THE BUSINESS SCHOOLS – 50 YEARS ON

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Introduction

It is around 50 years since the international expansion of the university Business Schools began in earnest. Before this there were a small group of US Business Schools founded including Wharton (1881), Tuck (1900) Harvard (1910) and Chicago (1920), and an even smaller number of European Business Schools including Ecole Supérieure de Commerce of Paris (now ESCP-EAP) having claim to be the oldest (1819), and HEC Paris (1881). Only after the Second World War with reconstruction and economic growth did Business Schools begin to proliferate widely. Up to this point the university disciplines such as economics, accounting, and law though all interested in the affairs of business, preferred to keep their academic distance.

The expansion of the Business Schools in the 1960s to1980s was heavily concentrated in the Anglo-American countries. During this period it was often ironically commented that there was an inverse correlation between the prevalence of Business Schools and the success of the national economy (Japan and Germany at the time had no Business Schools by name at least, but possessed world leading industries that were increasingly dominating important sectors of the US market, which by then had hundreds of Business Schools). This all changed in the 1990s with the New Economy regenerating US economic growth with a formidable lead in software and financial services, which were increasingly defining the global economy. Part of the reorientation of the German and wider European economies was the rapid establishment of a large number of Business Schools in the 1990s-2000s, and even in Japan where there was some cultural resistance to the concept, Business Schools were established often with US university partners.

Throughout this explosive growth of the Business School establishment, with the Schools transforming themselves from the poor relations among university Faculties to the cash-generating engines of university expansion, profound questions were recurrently asked about what the essential purpose of Business Schools was, and what they hoped to achieve. Serious doubts were often expressed regarding the contribution and impact of Business Schools by students, business and the wider community. Though the number of MBA degrees awarded in the US had grown from 3,200 in 1956 to 102,000 in 1998, and 900 US universities offered a Masters in Business, and 1,292 colleges and universities offered an undergraduate Business Major by 2001, critical debate continued regarding the underlying rationale of all of this educational provision (Pfeffer and Fong 2002)

Early but continuing criticism of Business Schools is that they lack scientific discipline and intellectual rigour. In the effort to combat this, Business Schools extensively adopted quantitative methodologies, statistical analyses, and scientific approaches to decision making, with emphases on precision, control and testable hypothesis. Along the way business education, in the US at least, often appeared to have lost any sense of moral compass, and to have enthusiastically adopted an agency theory based narrow view of the purpose of business as profit taking. Another recurring critique is almost the opposite:

that Business Schools are incapable or preparing people to work in the real world, are disconnected from the competitive forces that determine business decision making, and continue to follow academic disciplines that exclude any possibility of integration to provide an applied understanding of business problems and solutions.

However many of these problems are more heavily concentrated in US Business Schools (and those Schools in other parts of the world influenced by the US model), and the delivery of business education is markedly different in many European Schools as Antunes and Thomas (2007:1) argue, “Although the US business school model has come to dominate the business school landscape, European schools have developed their own identities, styles and approaches to management education. In particular, they focus on reflective, integrative and action-based learning, public sector management and public policy issues and offer a greater sensitivity to international relations.”

Pfeffer and Fong (2002:2) offered a robust critique of the inherent weaknesses of the approach of Business Schools in the US: “Porter and McKibbin (1988: 64-65) noted that business school curricula were seen as too focused on analytics, with insufficient emphasis on problem finding as contrasted with problem solving and implementation (Leavitt, 1986), and as insufficiently integrative across the various functional areas. More than a decade later, these criticisms remain relevant. The themes--an overemphasis on analysis at the expense of both integration and developing wisdom as well as leadership and interpersonal skills, or teaching the wrong things in the wrong ways (and perhaps to the wrong people, or at least at the wrong time in their careers)--have been picked up and expanded upon by others, including Henry Mintzberg, who may have emerged as the most articulate critic of business school curricula."

Part of the problem of Business Schools, as indeed all academic disciplines, is that once enshrined in universities there is a consistent tendency (often confused sadly with the defense of academic freedom) for ritualization, institutionalization, and even ossification of knowledge and practice to take place. In this context renewal of the vitality, relevance and critical edge of knowledge and practice is required. This happens in waves often in response to dramatic changes in markets or technology, sometimes in processes of internal renewal and intellectual challenge.

Currently one of the challenges to Business School orthodoxy comes from critical management studies (CMS). CMS draws on critical theory and post-structuralism to provide a radical critique of managerialism, corporations and markets. CMS poses a marginalized but vibrant critique of mainstream approaches to the purposes of business. Another tributary of critical thought is the business ethics and corporate governance literature that is becoming more centrally situated in the business curricula and offers new insights into the leadership, control, objectives and ethics of business policy and practice with case studies of how businesses go wrong, as well as succeed. Finally there is most recently the all-consuming imperative of sustainability, that is sweeping through the Business Schools as profoundly as in every other quarter of the economy and society. The world has reached the limits of the paradigm of the freedom of business to destroy the environment in the name of wealth generation, and the Business Schools, perhaps a little belatedly, are acknowledging this.

References

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