Eisenstein (2011) furthermore, envisions such peer group learning as “decentralized, self-organizing, emergent, peer-to-peer, ecologically integrated expressions of political will” (p. 187). Hutchins (2014) adds that such “peer group learning and creative commons can now be readily supported through technology platforms and legal frameworks applicable not just for education but also for business and social change” (p. 163). Schumacher (1973) points out that the condition the West is in may in part have to do with its wrong approach to education. For Schumacher, the wisdom produced by education is paramount, thus “becoming truly in touch with our centres, where our daily conduct shows a sureness which stems from this inner clarity” (p. 77); or as Hutchins (2014) says: “a wisdom which allows each of us to be true to our authentic nature while enhancing the quality of our interrelations” (p. 160).

*Developing purpose-oriented leaders*

Freire has dedicated much of his life to educate the poor in a way to enable them to shape their own reality and to transform their society as a result. He describes his method of problem-posing education as “a constant unveiling of reality” where the aim is to strive “for the emergence of consciousness and critical intervention in reality” (Freire, 1970/1996, p. 62). This is precisely the challenge to be faced in developing leaders who are able to address future global challenges. How can leaders be developed to be able to look at the reality they live in in such a way that they feel enabled to influence this reality and change it for the better? Such leadership has the development of consciousness at its heart, which in turn becomes the starting base for entirely new leadership competencies. These competencies support a definition of leadership that is based on more than just a functional perspective and suggest an evolution toward a purpose-oriented perspective. Such a perspective is about more than just leading an organization, a project or a team effectively, it asks for what purpose and toward what end.

*Walking the talk*

The 50+20 vision (Muff et al., 2013) has embraced this challenge and has provided a new purpose for business schools starting from the premise of what it takes for all of us to live
well and within the limits of the planet. Derived from this higher purpose as a new starting point, 50+20 outlines not only the challenges but offers a model and approach for how to structure and develop management education that fulfills such higher aims. One of the enabler suggests that institutions of higher education serve as role models to their stakeholders (students, business organizations, alumni, parents of students) so that they do not end up preaching things they are unable to demonstrate and live themselves.

**Entrepreneurial universities with an advantage to provide coherence**

Such a coherence may have been less essential or needed in the past half a century where business education focused mostly on transmitting subject-related expertise and knowledge and where the common understanding of education was that the teacher teaches and the student absorbs; and research was considered an isolated activity of the teacher to advance his thinking so that he could teach more and better things. Today, education requires the creating of an authentic learning space of co-creation between the facilitator, students and subject expertise of all kind; and research consists of an active dialogue with a business to support solving complex burning issues with appropriate scientific rigor. These requirements demand a sudden coherence between what an institution teaches and consults and how it operates and does things. This is a relatively new phenomenon. A related shift has been highlighted by emergence of entrepreneurial universities, also a growing phenomenon. It is suggested here that entrepreneurial universities have an inherent advantage to embrace such coherence simply due to the fact that they are more flexible and more externally focused than their more traditional peers.

**A case in point**

A typical entrepreneurial business school in Switzerland, which has embraced the 50+20 vision since 2012, has recently found an interesting way to significantly increase its coherence. Business School Lausanne (BSL)[2] has implemented a teal-based organizational structure called Holacracy[3] which replaces their prior traditional hierarchy with a distributed power structure that is driven by self-organized circles, all entirely focused on realizing the organizational mission. Holacracy has hardwired BSL’s purpose-orientation into the organization. Today, Holacracy is in many ways considered the latest of the current emerging future-relevant organizational decision-making structures, illustrated by two recent articles in the practitioner relevant *Harvard Business Review* (Hamel and Zanini, 2016; Bernstein et al., 2016). BSL also seeks to role model its applied research practice in its self-transformation by providing real-time transparent action research through its public blog[4], sharing its learning journey of adapting such a new organizational structure. Combining new educational approaches with advanced organizational structure has been an explosive journey of unanticipated innovation that BSL is self-observing through action research. BSL is very much an entrepreneurial business school in the way it is organized and governed. With this new teal-based organizational approach, it introduces an entirely new way of organizing to the world of higher education institutions that typically have organizational and governance structures that are far from generating the kind of flexibility and adaptability that is desirable and possibly even necessary in today’s and tomorrow’s world. It also sets a good example in how a purpose-driven entrepreneurial university might look like and function. BSL’s attempt and desire to “walk the talk” is by no means perfect but it is a good illustration of an entrepreneurial business school to engage with its students in a different and more daring and caring way by exposing its own vulnerability in a learning journey as a foundation of a shared engagement to explore future-relevant collaborative solutions.
Contribution, limitations and further research

The large picture: framing the challenge first

This paper has hopefully added some value by placing the fields of responsibility and sustainability in the context of the current historical challenge of transforming business and the economy from its dominant form of capitalism to a new form which will enable 9 billion people to live well and within the limits of the planet. Klein (2014) makes a convincing call for a state of the world that can be considered to be at the edge of deep change. The paper implicitly assumes that there is an active role for business, and hence for business schools, in such change.

Interconnecting relevant fields into a developmental model

The paper connects two fast evolving fields of research in a new model of inner and outer worlds: responsible leadership and business sustainability, providing a model for practitioners and scholars to reflect on and debate the larger forces and dynamics at play. It could be said that responsible leadership needs a purpose (what for) and that business sustainability offers this directional orientation, thus expanding the field of responsibility and formally connecting the two fields.

Opening up a new perspective for entrepreneurial universities

By translating this Circle Model into the sphere of education, the paper sketches a new field of developmental work for educators to envision new solutions that serve such a contextual framework. A number of such options have been touched upon in this paper, including the option of a higher education institution, and in particular entrepreneurial business schools or universities, to become purpose oriented and hardwiring their purpose into the organizational structure. There is a way for such institutions to walk the talk by introducing both a purpose-oriented educational and research strategy, and by transforming its own organizational structure according to latest developmental thinking.

This paper's research methodology

It goes without saying, that this paper is exploratory at best and that limitations are an integral part of such a novel theoretical attempt. First and foremost, it is important to point out that the proposed Circle Model does carry potential unintended consequences, as outlined in the vicious vs virtuous circle. The paper represents a theoretical contribution using an idealist approach exploring a fundamental change of the current status quo: the radical humanist paradigm in the epistemological language of Burrell and Morgan (1979). It uses a normative position on leadership by suggesting that a concern with functions should be replaced with a concern for purpose. The work of this paper is possibly best considered in the context of the “reflective practitioner” (Schön, 1984). Schön examined what a small number of practitioners actually do and suggests that reflection-in-action can be considered as a research approach in its own right as it is also based on its own kind of rigor. The inductive approach (theory creation) resulted in the Circle Model that could not have been developed using a deductive approach (theory testing). Building new theory rather than testing theory is appropriate when employing a highly critical perspective of a given situation. Mintzberg describes inductive research as “inventing explanations about things; not finding them – that is the truth – inventing them” and concludes with “we don’t discover theory, we create theory” (Mintzberg, 2005b, p. 1). The proposed model is a first attempt to conceptually connect currently separate fields. More work is needed to explore the many dimensions of the relationship between leadership types and business sustainability and how embedding these can serve to provide entrepreneurial business schools with a purpose.
More courageous experimentation and related research is needed
This brief consideration of the implications of a purpose-oriented leadership and OD for business education leads to one conclusion: much more research and much more courageous experimentation is needed in the field of entrepreneurial business school and universities to explore how hardwiring a purpose-orientation can shift a purely operational efficiency to a truly societal custodianship that institutions of higher learning can – and should – provide.

Notes
1. The model was originally inspired in a creative dialogue with painter and philosopher Klaus Elle (Germany) during a three-day creative painting workshop in Hamburg in January 2014.
2. Business School Lausanne, Switzerland: www.bsl-lausanne.ch
3. Holacracy is an organizational decision-making system allowing power distribution and self-organization: www.holacracy.com
4. The BSL blog discussing and reporting on our progress on Holacracy: https://bsl-blog.org/tag/holacracy/

References


Further reading


About the author
Dr Katrin Muff is a Thought Leader in the Transformative Space of Sustainability and Responsibility at the Business School Lausanne, where she acted as Dean from 2008-2015 until self-organization made titles redundant. Under her leadership, the school focused its vision on entrepreneurship, responsibility and sustainability in education and research. Her business experience includes ten years at ALCOA (GM in Russia, Industry Analyst for Global M&A in the USA and Business Analyst Europe), three years as a Director, Strategic Planning EMEA at the IAMS Europe (Procter&Gamble), and three years as Co-founder of Yupango, a coaching consultancy dedicated to coaching start-ups and management teams. Dr Katrin Muff can be contacted at: katrin.muff@bsl-lausanne.ch