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Viewpoint

Where Have All the Business Schools Gone?

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Management education and research crystallizes some of the successes, failures and contradictions of our modern societies. On the one hand, the demand for training in management keeps growing and so do the expectations from stakeholders within and around organizations to better understand how businesses emerge, grow, evolve and disappear and how these businesses may be run in various contexts. Enrolment at business schools is increasing throughout the world, and more research is conducted and published every year – with in fact an explosion of the literature that makes it extremely difficult for both academics and practitioners to follow everything that goes on in the field. And this is taking place in a world economy that keeps growing despite some ups and downs, with international trade bound to develop further despite the limitations of the resources of our planet, and with entire regions of the globe reaching income per capita that they had been dreaming of, hoping for a better life with access to mass consumption, better housing, health, education, travel etc. In this sense, management education and research at business schools may be viewed as both benefiting from and fueling the world economy. Business schools aim at providing (a) educated individuals trained to deal with the complexity of the task of leading 'organized collective action' and (b) new insights to improve the practice of management for a variety of forms of organization in a variety of contexts.

On the other hand, the success of business schools raises many disturbing questions. How could the community of researchers in finance not see the subprime nonsense that their sophisticated models made possible? To what extent is the knowledge produced by management researchers at western business schools fitted to the socio-cultural-political context of, say, a small family business in Tunisia or a co-op in northeast Brazil? What happens to scholarly inquiry if most of the management researchers seem to take it for granted that the main issue in business is performance of the focal organization itself, e.g. treating social or environmental concerns at best as constraints, if not as mere externalities? What could have been done to better train the faulty and greedy top managers who led their companies into dishonesty, scandal and ruin? How could we better combine the principles of private entrepreneurship and democracy in the governance of the firms? There are many other such questions. Note that we do not question here the role of management *per se*. This is altogether a quite different debate and we firmly believe that organized collective action needs to be managed. Instead, our main point here is to suggest that the development and success of the business of business schools may be questioned despite all the good they may bring to our societies and economies.

We argue that the institutional setting and the dynamics of the rules of the game that regulate the world of management education and research created a 'business school bubble' and may in fact contribute to weakening our current business school system from within. More specifically, we argue that business schools have lost their way while competing at the game of rankings. We further argue that the UK – and other EU business schools – make a mistake in blindly running after their North American cousins. And we send a call to the community of management scholars in the UK and beyond in the hope that they will join our effort to influence the institutional setting and the rules of the game of our field in new and more adequate directions.

Competition in the business schools arena boosted the field

There is no doubt that the increasing competition within management education and research in the last two decades brought in much more professional behaviour both in teaching and research. The quality of the service delivered to students and executive education audiences went up (e.g. newer cases, better follow up of projects, more structured and better documented curricula etc.). The question of the quality and relevance of the teaching may be a different matter as we shall see. At the same time, the volume and intensity of publishing activities literally exploded. More money went into the system as prices (tuition costs and fees), faculty salaries, donations and research grants went up. In the process, the whole system of management education and research has considerably improved its efficiency. In this sense, we argue that competition boosted the industry of business schools.

One may question the relevance of the invasion of academic institutions by market rationale and competitive behaviour. Yet, the fact is that increased demand in management education generated more resources allocated to business schools and thus competitive strategies from deans to tap the sources of funding as a way to build and maintain reputation, in turn helping attract better faculty, better students, better researchers. These then fed back positively into reputation and permitted higher tuition fees and access to more funding etc. This led to business models for business schools aiming at entering a virtuous self-reinforcing circle: more funding – more research and better education – improved reputation – more funding – etc.

In a way, most of the business schools in the UK, the western world and to a certain extent in other parts of the world are playing that game – globally, regionally or nationally, according to their ambition, scope and status. This is far from being anecdotal as it has very strong concrete implications on the way management education and research are now regulated.

Regulation mechanisms emerged in the business of business schools

Business schools are looking for reputation and funding as a way to better serve their constituencies (the students, their families, the alumni, the faculty, the business community they serve, the donators, the government bodies that sponsor their teaching and/or research initiatives etc.).

A major problem arises when it comes to assessing a business school's reputation. This is where rankings come into the picture. How can a prospective student from overseas select a place to apply for? How can families find out whether to support such choices? How can recruiters make up their mind about the standards of a given institution? How can teachers and researchers decide where to apply for a faculty position? How can public bodies identify the 'best' possible places to invest public money on management education and research? How can deans select the partner that best fits their home institution from among the possible candidates in a country they know little about?

As long as the structure of the business of business schools remained national, or limited to the traditional zone of influence of a given country, with its language and culture, such as the countries that once were part of an empire, there was a *de facto* informal ranking of institutions conveyed by social and business networks within the geographical and cultural zone. But when competition becomes more global, when prospective students from emerging economies try to find their way into a western business school, when studying abroad becomes a standard in Europe, then some support is needed to find the way in – thus the ranking developed at the Shanghai University, Della Bradshaw's rankings in the *Financial Times* or the accreditation mechanisms.

Accreditation is a process that signals distinct business schools that have been carefully scrutinized by a panel of peers and that have been awarded a label. There is no ranking involved. It is a pass/no pass grade, meaning that the certificate is awarded or not. Accreditation is also a way to promote quality improvement in the business schools, encouraging them to engage in a series of initiatives and checking the progress made at the same time as the accreditation status is periodically reassessed. Obviously the accreditation bodies (essentially associations of business schools that chose to offer such services – typically the Association to Advance Collegiate Schools of Business, the Association of MBAs and the European Foundation for Management Development) are competing to gain worldwide visibility and legitimacy, doing their best to promote their accreditation certificates and their accreditation processes as some form of norm.

Rankings are of a different breed. Smart journalists found a niche with a yearly series of issues that sells well. The business school rankings usually combine a set of criteria, objective or subjective, quantitative or qualitative. Data are collected from the business schools who have little choice but to respond if they want to appear in the list – and some may be tempted to play silly games to improve their position in the list.

Among the criteria used to rank business schools stand the 'research activities' of a place and thus its 'research outputs'. And this leads to yet another form of ranking, the journal rankings. As it turns out, the trend has been that a research publication may be considered as meaningful only if it has undergone the scrutiny of academic peer review. To make it even stricter, the reviewing has to be double blind. (Note that in the era of the Internet and search engines, blind reviewing may end up being blind only in theory.) Research publication is thus focused exclusively on journals with formal double blind reviewing. And this came in perfect fit with a concrete latent need, namely speeding up and simplifying the assessment process both at business schools having to assess the output of their faculty and at places (*Financial Times*, Shanghai etc.) issuing business school rankings. The idea of journal ranking appeared as a relief. A simple list of the supposedly best journals, the so-called starred journals, does the trick. No need to assess the papers published, and thus no need to read their contents. A simple count of the number of papers published in the journals ranked became the proxy for academic excellence in research. In turn, this feeds back into the business school ranking mechanisms. And this works as well for promotion and recruitment panels at business schools. This means externalizing the heavy assessment tasks to anonymous reviewers and journal editors – and not even paying for it. This is quick, easy and cheap – at least at face value because reviewing has a significant hidden cost for the community and the individuals who perform the task. And all this free subcontracting is done in the name of science. How could anyone argue against peer reviewing as this is the basic mechanism widely accepted in science to produce new knowledge via contradiction and debate?

Another element needs to be brought in. The legacy of the Second World War with the USA coming out as the dominant power in the western world and the success of the American-based multinational corporations led to an impressive dominance of North American management and thus North American business schools in the second half of the 20th century. English became the lingua franca of management. More research was conducted in the USA than anywhere else, hence more work was published, more journals launched. This effect of volume had a logical mechanistic implication: the journals that appeared as leading the field were all American-based. They still are. And the reviewing process led by the editors of such journals increasingly meant that authors had to play by the rules imposed on them (type of topic addressed, methodology, references selected, nature of the contribution expected etc. – this was not just a question of format; it became a matter of content as well).

As it turned out, after the Gordon–Howell and Pierson[1] reports at the end of the 1950s, the core of management research conducted in North America progressively went for a route towards more rigour, in turn mimicking hard sciences and economics in a quest for scientific legitimacy. This soon meant systematic use of statistics as a

[1]In the late 1950s business schools as a whole came under close scrutiny from two key academic reports. Both the Gordon–Howell Report and the Pierson Report criticized business schools for including narrow, trade-focused curricula within their programmes; for employing poorly trained faculty; attracting academically inferior students; and for implementing simplistic teaching and research methodologies. During this post-war period, when the US government and economy at large was seeking to advance via an industrial revolution, the pair of reports instigated a sea of change within academia, providing a much needed wake-up call to many of the nation's oldest, elite business schools. Complacency was no longer an option. (Source: Carnegie Mellon, Tepper School of Business, http://tepper.cmu.edu/about-tepper/history/the-b-school-change-agents/the-pierson-report/index.aspx)

way to test hypotheses, in the hope of contributing to theorizing, thus *de facto* widely adopting a positivist epistemic stance. Obviously, the US academic arena in management is big enough to have kept some degree of diversity. Yet, many researchers simply chose to put themselves in a position to publish what was increasingly expected from them, away from clinical studies, from books and monographs and, regrettably so, from intellectual debate and scholarly enquiry.

We now have the ingredients of the cocktail that currently prevails: accreditation, business school rankings, journal rankings, massive dominance of North American research and starred journals, and mainstream US research going primarily for statistical testing of hypotheses as the standard of good science in management. These are the elements of the regulation mechanisms that emerged over the last three decades as the drivers of the business of business schools. These have had and still have a profound impact on the way the world of management education and research operates, in fact shaping the rules of the game. While these have contributed to boosting the field, as pointed out earlier, we argue that some of their implications are in fact quite damaging.

The adverse side effects of the *de facto* regulation mechanisms that emerged in the field

Under increasing competitive pressures, business school deans had little choice but to go by the business school ranking lists as a measurement of reputation and success. Deans have seen this race for the ranking as the best way to both access more funding and attract better talents, thus raising reputation – and so on.

What can a dean do to have his/her business school go up the ranking ladder? For sure, increasing the quality of the teaching can help. Except that beyond a certain level of resources allocated, the return on the investment, measured as improvement in the ranking, does not seem to be worth it. While it may still have an impact on the output variables, such as salary increase before and after an MBA, the marginal return from additional effort put on teaching may not be as rewarding as what can be achieved in pushing for more starred papers published. In other words, increasing the number of papers published in starred journals seems to offer much more leverage.

As a result, most deans have tended to hire young PhDs with high publication potential. Salaries for these high-flyers have gone up as the international market for heavy publishers in management became tight. The assumption was and still is that publications in starred journals impress the media, the business community and thus the recruiters, the prospective students and their family etc. Recruiting heavy publishers (or heavy-publishers-to-be) has often disturbed the pay structure of the faculty, with more advanced tenured faculty members sometimes receiving less than those expensive youngsters. This may be a cause of tension, especially when the newcomers behave as mercenaries, negotiating less teaching load to invest more in their research – thus turning away from the primary role of business schools, namely to educate and train students for their future tasks as managers – and then quickly sailing away to more prestigious places upon success in their submission process.

In addition, less attention tends to be paid to the performance of the new recruits in the classroom. Except for a few brilliant individuals who are the pride of our profession – those happy few that can be successful both in the classroom and in getting papers accepted in A journals – in many instances those young faculty members prove more at ease in conducting their statistical tests than in running a classroom session. This is particularly so when it comes to executive education audiences where seasoned practitioners may accept a moment of deep dive into the narrow topic of the PhD thesis of the young professor put in front of them but soon express their interest for other topics as well. And they end up reminding the programme coordinator of their expectations given the time and money they invest in it.

A business school bubble

As a result, while their business school is spending a lot of money to hire and remunerate heavy publishers, executive education associate deans tend to call upon external players to run part or all of their sessions. These external players (consultants, practitioners etc.) may be assimilated as faculty members via some adjunct professorships or various tricks of that sort. But the bottom line is that the business school sells the research of its faculty as a legitimizing ingredient of its brand, while putting external non-researchers in front of the paying audiences. The question of how long companies and executive will accept this remains to be answered. We argue that it constitutes some form of a bubble in the business of business schools.

Along the way, the pressure put on publishing in starred journals frames the priorities of young faculty members on the tenure track. A larger number of researchers in a larger number of business schools throughout the world – just think of China as an additional player – all pressured to publish in a limited number of 4* journals in English (the Association of Business Schools list being a typical example) end up exerting unreasonable constraints on the whole community of management researchers. Writing books, not to mention textbooks, becomes absurd – a waste of time. This simply means that most of the past prominent thinkers of management, Drucker, Ansoff, Mintzberg, Crozier, Taylor or Sloan, would not make it into today's academic competition. The long format of a book to develop one's thinking is no longer recognized. And that is in the name of science. This is more than scary.

Business schools have lost their way. Something needs to be done about it. Interestingly enough, many retiring business school deans who deliver their last speech as they leave tend to say something of that sort. Yet, their successor immediately keeps going as before. There seems to be a lock-in situation, rooted in the ranking system. As we believe that no single individual can unlock the system, we argue that raising awareness is needed, and from there collective strategies and action.

We call for collective strategies to redesign management education and research. We believe that Europe is now the relevant level for Europeans to discuss these issues. This is why we offer to engage in strategic conversations with our colleagues throughout the European Union (and beyond) to generate debates and actions. We need to join forces to see how we can go back to our scholarly mission, namely producing and teaching relevant new knowledge. Instead of being led by rules imposed upon us from the outside, we need to coordinate ourselves and act to shape the destiny of our field.[2]

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[2]This text is an extract from the introduction of the book *Redesigning Management Education and Research – Challenging Proposals from European Scholars* (to be published, 2011) (with permission from the publishers Edward Elgar).