

# The future of business schools: shut them down or broaden our horizons?

**Ken Starkey and Howard Thomas** report on a ground-breaking workshop that debated the mounting criticism of business schools and where they might go from here

A photograph of a metal sign hanging from a chain. The sign is rectangular and has the word "CLOSED" written on it in large, bold, black capital letters. The chain is made of metal links and is attached to a circular metal hook at the top. The background is dark and out of focus.

CLOSED

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*Inequality and austerity regimes are persistent reminders of a financial crisis brought on by particular practices of management*

**W**e live in turbulent and complicated times and business schools are not immune to the uncertainties that now afflict so many aspects of our social and economic lives. The quality of today's leaders poses some serious philosophical and strategic questions for business schools such as what are we, what do we want to be, should we be satisfied with what we are?

Top business schools often describe their mission as educating leaders yet many think that the world is currently experiencing a crisis of leadership that has helped create our current problems. The students we educate, particularly MBAs, accountants and finance professionals, are implicated in current criticisms of corporate behaviour.

We hear criticisms of globalisation (by, for example, a US President educated at one of the world's leading business schools). Inequality and austerity regimes are persistent reminders of a financial crisis brought on by particular practices of management (for example, the use of leverage), endorsed in the research and teaching of top business schools.

Perhaps the critics of business schools are correct and we are not fit for purpose. A much-discussed recent criticism was that of UK business school professor, Martin Parker (2018). His book, *Shut Down the Business School: What's Wrong with Management Education* (Pluto Press), was written from a European (particularly UK) perspective. Alongside such well-known writers as Henry Mintzberg, he argues that business school education is framed in terms of a winner-takes-all managerialism.

Students are taught that the purpose of management is to promote market values and to maximise their returns at the expense of others. Human resource management theory suggests that human beings are no more than rational egoists seeking to maximise their own interests by developing their human capital. Marketing teaches how to manipulate consumer desire. If we are judged by the current standing of business and the quality of business leadership then, as Parker suggests, we have questions to answer.

Parker's is a vigorous and entertaining restatement of criticism that has been voiced before, perhaps most convincingly by Harvard Business School's Rakesh Khurana (2007) in his institutional history of the evolution and transformation of US business schools (*From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession* (Princeton University Press).

Khurana's central argument is that business schools began with a great promise of contributing to public value through developing management as a profession. This promise was unfulfilled because business schools have become the hired hands of business and reneged on these higher aims. In essence they have sold out to the highest bidders.

In November 2018, the authors convened a workshop at Nottingham University Business School in the UK in collaboration with the Research Committee of EFMD to discuss such criticisms and to debate where business schools might go from here. The speakers at the seminar are listed on page 49 and this article summarises the debates at the workshop and sets out what we think are the urgent issues we need to address if we are to react proactively rather than defensively to criticism.

First, we have to recognise the truth of some of the criticisms of business schools. There is much in business that deserves condemnation and can be traced back to certain aspects and principles of management education that business schools have promulgated, some would say “indoctrinated”, their students into. Indeed, the late Sumantra Ghoshal eloquently pointed out that teaching “amoral” theories led to questionable managerial practices that advocated shareholder value and profit maximisation over responsible corporate management.

Parker’s positive contribution is that we need to shift our focus to new forms of management education, on different ways of organising to create outcomes for a broad range of stakeholders rather than just financial value for shareholders. As he also recommends closing down business schools, this work will need to be done in social science and humanities departments, which have the perspectives needed to help redefine business in terms of its broader potential contribution to value and society. We need a greater diversity of perspectives to improve/challenge what is in essence an “anglo-saxon” model of capitalism.

Of course, some business schools are already trying to achieve this and as Chinese schools mature they will, with due regard to their political masters, have to develop a different, more culturally contextual model. For the moment, though, schools that aspire to be “world class” have chosen to play a game defined by top US schools and embodied in league tables dominated by schools such as Harvard and Stanford.

The challenge is for business schools to reconceive their purpose, to reflect on the hegemony of management education rooted in the dominance of finance and economics, and to offer a new vision that helps define a cure for our current ills rather than contributing to their continuing effects.

This is vital in achieving a positive, more sustainable identity and legitimacy for the business school. It will also call into question the role that is frequently allocated to business schools of being a university’s cash cow. In the





UK, this has reached epic proportions, leaving many wondering if their main role is to teach business English to Chinese students who represent a disproportionately large part of the UK postgraduate population.

China will not save us in the long term. Indeed, it might well be that in the fullness of time our complicity with the economic miracle of China comes to be seen as a major strategic mistake. We need to justify our existence and our role in more sustainable ways and with more of a local contextual regard. As Sue Cox reminded us, some business schools have an excellent story to tell in terms of their significant contributions to local and regional economies.

Business school faculty also need to reflect on the contribution they are supposedly making to business and society. For many faculty, the main focus of their existence is the search for the holy grail of publishing in A\* journals.

This has become a major industry in its own right, prompted by the advent of the rankings era that shaped business schools as “businesses” with the rules of their game framed by the Gordon/Howell US studies.

Many now think there are too many business schools, too many students studying business and management, and too many journals publishing too much research, most of which is barely read except by a few other academics and has no impact whatsoever. The unpalatable truth

is that it is finance research that has really changed the world but only for the benefit of a minority. The impact of most management research is minimal.

We are complicit in creating a publishing system that serves our purposes but has very little value beyond that except for the journal publishers and for the minority who publish at the highest level. We produce case studies that are widely read and used in teaching but our case studies too often focus on fashionable companies that enjoy all too brief success, followed sometimes by spectacular falls from grace.

Enron, various dot.coms, Royal Bank of Scotland and now Facebook spring to mind. These are hardly examples that inspire much confidence in our ability to back winners that will change the world for the better!

Wallace Donham, the second Dean of Harvard Business School, during the depression of the 1930s, argued that business schools needed to broaden their horizon. They do not exist just for the benefit of an elite minority. They have the potential to make a broad contribution to the economy and society and, he argued, should think in terms of broad social problems and effective social systems instead of focusing only on individual companies. Sadly, his wise words did not change the trajectory of business school development.

However, there is emerging evidence in the US and the UK of a student shift from a sole focus on shareholder value to one on stakeholder value encompassing issues of sustainability, inequality and inclusive growth. This should certainly stimulate the creation of more balanced, holistic models of management education.

Donham’s ideas are still very relevant to our current situation. Perhaps the most interesting example of how we might embed them in current business school practice was the argument by Martin Kitchener, former Dean of Cardiff University Business School in the UK, that our focus should be on creating “public value” business schools. As Cox reminded us, this will require critical dialogue with business and other stakeholders – local, regional, national and international.

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Kitchener argues that what we need is more imaginative and entrepreneurial business schools that combine four qualities: philosophical; political; managerial; and technical. These qualities give us a framework for analysing what we currently do, what we might want to do in future, and what we might have to do to survive and prosper when the business school gravy train hits the buffers at the end of its current line. It also gives us a basis for rethinking the current governance of business schools.

The public value business school concept gives us compelling alternatives to the current state in which we find ourselves. While unlikely to appeal to all, it has the capacity to help us redefine our purpose and for addressing the pervasive criticisms of business schools concerning their self-centred approach to knowledge creation, the particular values embedded in their teaching and their modes of engagement with stakeholders. As Julie Davies of Huddersfield Business School in the UK pointed out, it will require forging a new social contract with the communities we profess to serve and a new commitment to deliver public value social science.

To understand and prepare for the future of business schools and management education we need to understand better why we are where what we are and what we have become in the light of a history that possessed a number of alternative paths. The key message of our workshop was that we need to think critically about where we are and what we might become. We also need to recognise what we have lost in terms of pursuing a particular path that is embodied (some might say “embalmed”) in leagues and ranking tables such as those of the *Financial Times* and *Business Week*.

In the end, while sensitive to some of Parker’s criticisms, we were unwilling to follow him all the way to his conclusion that we needed to shut down the business schools. In our development, as Khurana points out, there has been much to praise and much promise. Our challenge is that much of the promise has not been fully realised and we are losing legitimacy as a result.



The choices we make in the next few years will have huge consequences – for individual schools and for the very idea of what a business school is and might be. For example, as many have pointed out, it is important to recognise the global phenomenon and success of the undergraduate business programme and the relative inattention afforded it compared to the MBA in curriculum development.

Therefore, it was argued that renewed attention should be given to liberal education models. These propose that rather than focusing on specific management and technical skills there should be greater curriculum breadth with the humanities and the social sciences as a core foundation of learning in management education. This would enable students and faculty to converse in the great traditions of thought and expression before instruction in specific management training.





We suspect that market forces will inevitably lead to the closure of business schools. We cannot envisage more growth of the kind we have experienced over the last quarter of a century. The challenge for those schools that want to survive and prosper is redefining what a quality business school looks like. There are likely to be various models of this, national and international, but it is our belief that one of the qualities they will have in common is an emphasis on value creation that speaks to both our economic and our social needs.

On this positive and optimistic note, we will continue the discussion of how we might broaden our horizons at a series of follow on workshops during 2019/20. We believe that such discussions and collaboration in the areas of best teaching and research practices across schools will produce worthwhile dividends in the development of a stronger management education ecosystem, particularly in the UK but also across the rest of Europe. Please let us know what you think we need to discuss and if you would like to be involved.

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#### About the Authors

*Professor Ken Starkey graduated in modern languages and literature. He studied for a psychology degree while working as a Special Needs Teacher and worked as Research Fellow in the School of Modern Languages, Aston University, while pursuing a PhD. He joined the University of Nottingham in 1988 and is a professor at Nottingham University Business School.*

*Professor Howard Thomas is Emeritus Dean and LKCSB Distinguished Professor of Strategic Management, Lee Kong Chian School of Business, Singapore Management University. He is also He is also Visiting Professor of Global Leadership at the Questrom School of Business, Boston University, and also a Visiting Professor of Strategy at GIBS, South Africa, and Coventry University, UK.*

#### List of seminar speakers

*Martin Parker (Bristol University)*

*Sue Cox (Lancaster University)*

*Howard Thomas (EFMD, SMU, Boston University, Coventry University)*

*Ken Starkey (Nottingham University)*

*Julie Davies (Huddersfield University)*

*Simon Collinson (C-ABS, Birmingham University)*

*Sue Tempst (Nottingham University)*

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