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Editorial

Whether coincidence or cosmic irony, I am thinking and writing about these crises here in the former State Council building that was once the home of the East German government. ESMT Berlin, founded by 25 global companies, is located in the very place where free markets and the free exchange of ideas were impossible. We are just a few kilometers away from where the Berlin Wall stood, and, not too many decades or kilometers from that, where horrific human atrocities were masterminded.

But it is precisely the histories of this house, this city, and this nation that show that it is worthwhile to stand up for liberal values and to loudly insist on the value of human life, liberty, and justice. The recent events have historical breadth, and they demonstrate the great need for responsible and innovative leadership.

Tomorrow’s challenges are considerable. And at this very moment its potential is being undercut in immeasurable ways. The world of today was made better by the innovators of yesterday – great thinkers and planners – in whose paths we all walk. Together, we can take steps both large and small to secure our common, sustainable, and peaceful future.

As I wrote to the ESMT community at large just after Russia invaded Ukraine, this war could not stand in strict contrast to what we stand for. Bound by our common purpose of empowering people to create a better tomorrow, we bring together faculty, staff, students, and many other stakeholders from all over the world who share our strong beliefs in freedom, respect, and responsibility.

Our direct reaction to Russian aggression was to immediately distance ourselves from the Russian state as well as state-owned companies and institutions and to freeze all existing relationships with them. This included canceling all educational programs planned in Russia. ESMT students, alumni, and colleagues from Russia remain a highly valued part of our community. They are not responsible for this war and the actions of the Russian government.

From the beginning, we have worked together with our Ukrainian students and alumni to find the best ways in which ESMT, as an institution and a community, can provide support. This has included a successful donation drive to send food and medical supplies directly to Ukraine, as well as private donations and a benefit concert that raised funds for Feine Ukraine, an NGO working on the ground to provide humanitarian aid to those most critically affected by the war. Additionally, alumni and students have initiated a project to provide career services for Ukrainian refugees in Germany, and Russian and Ukrainian students are volunteering to teach German to Ukrainians now living in Berlin.

Many within the ESMT community are supporting incoming refugees – directly upon their arrival at Berlin’s central train station or by opening their homes. This list is in no way comprehensive, but it should serve as a reminder that, individually and as a community, we can lead the way to a better tomorrow.

In closing, I would like to thank you all for your continued interest and support. I invite you to turn the page and discover more about innovative leadership and the latest events at ESMT.

The topic of this issue of ESMT Update is innovative leadership, but neither innovation nor leadership exist in a vacuum. We must acknowledge what is happening in the world, beyond the walls of our business school. Back in the spring of 2020, the World Health Organization officially declared that COVID-19 had become a pandemic. What followed was for many unprecedented; there came a call to global cooperation in the face of a novel and fast-evolving threat to us all.

Two years later, while the world still struggles with the enormous toll of the coronavirus crisis, another crisis has erupted. Brutally, cruelly, and despite global condemnation, Russia wages war on Ukraine.
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Getting to no

by MARTIN SCHWEINSBERG

COVID-19 has changed how we work with people partially working from home and in geographically dispersed teams. Leaders must now communicate across different cultures and channels, requiring empathy and precision.
Leadership in this new world is just as much about saying yes as it is about saying no. As a leader, you say yes to empower your people and their most valuable projects. However, leadership is also about saying no, so your people can focus on what matters most.

Saying yes is simple: your yes both affirms your relationship with a team member and their idea. Saying no is difficult, causing many leaders to sugarcoat and weaken their no. However, a weak no leaves you and your people with nothing, as your people feel both personally rejected and confused about what to do next.

Saying no is difficult because we don’t want other people to feel bad. As a leader, you might say no specifically to an idea that a team member proposed, but what your team member hears is that you are saying no to them personally.

As a leader, you probably underestimate both how often your people feel rejected by you and how much that affects them. Consider these findings from several psychological studies: Study participants play simple ball-tossing games in groups of three. Two of these players are in reality confederates of the experimenter, the third player is the actual study participant. After all three players throw the ball back and forth a few times, the two confederate players throw the ball back and forth only between each other, but do not longer throw the ball to the third player and actual study participant (Williams, 1997). What sounds like a simple child’s game was a very unpleasant experience for the participant who didn’t get the ball anymore: their self-esteem suffered as they felt rejected, and they became angry and sad.

Next, researchers specifically changed the game to see whether these changes would help participants not feel bad when they don’t receive the ball anymore: participants now played a virtual computer game (Williams et al., 2000) in which two of the three players again stopped throwing a ball to them. The game is virtual, only lasts a few minutes, the participant doesn’t know the other two players and will never meet them, and the game has no consequences. Do people care when anonymous others stop throwing a virtual ball to them for a few minutes?

People do care. Naomi Eisenberger and colleagues (Eisenberger et al., 2003) had participants play this game whilst being in an fMRI scanner, and they found that social and physical pain overlap in their neural pathways and processes: social pain is experienced the same way as physical pain.

Psychologists struggled to make this effect go away, even when they created weaker and weaker versions of the game: Eisenberger et al. (2003) told participants in another study that they could not actually join in the game but only observe it because of a computer error, and they still reported similar results. In another study, participants

"If even very weak social signals in construed games lower people’s self-esteem, how much bigger is the impact of potential rejection by their leaders?"
were informed that the two other players were not real people, that they were played by a computer, and that the computer had been programmed to stop throwing the ball to them at some point. Even these participants had lower levels of self-esteem simply because the pre-programmed computer players had stopped throwing the virtual ball to them for a few minutes (Zadro et al., 2004). If even very weak social signals in these construed games lower people’s self-esteem, how much bigger is the impact of potential rejection by their leaders?

Furthermore, many face-to-face office conversations have been replaced with text-based communication via email or chat. Text is very efficient, as it can reach many people whenever and wherever it’s convenient for them. However, text-based communication is also dangerously ambiguous when the topic is emotionally charged (for example, when you say no to a team member’s idea). In a face-to-face conversation, your team member can hear the warmth in your voice, they see your smile and the many other signals you send to tell them they are worthy. Your people do not get any of that when they only read your email. Your emails sound warm and friendly to you, but your team members hear what their rejection-sensitive brains tell them to hear.

**How can you say no?**

So, what can you do? How can you learn to say no better? One simple thing you can do is to adapt a powerful negotiation principle into your leadership style. Negotiators learn that they have to be tough on the issues but friendly to the person, if they want to stay in business and build sustainable relationships.

**Three steps to saying no effectively:**

**Say no specifically and unambiguously to the idea that you want to decline.** Make sure you’re saying no to the person’s idea, not to the person who proposed it. For example, you can write, “No, unfortunately we cannot launch another product line, given the current market conditions.”
As a leader, it is your job to say both yes and no to focus your people and your organization on what matters most.

Affirm your relationship with that person and confirm that they continue to matter to you. You just said no to the idea, now you have to assure them that you continue to say yes to them as a person. For example, you could write, “Thanks for suggesting this, though. I really appreciate your innovative ideas and I’m looking forward to hearing how we can create more value as a team. Please stay in touch and let me know if you have any new ideas or suggestions.”

Finally, and critically, you might think that you’re done now, but you’re wrong: some of your people might still feel unsure and rejected. In a face-to-face conversation, you can read their facial cues, you can see the disappointment, and you can quickly affirm your relationship with them. However, you do not know how they actually feel after you send off your email. You, therefore, have to proactively invite them to let you know if anything is still unclear or if there is anything else they want to share. For example, you could close by writing something like: “Thanks again for suggesting this. Please do let me know if there’s anything else we could talk about or if you have any other suggestions or questions about this. I’d love to hear from you, and I’m looking forward to working with you more on this.”

As a leader, it is your job to say both yes and no to focus your people and your organization on what matters most. In the words of Steve Jobs, “focus (...) means saying no to the hundred other good ideas that there are.” Your ability to say no with precision and empathy is one of the most critical skills you can develop, because it is one of the most frequent, high-impact activities of your day. Use these three steps to strengthen the relationships with your people and to help your organization focus on what matters most, whether you say yes or no to the next idea.

References

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What kind of leadership will be needed, according to your research?

Leadership that deals well with ambiguity in virtual settings – especially ambiguity in informal authority or status – will be persistently in demand. The pandemic (and the virtual communication that has arisen with it) has reshuffled status orderings in workplaces. A simple but far-reaching sociological observation that goes back to the late sociologist Roger V. Gould is relevant here: Two people who are similar in status are especially prone to conflict – sometimes dangerous conflict, as my co-authors and I found in a study of collisions in Formula One (F1) racing. Without a hierarchy to normalize the interactions of these two people, competition (for influence, for instance) can escalate quickly into conflict.

How does F1 racing relate to leadership in virtual spaces? I see three
connections:
First, a transition to virtual meetings may lead one colleague, who had been doing well face-to-face, to now do much less well online, while another colleague who wasn’t so effective in face-to-face meetings now does significantly better online. So, the recent shock ends up equating two individuals in status who were previously differentiated. Conflict isn’t too far away.

Second, a shift to virtual leadership may bring together two individuals who were dominant in their previously separate environments, but who are now thrust together as near-equals (e.g., management may decide it’s a great idea to scale up the size of teams, because travel costs are now at zero), so an effort to get new synergies actually produces negative synergies.

Third, among those who are already close in status, the threat of a continuing pandemic (soaking up time, energy, and resources) may throw gasoline on a simmering fire between two near-peers in status, catalyzing local hostilities that were previously latent. Energy levels are drawn down, patience is thinned, and, again, conflict is even more likely to ensue.

Each of these possibilities – independently or in combination – calls for more reflection on how we lead others and ourselves. We need more self- and situational awareness to keep from misinterpreting and overreacting to the noisy signals emitted in strained online interactions. Some thoughts on this, which my collaborators and I developed out of the F1 study before the pandemic, are even more relevant now.

What skills do managers now need?
How will this shape personnel development?
One vital skill – and part of the solution to the foregoing issues – is the capacity to give and receive help. Actually, this is more than a skill; it’s an attitude.
the capacity to give and receive help. Actually, this is more than a skill; it’s an attitude and a set of learnable behaviors – which have become vitally important amid the pandemic. A protracted run of remote work has clearly taken its toll on people and organizations. In response to this, my ESMT colleague Prof. Gianluca Carnabuci has developed a social-science-based approach to restoring human connection, trust, and engagement in virtual work. I’m very enthusiastic about this and keen on seeing how far it will go.

What’s self-evident is that a new approach to giving and receiving help is necessary. In the past, we supported our colleagues spontaneously, around the water cooler or espresso machine. Stripped of these opportunities, many have sought to replicate the experience online, around rituals like “virtual coffees.” These are often unsatisfying substitutes. Essential in an online environment, as Carnabuci has shown, is an approach that makes it easy – and authentic – to offer mutual support that’s structured, time-bound, and energizing. He has engaged managers and executives in intense and focused bursts of help exchange through a format known as the Help Workout Exercise. And he’s also taught leaders how to ask for help, how to determine which help requests are productivity-enhancing and which are not, and how to elude the dangers of over-helping. There’s perhaps nothing more draining than a social butterfly who zealously tries to help in an unfocused way. So, I believe skill in giving and receiving help also entails a strong dose of self-discipline.

How should HR departments integrate sustainability into their work?

We typically think of sustainability at the macro levels of the society or of the firm. Young people are leading protests for climate justice. Regulators are busy setting new sustainability reporting frameworks and policies. But there’s also a clear need to bring sustainability to the micro level, to the individual. My ESMT colleague Prof. Eric Quintane has fascinating research pinpointing when workers experience their work as unsustainable. Quintane (in joint work with Claudia Estévez-Mujica at the University of the Andes in Colombia) developed an inventive research design which showed that burnout – captured by the two dimensions of exhaustion and disengagement – is traceable to measurable patterns in email networks.

Two findings strike me as most salient: First, the more employees are intertwined in reciprocal exchanges with their superiors via email, the higher their risk of burnout. Lots of back-and-forth via electronic exchange with bosses is an early admonition, and one that’s relatively easy for attentive (but not intrusive) HR colleagues to detect. Reciprocal exchanges may go hand in hand – not just with employees getting absorbed by their bosses, but also with an absence of the more energizing face-to-face encounters that seem to me more congenial to workplace flourishing. Second, and quite surprisingly, Quintane’s models reveal that sending emails after hours is associated with a lower probability of burnout. One implication of this result is that a precipitous drop in after-hours communication portends imminent disengagement and/or exhaustion. (Needless to add, such a pattern shouldn’t be met with an
exploitative expectation to continue to work after hours!)

What I find especially exciting about Quintane's research is that, without venturing into the content of email exchanges, HR leaders can discern and move on early warning signs of unsustainable work patterns. One of the most promising future steps for business schools and HR departments is to join forces in collecting, analyzing, and acting on personnel data valuable for making individual careers more sustainable.

What are ESMT’s goals in the areas of sustainable leadership and sustainable people management?

At ESMT, we have recently announced ASPIRE, a new strategy by which we will become one of the leading business schools in sustainability. Our aim is to strengthen our faculty in sustainability topics and develop our sustainability initiatives. These include the Sustainable Business Roundtable, a peer-to-peer learning network of international companies, and the Climate Governance Initiative Germany, a network we co-started with the German Council for Sustainable Development (RNE) and Board Academy e.V., which works to mobilize non-executive directors and supervisory board members on business models that embrace ambitious climate policy. We also wish to advance campus initiatives, such as sustainability ambassadors, carbon accounting, and the Net Impact Club.

Aligned with these endeavors, we are working on the topics of sustainable leadership in close cooperation with companies. For instance, we've hosted one of our Sustainable Business Roundtables on implementing sustainability in HR. Human resource practitioners exchanged best practices and challenges with sustainability managers from leading international companies. This is because we see our role not only as conducting research and offering research-driven recommendations that can be applied in practice, but also as fostering collaboration and exercising thought leadership in sustainability. We invite any interested companies to join the Sustainable Business Roundtable network to prepare for the next sustainability challenges.

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Business schools and HR departments can join forces in collecting, analyzing, and acting on personnel data to make careers sustainable.
Fintech is a feminist issue

After working in marketing for several financial service companies, I realized that there was low adoption by women of financial services. And I was wondering why. While I was looking at the data, I could see the reality. These women could not make sound financial decisions. I also noticed that the problem was very acute for women living in rural areas, working on the farms. A lot of women were enduring emotional and financial abuse from their partners. And some of these women did not know that they could do better with their labour, with their human resources, or with their financial resources.

I saw waste in local economies. I saw waste at the global level. Africa loses about 60 percent of its annual GDP due to the economic gender gap. The digital divide in Africa is increasing, especially in the rural areas. Globally, 3.7 billion people do not have access to the internet; half of them are women.

We must look at financial inclusion for women through a gender-lens approach. It creates better dynamics. And these women who are empowered empower their communities; they empower their households by extension.

If you want to lift up humanity, lift up women.
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Johanna was staring at her own face in the videoconference screen. She was alone – alone in her home office and alone in the virtual meeting space. The meeting she led ended a couple of minutes ago; all her team members exited at the top of the hour for their subsequent calls. Even though they were not done. Not done at all, muttered Johanna, annoyed.

She desperately needed a solution for a problem that multiple clients had flagged about their latest product. She knew her team had the skills, ability, and knowledge to tackle the issue and improve the product. But nothing came from them today. Not one promising idea.

The usual process of their daily standups and biweekly content updates had been working really well. Johanna opened the meetings with updates from the management perspective, and then each member had an allocated timeslot of five minutes for the standup (with no follow-up questions), 10 minutes for the content update, and 10 minutes for a Q&A. To keep them on their toes (and to make it more fun), Johanna
randomly pulled their names from an old bowl – there was no set order. As she pulled each team member’s name today, she literally saw people shrink from the screen. She had to discard all the ideas they put forward. Frustrating. Two years into the global pandemic that forced much of the workforce to work from home, Johanna was disappointed. We still do not know how to collaborate virtually, she thought.

Yuval Harari, historian and best-selling author of the books Sapiens and Homo Deus, asserts that what defines the human animal – one of the most important differentiating factors – is large-scale, flexible collaboration. Unlike collaborative species, such as ants, who have their collaboration mode coded in their genes, humans constantly invent and implement new collaboration modes, writes Harari. Yeah, no surprise there. Since the global COVID pandemic hit in March 2020, our teams, organizations, and societies have developed and successfully implemented countless new ways of working together – while being apart.

To address the topics of remote leadership and virtual collaboration, we have been working with our students and participants using our gamified simulation entitled The Virus. (No kidding. If you want to learn more about The Virus, check out the ESMT Update 2020 Winter edition or my article with Bethan Williams: Under Cyberattack: Learning For Leaders Through Play).

For this simulation, groups of six to 12 students need to work together in a remote or hybrid setup to resolve a set of tasks under time pressure. The challenge: each task is of a different type and requires a distinct collaboration mode and remote leadership. If teams and leaders assume that they can simply use the same collaboration mode for the second task as they did for the first, they will fail. Like Johanna failed in the story above. She tried to apply a collaboration mode to an information-sharing task that required creativity. Throughout The Virus, the teams encounter five different task types:

1. Logical
2. Creative
3. Sharing
4. Autonomous
5. Boundary breaking

During the first task – the “logical” one – participants must resolve a mathematical problem. Because each player has a different part of the equation, the best way to collaborate is to share information. The one taking a leadership role collects the data and puts together the solution. This centralized leadership approach is the most efficient way to resolve this simple, linear, and well-structured task. Using chat or screen sharing features for sharing numbers and figures helps too.

Most groups don’t find the “logical” task difficult, but many fail colossally at the subsequent “creative” task. Here, the solution can be found if a specific folding technique is applied to the task sheets, a little like origami. Often, the “logical” task leader tries to apply the same mode: collect all information. There are two problems with this approach. First, the information for this “creative” task is more complex and ambiguous, less easy to share. Second, even if all information is available, the task is not solved. It needs innovation. Teams that solve the “creative” task use distributed leadership: it allows for trial and error, building on team members’ ideas. Just like in real life, the innovative idea is likeliest from individuals who are at the boundary of the team: from less extroverted participants, from women in a male-dominated organization, or from new hires.

Looking at these first two task types, we already see what Johanna could have done differently. The standups and info-sharing team meetings need to deliver on a different task type than the ideation session she tried to run. Using the centralized, strictly structured approach thus didn’t bring the creative ideas she was looking for.

But task types are not dichotomous. The third task in The Virus is characterized by “sharing.” Here, the team is divided to three subteams.

> Our teams, organizations, and societies have successfully implemented countless new ways of working together.
Each needs to find a solution for another and to get their own solution from the third. The role of the remote leader is to coordinate the work between the subteams. In one splendid example of those we observed, a participant laid back in his chair, crossed his arms – signaling that he was not otherwise working on the task at hand – and focused the subteams on exchanging solutions.

For the “autonomous” task, each team member has a complex but structured exercise to complete. Due to their length and complexity, sharing the details of the individual tasks is counterproductive. Teams that excel with this task type often work in total silence, only breaking it to ask for support when needed or to share the outcome. The leadership task is to allow parallel, autonomous work – temporarily keeping team members from collaborating – and to provide mentors for those who have trouble resolving their individual tasks.

The final task type bears the intriguing label “boundary breaking.” Having resolved all prior tasks by relying on the knowledge and skills of the team exclusively, the team must now “google” external resources to solve this final task. While seemingly no big deal, the team has become quite cohesive by this stage of the game, such that team boundaries are less permeable. Group cohesion is great – it is linked to performance, motivation, and team member satisfaction. However, members of cohesive groups have a greater pressure to conform and are prone to group-think: reaching consensus without critical thinking (see Janis, 1971). To cross the boundary, take risks, and speak up requires “psychological safety,” a phenomenon described by organizational scholars as early as the 1960s that is enjoying renewed interest because of contemporary research on leadership and management (see Edmondson, 2014). Turning to external resources requires that each team member openly admits that they do not already have the knowledge and skills to complete the task. If the team has no psychological safety, such a confession may be impossible. But once “I do not know” is clear and they know that they do not know, “ask Google” – like it or not – is often the next step.

If I were to advise Johanna on team leadership, I would suggest that she stop looking for the one-size-fits-all solution. There is not one mode, there are many. To identify which one is appropriate, I recommend the transitional approach, based on the work of the late Harold Bridger, a psychoanalyst and organizational consultant. Bridger defined the “double task” for organizations and teams: their primary task is what they do, their secondary task is learning from self-review. While it may seem difficult to deduce and categorize the task at hand, after some experimentation with the primary task ask “Are we tackling a logical, creative, sharing, autonomous, or boundary-breaking task or something else?” Once the team or the team leader has a good enough sense of the task type, an adapted collaboration mode and leadership approach can be put in action – tailored to fit.

References

NORA GRASSELLI
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Aurora Lecture on women, peace, and security

Aurora Prize Laureate Julienne Lusenge was on ESMT Berlin campus on April 28, 2022, for a panel discussion entitled “Survivors and agents of change – Empowering women in conflicts.” Lusenge was awarded the prestigious 2021 Aurora Prize for Awakening Humanity for her courageous commitment to women’s rights in the Democratic Republic of Congo. Together with Katja Keul, minister of state at the Federal Foreign Office, Lusenge spoke about how women are often affected by violence and exploitation in geopolitical conflicts and particularly suffer from the destruction of social structures and livelihoods – motivating these women to be agents of change. The evening’s program was a collaboration between the Aurora Humanitarian Initiative, the Global Perspectives Initiative, and ESMT Berlin.
The pandemic didn’t kill off DEI. What’s next?

The challenges of the pandemic are apparent, but business leaders can continue to make DEI into a gamechanger for their companies.

Corporate progress on diversity, equity, and inclusion (DEI) suffered a serious setback under the pandemic. A WerkLabs study found that, since the pandemic began, self-reported job satisfaction among women is 27 percent lower than for men in similar circumstances, and women are twice as likely as men to consider leaving their employer within a year. Nevertheless, there were also surprising outcomes that can spell a silver lining for Chief DEI officers and business communities in the years ahead.

In winter 2021, we interviewed leaders in the DEI offices of three large multinationals. What we wanted to know: How had the pandemic affected their DEI efforts? What worked
exceptionally well, despite the global health crisis? And how can this inform DEI plans for 2022 and beyond?

A crisis that breaks local communities brings together global workforces.

With the disruption of global travel and local business activities, the workplace moved online. Video conferencing tools like Microsoft Teams, Webex, and Zoom became a new norm and were especially instrumental in creating a sense of “global togetherness” for resource sharing, training, and more. These and other digital working tools have made it easier than ever to reach across physical borders to remote colleagues and to lower barriers to workforce entry for others, including people with disabilities and stay-at-home caregivers. One of companies we interviewed provided virtual childcare for working parents and organized a series of webinars on “what to do when...” to prepare employees for family health emergencies, elderly care, or childbirth during the coronavirus crisis.

The benefits of DEI efforts are becoming more tangible, visible, and widespread.

If DEI efforts were previously seen as select “talk good and feel good” activities, they have now become targeted, tailored, and effective at scale. When businesses, families, and lives are being turned upside down, the impact of DEI-led responses can have incredible impact. One company we interviewed, for example, provided additional laptops and paid annual leave to employees with children to meet the demands of homeschooling. Another corporate extended their job-sharing work model, in which at least two people share a specific job position. Before the pandemic, this work model was available only to those employees working in its German headquarters; now, it is being tested and adopted for its other locations abroad. And not just for entry-level positions — senior management roles are among those in the job-sharing pool. For employees who need flexible hours, such as working parents, job sharing reduces the probability that they leave their jobs and instead allows them to stay in and pursue higher, leading roles.
DEI and value-driven activities are strongly influencing candidate decision-making about starting and retaining a job.

Moreover, the DEI budget has been evolving. In recent years, increasingly more companies are using the whole organization – instead of a single office at the headquarters – to build a more inclusive workplace. This includes initiatives spearheaded by key stakeholders. At one corporate, for example, a board member has chaired initiatives for people with disabilities for years. His high-level personal involvement and time commitments nourish and grow the work. It would be very difficult to attach any dollar sign to this level of engagement, even harder to cut it. “We are not concerned with budget,” stated one of the interviewees, “because DEI, in its decentralized form, lives through the organization itself. There is nowhere to begin with a budget cut.”

DEI activities and investments aren’t suffering the cuts seen in the 2008 financial crisis.

According to DEI analysis conducted by the Boston Consulting Group, the 2008 recession significantly affected the representation of women and ethnic minorities in senior management roles in key industries globally. Could the current economic conditions make it easy for management to cut DEI budgets? Fortunately, of the three companies we interviewed, none were suffering from or planning budget cuts. Why? DEI became an integral part of corporate values and purpose. More than a decade after the global financial crisis, DEI has also become an imperative – affecting employer reputation, innovation power, and the ability to attract future talents. The ongoing war for talents, especially, reveals that DEI and value-driven activities are strongly influencing candidate decision-making about starting and retaining a job. (A 2017 survey conducted by Kantar Futures for American Express showed that three of every four Millennials believe that their values and those of a potential employer should match.)
The challenges of the global health crisis are apparent – families are struggling; women and marginalized groups feel this stress more significantly and disproportionately. Yet the gains of DEI are as apparent. Business leaders can continue to make DEI into a game-changer for their companies in 2022.

How?

**Spread the word.**

“We have been doing a lot and many things right,” said an interviewed director of DEI. “Now it’s also time to make sure people know what we do.” Attracting future talents means that corporates must develop communication strategies that strongly promote their values and corporate DEI efforts. Understanding the movement toward decentralized DEI efforts, encourage employees in their own employee-driven communication on what they and the company are doing.

**Capture and share the data.**

It is easy to tell stories with headshots and pictures. But tangible and measurable results can ensure buy-in and commitment at the top. “Making sure these numbers are reported and discussed in board meetings are an important part in driving the change from above” stated one interviewee. “There is hardly any other way to ensure long-term success than the KPI-led approach with company-specific dashboards.”

As these interviewed companies show, the pandemic has not wholly derailed DEI as much as feared. The insights from the DEI officers of these globally active companies demonstrate optimism and inspiration for those designing DEI strategies in 2022.

ON THE PODCAST

We’re not doing CSR anymore

We can see the difference between CSR — corporate social responsibility, which we’ve lived with for the last 20 years — and the contemporary environment of ESG, which is environmental and social governance. When we still had the free-market approach, it was often an aspect of marketing and communications. “We’ll do what it takes to make our profit and then we’ll shave a piece off the edge of it so we look good and feel good about ourselves.” It looks good. It grabs headlines.

What the variety of regulatory and economic incentives has done is turned this from a marketing campaign to a business necessity. And this is where we see things about supply chain transparency, about greater identification of how we price and manage things.

ESG has come around from a variety of laws from waste, plastic use, from chemicals management expectations through to sustainable finance and investing. The whole range has circled the business community to ask for and demand greater impact management on how they’re doing their business and what it results in. Regulation has made a difference because that’s why we’re not doing CSR anymore. And it’s why we will have financial reporting goals under the new EU taxonomy and emerging German market regulations as it relates to reporting.
ESMT Berlin hosts Global Solutions Summit 2022

The Global Solutions Summit is the world’s leading forum for translating research-based evidence into policy recommendations for the G20. The goal of the forum is better global governance for the common good. This high-level meeting brings together senior government officials with senior academics, NGO leaders, and international CEOs. ESMT is among the academic partners of the Global Solutions Summit Initiative.

This year’s summit was hosted in a hybrid format on ESMT campus in Berlin and online March 28–29, 2022. ESMT President Jörg Rocholl led a panel discussion on quality integration of economic and firm performance indicators and Prof. Lars-Hendrik Röller joined a panel on the preparedness and resilience of the global health system.

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Entrepreneurs perform better if able to choose their ideas OR team members – but not both

But this benefit to performance disappears if given the autonomy to choose both.

Companies aim to inspire innovation and entrepreneurship throughout their organizations and among their employees. After all, employees exhibiting these characteristics will be of benefit to the company’s performance in the long run. Previous research has demonstrated that enabling autonomy at work, such as autonomy over day-to-day tasks, a sense of ownership regarding work and ideas, and giving employees the opportunity to have a say in how to do their work, fosters creativity, innovation, and entrepreneurial behavior. Individuals with autonomy are subsequently more likely to create unconventional, ground-breaking ideas and novel inventions.

However, it has also been questioned by scholars as to whether granting autonomy truly is the best way to encourage innovation and entrepreneurship. For example, granting complete autonomy to everyone on a team could lead to difficulties when it comes to coordination and causes workplace distractions. The key is to know how and when to employ autonomy.

The concept of autonomy

Although the concept of autonomy has long been at the heart of organizational theory, and research has suggested that autonomy can lead to better entrepreneurial team performance, it has typically been analyzed along a single dimension or assumed that autonomy is about giving employees complete freedom. In reality, there are different types of autonomy that could have different effects on performance.

One type of autonomy involves choosing your own team members, or the self-selection of collaboration partners. People who are given the option of choosing their own team members are more inclined to choose people they know over strangers. This can lead to greater familiarity.
in the team and complementarities in skills, knowledge, and ambition, leading to higher performance. However, there is also the potential danger of choosing friends over better matches simply due to being more familiar with them.

The second dimension of autonomy allows people to self-select ideas or tasks to work on. Autonomy over idea choice provides a different set of challenges than autonomy over team composition. Traditionally, work within organizations is characterized by task division and task allocation, with managers telling employees what work to do. The rationale behind this is to improve efficiency and enable coordination. However, task assignments may also demotivate people and lead to negative consequences for innovation and creativity.

As well as these two separate dimensions of autonomy, there is also the possibility of considering them together. In previous research, it is argued that granting autonomy over both teams and ideas would be complementary and result in increased performance. On the other hand, granting too much autonomy could come at a cost; for example, self-selected team members that are too familiar may be distracted by their social interactions when it comes to generating an idea or working efficiently.

Alongside Viktoria Boss and Christoph Ihl, both from Hamburg University of Technology, and Rajshri Jayaraman from ESMT Berlin, I investigated exactly how the two aforementioned types of autonomy affect the performance of entrepreneurial teams.

The effect of choosing teams and ideas on entrepreneurial performance

To explore the effect of choosing teams and ideas on entrepreneurial performance, we ran a field experiment. The experiment itself was conducted using students partaking in a lean-startup-inspired course at a university. The university offers a three-year undergraduate degree in various engineering majors, with business as a minor in the curriculum. All undergraduate students attend an eleven-week, mandatory, introductory business and entrepreneurship course consisting of weekly 90-minute tutorials delivered by a mentor.

In total, the study involved 939 students on the start-up entrepreneurship course who were organized into 310 teams in which they would develop and pitch a business idea. The level of autonomy the students had depended on which one of four autonomy scenarios they were assigned to:

1. choosing their team members and idea,
2. choosing their team members,
3. choosing their idea, or
4. choosing neither their team nor their idea.
Once in teams, mentors then guided students through the development of an entrepreneurial pitch deck: a presentation aimed at hypothetical venture capitalists to secure funding for their idea. Pitch decks were assessed on six criteria by 40 evaluators made up of practicing entrepreneurs, business angels, and venture capitalists. These criteria included novelty, feasibility, market potential, the likelihood of success, the likelihood of invitation for follow-up, and investment amount. These evaluations formed the basis upon which entrepreneurial performance was measured for each team.

Analyzing the findings

Our findings show that teams granted autonomy to choose ideas or team members outperformed teams without the autonomy to choose either, with the effect of choosing ideas being significantly stronger than the effect of choosing teams. However, these benefits were not seen for teams granted full autonomy over choosing both ideas and teams. There are several explanations that can account for the increase in performance for teams granted one of the two types of autonomy, and why this benefit disappears if both are applied.

The autonomy to choose ideas or teams can lead to a better match of ideas with team members’ interests or prior network contacts among team members, respectively. Also, granting individuals a level of autonomy can increase feelings of confidence, which can have a motivational effect, up to a point. If confidence rises above a critical threshold, such as through initial satisfaction and easy triumphs through having your friend on the team or coming up with your own idea, teams can experience overconfidence and exhibit complacency and a lack of focus. This can result in the allocation of insufficient effort in how individuals approach a task. Especially among familiar teammates, there is a tendency toward internal self-assurance rather than paying attention to external task demands and performance standards. This suggests that those in teams able to choose both team members and ideas as experienced too much confidence too soon, reducing subsequent effort when it came to the actual task.

These findings are important to the professionalization of entrepreneurship, particularly incubator and accelerator programs. It is also vital for organizations, such as Valve or GitHub, which have experimented with the concept of “boss-less” organizations to provide maximum autonomy for employees. Most accelerators and incubators give aspiring entrepreneurs choice on both the idea and team members. Other companies are reducing autonomy or providing full autonomy for periods of time.

However, our results indicate that granting autonomy solely over choosing ideas would lead to the highest performance outcome and is likely to generate the kind of environment in which better ideas can flourish and lead to more successful entrepreneurial team performance.

In summary, we find that entrepreneurial teams perform better if able to choose their own team members or their own ideas, but this benefit to performance disappears if given the autonomy to choose both. Essentially, once you allow teams the freedom to choose their own idea, a randomly assigned team would perform better than a team where people choose their collaborators.

This article was originally published in Ambition, the print and digital magazine of the Association of MBAs (AMBA). Reprinted with permission.

LINUS DAHLANDER
Professor of Strategy, Lufthansa Group Chair in Innovation, and Director of Research, ESMT Berlin
ESMT accredited for another five years
The Association to Advance Collegiate Schools of Business (AACSB) has extended the accreditation of ESMT for another five years. ESMT was first accredited by AACSB in 2012. The AACSB accreditation is the longest-standing form of specialized accreditation that business schools can receive. This voluntary process involves an intensive external review of each business school’s mission, the qualifications of its faculty and their curricula, and the programs themselves. (February 7)

ESMT hosts Global Solutions Summit 2022
The Global Solutions Summit 2022 took place at ESMT, with invited guests that included German Chancellor Olaf Scholz; Amina J. Mohammed, deputy secretary-general of the United Nations; Mathias Cormann, secretary-general of the OECD; and Stientje van Veldhove, vice president of the World Resources Institute. The forum provides a platform for high-level task forces to discuss collaborative approaches to G20 and G7 problems. Jörg Rocholl, president of ESMT, led a panel discussion on quality integration of economic and firm performance indicators. ESMT professor Lars-Hendrik Röller joined a panel on the preparedness and resilience of the global health system. (March 28–29)

Full-time MBA program adapted to meet new career challenges
ESMT has revamped its full-time MBA program to emphasize employability and the development of career-relevant skills. The now 15-month general management program starts in January of each year. Building upon the existing strong foundation of an integrated core curriculum, industry-led specialization tracks, and a capstone-consulting project, the program now offers students options for international exchange, an internship, a social impact project, or intensive German courses. (February 7)

Lars-Hendrik Röller rejoins ESMT Berlin
In February, Lars-Hendrik Röller returned to ESMT Berlin as a professor of economics. Since 2011, the former president of the international business school served as chief economic advisor to German Federal Chancellor Angela Merkel and as G7 and G20 Sherpa. Röller will also rejoin E.CA Economics, a European economic consultancy specializing in competition analysis. (February 16)

Vali Berlin hosts first Sustainability Bootcamp
The first Sustainability Bootcamp, organized by ESMT’s entrepreneurship hub Vali Berlin, started on February 18 under the theme “Create ideas for a better tomorrow.” The bootcamp brought together companies, non-governmental organizations, and entrepreneurial talents to discuss pressing issues facing our world and develop initial solutions. The focus was on environmental challenges in line with the United Nations Sustainable Development Goals. (February 18)

Linus Dahlander awarded prize in economics and management
Linus Dahlander – professor, director of research, and holder of the Lufthansa Group Chair in Innovation at ESMT Berlin – is the winner of the Jan Söderberg Family Prize in Economics and Management of the Lund University School of Economics and Management (LUSEM), endowed with SEK 1 million (around €93,500). The prize is awarded to a prominent researcher under the age of 50 who has made a significant and innovative contribution to research and practice in the field. (March 2)

FUTURE Institute for Sustainable Transformation launched at ESMT
The FUTURE Institute for Sustainable Transformation at ESMT specializes in developing and communicating innovative sustainability solutions and supports companies in their transformation. It was founded by ESMT and the non-profit Frankfurt Werte-Stiftung together with their innovation platform FUTURY. The institute is made possible by initiative part-
ESMT holds benefit concert for Ukraine
The Klenke Quartett, a renowned string quartet and the recent recipient of the Saxon Mozart Prize, gave a charity concert at ESMT to support humanitarian aid projects in Ukraine. With the help of the four musicians of the Klenke Quartett – Beate Hartmann, Ruth Kaltenhäuser, Annegot Klenke, and Yvonne Uhlemann – and clarinetist Nicola Jürgensen, ESMT raised 2,540€. (March 31)

New director to lead expansion of Digital Society Institute
Heli Tiirmaa-Klaar has been named the new director of the Digital Society Institute (DSI) at ESMT. Before taking over the new role, she served as an ambassador at large for cyber diplomacy and as director of the cyber diplomacy department at the Estonian Ministry of Foreign Affairs. She took over the new position on January 1, 2022. (December 9)

EdTech team wins FOME Learning Design Innovation Award
ESMT EdTech team members Jon Demiglio, lead media designer, and Claudia Ocera, instructional technologist and learning designer, received gold at the Future of Management Education Alliance (FOME) Learning Design Innovation Awards for the drawbridge learning sequence of the course “Ethics and Responsibility.” This MBA core course is taught by Urs Müller, affiliate program director at ESMT, and introduces participants to business ethics in thought and everyday practice. The central element of the drawbridge sequence is a video animation produced by ESMT. (November 26)

ESMT climbs to rank 7 in Europe
In the Financial Times European Business School Ranking 2021, ESMT Berlin has been ranked seventh in Europe (2020: ninth) and is once again the highest ranked business school in Germany. (December 6)
CUSTOMIZED SOLUTIONS FOR ORGANIZATIONS

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In Profile

Conversations with alumni of ESMT Berlin

In this edition, Alumni Relations Manager Chelsea Steensen speaks with Isabel von Westerholt, who graduated with an ESMT Executive MBA with honors in 2020. Isabel shares how the program shaped her leadership style at Volkswagen AG and the opportunities for leadership innovation.

Tell us a bit about yourself and your ESMT journey.

I come from the traditional automotive industry, where I started my professional career in an international trainee program within the Volkswagen Group in 2009. I have held different positions in purchasing since then. It is my passion to work internationally with suppliers, and I enjoy the responsibility within this industry segment as it moves from the combustion to the electric world.

During my time as an assistant to the board of management for group procurement, my interest turned towards broader general management topics. I decided to apply for the Executive MBA (EMBA) at ESMT. I was pregnant with my first child, Sophia, when I applied and started the program during parental leave, when she was 5 months old. By the time I finished my studies, I was already back in a new leadership position.

Frankly, it was challenging and a lot of work balancing my daughter’s unpredictable daily routine with the learning and preparation phase for the EMBA modules and that new leadership position. I had to be flexible enough to change plans and to be more time efficient with the tasks I had to tackle. I can only encourage all those young female managers and mothers to accept the challenge of learning, growing personally, and starting a family without abandoning their careers or personal goals.

The ESMT network was fantastic. Today, I have many friends and professional contacts around the world to get back to for exchange.
How have your experiences shaped your leadership style?

The EMBA experience shaped my leadership style in many ways and broadened my view in many directions. From the profound theoretical part, I learned several management methods that help me make better decisions today. Courses on subjects such as managerial analysis, decision making, and organizational behavior were fantastic and always linked to current company cases. Moreover, from my fellow students, I got insights into completely different industries, experiences, and approaches. While discussing management cases, for example, I often reconsidered my own thinking or decisions on how I would move forward, because I was listening and learning from other perspectives.

As leaders, we should always challenge our own perspectives and keep intelligent teams with different backgrounds and positions. We must promote and actively call for diversity within teams. This is especially important in corporations where functional areas sometimes work for themselves and assume they are always right.

During our EMBA studies, we had a lot of time to reflect on our leadership styles and the reasons for other leadership styles, such as directive, visionary, affiliative, participative, pace-setting, and coaching. We do not belong to just one leadership style, so we must understand the situations and impacts of our leadership habits. Turning leadership style from unconscious to conscious behavior is the first step of leadership development and growth.

What does innovative leadership mean to you?

I see innovative leadership in two different aspects. The first aspect refers to the topics an innovative leader should look out for, and the second aspect is the leadership style itself as a catalyst for innovation within one’s own area of responsibility. Also, an innovation can be incremental or radical. As an innovative leader, it is therefore necessary to watch for indications and opportunities for innovations that arise from outside or inside the company. An innovative leader should be sensitive to trends and open to critique, otherwise their mindset will not be amenable to changes.

At the same time, innovative leadership means to break with old traditions in many ways. For example, diversity is important in selecting the employees and teams to promote different thinking and challenging ideas from different angles. The more diverse the industry experience, culture, age, gender, or nationality, the better! Innovative leadership permits a variety of working models, such as home office, flexible working schedules, and shared leadership positions. Being an innovative leader also
means being open to risk, having the courage to admit if an idea was unsuccessful after the feasibility study or pilot phase, and moving on. Lastly, the implementation of an innovation is as important as the idea itself, so an innovative leader must also have the right people for the administrative and operational processes behind it.

What skills are important to innovative leadership?
It helps to be attentive to trends and improvements, whether from outside or inside the company. Innovative leadership should support entrepreneurial work within bigger corporations. The resulting innovations could improve productivity and increase the company’s competitive advantage.

Often underestimated is the aspect of managing innovation. What I learned during my EMBA is the so-called stage-gate process (Cooper 2011), whereby clear decision criteria determine at each decision gate if an idea will go on, be killed, be placed on hold, or recycled. Following this process, decisions are made transparent to all employees and taken on by more than one gatekeeper.

How do you see this affecting the future of work?
The future of work will move through innovative leadership from sole execution to active participation, even designing and shaping the working challenges and tasks around us. Let me give you an example from the purchasing area. In the past, buyers (employees of the purchasing department) requested that suppliers quote for fixed technical concepts, which narrowed the opportunity to work on cost management and hindered the integration of external innovation in the car. Today, buyers work with suppliers in the early cost phase to actively shape costs, concepts, and innovative ideas. Automobile manufacturers and suppliers need open systems on all ends to foster closer collaboration. Now, suppliers are quoting for completely new enquiries – meaning products or processes they have normally not done before. In the end, this is a win-win situation for both partners, shaping costs on the buyer’s side and introducing ways of innovation on the supplier side, with an additive competitive advantage in their industry segment.

Employees and leaders can use innovative leadership to bring in ideas and actively communicate with team members, managers, or external experts. This will affect working models and working spaces – we already see this in companies that have moved from individual offices to open and agile working spaces. Active participation also needs the right company culture of low hierarchies, respect, and trust. People should be able to speak freely, without anxiety or disrespect.

Finally, technology will play an even greater role in innovative leadership. The digital transformation is already changing our ways of working and bringing innovation possibilities in all dimensions. Aided by technology, communication in and outside the company is getting easier and faster, and bringing in feedback very quickly. And the use of artificial intelligence to analyze big sets of data helps leaders in preparing decisions that have not existed in the past. Thus, technology can support innovative leadership in many ways.◆
Thank you to our MasterClass speaker!
The MasterClass series highlights our impressive business professionals authentically while sharing their insights with the community at large. A big thank you goes to alumna Nina Smidt (EMBA 2016–2018) for her presentation on social responsibility and empowerment: access to education, primary care, and technology. As Nina best said, “I believe the only way we are going to solve the major challenges of the future is to work together with civic, economic, and policy partners and implement new ways of cooperation.” We look forward to further cooperation and partnership.

ASPIRE Together – new alumni partnership offer
We recently released our alumni-exclusive partnership offer, ASPIRE Together. This offer was created to achieve and celebrate success together. As ESMT President Jörg Rocholl states, “Alumni are invaluable members of the ESMT community and have made it possible for our business school to develop into one of the leading universities in Europe. This offer is an opportunity to receive additional, exemplary services, strengthen the alumni network, and support ESMT’s campus development efforts. We are pleased to share this with you and look forward to your future engagement.”

Such services include executive education program discounts, ESMT merchandise, and Annual Alumni Meeting discounts. We invite our ESMT alumni to become a partner of ESMT and to ASPIRE Together today.

Annual Alumni Meeting – finally re-united
The Annual Alumni Meeting will take place this year on June 25, 2022, in a hybrid event, focusing on sustainable transformation. We are thrilled to welcome many interesting speakers and to reconnect on-campus with alumni after a three-year hiatus from this event. The AAM will give participants an understanding of ESMT’s ASPIRE strategy, with a particular focus on ASPIRE Together, the alumni-exclusive partnership offer. Additionally, the student-led organization Net Impact will share with the alumni community aspects of what their organization seeks to do, what have they done, and the exciting projects on the horizon both internally at the university and in the community.

The meeting will focus on how sustainable leadership affects our lives. Prof. Matthew Bothner and his colleagues will speak with alumni about their recent research titled, “Using Semantic Networks to Identify the Meanings of Leadership.” An alumni panel comprising alumni from our various degree and PGD programs will share with their fellow alumni and former classmates what transformational leadership meant to them. The last part of the program will be a keynote address by ClearSpace co-founder and CEO Luc Piguet. His talk “Sustainable transformation … in outer space!” will explore how ClearSpace is working to benefit our climate by collecting space debris in our direct orbit.

We look forward to engaging with all alumni, speakers, participants, and supporters of this event.

Alumni volunteers – leveraging the network
Thank you, alumni volunteers! The Alumni Instagram Takeover was created to display our wonderful alumni in post-graduation life and to answer questions from our ESMT community. This time we would like to extend a big thank you to Victoria Leblond (MIM 2017–2019), Kevin Thurman (MBA 2020), and Ines Amri (EMBA 2017–2019) for their amazing contributions.

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