BUSINESS SCHOOL EVOLUTION:

MEDIA INSIGHTS & THE FUTURE OUTLOOK

Gillian Goh, Michelle Lee and **Howard Thomas** examine the way the media has reported the business school 'industry' over the past 20 years and what the future might hold

Over the last two decades business schools and management education have received much attention in the media – witnessed by the boom in media rankings and the myriad topics discussed. Global events, such as the global financial crisis, have often been the precipitator of intense scrutiny of management education and calls for its reform.

Trends in the global environment, such as globalisation and the rise of Asia, have similarly framed discussions about the need for business schools to adapt and stay relevant. In this overview, we identify the themes that have emerged out of our review of media articles published between 1990 and 2012. (To see the full list of these articles, please visit the webpage, *Media Articles on Business School and Management Education Issues, 1990-2012* at www.efmd.org/mediareview.

We begin, however, by examining the evolution of the MBA, a programme that is often a *de facto* barometer of business schools' popularity, and the criticisms that have been levelled at them.

Business school popularity: the evolution of the MBA

The growing popularity of business schools in the late 1980s led to the birth of business school rankings by the media, beginning with *US News & World Report* in 1987, and followed by *Business Week* in 1988, and the *Financial Times* in 1999.

Since then, these rankings have stimulated both intense interest as well as ire, with many a debate about the appropriateness of ranking criteria, the failure of such rankings in capturing "distinctive school culture", and the fallout of a proliferation of rankings. An undeniable consequence of such rankings has been the "commercial" influence it has had on students, turning students into consumers and putting the pressure on business schools to become more business-minded.

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The early 1990s saw the reputation of European business schools growing and with that new comparisons being drawn between top European and American business schools. Observers also noted that students were turning to European schools, where MBA programmes are generally shorter and cheaper than at American schools, and where there is greater opportunity to benefit from a broader international experience. (More recently, though, there have been indications that European business schools are losing their appeal due to the weak euro-economy, the pan-European debt crisis and increased competition from business schools in emerging markets in Latin America and Asia.)

The MBA has also evolved in the sense that more varieties have emerged, including executive MBAs and shorter one-year programmes in both Europe and America. The dot-com boom in the late 1990s to early 2000s helped to fuel interest in distance-learning MBAs, validating the potential of the internet as a game changer in management education.

Hybrid or blended learning programmes, involving a mixture of face-to-face and online teaching, are also on the rise. There has also been a trend towards joint MBAs, involving alliances or joint ventures between business schools (often in different countries and even continents), spurred by competitive concerns and the perceived need to differentiate and to build one's own brand through well-chosen partnerships.

Criticisms of the MBA and challenges faced

The growing popularity of the business school has been paralleled by increasing criticism of the MBA. Criticisms have ranged from the lack of relevance of business school curricula in meeting the needs of students and businesses to the lack of practical research aimed at tackling real-world business problems.

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MBA programmes have also been criticised for their dubious quality and even for teaching flawed theories. MBA graduates, on the other hand, have been criticised for their overly analytical and quantitative approach to business issues at a time when soft skills, such as leadership ability, are increasing valued by companies.

At the same time, doubts have been raised about the value of the MBA, with observers noting the increasing cost of an MBA education and questioning its return on investment. Articles written about the issue have looked at such metrics as salary growth post-MBA, length of payback period and salary gain relative to the cost of an MBA. While there are differing views, the balance of opinion seems to be on the side of the MBA, based on favourable numbers yielded by the metrics used.

Arguments have also been made that an MBA is merely a high-priced signalling mechanism (given the reputation and carefully cultivated brand of a business school and associated networking opportunities). The real value, so the argument goes, is not in the education itself but rather in the screening for intelligence, drive and past accomplishments that schools' admission processes undertake. In that sense, each cohort admitted by a school is effectively a shortlist of potential hires for companies, pre-screened for desirable qualities.

The media has also highlighted a particular challenge that will be faced by business schools – the anticipated shortage of faculty brought on by declining enrolments in doctoral programmes, growth in MBA programmes and retiring baby boomers among faculty. The likely consequence as schools struggle to staff programmes with well-trained faculty is a fall-off in quality of research and teaching, which will in the end undermine businesses' ability to recruit high-quality graduates.

Corporate scandals and the global financial crisis

In the early 2000s corporate scandals dominated the media and framed discussions about business schools and their role in such scandals. Management education was fundamentally challenged to reflect upon itself and asked to place more focus on issues of ethics and corporate governance in its research and curricula.

This issue resurfaced with greater intensity during the global economic crisis (2008-2010, especially in 2009). Business schools were further criticised for having too simplistic an approach to ethics, with ethics courses often side lined or made "optional" in schools. Some suggested that the MBA be professionalised, which would give greater emphasis to inculcating a sense of responsibility and ethics in MBA holders, just as is done in law and medicine.

The banking mayhem also brought the subject of risk management to the fore. Questions were raised as to whether the sophisticated financial models developed in business schools were too complex to be appropriate for – or even understood adequately by – corporate managers.

Some argued that business schools have become too analytical and too narrowly focused on rigour in their approach to teaching and research and, consequently, ignored the complexities of the real world.

Critics also pointed out that the goal of maximising shareholder value has been given so much focus that it has become an overriding imperative. What was said to be missing was a broader sense of purpose. And while MBA students were seen as technically competent, they were said to have lost the ability to critically examine themselves and develop a sense of purpose and identity.

Overall, the economic crisis led business schools to recognise that simply equipping students with technical knowledge is not enough and that there is an urgent need for curriculum re-evaluation and reform. This has led to discussions in recent years that have centred on teaching authentic leadership skills, imparting critical thinking skills (the liberal arts MBA), and giving more focus to the process of learning and to thinking more flexibly across multiple frameworks, cultures and disciplines.

Corporate social responsibility and sustainability in business schools

The importance of corporate social responsibility (CSR) and sustainability was first acknowledged in the early to mid-2000s, with calls to incorporate these topics in business school curricula (see the *Beyond Grey Pinstripes* survey of 2003).

Schools were initially hesitant to offer courses in these areas given the lack of high-quality research. It was not until a few years ago that schools began to step up efforts in researching and teaching CSR and sustainability. There is also evidence of strong pick-up on the demand side of the equation – surveys reveal that CSR is high on MBA candidates' agendas (albeit with different underlying motives: some for a competitive edge in business, others for a fresh perspective towards business – the so-called "triple bottom line").

Accreditation bodies have also played an important role in urging the incorporation of CSR in management education. Organisations such as EFMD have given the issue focus by including it as a dimension of concern when assessing schools for accreditation, thereby providing powerful incentive for business schools to incorporate it in their curricula and their operations.

Globalisation and the internationalisation of curricula

Globalisation and the consequent change in competitive landscape has led some to predict that the best business education will not be one that merely offers international content in its courses but one that is truly multicultural, both in terms of composition of the faculty and student body and the type of research that is done.

In attempting to increase the "international quotient" of their programmes, business schools have aggressively pursued partnerships with foreign institutions, as witnessed by the huge increase in number of cross-border partnerships and joint-degree programmes.

While it is true that business schools in the west have long invested effort in internationalising their curricula by expanding their study-abroad options and offering joint degrees with foreign campuses, observers have argued that many leading business schools, especially American schools, use exchanges and alliance agreements to reap more profits and not to become truly internationalised. Business schools have been urged instead to develop curricula that inculcates a truly "worldly mindset" in students.

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The rise of Asia and Asian business schools

There has been a dramatic increase in demand for management education in Asia as companies seek to sustain the high rate of growth in these emerging markets. Indeed, enrolment in MBA and executive MBA programmes in China has grown rapidly, especially in the last five years, spurred by the opening up of the Chinese economy to the outside world.

However, despite the rise of Asia and its tremendous appetite for management education, the commonly held view is still that business schools in the west have an advantage over more nascent schools in Asia, in terms of resources, quality of faculty and reputation. The view appears to be that some of these institutions will require time and resources to develop into research powerhouses and to build a strong enough reputation to compete for top international students.

In spite of this scepticism, there has been an interesting reversal of trend in the global demand for management education, with Asian students increasingly opting to attend quality local schools and some foreign students choosing to pursue degrees in Asia. This appears to be driven in part by the fact that the traditionally stronger preference for western degrees over local ones among employers is declining.

This trend favouring Asian business schools is likely to gain momentum as generations of foreign-trained Asian academics return to their home countries equipped with the expertise to compete internationally.

In China, for example, foreign-trained business school deans play a significant role in plans to transform China's elite business schools into world-class players. Programmes are designed to be attractive to Chinese and overseas students alike, making them simultaneously more international while building on core knowledge of Chinese businesses and the Chinese economy.

The belief is that China and India's top business schools are capable of grooming future leaders in the same way that top schools such as Harvard, Stanford and INSEAD have. However, for the moment at least, many corporations in China, India and other markets in Asia, continue to send their managers and executives to be trained in American and European business schools.

The argument that Asian business schools cannot simply rely on knowledge developed in the west has been gaining increasing acceptance. Some have highlighted the need for Asian research based on the social, economic and political realities of the region while others have called for new Asia-focused curricula.

For example, China's business schools have been encouraged to contribute more to the needs of Chinese industry by developing all forms of business education and training inside Chinese companies, something that is currently a rarity across China.

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Conclusion: what kind of business school in the future?

Given the comments and media articles summarised above, it is appropriate to consider the outlook for the business school of the future (note that this is the focus of the second volume of the EFMD-sponsored research by Howard Thomas and his colleagues. Volume I discussed the *Promises Fulfilled and Unfulfilled in Management Education*).

Schools will have to make substantial changes in what they research and teach. This means broadening the traditional focus of research and teaching in business schools to look more broadly at the wider society, to embrace multi-disciplinary perspectives and to turn theoretical perspectives and research focus towards issues of clear relevance to business and society, such as Big Data and living analytics, problems of ageing and pension provision, and the role of innovation and entrepreneurship in new product growth.

A first move would be to develop a strong norm of learning management as an art and not earning a degree by solely focusing on research and teaching in the "mother" disciplines of management – economics, law and mathematics. This means prioritising learning over the "added value" of a business education.

A second move would be to place far greater emphasis on the ethical and moral questions endemic in modern capitalism and to examine critically the role of businesses and managers in society. This would entail going significantly beyond the current debates about corporate social responsibility, which arguably act as a convenient moral "cloak" for deeper questions about the accountability of managers for their actions and decisions, as well as the role of business in wider society.

These could include a wide range of topics ranging from, for example, an examination of why there are simultaneous obesity and starvation in a world technologically able to feed itself to topics such as social and economic policy, understanding the impact and the risks of exogenous events such as climate change, disasters and terrorist activities, and the impact of a newly emerging global economic order as China and India become key players in the world economy.

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Finally, as managers operate increasingly globally, business schools themselves will have to become less insular and nationally oriented. An understanding of languages, comparative social cultures and the impact of religion on global economic activity would seem to be essential parts of the teaching and research curriculum of business schools in the near future. Contextual and cultural intelligence should become as important as analytical and emotional intelligence.

To the extent that schools do not undertake these changes, we argue that they are likely to become irrelevant and unnecessary institutions operating on the sidelines of key social, economic, and political issues.

Deans need to have the courage to build curricula that develop so-called T-shaped individuals — that is, those who have significant disciplinary breadth achieved through a liberal education as well as appropriate training in the important functions and languages of management education

Unfortunately, the similarity in many business school curricula arises from the imitative tendencies present in current management education.

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