What should business schools be for?

Howard Thomas and **Kenneth Starkey** report on a new initiative that looks to business schools to re-orient themselves to a challenging new future

Much has been written about the future of the university, diagnosing management and business education either as a symptom of the decline of higher-education values or as a tonic for those already decayed values.

For those who see the disenchantment of the university's mission and purpose in the use of a profane managerialist language – most famously Bill Readings' *The University in Ruins* (1997) but also more recently in Stefan Collini's influential writing about the UK system (2012) – business schools are barbarians at the gates who do not respect the traditional separation of the university from the mundane world.

Our view is that as long as business is at the heart of a global society, the study of business will be at the heart of the global university. This is neither an indication of ill-health nor a cause for celebration. The key question is what does one do with this education at the heart of the university today?

Our starting point for the seminar held at Said Business School at Oxford University in the UK earlier this year involved a period of reflection about the value and purpose of business and management education.

At an earlier seminar in Nottingham, UK, in late 2018 it was suggested that business schools should offer a more sustainable identity and legitimacy by developing a stronger sense of vision and purpose. This might involve addressing more closely their impact through reconfiguring their teaching, learning and research in the context of business and society.

For example, should a business school have a clear purpose to produce a responsible, reflective and insightful managerial cadre as envisaged by Joseph Wharton when founding the Wharton School at the University of Pennsylvania in the US in the 1880s? Following that logic a business school should provide insight and moral value through the quality and breadth of its teaching, academic value through its research and creation of new management knowledge, and public and social value through the effort and impact of well-educated and knowledgeable graduates acting responsibly.

We therefore invited four well-known academics to address different aspects in relation to the purposeful aims of business schools:

- Martin Kitchener and Rick Delbridge from Cardiff University in the UK examined the so-called public value business school, whose purpose is directed towards social and economic development
- Colin Mayer from Oxford University offered an economic perspective, stressing that the responsibility of the business corporation is far wider than a simple aim of maximising shareholder value. He argued that business should be a force for the greater good by contributing to its wide range of social and economic stakeholders. He suggested that the idea of a business should be recreated through legal and regulatory changes to ensure both economic and social objectives would be fulfilled in its operation
- Armand Hatchuel, from a French perspective, examined, in a similar vein to Mayer, the challenge of how to redefine the meaning of a business enterprise.
- Alan Irwin, from Copenhagen Business School in Denmark, concluded by arguing that impactful research in business schools should address not only narrow disciplinary issues but also areas of inter-disciplinary research that focus on the grand societal challenges such as limits to growth and environmental sustainability.

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In designing their concept of a value-based business school, Kitchener and Delbridge drew their inspiration on processes of strategic change from John Brewer's book, (2013 *The Public Value of the Social Sciences)* and their concept of public value from the work of Mark Moore at Harvard's Kennedy School of Government in the US.

This raises interesting questions about where new ideas about management might arise and that they might not come from business schools. Kitchener and Delbridge explain that most business schools currently follow the philosophies and pathways implied by a purposive, economics-based rationality that emphasises teaching and research organised around a dominant principle and the aim of a business maximising shareholder rather than stakeholder value.

These business schools advocate research that is focussed often within a single discipline and deep engagement with societal elites drawn from national government and big corporations and rely on hierarchical, bureaucratic models of organisation and governance.

Kitchener and Delbridge argue for an opening out of the business school in the spirit of diversity and recognition of both social and economic good and propose that some business schools should seriously consider adopting a mission and purpose directed towards the creation of public value and that business schools generally should not be limited to an interest in economic value alone.

This broader focus would offer the following elements:

- first, approaches to learning that develop viewpoints and philosophies directed towards both economic and social improvement.
- second, multi-disciplinary research that addresses issues often called "grand challenges" such as social inequality and in turn offer meaningful solutions to these problems.
- third, engaging with all the constituencies of business, government and civil society in meaningful tri-sector collaboration and attempting to solve their economic and social challenges.
- finally, they advocate the adoption of alternative forms of governance to corporations including mutuals, co-operatives and others that would foster collaborative leadership and participative decision making. They have put their concepts of the public value business school in operation in the context of the curriculum and research in Cardiff University Business School.

In this process, they report that they have gained strong support from business school colleagues, their own university and, more importantly, the broader business and government sector within Wales.

While Colin Mayer does not go so far as Kitchener and Delbridge in advocating an alternative business school model he does focus on such questions as "what is business for?" and "what roles and responsibilities should business have in society as a whole?"

These questions suggest clearly that the sole obligation of business might not be to maximise shareholder value even though this obligation is widely adopted in the models of many highly rated business schools.

Mayer argues that profit goals are important but they should not be the sole purpose of a

company. In his view, companies consist of economic and social relationships and build trust in a manner that is centred on values and which also enhances the social and welfare objectives of employees and customers.

He calls for corporate ownership to be vested in the hands of investors who have a real interest in long-term sustainability and in a corporate governance regime enacted through appropriate legal and government regulations that mandates corporate leaders to take responsibility and accountability for both defining corporate purpose in broader societal terms and delivering it effectively for all stakeholders of the corporation.

In short, this research in his book *Prosperity: Better Business makes for Greater Good* sets out clearly the principles, purpose and vision required to enact the strategy of a company with a moral commitment to create both economic and social value for all citizens in its jurisdiction.

Armand Hatchuel from Mines-Paris Tech, formerly the École des Mines in Paris, presented the results of a research project conducted with colleagues after the crisis of 2008 in a project to develop a new history and theory of the corporation in relation to the development of countries and civilizations. One potential impact of this research was to introduce in French corporate law a new legal definition of the corporation ("*société*").

This project fits very closely with the objectives of Mayer's work on the notion of a company as a catalyst for creating better social and economic conditions in society and recognising the interests/values of a broader range of stakeholders.

Building on a broad-based interdisciplinary management theory and history, the French research team's work aligned with a recent edict from the French President Macron to redefine the legal meaning of a corporation, particularly since France is a dominant member of the European Union. This led to the enactment of the *Loi Pacte (Le Plan d'action pour la Croissance et la Transformation des Entreprises)* recently enacted by the French Parliament.

Hatchuel emphasised the broad interdisciplinary knowledge base necessary to theorise the problem of corporate law and also engagement with and involvement of key parties, governmental, business and others.

He pointed out:

- that the solutions they offer were guided by an understanding of the business community as, at heart, a community comprised of purpose-driven corporations aimed at creating economic and social value
- that there is a convergence among the members of the EU towards specifying that company directors' duties must include the promotion of long-term sustainability for the company

• that new law in France requires that corporate social responsibility is a critical responsibility in the operations of any company and that the company is no longer solely devoted to shareholder value
• that a statement of its social and environmental responsibilities may be clearly established as its *raison d'etre*
• that a company can choose the status of a "mission-driven company", which commits the company to define its mission and organise a special board for the control of this mission.This implies also engaging all of its stakeholders in the future development and operation of the organisation.

Alan Irwin's presentation clearly adopted the viewpoint of a company as having both a social and an economic rationale. He therefore focused on how a business school could produce interdisciplinary research given the strictures of the so-called rigour-relevance debate in business schools.

He argued that the gap between rigour and relevance is essentially about the tension between the academic quality of business school research and its consequent impact and insight on real-world issues and problems. He pointed out that there is clearly a great divide between existing forms of disciplinary focus, scientific research and practice-informed research in addressing issues of the production of meaningful academic knowledge for business and society.

He bolstered his argument by quoting from Bennis and O'Toole in their famous article on "How business schools lost their way". Those authors point out how scientific, rigorous research has become dominant in business schools. Indeed, they argue that this dominant focus is the result of faculty in the relentless pursuit of their academic careers essentially driving the scientific model with little regard for the needs of other stakeholders.

Even though such research may be both excellent and imaginative, they point out that it often serves a very limited and generally academic audience and mainly serves faculty self-interest and self-promotion rather than impactful knowledge production.

Irwin therefore argued that there should be a sensible balance between scientific rigour and pragmatic relevance in regard to purposeful academic research. Hence, notions of "inter-disciplinarity" and associated research efforts involving such issues as responsibility and public engagement, should enable some rebalancing of quality research directed towards all stakeholders in society.

Indeed, a recent development in business and management schools merits our attention. A community of leading scholars, journal editors and business school deans has emerged and is described as the RRBM Research Initiative (Responsible Research in Business and Management) *http//rrbm.network*. Its purpose is to advocate systemic change, which in other words means advocating the growth of academic quality research and stressing its value and relevance to society.

For those involved in this initiative, high-quality, impactful and relevant research sometimes involving inter-disciplinary collaboration should equate to the growth

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of more responsible research that addresses some of the grand challenges that exist in society today.

This seminar clearly embraced a broader set of purposes for business schools in promoting wider goals of stakeholder value in the design of curricula and research initiatives. Consequently, our next seminar meeting in Bath in November 2019 will examine closely the role and purpose of undergraduate business degrees in producing a future stream of socially and globally aware, business graduates.

The Oxford seminar also suggested that business schools should be far more proactive in addressing the many challenges we face in our troubled and troubling times, with faith in leaders, business and political, declining and faith in business and management as positive forces being contested by powerful figures such as President Trump in his attack on unbridled globalisation that, he argues, plays mainly into the hands of our Chinese competitors.

Existing ways of thinking about business and society are suffering major disruption. Business schools have an opportunity to help redefine the future to meet these challenges but it is unlikely to be business as usual.

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About the Authors

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