

The Future Practice of Business Schools

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1. Introduction

It is indeed an honour to be invited to offer an essay to mark the retirement of the Rektor of Berlin School of Economics and Law, Professor Dr Franz Herbert Rieger. As the current Dean of Ashcroft International Business School I can record we are indeed proud of the long standing relationship between our two universities. Many staff and students have benefited from this relationship and we can be very pleased with our joint international programme that has graduated many fine students over the years. Professor Rieger was a major contributor to helping make this programme a reality many years ago and we are extremely grateful for all his support and help in his long and distinguished career at the Berlin School of Economics and Law.

An essay opportunity of this type provides scope for reflection and a look at the challenges facing business schools in the future and the possible strategic responses to these challenges. If we look back over the last 20 years or so we can find many thoughtful contributions as to the nature of business school work and how this has needed to change. Indeed, the „Future of Business Schools“ theme is a well worn one (see for example Hawanini (2005)) and there are open questions as to whether business schools have fully responded to previously stated challenges. Looking to the future it seems to me that many of the issues that have been discussed over the last 20 years have a similar manifestation today and resonate well with what also seem to be priorities for the future. We explore two of these themes in the next section to substantiate this point.

As we look to the future, the current economic and financial crisis has also raised questions about the role and nature of what business schools do and how they need to change their teaching and research in line with new thinking and practices about business. Business schools have been criticised, rightly or wrongly, for having some responsibility for the current financial crisis. Poor decision making in the financial sector, poor risk analysis and management and some pretty unethical and irresponsible management behaviour that is arguably responsible for these difficult economic times should inform and shape what business schools can do to equip future managers, organisations and governments in support of the recovery of the global economy. There are some big issues and questions here and in reality they are not easily mapped onto the diverse nature of current business school activity. The reality is that there are some

good examples of innovative business school activity in many countries with innovations that are responding to the agenda of issues facing global businesses.

The business school sector faces challenges – but so do many other segments of higher education provision around the world. Many of us are sensing the wave of change that is happening to our thinking about and, increasingly, the practice of business and management. A glimpse at this agenda is provided by reflecting on some of the threads from debates on the nature of business schools from recent on-line blogs on the Harvard Business School and the Financial Times web sites in the summer of 2009.

I am open as to my position in what follows in this essay. It in part reflects my own thinking and journey having worked in the UK as business school Dean for some 15 years. I have held and retained a view about the importance of business schools needing to offer more relevant and value adding research and courses. My challenge has always been how to do this and not be subject to the criticism of compromising academic rigour. The dominance of the model in business schools that focuses upon knowledge relating to the academic theory of management is I think increasingly being recognised as a partial story and one that is being challenged against the realities of actual management practice. Knowledge relating to the practice of management in complex organisational contexts and a global business world offers additional and valuable insight into the nature of business and management thinking and practice. A future challenge is, and arguably has been in terms of the critique of business schools over the last 20 years, how to join up and blend these two types of knowledge.

The importance of these debates reflects the very size and scale of the business school sector around the world. Durand and Dameron (2007) estimate between 4 and 5 million students are taught in business schools each year. This could be worth as much as \$12bn in terms of gross revenue invested through some 8000 management programmes across nearly 4000 business schools. Business schools are big business but of course the real impact of this activity has been the development of generations of managers and leaders that now operate at all levels in business and government worldwide – influencing and shaping the growth and development of economies and organisations.

2. Business Schools Challenged – The Resilient Theme of Relevance

Over the last 20 years there has been much written about business schools and their success and also about whether business schools are performing against broader tests of achievement in terms of meeting the needs of a wide variety of stakeholder groups and, in particular, the needs of global business organisations. In this essay I have been selective and focused upon the theme of relevance on

two dimensions. The first, relates to the broader relevance question and value of business school courses and research to business in general. The second and related theme is that of internationalisation and the significance of the academic anchoring provided by the dominant „US model“ of management thinking and practice.

There is only limited space here to critically review the literature relating to the extended debate on business school relevance but there are useful reference points that mark out the territory. Arguably, the most influential contribution of the last decade has been Henry Mintzberg in his book *Managers Not MBAs* (2004) where a strong and rigorous critique was made of the MBA programme and its curriculum. In essence Mintzberg challenges the educational model upon which the modern MBA is based. Arguably this critique extends to other course areas within the typical business school portfolio, though Mintzberg makes explicit the importance of the distinction between the nature of the models for undergraduate and postgraduate curriculum.

The essence of Mintzberg's criticisms is the disconnect between the practice of management and the MBA classroom. This argument depends crucially upon matters of degree. There are many examples across the world of MBA and undergraduate programmes in business schools that involve theory and practice blended into the course design. Indeed, most business schools would argue that they are innovating their practice in this way. What Mintzberg argues is that current practice is a long way off from where we need to be and from what business organisations need. Moreover, he argues that the reason for this is that there are too many anchors to the current business education model in many business schools that inhibit the degree of innovation in the blending of theory and practice in both curriculum and research.

Fundamentally this issue seems to be about knowledge and the notion that there is more than just scientifically based academic knowledge of business and management that business schools need to create through their research and to be able to draw upon in designing business programmes. Knowledge about the practice of management is considerably less visible and certainly less codified – it is tacit and its meaning is often derived in the specific context of the organisation. To move business schools forward in terms of engaging with the knowledge base of management practice and blending this knowledge with that of academic theory is the challenge that Mintzberg is essentially making to business schools.

Bennis and O'Toole (2005) in their *Harvard Business School* article also present a compelling critique of business schools on a similar line of reasoning to Mintzberg but with a focus upon the scientific nature of the research in business schools. Again for Bennis and O'Toole it is about how business schools need to strike a different balance between scientific rigour and practical relevance.

vance. The heart of the matter is the understanding of the difficult domain of management values, behaviours and action. Managers are more challenged by problems that are complex, messy and rarely have available the kind of data implied by the many theoretical models of business taught in the business school classroom. This does not mean managers are not faced with opportunities to seek out ongoing improvements in operational efficiencies in relatively structured problem domains. However, they argue the real opportunities for creating competitive advantage are where managers need to be creative and innovate their own practice in highly complex and uncertain business environments.

Bennis and O'Toole make some telling arguments in relation to the practice of business schools pursuing strategies that re-enforce the dominance of the scientific model of academic knowledge even though publicly business schools argue the importance and role of practice based knowledge as a focus in curriculum and research. An important aspect of this is in relation to the faculty model that dominates the appointment and tenure model in leading US and European business schools. Again, these arguments are a matter of degree with business schools being challenged by Bennis and O'Toole that the balance of their tenured faculty is often favoured towards professors of management who have little or no experience of management practice. This clearly exposes the issue of what might get taught and researched within business schools.

A common thread of the relevance critique of business schools are the comparisons made with other discipline areas. For example, in their influential paper *The End of Business Schools?* Pfeffer and Fong (2002) draw parallels between business schools and areas such as medical and law schools and argue they may provide a possible model for what might be in business schools. A recurring theme they reflect upon is the prospects and incentives for change and development in business schools – this is important perhaps for understanding why business schools may be seen to have made limited progress in tackling the relevance issue. Two strong lines of argument are presented. First, business organisations themselves are not clear in coherently articulating their needs so that the dominant force behind the prevailing business school model are university and business school leaders themselves. Second, many business schools are dominated by faculty models where the majority of faculty have little or no practical management experience. The significance of the scientific model of research driving how business schools have developed over the last few decades becomes easy to understand as does its continuing presence as the dominant model.

We are left to reflect on where we are with the reality of the relevance debate in relation to business schools in general. Has much changed in the last 20 years? There has been plenty of debate on the notion of relevance in relation to business school curriculum and research. A key issue for me in this debate is its continuation and growing intensity over the last decade. It is difficult to assess if

business schools have really responded – it is still the case that knowledge relating to the practice of management has relatively low impact on shaping the focus of business school courses and research. In practical terms the issue is interpreted in terms of the blending of academic knowledge and management practice knowledge.

A second and growing theme of criticism of business schools over the last 20 years is their effectiveness in terms of engaging with the issue of internationalisation and globalisation. In part I think this issue may be related to the perceived dominance of the „US model of management“ (some critics would extend this idea to the notion of a „Western model“). This does not just have relevance to the debate about the value of academic theory relating to management practice but also the actual practice of management across national and socio-economic boundaries.

In their provoking reader *The Future of Business Schools*, Thomas Durand and Stephanie Dameron (2007) argue that business and management education has throughout the world been shaped by US thinking and practice. As a thesis there are of course examples of work in business schools across the world that offer differentiated models of business and management education – some of which are illustrated by the contributions in the Durand and Dameron text itself. However, the significance of this point is perhaps driven home by the growing importance of fast growing economies such as China and India where it is clear that models of management practice are different and offer the basis for both local and global businesses in those economies to secure competitive advantages through those differences.

This debate opens up the issue about how well business schools in reality have adapted their teaching and research practice to the internationalisation and global agenda that is impacting actual management practice. In the context of the previous discussion we are suggesting that the blending of knowledge relating to academic theory and management practice is not a challenge that is two dimensional. It is a multi-dimensional issue. Arguably our awareness of the obvious and, to a degree, understood differences in the practice of management across different economic, social and cultural contexts is increasing. Perhaps the extent of our understanding of this multi-dimensional dynamic in relation to academic theory is less clear – emphasising the continuing dominance of the US/Western management paradigm in many business schools across the world.

A key idea here is the considerable value to be gained from studying and understanding differences in models of management practice across economies and business sectors around the global business world. Studying these differences in practice may actually offer more knowledge and insight than we might be able to gain from studying differences in the alternative academic theories relating to management from different national contexts. The notion of one

dominant paradigm for management theory is perhaps stretching the interpretation of reality and many business schools would claim they articulate different models of management and management education for different international settings. There is an element of substance to this claim as business schools increasingly operate beyond their national market space. We are however left looking at the reality in terms of the relatively common academic frameworks that dominate MBA programmes around the world.

In summary we have focused our discussion so far on an area of challenge to business schools over the last 20 years – one that has its roots in the challenges facing managers in being managers. It is the essence of management and the nature of its practice that challenges the dominance of the scientific model of academic knowledge in business schools. There is also a different type of knowledge relating to the practice of management that draws upon the experience of managers in practicing management. A feature of the arguments presented in critiquing business school curriculum and research is insufficient attention is drawn to this practice based knowledge, particularly when set against the increasing internationalisation and global context of management practice.

3. So Let's Have it Again – the Future of Business Schools

The debate on the „Future of Business Schools“ still rages on and during the summer of 2009 there were two engaging on-line blogs on this familiar topic. The FT.com opened up a debate on „The Future of Business Schools“ and Harvard Business Publishing focused upon „How to fix Business Schools“. The context to the current debate was the economic and financial crisis which it was argued was exposing a disconnect between the nature of the role and responsibilities of management in practice and the content and focus of management education programmes in universities. Both blogs attracted contributions from leading academics around the world as well as leading management practitioners. It would seem ‘The Future of Business Schools’ is a global issue.

We can use these two blogs as a current manifestation of the debate about the Future of Business Schools. We see I think a discussion about some big issues concerned with the nature of business and the contribution of organisations and management to developing a sustainable and socially inclusive global economy and society. These debates are exposing the issue of the academic anchoring of management theory in the dominant „US model of management“. Increasingly, in words at least, this view is being challenged by business schools and also governments and organisations world wide.

There is a strong connection with the relevance debate of the last 20 years and also the need to engage with a rapidly changing wider context not just inter-

nationally but also across broader global themes and issues such as environmental sustainability and social equity. We are seeing the exposure of the dominant paradigm of management thinking and theory in terms of its practical relevance and currency to the modern world. This raises questions about the essence as well as the curriculum and research activities of business schools.

In looking at the blogs in the Financial Times and Harvard Business Publishing two important themes (amongst others) come through. First, is the call for the business school curriculum to change – this is symptomatic of the bigger problem in relation to relevance – there is something missing that is not being captured by conventional thinking about academic knowledge and skills. For me the missing element relates to the knowledge we need to integrate into our courses in relation to our understanding of the practice of management. Business schools need to innovate here and there are some good examples of what this might mean; I illustrate an example below from my own business school. How should we capture this knowledge and codify and represent it in our courses and programmes so that we can engage people with current realities of management practice and not just current theory relating to management?

The second issue relates to the international context of management and organisational realities. Education should serve as an enabler of cutting edge and original thinking and practice – it should inspire, nurturing an understanding of the importance of difference so that our students become culturally intelligent, tolerant and develop inclusive values, behaviours and attitudes. Yet business schools will surely be challenged on this front when their own thinking and practice appears rooted in a one dimensional model in terms described above. Business schools will claim with some justification that they have led the internationalisation agenda within the global HE business. However, a harsh critic may well argue that business schools have been „cash cows“ in this area for most universities and the dominant model of their practice has been to commoditise business education with courses and research that has been largely culturally neutral to the specific and differing contexts of management practice.

For me a key response to the curriculum change agenda is for business schools to offer education which is practice-based – education that connects with the new context of relevancy as established by the recent economic and financial crisis. The tendency for managers to shun much of management theory in their practice calls for a response in terms of courses and research that draws upon knowledge of management practice. Both the Berlin School of Economics and Law and Ashcroft International Business School have made contributions to changing their practice in this direction in recent years. But the message is that we have not gone far enough and the recent economic and financial crisis is evidence of the gap between what business schools do and what organisations, governments and business expect business schools should be doing.

What might this mean? It requires a shift in perspective. Business schools need to develop their capabilities to directly engage with the knowledge base relating to management practice. We need to undertake research into understanding this knowledge base and we need to translate our insights into relevant content that can be integrated with the dominant knowledge perspective of academic theory. This will allow the complexity and richness of context to be exposed, helping our students understand the realities of management practice and develop their capability to effectively blend academic theory and management practice knowledge in shaping their own future thinking and management practice.

There are some well understood and established approaches to developing this perspective in terms of the current practice of business schools. For example, many courses allow students to apply their learning in the workplace through for example placements and internships. Again, the point is that this is not enough perhaps because the approach is weak in terms of student learning tending to be unstructured and dominated by the perspective of applying the knowledge lens of academic theory. This dominant single dimensional view of relevant knowledge for understanding management and organisational practice needs to be changed. We need to shift mindset towards the view of an additional multi-dimensional knowledge base that adds considerable insight into explaining and understanding management practice and how it is being innovated in different contexts. The problem as Mintzberg (2004) has so persuasively argued is that we know so little about this knowledge base relating to management practice – most of the knowledge is tacit and highly context specific and not digestible in the generalised form that characterises academic theory.

Confronting this perspective of the relevance debate is likely to be challenging for business schools. Their faculty models and the generally limited nature of the strategic partnership model with business needs considerable innovation. Business schools are beginning to look in the right direction. For example, in the FT.com (2009) blog a number of business school deans expressed the need to go beyond traditional knowledge (academic) and skills and to incorporate insight and wisdom from actual management practice. I believe as business schools we have all been working on this agenda but we need to push it much further.

At *Ashcroft International Business School* we have been working recently on a number of new course innovations that overtly engage with the knowledge lens of management practice to incorporate new knowledge into our courses. Adopting this as a start position also reverts the relevancy issue in terms of identifying the most appropriate and relevant academic theory to blend with the knowledge of management practice. Key sources of management practice knowledge are organisations, experienced practitioner faculty, consulting companies, work experience, applied research, professional bodies, practitioner writings – and there are many others.

To illustrate the kind of development that follows from this shift in knowledge perspective Ashcroft International Business School has recently launched a new Masters degree in Global Marketing Practice in partnership with an organisation called Global Marketing Network (GMN). This networked based organisation has developed a strong global network of both senior academics and management practitioners who have helped articulate knowledge relating to leading edge marketing practice from different international contexts. This knowledge has been integrated with relevant academic theory and has led to an exciting blend of theory and practice aimed at marketing practitioners who are learning in the context of their workplace.

At the heart of the management education model for the practice based business school is the high value added learning that comes from the interaction of applying the two knowledge lenses of academic theory and management practice. Students can reflect on theory and its applicability to practice and also on management practice in terms of assessing the value from academic theories. Reflection on theory and practice is a two dimensional dynamic.

One of the issues with management practice knowledge is how to make it explicit and how to integrate it effectively with relevant academic knowledge. Management practice knowledge does not in general have the single dimension of academic knowledge and it is also changing rapidly, driven by an innovation dynamic that allows organisations to gain competitive advantage. Business schools need to be able to engage with these issues through working closely with businesses and the professional bodies to design programmes which provide an appropriate mix of academic theory, skills, competences, attitudes and behaviours and the opportunity to learn from their practical application.

As we look to the international context of recent organisational and management realities a core theme is the interpretation that the recession has highlighted the failure of business school leadership models and practices across many sectors and particularly the financial services sector. The viewpoint taking hold is that business schools should focus their leadership development practice upon the importance of building shared vision but based upon strong ethical beliefs and a model of professional integrity where leaders take more responsibility for their decisions and behaviour both within the organisation and in the broader social and economic context. Similarly, it is viewed that taking reckless risks and gambles has been a major factor in causing the extent and depth of the recession. Clearly, the issue of recklessness needs to be dealt with but not at the expense of preventing calculated risk taking which is necessary to both creativity and innovation in business.

In an era where the emphasis is upon lifelong learning business schools must play an important role in the development of organisations and in the continuing professional development of the workforce. There are several different

aspects to this. The first is the role of business schools in applied research and consultancy. There has been a tendency in business schools to overvalue theoretical research and to undervalue applied or pragmatic research which feeds directly into business. This situation must be rebalanced. In the case of consultancy, training and development, businesses have often voted with their feet preferring to work with private consulting and training organisations rather than academic institutions. This is a further gap which must be bridged. For business schools to be relevant they must be immersed in practice which means working as closely with business as possible in as many different ways as possible so as to bridge the academic versus practice gap, ensuring that theory is rooted in practice and vice versa.

The perception is that business schools have often missed the opportunity to work closely with business in this arena of research, consultancy, education, training and development. Ideally, a business school should be a nexus bringing together the collective expertise of academics and practitioners to provide solutions for business through a range of applied research, consultancy and development interventions. This interaction should then feed back into the development of academic programmes which meet the needs of both students and employers. This is certainly the emphasis we have been taking at Ashcroft International Business School; but we also know it is still not enough. We do accept the challenge of developing the employability of our graduates to make them successful global management practitioners, recognising that it is our responsibility as management educators to help develop confident and inspired management practitioners and not just produce qualified graduates.

4. Conclusion

The current economic and financial crisis has once again brought to life the debate about the future practice of business schools. It is a debate that does not seem to have gone away over the last 20 years, even though the context has changed. The success of business schools around the world is clear in terms of the popularity of their courses and the level and growth of student demand. But this is not enough – the call is for business schools to be more relevant in their work and to re-shape theoretical models of management in line with the changing models of practice and the broader needs of society and a variety of other stakeholder groups. The developing complexity of the international and global dynamics of business, economies and societies is testing the credibility of long established models of management theory.

In this essay I have expressed a response to this agenda in terms of the emerging ideas of what I call practice based management education. There is

considerable scope here for business school innovation. This involves more than fixing the current model and this perhaps explains the persistence of the relevance question around the work of business schools over the last 20 years. With less emphasis upon academic knowledge and skills development, business schools can contribute to developing future business leaders in terms of their moral and ethical character and professional integrity, developing new understandings of the contributions of business to the advancement and sustainability of economies and societies. As business school deans we should perhaps become worried if the debates on the future of business schools were to disappear over the next 20 years – it would probably suggest that our contributions were not keeping pace with the changing needs of business and society and that we were no longer seen as relevant to helping find solutions to today's and future problems.

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