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# Business School Futures: Evaluation and Perspectives

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# Business school futures: Evaluation and perspectives

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Abstract:

The purpose of this paper is to present details of this special issue, that has as its theme: "Business school futures: evaluation and perspectives". The Guest Editors have assembled a set of papers presented at recent AACSB/EFMD meetings to provide further fuel for this important debate. Together the papers in this volume provide a set of insights about important themes and perspectives on business schools as we reflect about their future evolution. The insights presented in this special issue should provide the fuel for continued critical debate and dialogue as we confront the current turning points in management education and also develop future strategies for the continued success and evolution of the business school in the modern university.

Keywords:

Business schools, Society, Students

## Introduction

Despite the strong growth in enrolments and the number of students graduating in management and business studies, business schools "are currently valued much more for their managerial expertise, cash-generation abilities and financial strength than their intellectual strength and scholarship (Bok, 2003; Starkey and Tempest, 2008; Thomas and Thomas, 2011). It is commonly argued that business schools lack legitimacy and a unifying, professional identity (Khurana, 2007; Khurana and Nohria, 2008; Spender, 2006). They also need to provide a clear sense of purpose, morality, ethics and positioning with respect to their role in society. Further, Schoemaker (2008) stresses that the current paradigm of business schools, which emerged out of the Ford/Carnegie Reports in the USA (1950s), and the Franks Report in the UK in the 1960s, "with its strong focus on analytic models and reductionism, is not well suited to handle the ambiguity and high rate of change facing many industries today".

Management education and its activities has, therefore, become the subject of continuing debate and critical attack from media, academics and the business press for being out of touch with the business world, undertaking irrelevant research and for failing to emphasize moral, ethical and global values in leadership (Pfeffer and Fong, 2002; Fraguero and Thomas, 2011; Mintzberg, 2004; Ghoshal, 2005). Indeed, Bennis and O'Todle (2005) ask why "business schools have embraced the scientific model of physicists and economists rather than the professional model of doctors and lawyers". They note sadly that few management professors actually appear to practice management

The recent financial crisis has also amplified the public debate in blogs, journals, media, etc. about the value proposition of business schools. Conscious of this the two main professional associations in management education – AACSB International in the USA and EFMD in Europe – have focused much of their attention in recent Deans and Directors conferences to a close examination of the future evolution of business schools and management education. They have emphasized the importance of continued thought leadership and of developing an overarching and enduring vision for management education and its role in society. In the current ferment of dialogue, debate, controversy and ambiguity business schools and their leaders appear to be at a strategic crossroads but uncertain about which route to take in the long term. Consequently, issues such as the influence of globalization and innovation, the value and impact of research, and the importance of clear perspectives about corporate social responsibility and leadership are at the forefront of this continuing re-evaluation of the business school.

As a contribution to this important set of debates the editors have assembled a set of papers presented at recent AACSB/EFMD meetings to provide further fuel for this important debate. Some papers are quite short, primarily expressing a viewpoint on an issue such as the future of the business school, whereas others are longer and more comprehensive. The papers cluster around the following themes:

- Is there a common body of management knowledge? And, where is the MBA going?
- Facing the demographic challenges. Where will the next generation of business school students come from given current trends in the birthrate and population growth globally?
- The need to understand and leverage the core competences and dynamic capabilities in strategizing about the business school's "business model"?
- The importance of examining the strategic leadership processes of deans and senior administrators in the business school context. What is the role of influence; power and politics in strategic decision making?
- Understanding and examining the future of business schools in the university context.

We examine each of these themes and clusters in turn.

### **Reviewing the MBA and the common body of management knowledge**

Datar et al. (2010), prompted by the 100th anniversary of Harvard Business School, recently carried out a very important empirical study to examine and review the progress of the MBA degree, the flagship and dominant but US-derived degree, in many leading business schools. They examined a range of secondary data sources, interviewed leading business school deans and corporate executives and outlined clearly the curricula developments at around a dozen leading schools – focusing particularly on programs at the Centre for Creative Leadership, Chicago, Harvard, INSEAD, Stanford and Yale.

From this research analysis they identify a number of unmet needs in relation to individual student and management development and skills of leadership and strategic implementation that should lead to a series of promising innovations in MBA program design. They identify the following: gaining a global perspective; developing leadership skills; honing integration skills; understanding the roles, responsibilities and purposes of business; recognizing organizational realities and the challenges of implementation; thinking creatively and innovatively; thinking critically and communicating clearly, and understanding the limits of models and markets. However, they counsel that these unmet needs should be viewed as guidelines since one of the enduring strengths of business schools is the

diversity of their approaches, cultures and models. For the student of management education the presence of a range of diverse menus and recipes of instruction also provides them with choice as they evaluate the merits and differentiating characteristics of alternative business schools.

Podolny (2009) similarly offers an alternative set of curricular prescriptions and warns in the US context that “unless America's business schools make radical changes, society will become convinced that MBA's work to service only their own selfish interests”.

Schlegelmilch and Thomas also address the nature of the MBA program and its future role. Based on debates and interviews that took place during, and following, two recent AACSB and EFMD deans' meetings they also conclude that there is a need to rebalance the curriculum around soft skills, ethics and corporate social responsibility. But the rapid parallel changes taking place in management innovation and globalization also require the development of managers who are innovative, imaginative and possess a global mindset, cross cultural understanding and sensitivity. They believe that students must be taught more broadly how to combine analytical capabilities, managerial skills and an ethical code of conduct. They also offer a very interesting suggestion. They speculate that there is an urgent need for the twenty-first century equivalent of the Ford/Carnegie reports in the USA in the 1950s and the Franks reports in the UK in the 1960s. Such a report would require a global commission, given an intensely global management education world (AACSB, 2011). It would examine business schools, management education and the future. Sponsorship from AACSB, EFMD, AMBA, and GMAC as professional organizations in the field and foundations such as the Ford Foundation could make this happen.

Bob Sullivan, the Dean at the new Business School at the University of California, San Diego, focuses particularly on the role of innovation in business schools. Sullivan, who recently chaired an AACSB report team on innovation, argues that innovation's impact on business and society must get reflected in the dynamic capabilities of the business school. Drawing in the broadest sense on definitions of innovation such as problem solving, creativity, applied invention, unmet user needs, management innovations and business models, he argues that a focus on innovatory processes is important. It is critical in driving the change agenda with regard to business school models, curricula and managerial and administrative processes. Such innovatory processes should then lead to a renewed focus on, for example, teaching and research in areas such as management and leadership in business schools.

From a somewhat broader perspective, and focusing on the role of the business school in society, Cornuel and Kletz stress the need to educate students about how to manage the not-for-profits, the NGOs and the “third” sector in management education. The issues raised run counter to those who favor a market-oriented perspective and set of values but who must now examine more closely the limits of markets and market value systems in our approaches to management education. They point out that the growth of the third sector and the presence of a wide range of social democratic value systems in many foreign countries, mandates that the more market-oriented business school model and curricula must be adapted and modified to take account of the differences, cultures and value systems in the not-for-profit sector if management education is to embrace the more inclusive global environment of the twenty-first century.

### **The demographic challenges and future business school students**

Wolfgang Lutz, who is in charge of the demography program at the influential Institute for Applied Systems Analysis (IIASA) in Vienna, provides a valuable, detailed and insightful analysis of

demographic trends. In particular, he points out the main demographic shifts in, for example, global population ageing (increasing life expectancy) but lower birth rates (declining fertility).

The increase in the work population over 50 in developed countries together with declining numbers of younger people in the workforce, suggests that better educational investments should be made to upskill the current workforce, improve the productivity per person and hence compensate for lower birth rates. Similarly, the relatively large population growth in emerging and developing countries may provide strong opportunities for business schools in developed countries to provide management education for these countries. It is possible that well-financed international students from emerging countries will elect to attend the elite schools in the USA and Europe.

Interestingly Lutz points out a number of managerial challenges for deans of business schools. For example, it is likely that the faculty of business schools will work longer and this will provide challenges for human resource management for schools as they attempt to cope with the age management of faculty and still provide and create appropriate opportunities for faculty career growth. His final plea is, therefore, to include demographic change and the challenges arising from it into business school curricula.

### **Understanding and leveraging dynamic capabilities in the business school**

David Teece, a well-known scholar in the strategy field, starts with the premise that the curriculum in business schools requires revision. He argues that a coherent intellectual framework for the curriculum is urgently needed to interrelate the various social science and business disciplines. This integrated perspective on the business environment is essential. Teece argues that the dynamic capabilities framework in strategic management has the potential to improve curricula in areas such as problem framing and better decision making. More importantly, however, it can provide a higher degree of order and integration to management education. He notes that preliminary steps in this direction have been taken at some business schools such as Haas, Berkeley, Columbia and Rotman, Toronto.

At minimum the dynamic capabilities framework can be used to rejuvenate strategic management as an integrating capstone course in the business school curricula. More comprehensively, however, it offers a means to interrelate the many functional areas in corporations into the business school curriculum. And, it should enable the development of a more integrated model of business education encompassing a social sciences disciplinary framework.

### **Strategic leadership in the business school**

The paper by Howard and Lynne Thomas focuses on leadership in the business school. The role of a dean is explored and the need to understand the broad “context” of their professional domains is seen as a core competence for deans as they set their strategies. They argue that deans mediate a decision-making process and serve as a bridge between external stakeholders, school goals and the faculty's own interests and motivations. They suggest that academics generally prefer a minimalist leadership style somewhat similar to the role played by an orchestral conductor. They note that leadership involving critical debate, open communication and persuasion is required for successful strategic change and execution in business schools. They also provide a detailed framework for understanding the strategic leadership process in business schools (see also Fraguero and Thomas, 2011). They stress that three aspects of strategic leadership need a much closer focus in future

research, namely, a deep understanding of leadership and leadership characteristics, a careful examination of the role leaders play in the strategic change process and the need for formal and experiential leadership training. An interesting perspective on leadership characteristics and leadership styles is also provided in their interactionist model of leadership and leadership characteristics. They also indicate further research being carried out on Deans involving a visual mapping model of the power, influence and strategic positions taken over time across multiple key actors. From a management educator's perspective they note the value and importance of formal leadership training alongside experiential learning. The design of leadership programs for educational administration is, therefore, a critical issue for both curricula and leadership development.

### **The future of business schools in a university context**

In an extremely interesting, refreshing and short essay, Noorda highlights the positioning of business schools in modern universities. He argues that universities need freedom of movement to be different, to interact with relevant contexts and develop their particular strengths. He notes that business schools are perfect proof of what you get when universities are doing what they are supposed to do and doing it well. They are fit for purpose because they are serving the specific needs of the communities they relate to. He sees three domains that will require attention for the future of business schools. First, in the area of rankings and accreditation he sees a need to redesign rankings so that they focus more on educational criteria and outcomes rather than graduate salaries, reputation and standing. Second, he points out the need to refresh curricula, teaching and learning and encourage diversity in approaches (not common homogeneous standards). Third, he reflects and counsels on the importance of studying history in trying to understand how business schools got it wrong in the current financial crisis. He concludes by offering three recipes for a healthy future: develop research independently and openly; attempt to bridge the public/private and corporate/not for profit divides and, importantly, constantly invite criticism in debates on the future of business schools and management studies.

### **Conclusion**

Together the papers in this volume provide a set of insights about important themes and perspectives on business schools as we reflect about their future evolution. These insights should provide the fuel for continued critical debate and dialogue as we confront the current turning points in management education and also develop future strategies for the continued success and evolution of the business school in the modern university.

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#### About the Guest Editors

Howard Thomas (MSc, MBA, PhD, DSc) is the Dean of LKCSB, Singapore Management University, Singapore. He is the author of over 30 books and 200 articles and his interests include in competitive strategy, risk analysis, strategic change, international management and strategic decision making. Previously, he was Dean of Warwick Business School and Professor of Strategic Management. Prior to this he held posts as dean of the College of Commerce and Business Administration and James F. Towey Distinguished Professor of Strategic Management at the University of Illinois at Urbana-Champaign, USA 1991-2000, Foundation Professor of Management at the Australian Graduate School of Management in Sydney, as the Director of the Doctoral Program at London Business School, and visiting and permanent posts at institutions such as the European Institute of Advanced Studies of Management in Brussels, the University of Southern California, the University of British Columbia, the Sloan School of Management, MIT, and Kellogg School, Northwestern University. Past President of the US Strategic Management Society, past Chair of the Board of the Graduate Management Admissions Council, member of Beta Gamma Sigma Honorary Society, and Fellow of both the Academy of Management in the USA and the British Academy of Management in the UK; Fellow of the Strategic Management Society USA (and current Dean of Fellows) and the Sunningdale

Institute of the Cabinet Office, Honorary Life Member and former Vice-President of EFMD. He also serves as a board member (Chair) of GFME, ABS and State Farm Bank. He is a companion of ABS and Chair of the Association of Business Schools, UK, 2008-2010, and Vice Chair, Chair Elect of AACSB International, 2008-2010. He was awarded an Honorary Degree (fellowship) by Swansea University in 2008.

Eric Cornuel is the Director General and CEO of European Foundation for Management Development (EFMD) in Brussels since 2000. He holds a degree of Sciences Po from IEP Paris, an MBA from HEC Graduate School of Management, Paris, and a DEA in Strategy and Management from Paris Nanterre University, together with a Doctoral Certificate in Strategy from HEC Graduate School of Management Paris and a PhD in Management, written on International Network Organizations, from Paris Dauphine University. He started his career as an entrepreneur by setting up a hydroelectric power plant in France when he was still a student. He was also the Director of the HEC Institute for Central and Eastern Europe (Paris). He then served as the Dean of KIMEP, at the time the leading business and economics school in central Asia, from 1997 to 1999. He was awarded an honorary professorship for his achievements there. From 1996 to the present, he has been affiliate professor at HEC Graduate School of Management, Paris. He has taught for 15 years at various management schools in Europe and Asia. His key qualifications are in the areas of strategy, international management and entrepreneurship and he is a regular contributor to the Emerald management journals. He is, among others, a board member of the European Institute of Advanced Studies in Management, European Business Journal, International Journal of Business in Society, European Academy of Business in Society, International Schools of Business Management, and Global Foundation for Management Education (GFME). He also sits on the board of several companies.