



The Department of Business Administration
welcomes you to a presentation on:

The Future of Business Schools

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Introduction

- How times change.....
- Writing in 2005 Eric Cornuel from EFMD wrote that:

“ in the future the legitimacy of business schools will not longer be questioned” he argued that they had become “legitimised parts of society” and that “their role was clear.”

Just 6 years later neither claim would seem very robust or accurate.



Introduction

- The *New York Times* printed several letters on March 3, 2009, reacting to a news story about the pressure these trying economic times have exerted on the teaching of the humanities. The letter writers argued that *by studying the arts, cultural history, literature, philosophy, and religion*, individuals develop their powers of *critical thinking and moral reasoning*.
- Business schools rarely develop those skills, they argue, which is allegedly why MBAs made the short-sighted and self-serving decisions that resulted in the current financial crisis and other organizational crashes (e.g. Enron, Parmalat, WorldCom).



Not just MBAs.....

- Many Business School academics allegedly also aren't curious about what really goes on inside organizations.
- They prefer to develop theoretical models that obscure rather than clarify the way organizations work.
- Many also believe that a theory's alleged relevance is enough to justify teaching it as a solution to organizational problems.

(Podolny, HBR, The Buck starts and stops at Business Schools 2009)



Some Evidence of Decline

- Declining enrolment on MBA programmes (especially full time)
- Declining enrolment on specialist Masters programmes across the 'management' portfolio of subjects.
- 25 years ago, MBAs spent 50 hours a week studying academic subjects.
- In 2009, they spent less than 15 hours, spending more time on networking and finding a job.



Further Evidence

- Increasingly difficult to recruit high quality academic staff.
- Career path from PhD, through Assistant to Associate more difficult and discontinuous.
- Treadmill of teaching and administration getting faster and burden heavier (staff have less time for research).
- Limits to the use of external tutors/virtual/adjunct faculty.
- Limits to the appointment of Teaching Fellows.



In a Nutshell...


- I will argue that **business schools must change and adapt rapidly if they are to regain their position and to rebuild academic respect in Universities and wider society. Otherwise they will decline and many may fail.**
- **Students will go elsewhere; academics will go to other departments and management degrees will become devalued significantly. The content of management degrees will be subsumed in the syllabuses of (e.g.) economics, social sciences and humanities programmes.**



The Research Context of Business Schools

- Research in Business Schools faces strong internal and external criticism for the production of theoretically grounded, but irrelevant research.
- These criticisms are driven by unfavourable comparisons of the academic nature of business schools relative to other professional schools (such as law, medicine, architecture and engineering) and to the University communities in which they reside.

(Starkey and Tiratsoo, 2007; Thomas and Wilson, 2009)



The 2007 AACSB Report on the Impact of Research

Concluded that only a small fraction of 'management' research could be considered to have had an impact on practice (and therefore be considered relevant),

(AACSB 2007:18)



The Top Contributions to Basic Knowledge (AACSB 2007: Table 5)

- | • Topic | • Key Authors |
|--|---|
| • Sampling Problems in Auditing | • W. Kinney |
| • Valuing Intangible Assets Financial Statements | • B. Lev |
| • Statistical Methods for Simulation | • G. Fishman |
| • Information in Supply Chain Management | • H. Lee, V. Padmanabhan, S. Wang |
| • Value of Information Technology | • M. Hammer and G. Mangurian |
| • Path-Goal Theory of Leadership | • R. House |
| • Organizational Decision Making | • J. March, M. Cohen, J. Olsen |
| • Measuring Service Quality | • B. Parasuraman, L. Berry, V. Zeithaml |
| • Managing Technology | • C. Christensen |
| • Single-loop and Double-loop Learning | • C. Argyris, D. Schön |
| • Knowledge Creation | • I. Nonaka |
| • Learning Organization | • P. Senge |
| • Stock Option Back-dating | • E. Lei |
| • Goal Setting | • G. Latham, E. Locke |
| • Motivation | • F. Herzberg |
| • Rewards | • S. Kerr |
| • Poverty and Business | • C. Prahalad, A. Hammond |
| • Strategy | • M. Porter |
| • Transformational Leadership | • B. Bass |
| • Costs of Downsizing | • W. Cascio |
| • Turnover | • T. Mitchell, B. Holtom, T. Lee |

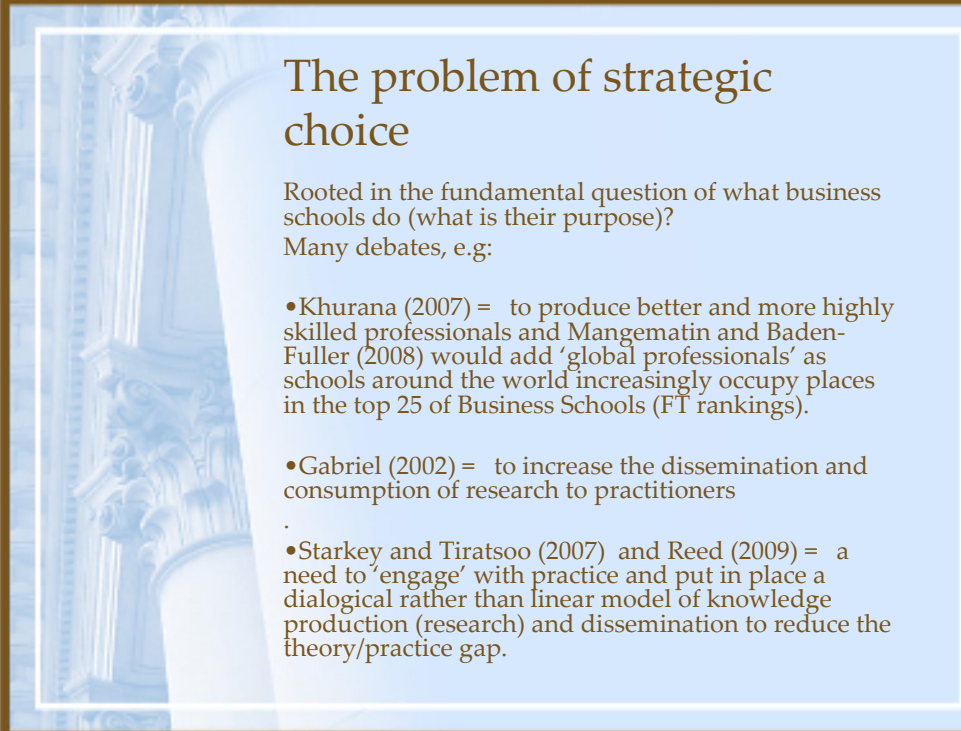
Other Measures of Relevance..

Schoemaker (2008) argues that it is demonstrably multi-disciplinary, large scale and longitudinal research which has had the greatest impact on the “central problems of business” His list differs markedly from that of AACSB: He includes:

1. Studies of behavioural decision making (Simon, Cyert, March)
2. The 5 year MIT study of lean production in the automotive industry (Womack et al 1990)
3. The resource allocation process (Bower, 1986)
4. International competitiveness and the comparative advantage of nations (Porter, 1990)
5. The Aston Studies (Pugh and Hickson etc)
6. The Bradford Studies of strategic decision making (Hickson et al 1986)
7. The nature of management work (Mintzberg, 1973; Stewart, 1967).

Chasing 4* (A rated) publications

- O'Brien et al (2010) propose the notion of “excessive research” by academics, resulting in negligible added benefit to students from schools where staff publish widely in 4*/A rated journals – but substantial benefit to the academic staff themselves (promotion and other rewards).
- They argue that there is a curvilinear relationship between research conducted in a Business School and “added economic value” for its students.
- Taking added economic benefit as the prime indicator of business school performance, O'Brien et al (2010) argue that schools in the “upper echelons” of research activity would benefit from *reducing* these research efforts!



The problem of strategic choice

Rooted in the fundamental question of what business schools do (what is their purpose)?

Many debates, e.g:

- Khurana (2007) = to produce better and more highly skilled professionals and Mangematin and Baden-Fuller (2008) would add 'global professionals' as schools around the world increasingly occupy places in the top 25 of Business Schools (FT rankings).
- Gabriel (2002) = to increase the dissemination and consumption of research to practitioners
- Starkey and Tiratsoo (2007) and Reed (2009) = a need to 'engage' with practice and put in place a dialogical rather than linear model of knowledge production (research) and dissemination to reduce the theory/practice gap.



Isomorphism

- Whilst there may be many theoretical 'choices' a business school can make, there are a range of pressures which impact on Business Schools' decreasing range of strategic choice and increasing isomorphism:
 - Accreditation and Regulation
 - Rankings
 - Mimetic tendencies

Accreditation

Accredited Members:				
Region	AACSB	EQUIS	AMBA	Totals for Region
Northern America	481	11	3	495
Latin America & Caribbean	9	9	26	44
Africa	1	2	3	6
S, SE and E. Asia	20	9	6	35
Central & W. Asia	7	2	2	11
Eastern Europe		2	14	16
Western Europe	41	72	100	213
Oceania	9	11	7	27
Totals	568	118	161	847

Est no awarding
Business Degrees

1709

1938

740

5005

487

689

16

1217

98

Rankings

The potency of rankings cannot be ignored.

They are mostly inherently conservative, however.

- For example, pleas for innovation in business school from the Financial Times (2011) focus around on-line and web-based delivery of existing programmes
- Rankings of MBA programmes are still based largely upon % age of salary increase on exit (20% weighting and also ignores those with jobs in the public sector). The ethos is strongly on 'earning' rather than 'learning'.
- Grey (2004) argues that research rankings for business schools "...are crude and ineffective measures to create rankings at the expense of real quality".

Mimetic Tendencies

- Business Schools tend toward similarities rather than differences because of the tenacity and influence of institutional pressures and stakeholders. These include:
 - 1) The 'cash cow' syndrome (Reed, 2009)
 - 2) The MBA model of Executive Education (Crainer and Dearlove, 1998; Mintzberg 2004)
 - 3) Output based research performance metrics (Reed, 2009; Wensley 2009)
 - 4) Theoretical and ideological support for free market economics (Khurana, 2007; Starkey and Tempest, 2008).

Current Suggestions for Change

Professionalise Schools

Either

- mimic schools of law and medicine (Khurana 2007) – emphasise subjects such as law, economics, politics and psychology and de-emphasise others such as marketing, operations management, accounting)

Or

- Become close to practitioners and become dedicated to helping address managerially defined problems (the consultancy/pragmatic model)


Re-Model Schools

- to resemble the 'agora' – a centre of political, commercial, social and philosophical activity – a forum and a cultural focus (Starkey and Tiratsoo 2007).
- In many ways, the agora is what many schools do already, with Starkey and Tiratsoo arguing for those activities to be recognised and valued to a greater extent.



A Way Forward?

- Despite the many debates, there is little agreement on anything, other than the pervasive normative view that Business Schools must change radically.
- I'd like to outline a number of ways in which such changes might be implemented and at least open the debate for a discussion of what might be done (rather than what should be done).



The (new) Business of Business Schools

- I suggest three main areas where business schools can move forward and contribute significantly (and arguably with relevance) to society and academia:
- Develop a strong norm of Learning not earning (maintaining/developing research and teaching in the 'mother' disciplines of management - sociology, philosophy, psychology, economics, law and mathematics for example). Prioritise learning over 'added value' of a business education.
- Understanding and embracing ethics, risk and accountability
- Contributing to research knowledge in a broader way.



Learning not Earning

- Added value as academic learning and development for students, rather than earning increases from entry to exit of programme (e.g. MBA rankings) or other existing metrics.
- The challenge here is to be able to put some form of alternative metrics in place which are comparable to the existing rankings
- It will also require a shift of both values (here to learn) and topics taught (e.g. Khurana suggests a shift back to the core disciplines of law, economics, politics and social psychology).



Ethics, Risk and Accountability

- Not simply CSR/green issues (the social good and harm organizations can bring) but a focus on the risks and accountabilities that follow from the decisions students will make as managers, trustees or individuals.
- Durkheim recognised this (he argued that a common morality embracing everyone was necessary to maintain order and social cohesion).
- Mayo 'borrowed' this sociological theory without reference to the full theory and developed human relations (an approach readily adopted by organizations eager to increase production and profit).....



Golembiewski and Value-Free Science

- In the recent edition of *“Men, Managers and Morality”*, Golembiewski argues that value free science is a significant danger to teaching management because elites will act in their own interests and discipline the rest of us by the application of knowledge which will meet their needs (by design) and possibly the needs of others (but only by accident).



A Broader Scholarly Lens

- This means broadening the traditional focus of research and teaching in business schools to look more broadly at wider society and to turn its theoretical perspectives and research focus toward ‘big’ questions.
- In turn, this means engaging to a greater extent in public and private policy debates – reclaiming the terrain of work, employment and society.



Some Broader Research Areas where Business Schools could contribute

- Global Food Systems
- The Digitised Economy
- Dealing with Exogenous Events (Climate change; terrorism; changing balance of world economic powers)
- “Illegal” organizations



Implications

- Business Schools need to become less insular and engage more with other departments across Universities (and vice versa).
- They can become part of the value chain alongside science and technology if they can become a vital part of the knowledge transfer process (e.g. taking scientific innovations and developing them for application; engaging with policy)
- An increased focus on core disciplines will help facilitate both of the above, but business schools may become smaller (in terms of faculty size and number of students) and much less of a cash cow and MBA factory as a result.

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