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Responsible management education for a sustainable world

The challenges for business schools

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Abstract

Purpose – The reforms in business schools based on the Ford and Carnegie Foundation reports (Pierson, 1959; Gordon and Howell, 1959) have been very successful in embedding management in a research-based body of knowledge, thereby elevating the academic status of business administration. These reforms, however, did nothing toward making management more socially trustworthy or management education more responsible. In the light of the pressing economic, social and environmental crises the world is facing, the feeling is spreading that not only business and economics but business schools also need to change fundamentally, if they want to be a provider of solutions to these crises and thereby keep and regain their legitimacy. The purpose of this paper is to provide a critical analysis of the fundamental challenges facing the role of business schools and their contributions in the areas of education, research, managing faculty, and role of the business school. It presents suggestions what responsible management education for a sustainable world could and should look like.

Design/methodology/approach – The paper builds on the existing literature on the needed changes in business schools and has been written as part of a large international project, the 50+20 initiative (www.50plus20.org), which was developed by a broad coalition of organizations with the World Business School Council for Sustainable Business (WBSCSB), the Globally Responsible Leadership Initiative (GRLI) and the UN Principles for Responsible Management Education (PRME) at its core and 16 business schools and organizations from all around the world as supporters (Muff et al., 2013).

Findings – Business schools need to transform themselves fundamentally, if they want to be a provider of solutions to the crises of responsibility and sustainability and thereby keep and regain their legitimacy.

Originality/value – The paper pulls together insights from a diverse area of literature and develops practical conclusions.

Keywords Responsibility, Sustainability, Management research, Responsible leadership, Faculty development, Management education, Relevance of management research, Role of business schools, Student learning, Faculty selection, Faculty training, Purpose of business schools

Paper type Viewpoint

1. Introduction

Since their publication 50 years ago, the well-intended suggestions of the Ford and Carnegie Foundation reports (Pierson, 1959; Gordon and Howell, 1959) to pursue scientific rigor and gain academic legitimacy have been taken to an extreme, resulting in an increasingly self-centered community of business schools, isolated from business practice and from society. Despite of their remarkable market success, they have been subject to a wide range of criticisms concerning their societal status as academic and professional schools, particularly following the global financial and economic crisis. However, this criticism has started long before the most current crisis, as has been
pointed out by many authors (see for a recent overview Thomas and Cornuel, 2012, p. 330; Morsing and Sauquet Rovira, 2011), and it reaches well beyond the economic challenges to include social and ecological challenges as well. The criticisms of business schools ranges from being too market driven (Bennis and O’Toole, 2005; Pfeffer and Fong, 2004), having sold out to the “tyranny of rankings” (Khurana, 2007; Adler and Harzing, 2009), their research being seldom relevant and actionable (Hambrick, 1994; Pettigrew, 2001), their education being too narrow and academically specialized (Mintzberg, 2004), to teaching and propagating amoral theories (Ghoshal, 2005) in which the lack of morality and responsibility provided fuel for the financial and economic crises (Podolny, 2009; Starkey and Tempest, 2008).

The feeling is spreading that the current business school model needs fundamental changes, if business schools want to be a provider of solutions to the multi-faceted global crises we are facing and thereby regain their legitimacy. These changes will need to be equally radical as they are foreseen for business and the economic system as a whole. To cite a prominent business leader, Peter Bakker, president of the World Business Council for Sustainable Development: “The conventional model for capitalism is found wanting in terms of the benefits to the majority of society, the impact on the planet, and even in terms of continued economic prosperity. The call for change rings loud – capitalism requires a new operating system, and needs to be re-booted if we are to avoid the ultimate recession or worse total collapse.” And: “What is required is a revolution of capitalism, not with the aim to overthrow it, but to improve it in a way that balances the economic, the natural and the social dimensions as that is the only way to achieve future-proofing of our economies” (Bakker, 2012). This poses tremendous challenges for business and for business schools as well.

What are the challenges for business schools, if they want to contribute effectively to these changes and become key players in the education of responsible leaders and the transformation of business and the economy? There are challenges in all fields of activity. In education the challenges include developing responsible leaders who are prepared to deal with complex and value-laden issues in economy and society. In research the challenges include addressing relevant public issues, the results of which will effectively contribute to the public debate on necessary transformations in business and society. In managing faculty the challenges relate to developing and rewarding the capabilities and the sense of professional responsibility for contributing to these transformations. This will have to span all their activities in teaching, research and public engagement. But there are challenges for the business school and its role as well. They will have to ask themselves, how they can serve more effectively their social purpose, not just their economic purpose. This paper analyzes and discusses the underlying challenges in education, in research, in managing faculty and with regard to the role of business schools. The analysis is based on a review and interpretation of the literature, which has been highly critical about the achievements and contributions of business schools, although it really should be their “Golden Age” (Walsh, 2011), if looked at the impressive growth rates of business students and programs and their substantial economic values.

2. Challenges in education
Challenges in management education center around three main questions: what do students learn (and what not)? What does learning look like? And what kinds of students are attracted to business schools?
What do students learn (and what not)?

The effectiveness and relevance of management education in general and MBA programs in particular has been questioned fundamentally in recent years (Colby et al., 2011; Martin, 2007; Mintzberg, 2004; Pfeffer and Fong, 2004). There are serious doubts about the business schools’ ability to provide students with the skills needed to function at an executive level in modern organizations and to prepare them for the professional demands and challenges of globalized business in a pluralistic world.

There have been very different reasons given for this:

1. A focus on narrow functional knowledge instead of a broad issue-centered approach embracing business and society as embedded in a plurality of contexts: the dominance of the business functions comes at the expense of an integrated management perspective, embracing the external context, in particular culture, society, nature and history. There is little training in integrative thinking (Martin, 2007).

2. A focus on disciplinary knowledge acquisition instead of development of an interdisciplinary and integrated perspective: although teaching methods have evolved to include case studies, thus moving to simulating the complexity of real-life business situations, business education remains fundamentally disciplinary based and rests in silos, with little opportunity to deal with problems of the real world, which are mostly “messy” problems that cross boundaries (Khurana, 2007, p. 305).

3. A missing focus on critical thinking: effective leaders should have the capability to ask critical questions and they should be able to use multiple perspectives in understanding difficult situations. Business graduates often are surprisingly naïve about organizations and their management. They learn to take a highly rational view of implementation and action, while failing to recognize that organizations are fundamentally political organizations. They fail to understand why rational plans do not get implemented, why logical arguments don’t get accepted and why people say “yes” and then do not follow through (Datar et al., 2010, p. 92).

4. A strong focus on analytical skills instead of soft skills, in particular social skills and personal skills: management has been reduced to analysis and even further to technique, whereby integration, synthesis and – in particular – soft skills got lost, exactly what managers would need most to succeed in their day-to-day tasks. In other words: students learn analysis and thinking, but not action and reflection. They become knowledgeable about business, but remain uneducated in the art and craft of management (Mintzberg, 2004).

5. A very selective focus: the focus of business school education favors the few, but powerful big companies over the large majority of small companies. It favors American and European perspectives over the perspectives of the large majority of the global population. It focusses on efficiency instead of the challenges of being really effective. And business schools have shown to be very weak in supporting innovation and creativity, thereby favoring the education of technically rational managers over entrepreneurs.

6. A dominating logic of the market: a narrow view of the world dominates management education. Idealized markets have become the analytical framework to discuss all business issues, but also business and society issues. Firms are seen
as groups of self-interested actors which are conceived primarily as vehicles for maximizing return to shareholders. How then will students learn about the plurality of values and logics in the worlds of science, public policy, the arts and other spheres of society (Colby et al., 2011, pp. 44-46)?

(7) A missing and distorted focus on the importance of values and ethics: the dominance of amoral theories taught to students has been criticized, depicting managers as “agents” of shareholders, dedicating their careers to the sole purpose of creating private wealth, for themselves and for shareholders as their “principals,” in effect stripping managers of any professional identity, self-respect and personal responsibility (Ghoshal, 2005; Khurana, 2007). This leaves business graduates unprepared for understanding and coping with the current challenges to the roles, responsibilities and purpose of business in society and the importance of statesmanship (Gentile, 2010; Swaen et al., 2011; Bieger, 2011).

(8) A lack of attention for self-knowledge and the reflective exploration of meaning: good professional judgment and practical reasoning are the result of critical reflections on one’s own perceptions and values as a prospective or actual manager and leader. Rarely reflective spaces are offered and purposely used to develop a dialogue with oneself about how one intends to act as manager and leader and who one wishes to become. And it is not sufficient to address values and ethics in a course, if the challenges are not connected with the students’ own efforts to explore the meaning for them (Colby et al., 2011, pp. 65-69).

(9) A lack of attention to learning to learn: in particular, self-directed learning and self-determined learning have continuously decreased, partly due to the movement of business schools to become ever more student oriented and making learning “fun.” While motivation is important to successful learning, it should not come from entertainment, rather from the enjoyment of the learning process overall and the understanding of how useful the acquired knowledge and skills will be. A focus on “edutainment” does not prepare students for learning on their own later in their lives: instead of identifying personal development areas and pursuing specific development activities, they have learned to become dependent on learning providers, who identify what skills are most relevant for them and present them in an entertaining way.

(10) A lack of attention to learning as opposed to teaching: how does faculty assure learning has happened? They are typically subject experts with little to no pedagogical training for assuring and measuring learning impact. What is mostly done is assessing to what degree knowledge has been acquired. The case method encourages strategic scenario-thinking, but creates the illusion that students can effectively handle the situation they have encountered in their case studies. We are only at the beginning to make sure and assess reflective learning takes place.

What does learning look like?
Not only the contents of learning are seen as reductionist, it is equally the process of learning and the pedagogies that are seen as deficient to adequately prepare students
for their tasks and challenges as responsible leaders. A focus on learning and the
teaching, as seen from the perspective of the teacher. Accreditation agencies now are pushing this shift in perspective from the inputs to the
outputs and outcomes of learning.

Ever since the Carnegie and Ford foundation reports, business curricula have
emphasized knowing at the expense of doing and being, with the latter focussing on
values, attitudes and beliefs. As a result, there is not only a persistent knowing-doing
gap among business graduates, but also a doing-being gap (Datar et al., 2010, p. 104):

(1) A persistent knowing-doing gap: for the most part students have to acquire
knowledge, while there is little room and possibility for them to practice what
they have learned. To be able to do effectively what they are supposed to do as
managers and leaders, students must have learned the required practical skills
and they must have sufficiently practiced these skills. Mostly students
are asked to practice distant substitutes for what faculty really wants them to
know and be able to do. These substitutes are more likely to be selected based
on academic tradition, limited understandings on the part of faculty of what the
needs of practice really are and how they can be taught effectively, as well as
ease of delivery (Colby et al., 2011, p. 89).

(2) A problematic doing-being gap: professional judgment must be guided by
knowledge and technical skills. But it needs also be based on ethical sensitivity
with regards to the public expectations and values related to the issues and
decisions. Ethical sensitivity in action has to go well beyond creating ethical
awareness of issues, it needs the chance to practice (“rehearse”) for values-
driven action in the context of practical management decisions. Only when
students learn to move between the distanced, external stance of analytical
thinking – the third person view – and the first and second person points of
view, from which they have to act when solving real problems, will they have
the chance to develop personal character and integrity. Such experience,
however, is extremely rare in management education (Colby et al., 2011; Gentile,
2010; Shrivastava, 2010).

To overcome the lack of integration between theory and practice, some business
schools have complemented their learning approaches with forms of applied learning,
placing learning directly into the field. In order to better balance the different demands
of knowing, doing and being, business schools need to develop and use to a much
larger extent pedagogies of enactment (or engagement), which require students to enact
their understanding and skills in extended, supervised practice (Colby et al., 2011,
pp. 89-110). This will have consequences for the teaching faculty and their job. They should
see themselves less as subject matter experts and more as facilitators or expert advisors,
who can provide knowledge and advice, or as enablers of learning, who ensure that the
learning environment is motivating, stimulating and overall conducive to learning.

What kinds of students are attracted to business schools?

There is a strong impression that business students are different from students in
arts and sciences. MBA students mostly have an engineering or natural science
background, only seldom a background in arts or humanities. Business students are
focussed on the direct instrumental value of their studies. They study primarily to
reach efficiently and effectively a clear goal, an attractive and well-paid future career. In contrast to this instrumental orientation, arts and sciences majors are seen and characterized as motivated by intellectual and cultural curiosity. The US National Survey of Student Engagement, for example, finds that business majors are less likely than students in most other fields to discuss ideas from their courses outside of class, to read books on their own for personal enjoyment or academic enrichment, or to attend cultural events such as art exhibits, plays, music or theater performance. Although the more complex conditions of twenty-first century business and life in general demand greater flexibility of mind and a broader understanding, the dynamics in management education are moving into another direction. Management students are weak in their capacity to care about the world beyond themselves and to effectively contribute to its betterment (Colby et al., 2011, p. 40).

This development is strongly influenced by another aspect of management education. Management education is not only focussed on a clear goal, to acquire the skills needed to function and excel in business, but success is measured in clear terms, by the status and remuneration of the students’ job after graduation. This reflects in the career choices of management graduates and in the importance awarded to the value of the starting salaries after graduation by highly influential business school rankings in the Financial Times or the Business Week. The career ambitions of management students became oriented toward a particular set of career paths. Consulting firms and investment banks, which offered considerably higher financial incentives and possibly career flexibility than many other employers, became the preferred choice of students graduating from elite business schools in the western world. MBAs and other business graduates receive higher starting salaries than graduates of advanced degree programs in almost any other field. An MBA or a business degree from a leading business school became a “golden passport” to financial well-being (Khurana, 2007, p. 329). It should not come as a surprise then, that this mix of financial incentives has become highly attractive to strongly career minded students. Their focus shifted “from learning to earning,” while the business schools responded with a corresponding emphasis on career development and a strong market orientation (Datar et al., 2010, p. 81). Career-minded and income-driven business students bare the risk of creating a homogenous, self-centered system, driving away students with different backgrounds and mind-sets. This reduces the diversity of people and available perspectives to learn from, while impoverishing much needed debates and practical experiences in the classroom.

If management education is to live up to the challenges of developing responsible leaders it will have to address the issues discussed above. In particular they will have to look at the promises made to students and at their selection, but also at the contents and the processes of learning. The educational challenge is to develop the potential of a person to act in a reflective way on complex and controversial issues and in collaboration with different stakeholders. Education should help students to make sense of the world and their place in it and instill in them a sense of responsibility for the common good. As suggested by the 50+20 initiative, it will be crucial to address in particular the following three enablers of change (Muff et al., 2013, pp. 81-93):

1. **transformative learning**: leadership development is first and foremost personal development involving the whole person, mind, heart, body and soul;

2. **issue-centered learning**: future-relevant learning needs to be organized around societal, environmental and economic issues rather than around isolated business disciplines; and
3. Challenges in research

Challenges in research center around three main questions: who is business school research addressing? What is business school research about? What does the process of business school research look like?

Who is business school research addressing?
There are clear signs of dissatisfaction with the scientific model in management research and its narrow focus on theory development and on other scholars. Although there have been notable scholarly contributions to management practice, especially in the fields of strategy and finance, management research is primarily oriented toward enhancing the scholarly reputation in academic circles. Research results are not much used in the classroom, they seldom reach managers and they contribute little to solving societal problems.

While the purpose of business schools in the eyes of their late nineteenth century founders clearly was a practical one, namely, to prepare businessmen for their jobs in the upcoming and booming industrial world, the main challenge for business administration on both sides of the Atlantic very soon became one of gaining academic reputation vis-à-vis the more established academic disciplines (Khurana, 2007). This was achieved by adopting the scientific model oriented toward theoretical grounding and methodical rigor. It was embraced by the leading business schools, with the other schools trying to emulate them and accreditation agencies amplifying the respective demands.

In a column published in 2008 in the Financial Times on “Why business ignores the business schools” Skapinker (2011) argued that there was no profession in which the gap between researchers and practitioners was so wide. While medical, engineering and law schools energetically engaged with their respective professions, business schools did not command the attention of managers. His column prompted a bigger response than anything he had written in his 30 years of journalism. And, what made it particularly interesting; almost all of it came from business school academics, overwhelmingly agreeing that managers generally ignored them.

Critique was voiced prominently from inside academia much earlier, when Hambrick in his 1993 presidential address to the Academy of Management asked “What if the Academy really mattered” (Hambrick, 1994)? He bemoaned a progressive closure of academia on them, in effect creating an “incestuous loop.” It is scholars talking to each other and writing for each other ever more sophisticated papers, the problems of which have been defined by the scholars themselves and the value of which is defined by the citation impact of the publications on other scholars. Research impact defined by citations has become the yardstick to measure scientific performance and reputation of scholars. To make matters worse, scholarly publication output and citations then are used to recruit and promote scholars, thereby institutionalizing the incestuous loop in the internal career structures of business schools. The more this succeeds, the more the school will be decoupled from the world of practice. The dangers should be clear: increasing legitimacy problems for business schools, which have lost
their balance between scientific rigor and practical relevance, between serving the scientific community and the real world.

What is business school research about?
Increasingly business school research refers exclusively to publications in refereed, discipline-based academic journals, published in English and included in the Social Science Citation Index, or the list of publications used by the Financial Times for their Business School rankings. In addition, most management research is currently from Europe and North America with questionable relevance to other cultures and regions. In particular, it has not embraced the new global context, still basically ignoring the major growth areas of the world in Asia and South America (Russell and Saunders, 2011). And it is criticized for concentrating on “reporting research,” recreating and explaining past developments instead of creating new knowledge for creating a different future.

Business school research only rarely addresses societal issues and informs important public policy questions, relating to issues like public education, poverty or sustainability. This creates another major challenge that is at the root of fundamental questions related to the legitimacy and professionalism of business schools and their scholarship. While research and practice of true professions like medicine, law or public policy have a strong code of ethics linking their contributions to the common good, business management has never succeeded in becoming a profession (Khurana, 2007, pp. 363-383). Research can and should inform society and policy and contribute to the common good, not just to the good of a few private actors, as the recent financial crisis revealed (Rynes and Shapiro, 2005).

The dominance of disciplinary scholarship in business school research basically excludes contributions to some of the most pressing big problems societies are facing, e.g. decarbonizing the economic system and bringing resource consumption within the constraints of the planet, which need an interdisciplinary and transdisciplinary approach. The strong focus on empirically derived evidence puts the focus of research systematically on explaining the past, thereby discriminating against future-oriented research, which, by its very nature cannot be based on the same kind of evidence. While there are highly elaborated and demanding methodologies to analyze empirical data, there are only few methodologies to pursue research about designing the future, although we know, that experience from the past helps us less and less in bringing about the future. John Maynard Keynes suggested a long time ago, in order to create the future, we may have to unlearn first: “The difficulty lies not so much in developing new ideas as in escaping from old ones.”

What does the process of business school research look like?
The research insights very rarely reach the world of practice, because practitioners – managers, public officials or students – do not read the scientific journals and if they should read them, they do not find them useful (Porter and McKibbin, 1988; Oesterle, 2006; Kleppel, 2003). In order to understand this gap between business school research and practice, different explanations have been offered, which can be explained best by using a process view of research, spanning the definition of the research problem, the production of research, and the dissemination of research:

1. The gap between research and practice has been framed as a knowledge transfer problem that may be solved by better translating the results of
management research into the language, publications, frameworks and tools that managers can and do use in their work. In this view research results could be made useful for practice, if only they were presented in a more accessible way and through media that are actually used and understood by managers (Van de Ven and Johnson, 2006, p. 802).

(2) If theoretical and practical knowledge are not seen as one and the same, but rather as two distinct types of knowledge, then applying theoretical insights will not solve the problem. The gap then needs to be framed as a knowledge production problem. As a solution, a concept of engaged scholarship has been suggested, where researchers and practitioners interact effectively in order to co-produce knowledge that is relevant to both, research and practice, with academics contributing rigorously developed scientific insights and practitioners deep insights into understanding reality (Van de Ven, 2007; Walsh et al., 2007; Rynes et al., 2001; Lorange, 2008, p. 71).

(3) Very often, however, there is a problem of definition, since the research process does not start with production, but rather with defining the research issues and questions to be addressed. Different forms of production or dissemination come late, if the wrong questions have been addressed (Pettigrew, 2001, p. 61). Long before one can think of translating the research output effectively to achieve an impact on management practice and before one can engage in a collaborative knowledge production process, the research problems need to be framed in a practically relevant way.

While practitioners are interested in questions solving real world problems, with direct implications for action, helpful in managing an organization and improving its performance, academics do seem to care much more about a rigorous research process leading to defensible generalizations that add to theoretical knowledge (Dossabhoy and Berger, 2002; Thomas and Tymon, 1982; Dyllick and Tomczak 2009). The perspective of practitioners, however, may be partial and short sided, with a strong focus on the momentary problems affecting their organization. This asks for more balanced, collaborative forms of defining the research agenda, where different stakeholders and disciplines (natural sciences, social sciences) are directly involved (Gibbons et al., 1994; Starkey and Madan, 2001; Van de Ven, 2007).

At the core of the relevance gap we find an increasingly exaggerated focus on the production of research and an exclusive concern about scholarly output, while being progressively disconnected from the needs of practice. This is particularly problematic with regards to defining research problems that matter to practice, to society and to nature, but also with regards to finding effective ways to making the results useful. While scholarly norms do have their place during knowledge production, opening up research to practice and society is of decisive importance at the beginning and at the end of the research process. Here it will be decided if research is effectively connected to practice – in all its forms – or if relevance is lost.

If management research is to live up to the challenges of a deep transformation of economy and society, it will have to change itself dramatically and embrace a responsibility for business in society. As suggested by the 50+20 initiative, it will be crucial to address in particular the following three enablers of change (Muff et al., 2013, pp. 102-107):

(1) Research in service of society: management research in service of society requires a shift away from narrow, specialized research in a single discipline, in
favor of problem oriented research that enables business to contribute to society and the planet.

(2) Supporting companies toward stewardship: business needs to embrace the role of stewardship with the implicit knowledge that they are not the real owners of the natural and social resources they use. Management research can support business by creating business solutions for a sustainable world, by developing new metrics to measure performance and by specifying professional and ethical standards.

(3) Accompanying leaders in their transformation: if businesses are to succeed in the transformation and become stewards of the common good, then we clearly need leadership based on a different set of values, skills and competencies. Those brave enough to face the storm will need considerable support through new research insights, guidance and counseling.

4. Challenges in managing faculty
Challenges in managing faculty center around three questions: how is business school faculty trained? How is business school faculty selected and promoted? And what is the professional framework of business school faculty?

How is business school faculty trained?
Increasingly academically qualified core faculty lacks relevant work experience prior to their entrance into doctoral programs where they typically are being very narrowly educated in a functional specialty (Porter and McKibbin, 1988, p. 131). They concentrate on their technical specialties and move on to become a member of business school faculty. This does not allow them to appreciate the complexities and subtleties of real business problems and deprives their students of deep insights into the business world and the practice of management.

Also business school faculty gets trained in highly specialized doctoral programs. The higher the academic ambitions of these programs are, the stronger will be their specialization and their focus on academic rigor. As a consequence, the programs lack sufficient breadth of understanding of real world business problems and its graduates are not able to see how diverse factors and functions interact to influence these problems. The same criticisms apply to a deeper understanding and insight into societal challenges and their impact on business, which are usually even further removed from business faculty training. How then should faculty be able to make practically relevant and socially useful contributions to solving current problems, if they are neither aware of these issues nor trained to effectively integrate them into their research and teaching activities?

Many of the discipline-trained scholars joining business school faculties today are not intrinsically interested in business or in contributing to solving societal problems. Few of them are motivated to study the real problems managers or public organizations face. Instead they are increasingly investigating theoretical and conceptual problems of the discipline in which they were trained. The goal of producing practically relevant knowledge about organizations, their management and their societal impacts has been displaced by ever more narrow specialized research addressing theory. As a consequence, business school faculty increasingly sees other academics, rather than practicing managers or society as their main constituency (Khurana, 2007, p. 311).
A surprising and highly problematic aspect of business faculty training is the conspicuous absence of a formal training and professionalization process that goes beyond demonstrated research performance in a highly specialized field. Where are future management faculty trained in the basic requirements of their future job? Where are they introduced to the professional principles and responsibilities of their task? How is it assured, that faculty, once appointed, can keep up with the changing contexts and demands of their job? Or, more to the point (Muff et al., 2013, p. 159):

1. Where does business faculty get their pedagogical skills? Where do they learn to teach students, to inspire and motivate them, to serve as role models in their personal development? Where do they learn to effectively serve as facilitators, coaches and mentors in their development? Where do they learn how to reflect on and assess their impact in the teaching field?

2. Where does business faculty get their leadership skills? Where do they learn to lead diverse teams, manage creative processes and projects? Where do they learn to inspire, motivate and lead young researchers and serve as coaches and mentors in their development? Where do they learn to lead assistants and administrative personnel?

3. Where does business faculty get their communication skills? They will serve as communicators inside business schools, but also in highly diverse external and public arenas for the rest of their lives. But how are they prepared for this?

4. Where does business faculty get their technological skills? Information technology and social media are fundamentally transforming all business school activities, from teaching, over research, communication, administration and the daily job and routines of faculty themselves. And as this revolutionary process has only started, the question is, how do they keep up these skills during their careers? In particular, how can we prevent business school faculty from staying behind the relevant skills of their own students?

Some of these responsibilities may be covered in doctoral programs or schools, although their focus is usually on research skills. Some of these responsibilities may be taken care of by faculty advisors. Most of the responsibility rests with the individual faculty, however. If it is taken up by them or not is mostly at their own discretion. Their incentive to live up to this responsibility may not be very strong.

_How is business school faculty selected and promoted?

But the problem is not faculty training alone; it is aggravated by faculty selection and promotion procedures focussing increasingly on research performance in a narrow academic sense as the dominating if not exclusive area (Bennis and O’Toole, 2005). This is in a peculiar contrast to the fact that business school faculty always serves many more functions, e.g. as educators, coaches, leaders, faculty managers, project managers, public experts and communicators. But somehow it is assumed faculty automatically knows how to perform these functions, without assessing their expertise in these fields in selection and promotion procedures. The result, very often, is an overspecialization in the research field and a surprisingly unprofessional approach in most other fields.

In addition, incentive systems and reward structures for faculty tend to focus strongly on research performance. A reason for this must be seen in the increasing influence of market incentives through accreditations and rankings, which often take research as their yardstick. Also, research is looked at as being the source of innovation
and core competence of a school serving as the basis for a high reputation and strong performance in other areas as well. But it is not clear at all, if this is the case and if these heavy investments and cross-subsidies from other areas of income into faculty research are really achieving these goals? Research performance seems to drive school reputation to some extent. But this effect is limited and dependent on a broad focus of publications that goes beyond A-publications (O’Brien et al., 2010). At the same time research competencies of faculty do not translate automatically into teaching competencies. In effect, there is no correlation between research productivity and teaching effectiveness on a faculty level (Hattie and Marsh, 1996; Marsh and Hattie, 2002). And the more specialized and technically demanding the research gets, the less complementary will be research and teaching. This leaves the school with the decision to invest more into their research base or into their teaching staff? Following the lure of ranking-based reputation or faculty preferences for research, business schools will be pressured internally to overinvest into expensive, but not necessarily very useful research.

What is the professional framework for business school faculty?

While the question about the nature of the managerial profession has been a hotly contested issue since the beginning of business education more than a hundred years ago (Khurana, 2007; Colby et al., 2011, pp. 18-21), the question about the nature of the business school faculty’s profession has not even really been asked. We refer to consulting or auditing firms as professional service firms. But what would it mean to consider management education to be a professional service, based on a common body of theoretical and practical knowledge and guided by clearly defined objectives and principles? In asking some critical questions concerning the professional framework of business school faculty we cannot refer to an established model, despite some courageous attempts by professional associations to define a code of professional ethics. The following aspects are seen to be of crucial importance (Muff et al., 2013, pp. 155-156):

1. What is the faculty’s responsibility toward the common good and where do the respective standards come from? Business school faculty, in particular after having been granted tenure, enjoys a tremendous amount of freedom in their teaching and research. This freedom should be exercised for the common good, reaching beyond the demands and expectations of direct stakeholders like students or companies and includes a responsibility toward the general public. But where do the respective criteria come from? Where are they debated and defined? How are they implemented and controlled? How are they updated and renewed?

2. Where do the professional standards for teaching effectively come from? How well are business graduates prepared for the professional demands and challenges of twenty-first century business? How well are they prepared to perform in a multinational and multicultural environment if most of the teaching still has a national focus? How well are they prepared to perform in a public arena, if they manifest only a weak understanding of, and even weaker concern for the larger society in which they will function? How serious take business faculties their responsibility, if the financial and economic crisis of the past five years has obviously not been used for a reform in teaching (Colby et al., 2011)?
How well do researchers and professional associations live up to their public responsibility, if scholarly research is addressing and read almost exclusively by other scholars? How can it be that crucial areas for research concerning the business impact on society and how business could contribute effectively to solving societal problems are broadly neglected? How can it be that particular approaches like interdisciplinary research that would be needed to contribute to effective solutions are discarded mostly for not being rigorous enough?

It is commonly assumed that business faculty has a role as public intellectual that goes beyond education and research. But what are these roles and functions and how should they be performed? And is it acceptable to reduce this function more and more, as it seems to be the case, because other tasks are better controlled (teaching) or more personally rewarding (research)?

How effective are the professional standards to assure a continuous upgrade and development of the faculty skills? International accreditation agencies are including faculty development in their standards. But only 6 percent of the 12,000 institutions offering business degrees worldwide have international accreditation. And how effective is accreditation in ensuring the continuous development of faculty skills in all areas, not just in education and research, but also in management and leadership, communication and information technology?

The challenges for getting faculty to support the challenges of a deep transformation of economy and society therefore are manifold. They include developing a professional framework for faculty, thereby instilling an explicit sense of responsibility for the common good. It will need to be integrated into the faculty selection, development and promotion processes as well as into the incentive systems and reward structures. In particular, it is necessary to balance the narrow focus on research performance with a focus on teaching performance. And it needs to strengthen the faculty role as a public intellectual, who contributes in his or her domain to effectively solving societal issues.

5. Challenging the role of business schools
Transforming management education, research and faculty are three intertwined and closely connected issues that lead to a final question concerning the role and purpose of business schools as a whole: for whom do business schools create value?

Although the business school has been the major success story in the university in the last quarter of the century, if measured in terms of growth in demand and by looking at the MBA as the only truly global degree (Mintzberg, 2004), it has come under attack with regard to its fundamental nature and value. It is criticized for having become too customer-focussed and too business-focussed, at the expense of a truly professional orientation focussed on the common good. Khurana (2007) concludes in his history of management education that leading business schools moved from a "tyranny of the faculty" to a "tyranny of the markets." While this shift may have gone furthest for the leading business schools, most of them live under both tyrannies. Neither of them can be considered very healthy:

Faculty dominance has many faces. Education is seen through the lens of teaching, not learning. Students are taught, examined and graded. They are not seen as partners or co-producers in a two-way learning process. If students have learned, what they were taught, they pass the exams and receive good
grades. Faculty has a defining role in designing the courses, the programs and the pedagogy. Research is seen as the prerogative of the individual faculty, not as a social obligation. It is an expression of their freedom of research and teaching. All aspects of research, areas and topics, theoretical or practical focus, national or international orientation, as well as the forms and channels of publications are objects of their free decisions. They are free to define them according to their scholarly preferences and experiences, their reputation building strategies, their economic interests or their political convictions. The school may have research priorities and programs of their own, which they try to get accepted by their faculty, but there are clear limits to the success of their “carrots and sticks.” The higher the scholarly reputation of the faculty, the more likely it is, that they will use their status and their attractiveness to other schools to extract extra benefits and freedom from the demands of the school. Engagement for institutional self-management and development (program management, leadership roles in committees and faculties, etc.) will then become the domain of the less reputed faculty.

(2) Market dominance shows in different ways as well. The business schools build and strengthen their brand name through institutional strategies. Financial well-being and success, revenues, costs and surplus, play an important role. They use marketing and communications to position the school and their particular strengths in an increasingly transparent and competitive landscape. Accreditations and rankings measure and demonstrate their comparative success and make it widely known to different stakeholders and the public. Accreditations and rankings are being managed by dedicated faculty and administrators, who will make their demands known internally, thereby challenging faculty dominance. They attract high profile faculty and develop carefully their international networks of business school and corporate partners, who should reflect favorably on the school’s own reputation. Collaborative dynamics between business schools, but also between faculty and students, give way to competitive dynamics. A logic of openness and sharing is taken over by a logic of secretiveness and holding back. Students are selected from the pool of applicants. The bigger this pool is and the lower the rate of acceptance, the higher is the school’s reputation. And the higher the reputation, the more the fees can be increased. Students are seen as customers, who buy a service and whose demands have to be fulfilled. Success is measured by “customer satisfaction” surveys. There clearly is a danger that the educational purpose gets lost in the process.

Faculty dominance and market dominance both are present in varying degrees in today’s business schools. They force different orientations on business school management, be it the research interests of faculty or the market focus of the institution. Both have clear limitations and problems. What gets lost is the genuine educational mission that cannot be measured in terms of student satisfaction or starting salaries. What gets lost also is the professional contribution to the common good (Starkey et al., 2004; Podolny, 2009). If business schools want to attract and inspire talented students, if they want to secure political support, and if they want to keep public trust, they clearly have to start looking beyond their own interests, those of their faculties and those of their direct “customers.” They have to start thinking about their contributions to society. Do they educate the kind of managers and leaders society
needs? Do they provide their graduates with the social awareness and social competencies they will need to manage controversial issues in business and society? Will they be able to engage in solving the big economic and social issues we are collectively facing? And do they produce research that is accessible and useful for understanding and acting toward solving these issues?

The reforms based on the results of the Ford and Carnegie Foundation reports (Pierson, 1959; Gordon and Howell, 1959) have been very successful in embedding business administration in a research-based body of knowledge, thereby elevating its academic status. These reforms, however, did nothing toward making business administration more socially trustworthy. To the contrary, by basing their theories on a particular interpretation of neoclassical assumptions about the efficacy of markets, scholars came to rationalize individual selfishness as socially advantageous, which was enthusiastically embraced by the top management in many parts of the business world, in particular in the financial services. The defenders of personal responsibility and social trustworthiness were relegated to the back seats. As Augier and March (2011, p. 275) conclude in their critical analysis of the development of business schools in the USA, discussions of the role of management as a profession in creating a better world thereby has been made largely irrelevant, as has discussion of the role of the business school in improving society. Developing a constructive role for business schools in contributing to the pressing global challenges will need major changes in the dominant business school model, a model that has been developed in the USA, but that has become the dominant model for business schools in many other places as well. As has been argued in this paper, responsible management education for a sustainable world will need much more. It will need fundamental changes in management education, management research and in managing faculty. This cannot be done, however, without redefining the role of business schools as social institutions with a clear public responsibility.

References


**Further reading**


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