



The role of business schools in society

Business schools
in society

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Abstract

Purpose – In the future, the legitimacy of business schools will no longer be in question, nor will their vocation to participate in training the élite (especially of companies) alongside institutes which, in various countries, train top Civil Servants. But this context, which dominant positions always provoke, should not encourage complacency. On the contrary, it should invite reflection on the weaknesses of the institutions in question. Aims to discuss this issue.

Design/methodology/approach – Some major new trends in management education are questioned (the use of new information technologies, an initiation to management starting at a much earlier stage of the education track, a different way to grasp the use of case studies).

Findings – This paper is an analysis of the functions of business schools and management faculties in universities. It leads one to observe that they appear above all as places busy “reproducing” or “miming” reality. Where science faculties describe, management teaching establishments imitate.

Originality/value – This paper is dedicated not only to stressing the pedagogic dangers that new trends in management education imply, but also to explaining what major change it could induce.

Keywords Management training, Teaching methods, Management development

Paper type Viewpoint

Business schools have without any doubt reached legitimacy in the field of education. It would be pointless and unnecessary to recall at this point that in the 1950s, as much in the USA as in Europe, they were seen as insignificant by faculties tending towards culture (philosophy, literature faculties), towards science (medicine, physics, chemistry, biology faculties), or towards the arts, whose implementation was obviously suitable to create a better world (architecture, etc.), and their practical aspect was looked down upon. It has been a long time since simple departments of law and economics faculties (reputed to develop leaders) were marginal in their own world. The drastic decline in the numbers of students elsewhere in the economy against the rise in the number of management students is a new testimony to this fact.

In the future, the legitimacy of business schools will no longer be questioned, and nor will their vocation to participate in training the elite (especially of companies) alongside institutes which, in various countries, train top civil servants. But this context, which dominant positions always provoke, should not encourage beatitude. On the contrary, it should invite reflection on the weaknesses of the institutions in question. An analysis of the functions of business schools and management faculties in universities leads us to observe first of all that they appear above all to be places busy “reproducing” or “miming” reality. Where science faculties describe, management teaching institutions imitate. In fact how can one not actually be perplexed considering this profusion of dealing rooms to whose function business schools supposedly initiate students, or the systematic, sometimes exclusive, use of case studies supposed to show students “real life” situations?



It is obviously not a matter of calling into question business schools' obligation to provide their students with the necessary skills and abilities to become managers. But can this only happen through mechanisms aiming to recreate an artificial reality, to enable students to understand how a company works before they join?

In other words, doesn't the attempt to provide experience to students, who by their very essence do not have any, belong to an absurd approach whereby Sisyphus rivals a back-to-front Dorian Gray?

Should management courses content themselves with allowing their participants to benefit in three terms from experience worth ten years?

The major hidden risk is that students are thus prepared to reproduce consistently familiar situations, and too commonly used organisational configurations. In France, a slogan used by students in May 1968 was "Live what you think, don't think what you live". In order to avoid this risk, business schools should ask themselves about their methods of preparing their participants to become innovators, leaders, creators, etc., to avoid participating in the identical reproduction of our societies.

Evidently, globalization, which equalizes but also connects people, changes the stakes and the means. It is within this new context of a "global era" that this article tries to think of a means of changing business schools to (modestly) help change the world.

Since the advent of the so called "global era", a number of elements related to society and business have evolved and/or changed. This state of affairs has generated several opportunities and risks for individuals and organisations at large.

In the context of free economy, business schools have a crucial role to play in optimizing the way institutions, private as well as public, are managed, in the objective of ensuring the best possible level of growth, and thereby – we all hope – a dramatic improvement in peoples' lives.

In this paper, we would like to examine some of the main changes our societies have been facing for the 15 past years, and display a number of important stakes emerging from these trends. Starting from the assumption that business schools have (or can have) a real influence on the course of the events, we will then highlight the main challenges facing them, and try to demonstrate that they could certainly better contribute to the laudable objectives described above.

The global era: a contrasted assessment

In the past 15 years there has been fewer and fewer questions regarding the choice of society worldwide: the free economy has made its way, enhancing economic growth and international exchanges. The period has seen the extension of the WTO from 90 to 148 members, and a stronger integration has taken place in global markets, allowing goods, services, capital and technologies to be spread all over the world.

The idea of a united and broader Europe has also characterized this era, with the integration of ten new countries, and the promise made to Romania and Bulgaria to be admitted by January 2007. However, the French and Dutch people have voted in two recent referenda not to extend integration in the European Union. They showed that the future is written nowhere, and has to constantly reinvent itself.

As far as less developed countries are concerned, the period has also led to an unprecedented move towards poverty reduction, allowing people to live a better life. This trend has taken place almost everywhere, and has been stronger in Asia, in spite of the recent catastrophe caused by the tsunami.

These dramatic improvements, however, should not hide the deep problems and injustices that currently exist. Amongst others, we can mention here the massive problems of poverty, ignorance and diseases a number of countries are facing. Nowadays, almost 40 percent of the world's population lives on less than \$2 per day, and a child dies every 15 seconds due to lack of access to safe water and adequate sanitation. Since the beginning of the global era, we have also seen a much stronger polarization of wealth and economic growth, not only among countries, but also within nations. For instance, the GNP per inhabitant in Poland is one third of the average of the former EU 15, but within the country, the difference is now from one to three between the Mazowieckie region (Warsaw) and Lubelskie.

The last decade has also brought much stronger ethnic and cultural tensions, resulting in a feeling of growing insecurity. The drama of the Twin Towers has demonstrated that nobody is really safe, wherever he/she is.

A number of risks can clearly be seen. We see more and more unattended weaknesses in governance, and all the recent crises, from Enron to Parmalat, prove this state of facts. This is true not only in business, but also at the political level: the recent invalidation by the European Commission of national statistics regarding the convergence criteria in Greece and Portugal is a very good example of a deep problem of governance.

The biggest challenges for management might be unexpected. Peter Drucker underlined this a long time ago: "In the next society, the biggest challenge for the corporation may be social legitimacy, its values, its missions". It appears that corporations are committed to a Sisyphian process, trying to prove again and again that businesses are acting against the general interest. Lodge, from Harvard Business School, once professed that "Corporations have in their power to become the most effective means for poverty reduction". But a way will have to be forced through difficult conditions, as stressed by a former Vice-President of Nestlé: "Only by creating dialogue across constituencies can robust and sustainable governance be built".

These quotes do not come from "left wing" leaders, but rather from individuals at the heart of our economic system. I would like to argue here that management and management education should not stay "out of the societal game". Indeed, in a free economy system, one of the key elements is growth, allowing the system to continue to develop and share a higher amount of wealth.

In this respect, management education in itself and all its aspects (initial education, executive education, research) has an important role to play, at two levels at least. First, the techniques and methods being taught and research should lead to a general improvement in managerial modes, and therefore to optimized economic growth. Second, the soft elements integrated into the curricula should raise awareness of the role of managers in society as regards the objective of creating more social cohesion inside and outside private, public, and not-for-profit organisations.

Management schools have gone through a number of changes in Europe over the past 20 years or so, with at least two of these trends having been worthy of note. The first relates to a trivialisation of the contents of the various disciplines that make up the field of management science. Such fields of study are often dispatched in much too superficial a manner, with limits being placed on potential inputs from social sciences (psychology, sociology, ethnology) and the so-called “hard” sciences (mathematics, physics, statistics, etc.).

The second trend relates to the quasi-monolithic domination today of case studies that supposedly put students into a managerial “situation”, asking them to engage in the sort of thinking that should enhance their decision-making capacities. Some analysts are all too quick to forget that although the main idea driving this exercise (invented by Harvard Business School) was for it to become a catalyst of group dynamics, it was also meant as a means to enable students to take a step back from their own empirical foundations, which could be relatively limited in scope, and hence incapable of portraying concrete management situations accurately (i.e. in all their glory and true complexity).

This observation clearly raises questions about the sort of intellectual contribution that management schools are able to make to private and public decision-makers – and more generally, to society as a whole.

Concepts like knowledge production and intellectual contributions bring us straight to the field of management research, and to issues relating to its current status. Here we find another quasi-domination situation, this time involving practices dictated by North American publications, with their emphasis on pure mental construction and abstraction (often to the detriment of more elementary heuristic and operational dimensions).

In a word, such intellectual production is at best a way of ensuring the academic promotion of professors who in many institutions “have to go through hoops” if they want to rise up the ladder or become tenured. Unfortunately, it has very little to do with the desire to improve the concrete management of organisations and of those who inhabit them, even though this is supposed to be its ultimate aim.

To complicate matters, the elite are suffering from an increasingly serious crisis of legitimacy, one that began well before Enron, WorldCom, Vivendi Universal, and Parmalat. The political world has also been hit by this social trend, with elected officials often being viewed nowadays as individuals pursuing personal and individualistic goals instead of showing devotion to the “public good” and to collective well-being. Recent events in France and The Netherlands have again shown the disconnection between the two spheres.

The junk bond scandals of the 1980s resulted in a slew of ready-made answers that were offered up for consumption by the management schools (with the new ethics courses they introduced), governments (with the new legislation they enacted) and organisational leaders (who began to surround themselves with the best legal experts).

The deep-seated phenomena we are witnessing today call for a great deal more than approximate answers or palliatives that will be more or less well adapted to whatever managerial mode happens to be in fashion at a given moment in time.

Management schools have a major role to play in training future directors and executives. What is noteworthy is how little they contribute at a social or societal level, and the extent to which their key concerns are a long way away from the role that they should be fulfilling as intellectual leaders of the business community.

Yet can they really be blamed for this? In my opinion, theirs is a limited responsibility at most. More than anything else, a lot of mainstream dailies have been forcing management schools into a harebrained race up the league tables, getting them to “respect the norm” by using methodologies that are often highly conservative and not always very rigorous.

There is an easy analogy to make here between the managing director (sitting day in, day out, tracking every movement in his/her company's share price) and the management school director or dean (anxiously awaiting the upcoming publication of the new league tables)! I doubt that this situation lends itself very readily to the sort of progress and long-term vision we need in a political, economic and social world that is still trying to find itself.

What is at stake with new information technologies?

In the USA, as in Europe, there is an ongoing debate as to the impact of new information technologies (NIT) on management education. Certain authors maintain that in the “global era”, the only institutions which will thrive are those that have the capacity to change in order to be capable of offering credible courses to wide-ranging markets via networks or distance education.

The new technologies would indeed enable universities and schools to increase their client base, thus compensating for loss of revenue or less profitability. Furthermore, this prospect could be compared to the idea of continuous courses especially for management training, particularly well-adapted to intensive use of NIT.

However, one could be equally worried about the repercussions when education is approached entirely in market terms. In particular, the impact of NIT will essentially be of benefit to the most powerful operators.

In other respects, the potentialities that NIT open up are often highlighted, while at the same time it should not be forgotten that these technologies suppose significant educational changes and investments hindered by numerous obstacles. These questions focus particularly on organisational restraints characteristic of academic circles, these “organized anarchies” (Cohen and March, 1986), and also the increase in costs linked to interactivity, the attestation of diplomas or the difficulty in defining intellectual property.

Obviously, the use of NIT in higher education and continuous training is developing exponentially: the future online higher-education market has been valued at more than \$1bn.

This educational offer, however, is essentially geared towards a solvent public in expanding markets. Thus the Wharton School has more than 1,000 students enrolled on MBA courses, half of whom reside outside the USA. This expansion of online courses must, however, be put into proportion, particularly since it is limited in many countries due to the slow penetration of the internet.

The offers of e-education are essentially American, due to the strong determination of the universities and the creation of numerous e-education companies linked to the

new economy. Eight percent of educational software is American, according to the European Commission.

Therefore the question today is no longer to know whether higher education is going to change but how it will change and who the main instigators of the change will be. For James Duderstadt, president of Michigan University, it will not be the states, nor the 3,600 colleges or universities who will conduct the changes, but most certainly new actors, such as virtual private universities capable of reducing their educational costs by expanding their client base globally and by removing academic constraints such as tenure (Katz and Associates, 1999).

Thus the University of Phoenix, Arizona, with 75,000 students, is one of the largest private universities in the United States and is aimed mainly at salaried employees in professional training. Teachers are in the majority career professionals teaching their professional skills. This is significant, especially since the University of Phoenix is the “jewel in the crown” of one of the main private education empires in the USA: the Apollo Group Inc., listed on the Nasdaq.

The generalisation of online educational offers (for-profit or not) comes up against numerous obstacles. As an economic obstacle, for example, the use of new technologies means additional costs linked to the purchase of materials or the creation of software, but also paradoxically, an increase in teachers’ working-hours. Gregory Farrington, former president of Lehigh University, USA, estimated that the increased workload linked to educational use of NIT is approximately one and a half times greater than in lecture form (increase in communication with students and the specificity of developing courseware) (Katz and Associates, 1999). He underlines the fact that to put into place genuinely interactive courses using NIT is extremely rare, and in reality the choice between a lecture with 500 students and a small seminar with a few individuals with a forum for discussion depends on the subject, on the material, and on the teacher’s notoriety.

Apart from the rise in direct costs, the increase in online offers means that the question of royalties must also be settled. Yet we must, on the contrary, expect ownership conflicts to arise which will oppose academics and universities. It will be necessary to devise a means of sharing profits and ownership of online materials.

For now, the reaction of traditional universities to attempts to headhunt teachers is accompanied by the widespread scepticism of professional bodies who, on the whole, do not believe that totally for-profit companies can be good vectors of higher education, and even less so for research. To these economic obstacles can be added organisational and pedagogical restraints. One of the main points is the question of assessing the accreditation of learning outcomes. But this question is general and applicable to any kind of distance learning outside of recognized diplomas.

Initiation to management: the “001”

Contemporary management appears both as a science which is becoming ever more precise and a body of questions and processes akin to social science and even to history and philosophy.

Management teaching can pursue one or more of the following finalities:

- practical finality: to introduce the company's mode of functioning, the main rules to which the company is subject, the principal rights and duties of employers and employees;
- cultural finality: to enable an understanding of what is at stake in organisational theory and to take a critical approach in applying it;
- scientific finality: to understand organisational phenomena and the company's objectives (concepts, statistical approaches, strategic research); and
- professional finality: learning how to manage a business through more or less sophisticated techniques and models.

Until relatively recently, management was not generally taught as a subject until further education. This situation has changed, apparently on the one hand under the influence of a growing feeling of unease, of realization that there are more and more powerful and subtle mercantile manipulations (Enron), and on the other hand due to the ever more frantic quest by companies and employees for autonomy. It is not a coincidence that business universities are developing at such a sustained rate.

With which aspects of management would it be the most important for us to familiarize ourselves with, right from basic education, at what degree of psychological developments are these aspects accessible?

As in other disciplines, at the outset the logical structure of the contents and the more or less arbitrary estimation of their degree of difficulty prevailed. In other words, as in other fields of education, the subject is "cleared" by the students. Teaching is dominated through exposure, either in traditional form, or through educational technology (i.e. films, programmed lessons, computer assisted teaching sequences, etc.).

Today, and as in other subjects, we are witnessing a change of perspective: an increased questioning of didactic transposition, of descriptions, of spontaneous reasoning by pupils, of the contribution that direct experience with management can bring to individual development, on the manner in which individuals actively develop their learning experiences. Much time is dedicated to the most controversial subjects relating to the day-to-day running of a company.

Internationally, one of the most propitious methods of active learning is the development and management of mini societies by children. For example, elementary school pupils show themselves to be capable of creating a limited liability company to sell sweets during recreation. Limited companies have been set up in high schools and colleges. Little by little, concepts are extricated from such experiments (Kourilsky, 1983). Kourilsky (1977) implemented such experiments as early as kindergarten. At a higher educational level, this signifies a familiarisation with the 25 main economic dilemmas which can be encountered in a company.

Case studies with a number of preconceptions in mind

It is easy to accept that our daily behaviour can often be influenced by habit (i.e. we eat bread when we are hungry because we have already noticed that bread soothes hunger), but empiricist perspectives of this sort appear to be less sustainable when one

shifts to the field of management, or to be more specific, responsibility. Indeed, habit alone is not enough to explain our behaviour, or the decisions that we make: not on the basis of the supposed universality of its underlying moral values, and especially not because of the allegedly objective nature of some so-called universal value. Experience, which is always specific and contingent by nature (since by definition it is situated in space and time), is seemingly incapable of being governed by rigorous laws. “Experience never lends any real or strict universality to its judgements, only an assumed and relative one (based on induction), whose only meaning resides in the fact that however many observations we have made up until now, we have never discovered any exceptions to such and such a rule” (Kant, 1781). The type of knowledge that one acquires through habit is governed by “subjective necessity” alone, but this cannot satisfy the criteria of necessity and strict universality that knowledge requires. As such, knowledge’s objectivity can only stem from a preconception, i.e. from elements that are independent of experience. With this in mind, responsibility education can be justified since it involves giving participants in the teaching process the opportunity to study the major principles that are most likely to be the ones guiding their conduct. Here the notion of cause is tantamount to a preconceived concept of mutual understanding, since it cannot stem from experience. The sensitive given found in a particular situation, even if it has been observed on an infinite number of occasions, never contains the rules for acquiring knowledge of an object. Similarly, discourses justifying actions underpinned by considerations of morality can only be acquired outside of an experiential framework. They find a fertile breeding ground in the educational context. All in all, responsibility training is a better guarantee of the coherence of actions that actors operating within an organisation will be taking – better in any event than the sort of guarantee offered by the invariably fragmented lessons that actors will draw from their own experiences, lessons that are both contingent on the observer’s position and difficult to generalise. For Kant, the only thing we can call “experience”, in the strict sense of the term, is knowledge of the object being given. “Experience is a mode of knowledge requiring the assistance of mutual understanding, the rules of which I have to assume within myself, before any objects are given to me. As such, what this involves is a preconception” (Kant, 1781).

In terms of education, our thinking should revolve around the question of whether this awakening of people to the notion of responsibility (and to the advances to which this should lead) can only be achieved within the practical framework of actions taken within an organisation, or conversely, whether it can be taught. In this latter case, we will then need to ask whether an education of this sort should focus on case studies and examples, in short, on teaching elements whose purpose is to restore, reproduce and represent a corporate reality – or if, on the contrary, it should be conceptual in nature. Now, all the epistemological difficulty of a question like “Can experience teach us anything?” derives from the distinction to be made between experience when construed as a sensitive given, or else when construed as knowledge of an object. In regards to this latter notion, and as Kant affirms, it is better to talk about experimentation. Indeed, the facts and situations that case studies describe do not constitute raw, untreated data being narrated by actors holding neutral feelings towards said data. In other words, all case study-based theorisation regarding responsibility will have problems arriving, via

an inductive approach, at general and universal principles. Furthermore, if the observations and data compilations are produced randomly and without any pre-planning, they will not be able to promulgate any universal and necessary laws. What this means is that responsibility education must not be based on a servile observation of “what is happening in a company”. In reality, the narrative process leading to the drafting of a case study tends to squeeze the observed situation into the framework of educational intentions and learning objectives. This harks back to the postulates that we so often discover in the more general framework of the philosophy of science – including Kant’s specification that reasoning must be confronted with nature “so as to be instructed by it [...] not as a pupil [...] but instead as an acting judge forcing witnesses to answer the questions he is asking them” (Kant, 1781). So how does this work in the field of responsibility in management? If a company’s daily experience suffices to make its members sensitive to the importance of responsibility even as it is teaching them about what the specific issues it raises imply in terms of the actions they should be pursuing, it is hard to see why it is so important that responsibility be taught at all. It may be slightly excessive to affirm that corporate experiences commonly attest to responsibility’s having exerted little or no influence, but what we are in a position to say is that evidence regarding responsibility’s importance is not necessarily rife.

Tasks ahead: the way forward

The economic problems we face today have created a situation in which companies and organisations generally try to limit their expenditures. This implies restrictions on the number of managers being employed, and a more limited utilisation of outside consultants. Alongside this, tasks have become increasingly complex and individuals are having to cope in increasingly stressful situations, not knowing which principles (or leaders) they can turn to. It is precisely this type of challenge that our schools should be trying to overcome, so that they have something to contribute to firms’ profitable growth but also to society as a whole.

The business world is not a “star system”. Business leaders should not succumb to this trap, one that can sometimes border on megalomania. We have recently seen the result of this type of behaviour on many occasions in the news.

Similarly, the “shareholder” dimension would appear to have become increasingly unsatisfactory for today’s world. It should be replaced by a broader vision of both private and public organisations’ responsibilities. Shareholders are important, but I feel that people tend far too often to neglect other actors like a company’s customers, suppliers or staff members – not to forget society and future generations, the environment and much more.

This is yet another area where our management schools owe it to themselves to retake a leadership role, by training managers and executives who are both humble and aware of their responsibilities, in the broadest sense of this term.

All in all, management education institutions should declare themselves willing to undergo a very in-depth change – one that without doubt will force them to redefine research, the educational content of programmes, and the roles of teacher-researchers.

Regarding these latter individuals, it is clear that their profession will soon be subject to a number of transformations that will in turn require changes in their own academic background. As for the management schools themselves, they will not be able to implement this major change in attitudes until they have found a solution for the upcoming dearth of professors – and made the necessary efforts to rethink their training modes.

Indeed, the societal role of business schools has to be reinforced: they cannot remain only “technical units”. The role of managers, private as well as public, in society is crucial, and a change in mentality is becoming crucial. Therefore, management schools have to adapt themselves and be able to make a positive contribution.

More, to take a positive part in this endeavour, management schools will have to re-think their structures, their partnerships, and also the training of future generations of professors. Keeping PhD programmes organised around functional chimneys will not allow crucial challenges to be addressed. Some issues are, by essence, transversal: CSR or GR are relevant in every single dimension of any private or public organisation, and should be solidly embedded in all the management education disciplines.

Conclusion

The upshot of all this is that management education would appear to be more topical than ever in the “global era”. The ultimate aim of management education approaches is quite straightforward: to encourage the emergence in companies of socially responsible behaviour which is at the same time appropriate in order to enhance corporate performance. As such, the question raised by the present text relates in part to educational science, since it assumes that management and responsibility are something that can actually be taught. This runs counter to approaches advancing the opposite idea, which is that experience is the sole source of education, and that as a result it is only within the confines of a corporate environment that employees will be able to learn about responsible and appropriate behaviour. Underlying this is the notion that it is impossible to conceive of an organisation’s management-related problems being analysed without regard for its concrete context, and that theory-based developments and teachings are worthless, due to the fact that they will be of little use in concrete situations when a management issue arises.

People often say, “That will teach me” following an unhappy experience. Common sense seems to indicate that experience, when construed as all of the events in which we participate directly or indirectly, does have the ability to teach us something. Saying that a company is mainly a place for action is tantamount to saying that in corporate responsibility matters, and more generally in management, we first learn from the mistakes we make.

It remains true that there is no guarantee that future events will unfold in the same way as similar events have done in the past. Although the trust that we so willingly place in experience may be justified, one should not exaggerate the role it plays in the constitution of knowledge, especially given the peculiar form of knowledge that is at work where ethics are concerned (responsibility being first and foremost a moral value).

Furthermore, whereas we should be examining the question of whether management is in fact teachable as knowledge *per se* (and whether it can be assimilated with knowledge), it is also important to question the postulate which holds that experience is capable in and of itself of offering us an objective and applicable type of knowledge.

On the other hand, one should also ask whether experience is characterised by its contingent nature (meaning that it cannot exist or else that it cannot differ from its current avatar). If the answer is yes, this would mean that experience is incapable of teaching us anything, or of constituting a type of knowledge that is stable, generalisable and applicable in other contexts.

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