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Rethinking and re-evaluating the purpose of the business school

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Citation

THOMAS, Howard. Rethinking and re-evaluating the purpose of the business school. (2017). *Rethinking business education*. 8-9.

Available at: https://ink.library.smu.edu.sg/lkcsb_research/6836

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RETHINKING AND RE-EVALUATING THE PURPOSE OF THE BUSINESS SCHOOL

Howard, Thomas.

Published in Rethinking Business Education (edited by Della Bradshaw) 2018, pp 8-9, CABS, UK.

<https://charteredabs.org/wp-content/uploads/2017/11/Rethinking-Business-Education-Chartered-ABS.pdf>

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“To produce responsible, authentic leaders, business schools need to develop more holistic management education models.”

Without doubt, business schools have been one of the success stories of higher education over the past 50 years. Even so, over the past decade management education has come under attack over both its legitimacy as a serious academic discipline, and its failure to professionalise management.

Perhaps now is an opportune time, therefore, for management educators to reflect on the value and purpose of business education and address the real issue of how to innovate to improve student learning about both the theory and practice of management.

One of the issues is that, at the same time as the role of the business school has come under attack, so a manager's role has shifted from one of a professional steward of an organisation's resources, according to Harvard Business School professor Rakesh Khurana. Instead, managers are seen as 'hired hands', operating only on the basis of contractual relationships. A key consequence of this is that the self-interest of relevant parties has replaced a proper ethical and moral scope and that the principle of trust that was central to the operation of market capitalism has sometimes been abandoned. What is more, the ethical tradition in business life is arguably in danger of erosion by the institutionalisation of management education itself in its current form, a form in which the dominant programme paradigm, the MBA, is remarkably similar across cultures and countries in terms of curriculum.

It was the late Sumantra Ghoshal who argued that business schools, in their drive to become serious academic players, had been guilty of propagating and teaching 'amoral' theories that destroyed sound management practices. By graduating managers who were advocates of shareholder value and profit maximisation rather than responsible professionals, they may well have contributed to ethical failures that led to the financial crisis and to the collapse of large companies such as Enron and Worldcom in the US.

Some business schools have, in fairness, tried to turn the mirror on themselves. The UK business school community has added to this debate with Chartered ABS's 2014 report on the "Role of UK business schools" and the UK's Chartered Management Institute has also contributed with its 2014 reports on "Management 2020" and "21st Century Leaders".

At London Business School, Michael Hay argues that a business school should create academic value through research and its dissemination, personal value through its teaching, and public and social value in the form of knowledgeable and skilled graduates who engage responsibly in the broader society. These are clearly worthwhile objectives.

Hence, should the clear purpose of a business school be to develop a responsible, reflective and insightful professional managerial cadre as envisaged by Joseph Wharton in founding the Wharton School in the University of Pennsylvania in the US in 1881?

There is welcome evidence from the Aspen Institute in the US that business school students have moved on from thinking like customers and acting like greedy, profit maximisers to focus on ‘purposeful’ work, tackling issues of sustainability, inequality and social and financial exclusion. But where is the business school equivalent of a ‘pro bono’ clinic (a norm in law schools) for SME’s and aspiring entrepreneurs?

In order to develop a professional class of managers, akin to doctors, lawyers or engineers, three critical dilemmas must be addressed. First is the need for a well-defined, accepted and meaningful body of knowledge about management. Second, there needs to be a consensus about managerial status and legitimacy. Third is the need for an effective professional organisation that sets policies, managerial standards and appropriate examinations for final entry into the profession.

Arguably, management education has only achieved one of these – the body of knowledge criterion – and this is only based on the promise of continued acceptance of the scientific, analytic business school model (often labelled logical positivism), which became the dominant design for the US business school in the second half of the 20th century. Skills of analysis have been prioritised, often at the expense of skills necessary for managerial judgement, particularly in increasingly challenging, complex and ambiguous environments.

As MBA recruiters decry the overemphasis on analytic skills at the expense of the ‘soft skills’ of managing, professors are focusing much more on updating their courses to stress the importance of the multiple stakeholders in society.

Yet to produce responsible, authentic leaders, business schools need to develop more holistic management education models.

How should the business school develop this holistic approach? What is the new framework for the future evolution of management knowledge? This perspective calls for a more balanced relationship between business schools and business, government and society, with business schools reasserting their influence and focus in the education process to satisfy the diverse interests of their stakeholders.

So what is the value proposition for management education beyond examining the dynamic influences of digitisation, technology, globalisation, demographic dynamics and the knowledge economy?

The underlying question surely must be whether management education conducts itself with responsibility to society in its preparation of the students that will manage and lead others, make investment and fiscal decisions, source products and extract resources. But should management education today also provide an educational experience that enables students to develop a maturity in matters of ethics, spirit, society, culture and politics?

Thought must be given to how to develop this more holistic and balanced model of management education with its higher purpose to nurture social responsibility and enhance students’ moral and ethical compass in an increasingly uncertain world. The good news is that there is evidence that significant efforts are already being made to build models of liberal, responsible management education involving meaningful collaboration and co-creation across the three sectors of the economy – business, government and society.