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In this essay Professor Prabir Bagchi and Associate Professor Richard Donnelly, both of George Washington University, address the various issues in the education of business administration, offering practical insights to enhance its relevance to the society. They take a comprehensive view of the areas requiring our collective attention, discuss prevailing responses and their inadequacies, and offer suggestions for rethinking of the philosophy and delivery of business education.

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Management Education at a Crossroads: Some Insights for Reengineering

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In his last seminal article just before he met his untimely death, Sumantra Ghoshal (2005) said of business programs, "Business schools do not need to do a great deal more to help prevent future Enrons; they need only stop doing a lot they currently do." He further lamented, "By propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility." The over reliance on the concept of maximizing shareholder value and the propensity to imitate the procedures of physical sciences has led to the detachment of business theories and management practices from the social and ethical considerations. This false premise may have facilitated dehumanization of what essentially involves managing human resources and their interactions with the society.

Several other scholars have argued that management research has little relevance in the real world and that management education has little effect on business performance (Pfeffer & Fong, 2002; Mintzberg & Gosling, 2002). Some have pointed out how business schools' hiring of inexperienced professors freshly minted out of doctoral programs having no real life business experience

has resulted in graduating students who are ill equipped to deal with complex, unquantifiable issues that haunt them in real life (Bennis & O'Toole, 2005). Yet it would be unthinkable for a top business school to hire a tenure-acquiring professor whose primary qualification is managing operations in a global company, no matter how superb his/her performance be.

Other scholars (Policano, 2005) lament the unusually high emphasis given to the rankings game. Since 1987 when *Business Week* published its first article ranking full-time MBA programs, many have followed suit. Business school deans, faculty and staff have been forced to devote enormous time and resources to full-time MBA rankings, rather than to make all-around quality improvement in all academic programs. Instead of directing scarce resources to improvement of the academic environment, funds have often been directed to rankings improvement. For example, as students' satisfaction has become a major factor in *Business Week* rankings, top schools are now providing amenities such as fitness centers, plush student lounges, and upscale dining facilities—perquisites generally unre-

lated to providing a stimulating learning environment (Policano, 2005).

We have also seen criticisms about the worth of MBA degrees in the popular press. Is the lure of the MBA degree fading? Does management education matter? Are there measurable benefits to management education? Management education, as we understand it, is shaped by many factors such as the needs and preferences of the employers of graduates, the knowledge, abilities, and skills employers expect graduates to possess, the preferences of the students themselves, and the resources business schools can muster. So, the usefulness of management education should really depend on the provision of satisfactory service to the marketplace and the perception on the part of the students that satisfactory service to the marketplace will pay off for them individually. Management education must make students more marketable and more valuable to employers.

What should business schools do to regain the confidence of the businesses and society and in turn the students who enroll? We believe the time is ripe for a critical reevaluation and thorough revamping of the business curriculum. The following treatise attempts to consider the weaknesses in the current business curriculum and offers practical insights to take remedial steps particularly for enhancing the understanding of the following: 1) interaction of business, people and society, and 2) relevance of business education in the contemporary marketplace.

Business and Society

Business and society are essentially interdependent entities. Society relies on businesses for wealth creation and sustenance and businesses depend on society to supply the resources for wealth creation. As businesses flourish, the living standard of the people and their quality of life should rise. This can happen if businesses can become responsible stewards of the environment and natural resources while they also satisfy the shareholders. Business schools

must be cognizant of their responsibility on these fronts and promote responsible behavior by future managers by conceiving a balanced curriculum—a curriculum that balances the short-term needs of shareholders and the long-term needs of the society and the well being of our future generations.

Business essentially is a human activity in which judgments are often made without clean and complete data. These decisions frequently have repercussions far beyond the confines of the company, spilling over to the society. Recognizing that a significant part of management essentially is an art, we need to expose students to look beyond the balance sheet and reinforce the study of the human elements in management education by including courses on ethics, corporate governance and social responsibility, and environmental stewardship. This will require strengthening of organization and management courses—emphasizing the human, societal and environmental dimensions of management. Courses in business ethics and environmental stewardship are also under consideration in many forums. Business schools have started to look at ways to enrich the curriculum to enhance these aspects. Stand-alone courses, seminars/workshops with role playing and on-the-job exposure to practical situations have been looked at to reinforce these areas. The actual mode of delivery will depend on the individual circumstances for the schools and the experience base and sophistication of the students.

In addition, society benefits when business decisions are made with the broadest group of stakeholders in mind, as one of the primary tenets of contemporary strategic management thinking asserts. Yet U.S. business schools tend to be relatively ineffective in taking an advocacy position on this. In that sense, business schools often fall short of the influence achieved by top schools in the physical sciences, whose academic model they wish to emulate. For example, new approaches to modeling and simulation accomplished in engi-

neering schools have resulted in vast improvements in industrial processes. New research findings emanating from schools of science and engineering have led to entire new families of materials and products and more effective approaches to solving problems such as environmental impacts. Such schools can in a literal sense claim to be leaders in the advancement of industry and thereby the economy and society.

Schools of business tend instead to be reactive. Rather than lead through insights into how the future is likely to evolve, schools of business establish new teaching areas in response to already-evident trends. They create courses in response to new activities that arise in the business community spontaneously or through other causative avenues. A case could be argued that business schools could take more of a leadership role and enhance their influence on the practice of business in society, if they modified their academic model. If more faculty members focused on the bigger-picture aspects of business and society in their creation of courses, and if they more often performed research aimed at real world problems (and opportunities) of business and society, then the business community would be more likely to adopt some of the new ideas arising from there.

Value to the Business Organization

Management education has been intertwined with business organizations ever since Joseph Wharton, proprietor of American Nickel Works, came forward in 1881 with funds to set up the world's first school of business at the University of Pennsylvania. Management education has undergone many changes since then. But the objective of management education has always been to understand the needs of the marketplace and design an education program to satisfy these needs. For decades, entrepreneurs and managers have worked together with management academics at various levels to improve the businesses practices enriching the corporations and the economy al-

though sometimes the contribution of management education may have been overlooked. In a BizEd article, Phillips (2003) wrote, "Too often, business schools are left out of the discussion about productivity. Productivity gains, often acknowledged to raise the standard of living in the long run, are linked to factors such as the introduction and adoption of technology innovations, improved information or data, and restructuring of labor and product markets—not improved business or management educational methods. As a result the public generally does not recognize business schools' contributions to these economic advancements." As we know very well, management education directly contributes to the efficient running of businesses by educating students in scientific management principles. These students take up responsible positions in businesses for steering these business organizations through uncertain markets. In addition, management education helps businesses by:

1. Carrying out research for advancing operational and organization efficiency and effectiveness
2. Providing an active forum for testing new ideas for commercialization
3. Systematically understanding market needs and helping with better targeted products and services

Despite these contributions, as we have pointed out earlier, business schools have often worked in a reactive mode resulting in a gap in perception of their usefulness. Many businesses have raised the question of relevance of business education in today's dynamic marketplace.

Achieving greater relevance would require a rethinking of the pertinent academic model. In fact, it may well require abandoning, at least in part, the preference to emulate the physical sciences model. In the case of the physical sciences, influence is achieved by research often tightly focused on narrow aspects of science. In business, however, a tight focus almost implies irrelevance, be-

cause business and its impact on society are integrative and broad in nature.

In schools of business, the disciplines that are most successful in meeting rigorous academic standards of publishing today are those that are most like the physical sciences in the sense that research results can be objectively assessed. For example, mathematical modeling of the dynamics of financial markets may be judged more objectively for its ability to accurately correlate with historical data. As another example, statistical treatment of survey results can be readily evaluated with respect to adherence to well-established principles of statistical analysis, regardless of the research area in which it is applied. It is rare for academic authors employing these research approaches to be rejected for publication because of the modest relevance of their findings to the practice of business. Instead their contributions are rejected on the grounds of failure of a model to fit known data trends or errors in the application of the fundamentals of statistics. These research approaches and the disciplines they support are important parts of the business school academic community, to be sure. But for a business school to be of genuine value to the organization—truly influential on a societal scale—these objectively-assessable (physical-science-like) approaches and associated fields of study must be augmented by fields encompassing broader and more qualitative character.

There are, of course, many areas in which business organizations could benefit from more and more relevant research contributions from academe. There is a great need, for example, for the business organization to have better tools to use in deciding how to balance short-term performance versus long-term growth. Emphasis on short-term success factors – current profitability, profit growth, market share growth, stock price enhancement – often come at the cost of longer-term business health and its impact on the society. The U.S. business community may be the world leader in this respect, and it is

not a title any corporate group should be proud of.

Relevance of Business Education

As business schools started emulating the procedures of the physical sciences in order to gain respect in the society, the research priorities and curriculum may have swung away too far from the ground realities in business. Theoretical research has become the norm in most doctoral programs and hordes of doctoral graduates from these programs with little or no exposure to real-life business problem solving experience have filled the academic ranks in most business schools. Unlike physical sciences, management education involves study of situations involving human intentions and lack of relevant practical experience among faculty may have forced management education to become somewhat detached from reality. Faculty members may have become comfortable in modeling and statistics, but not equally at ease with teaching leadership, operations and other human issues that managers have to frequently deal with in real life.

As Ghoshal (2005) points out, "Management theories at present are overwhelmingly causal or functional in their modes of explanation." As a result, we often find business school graduates to have better expertise in business modeling than managing operations involving human intentions. The gap between real life operations and theory seems to have widened in recent years. One researcher laments, "It's not just that our business schools manifest tragic gaps between theory and practice, between research and teaching, and between normal science and interpretation. That would be bad enough. Instead, practice, teaching, and interpretive synthesis are viewed as vastly subordinate endeavors." (Hambrick, 2005) Management courses may have become more rigorous. These courses probably include more mathematical modeling or statistical tests. But, how valuable is rigor without rel-

evance? Some may argue, and rightfully so, that rigor without relevance is worthless. This seemingly lack of relevance in business curriculum has been pointed out in AACSB reports issued in 1996 and subsequently (AACSB International—The Association to Advance Collegiate Schools of Business International—is the lead body to accredit business schools). In a report entitled, “Management Education at Risk” (2002), the authors claim that leadership, and communication skills are considered as highly important in the business world, yet they often rate these skills among the least effective components of business school curricula. How can business schools properly address the changes in curriculum and academic research that reflect the marketplace needs?

Ideas for Meaningful Reengineering and Concluding Remarks

How can business schools improve relevance in their programs without losing rigor? We believe the following two fundamental changes are required:

1. Introduce mandatory internship/practical projects as part of the curriculum.
2. Place faculty members in businesses working alongside professional managers in real life projects in the industry and government; introduce faculty sabbaticals in the industry during which faculty members will handle management responsibility in businesses.

1. Mandatory Internship/Practical Training for Students

A significant part of management, as we have argued here, involves managing human beings and it is extremely difficult to generalize the process of dealing with them. It is even more difficult to explain in textbooks. We propose a mandatory internship for all management students. Observing experienced managers deal with personnel problems exposes management students to practical situations and the associated limitations. Critical examination of the

situation leading to the problem, and the solution including the style of handling, lead to more abiding experiential learning. Internships bring additional benefits both to the students and employers. Many researchers and human resource professionals view internships as the prolonged probationary period during which employers can take a good look at the capabilities and fit of the interns. For students, internships afford a valuable trial run during which interns can determine their long term interests in the company and the nature of their career.

These internship experiences could be augmented through the use of more sophisticated simulation lab experiences as part of the on-campus curriculum. Both computerized and non-computerized simulations could have value. Faculty could be offered incentives to create simulations for their courses as an alternative to traditional lecture material. If a decision-based simulation is woven into the presentation of relevant concept and theory in a course it is likely to have greater impact on student learning. Most simulations available in the educational marketplace today are not designed to be tightly integrated into course material, but rather as standalone experiences. Faculty would need to be rewarded for the time spent in modifying commercially available simulations or creating their own simulations to enhance the learning experience for students.

2. Practical Experience for Faculty Members

As business schools gravitated towards the “Natural Science” model to gain respect as a profession and emulated their behavior and practices, theoretical research became the norm in most doctoral programs and hordes of doctoral graduates from these programs with little or no exposure to real-life business have filled the academic ranks in most business schools. While we may have become more proficient in modeling and quantitative analysis, our courses may have become less practically relevant. The challenge then is to devise ways to expose new faculty

members to real-life business decision-making by working with businesses creating opportunities for new faculty members to spend time in the industry and businesses in responsible positions culminating in research reports and scholarly papers that add to the collective wisdom. In many countries, faculty members are entitled to receive up to one year of sabbatical leave every seven years. It may be possible to encourage faculty members to spend the entire period or a portion in an industry or business in meaningful projects. It may be plausible to encourage businesses to bear a portion of the expenses. The objective would be to expose the faculty members to real-life business situations and allow them to test their theories and compare alternative practices.

Not all faculty members will be able or willing to engage in the kind of practical management experience proposed. In order to bring practical insights into more classrooms and to increase the relevance of academic research it should be possible to create meaningful relationships with former executives who can serve as executives-in-residence in business schools. This relationship must be more than just a title of honor. It must represent the active partnership between a former organizational leader and a small number of faculty who have the firm intention to create better course material, perhaps team-teach, and develop a more relevant research agenda. It is no secret that the typical executive-in-residence is avoided by most business school faculty who feel they must protect their time. This makes the executive-in-residence post unattractive to many who occupy it because they are asked to do little more than teach (and keep up their annual contributions). It is likely that these attitudes will prevail unless the reward system in academe recognizes the value to the school, the student, the business community and society of more relevant teaching and research.

Our views of management education today and some ideas that we have presented in this article for regaining its relevance and popularity are presented in Figure 1 below. We view man-

agement education as having the potential to positively impact business and society to a significantly greater extent than has yet been achieved. This expansive view is based on instilling academic rigor in all business functions and tools of management, packaged in a practically relevant curriculum that will deliver responsible behavior by the graduates. The new elements of this model, which differentiate it from today's prevalent model, are the twin foundations of relevance and responsibility. Our objective is to inject ways to make our curriculum practically relevant by emphasizing experiential learning for the students and facilitating exposure to real-life problem solving and management decision-making for the faculty members. We also seek to indoctrinate our students to behave responsibly in their work in the business community, with the greater good of society, the people at large, and the environment in mind. Among other things, our aim is to realize a more compassionate view of globalization which includes an acknowledgement of the uniqueness of various cultures, societal norms and business practices.

At every university there are business school faculty members capable of and interested in improving the value of the educational experience for their students. In most of the communities that host schools of business there are successful corporate leaders and entrepreneurs eager to share what they know. Business schools must be willing to diverge from the physical sciences model sufficiently to be able to tap into this interest on the part of both parties. It may not be the way a leading department of physics would do it or a top research institute in bio-technology would conduct business. But these academic models no longer provide high value for business education. We all can do better.

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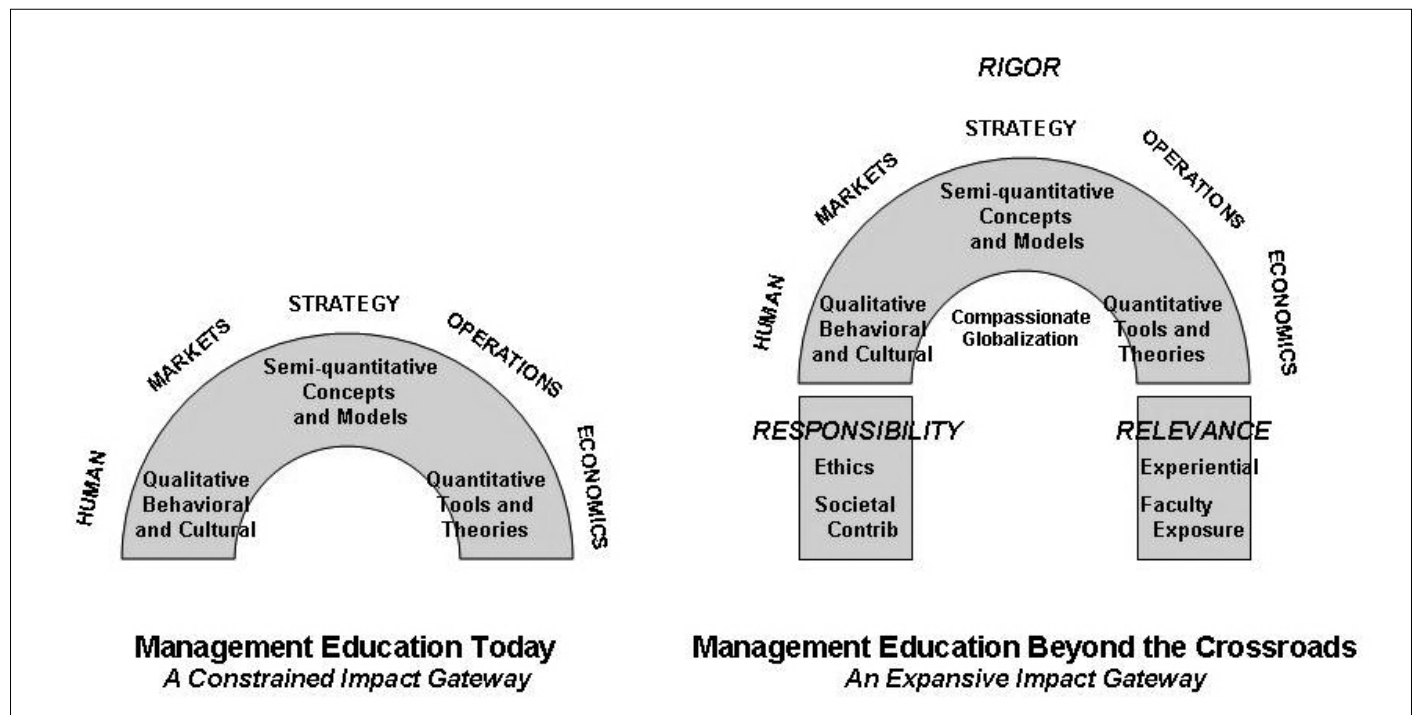


Figure 1: Views of management education today and ideas for regaining its relevance and popularity (copyright, Bagchi & Donnelly, 2005).