

Business and Business Schools: A Partnership for the Future

**Report of the AACSB International
Alliance for Management Education Task Force**





Business and Business Schools: A Partnership for the Future

**Report of the AACSB International
Alliance for Management Education Task Force**

**AACSB International –
The Association to Advance Collegiate Schools of Business**

777 South Harbour Island Boulevard
Suite 750
Tampa, Florida 33602-5730 USA
Tel: +1-813-769-6500
Fax: +1-813-769-6559
www.aacsb.edu

© 2006 AACSB International

Alliance for Management Education Task Force

Chair

Amelia Maurizio

Director
Education Alliances
Global Communications
SAP America, Inc.

Ali R. Malekzadeh

Dean
Williams College of Business
Xavier University

Members

John J. Fernandes

President and Chief Executive Officer
AACSB International

Rex D. Fuller

Dean
Malik and Seeme Hasan School of Business
Colorado State University-Pueblo

Yash P. Gupta

Professor of Information and Operations Management
Marshall School of Business
University of Southern California

Louis E. Lataif

Dean
School of Management
Boston University

Neal Mero

Vice President and Chief Advocacy Officer
AACSB International

Gail K. Naughton

Dean
College of Business Administration
San Diego State University

William J. O'Neill, Jr.

Dean
Sawyer School of Management
Suffolk University

Sharon J. Smoski

Assistant Vice President
Learning and Development
State Farm Insurance Companies

Peter W. Wolnizer

Dean
Faculty of Economics and Business
The University of Sydney

Business Leader Perspective

*“We need visionary leaders capable of taking ownership of organizations and acting as effective agents of change” **

*Quotes highlighted in this report represent business leader perspectives obtained through focus group discussions.

Preface

As AACSB continues its growth in all regions of the world, we are mindful of both the opportunities and challenges of a truly global association. Nowhere is this clearer than in our thought leadership initiatives. Our recent report “A World of Good” prepared by our Peace Through Commerce Task Force highlighted the incredible power that business schools working with business can have in tackling the most complex problems facing our world. It is in this spirit that we present this report of the Alliance for Management Education Task Force, Business and Business Schools: A Partnership for the Future.

To be sure, industry leaders remain dedicated supporters of our schools and have reflected that commitment by donating their time and money. As a result of that support, business schools provide scholarships for students, hire new faculty, and construct excellent educational facilities. The message of this report, however, is the future. We must build on those successes and look forward to finding new ways to cooperate to meet our mutual challenges and, more importantly, explore new opportunities. Business has always been a supporter of business schools—we now ask for their partnership.

This report is just the beginning—there remains much to be done. Through this report and our ongoing advocacy efforts, we will reach out to leaders of business with a reminder that business schools are right now developing future leaders and conducting the research needed to answer the most intractable problems of business. These are challenges and opportunities with global impact and, while this report is generally U.S. focused, we need global engagement. The benefits of a partnership will be felt in every corner of our world.

The signature is handwritten in black ink, appearing to read "Arthur Kraft".

Arthur Kraft, Chairman of the Board
AACSB International

The best interests of business and business schools are served when they communicate and collaborate on their shared, fundamental goals. In fact, it is no stretch to suggest that the whole world might benefit if these two entities worked together more closely.

A solid partnership might mean, for example, that business schools, in achieving their own educational objectives and mission, would also be even more informed and attuned to what potential employers want their new hires to know. Employers would realize substantive advantages by bringing on board graduates who, because of their finely tuned preparation and competence, would be quicker to add real value to the enterprise. Business schools and their students might find their programs increasingly vital and relevant, and stronger rapport between these partners might foster even more interaction between students and the business world and its leaders. Through sustained, meaningful connections with business schools, industry would also reap the benefits of closer ties to research, access to knowledge centers, and communication with intellectual leaders. As a result of their invigorated growth and capacity, enterprises could, in turn, give back to their communities and stakeholders at an even higher level.

Although the scenario isn't that far-fetched, it is far from the status quo. Especially in the U.S., partnerships between business and business schools have primarily been limited to personal or local connections between business leaders and particular schools. Leaders serve on advisory boards, sometimes for the business schools that they themselves attended, for schools based in

the same cities as corporate offices, or for schools with which the leader may have other ties. Many provide generous financial support to business schools, and some show up regularly in classrooms to talk with students. They work with administrators and faculty, often establishing opportunities for students to pursue internships and other learning opportunities in real-world settings.

Despite the natural affiliations between business schools and corporations, however, most observers would agree that the potential for collaboration has not been maximized. In Fall 2004, the AACSB International Board of Directors established a new task force, the Alliance for Management Education (AME), to explore possibilities for a more broad-based partnership that might appropriately be coordinated by AACSB International and could work to the benefit of both entities. The AME Task Force involved leaders from both business schools and the corporate world in their discussions and considerations. Once it became clear that both communities agreed on the profound potential of a strong partnership, AME efforts centered on the development of a position statement and delineation of possible courses of action.

Many of the conclusions of this report are based on discussions with business leaders; most of whom are senior executives in U.S. based organizations. As a result, this report is U.S. focused and may not fully represent worldwide perspectives. Despite this, the importance of an enhanced partnership between business schools and business is a global challenge requiring global action.

Business Leader Perspective

“Business school graduates excel at doing sound technical analyses, but they experience difficulty in applying that analysis to effective decision making that addresses broad organizational issues”

Facing Realities

AME's initial investigations suggested that a significant number of executives knew nothing of AACSB and had likely given little or no thought to why a closer relationship with business schools might be fruitful. At the same time, while many business school administrators sought out corporate financial support and representation on their boards, many faculty and others in the academic community had zero interest in consorting with business.

Early on, AME recognized that they would need to acknowledge some of the disparities, stereotypes, and misconceptions that exist between business and business schools and even within the academy. Three specific hurdles were identified:

1. To many industry leaders, business schools are still the proverbial ivory towers, where scholarship and education are often disconnected from the real-world and its requirements. Conversely, many deans and faculty of business schools believe business leaders misunderstand their teaching and research missions and the importance of rigorously developed and validated teaching and scholarship.
2. Despite growth and commitments to continuous improvement, business schools still attract criticism. Most of the critics have emerged from the business school academic community itself. For example, Bennis and O'Toole¹ expressed concern that business schools had "lost their way" by focusing on research that was too scientific and not preparing students with skills to deal with complex management problems. Pfeffer and Fong² argued that business schools could claim only "modest" results in preparing students and impacting management practice through research.
3. Business schools operate at a different pace from the communities they serve in business

and government, which often frustrates business leaders who need answers to today's problems today. Management education appears slow to respond to new business challenges. Articulating and reacting to those challenges, plus creating the knowledge and the skilled graduates to meet them, is often a multi-year process.

While these and other issues surfaced in AME discussions, the task force pointed to many positive signs that underscore the value of management education and the potential benefits of a stronger partnership between business and business schools. Students and employers obviously see tremendous value in management education. For example, the U.S. Department of Education³ reports an 11% increase in undergraduate business degrees conferred between 2001 and 2005 and AACSB member schools report⁴ an 8% increase in MBA enrollment during that same time period.

And while record numbers of traditional students continue to enroll in business courses, more and more experienced business executives are returning to the classroom as adjunct professors or in other roles. Some are pursuing a second career in education through participation in a new AACSB "bridge" training program. The bridge "immersion" helps senior business leaders to supplement their professional knowledge with instructional and classroom savvy.

A significant number of leaders from business and industry are also participating in executive education programs. These settings offer extraordinary opportunities for business executives to engage with business faculty in high-level dialogue. The success of these initiatives confirms the value of settings that bring together representatives of both worlds. Such efforts will help to strengthen understanding and communication on both sides and set the stage for even more positive developments.

"Even smaller businesses like mine are desperate for employees capable of working with global partners, suppliers, and customers"

Straight Talk with Business Leaders

To gather more information about business perspectives on management education, AME members recruited ten outstanding business leaders from the San Diego area to participate in a special focus group held at the 2006 AACSB Deans Conference. The spirited, candid dialogue of this focus group was invaluable and helped to shape many of the final conclusions and recommendations of AME. The business leaders responded to four key questions:

- What are the major challenges of business across industries?
- What skills do business graduates need?
- How relevant is business research to the challenges of business?
- What would motivate business leaders to increase their engagement in the management education industry through involvement with AACSB?

The challenge most frequently identified by the participating business leaders was to find employees and future leaders capable of managing in environments marked by constant change. This concern is consistent with other surveys, including the 2006 Corporate Recruiters Survey conducted by the Graduate Management Admission Council (GMAC)⁵. The GMAC study identified leadership skills as the most important attribute sought by employers—and the area where MBA programs need the greatest improvement.

The focus group participants also expressed concern about the ability of business graduates to apply analytical models learned in the classroom to organizational problems and decisions. Several asserted that management education needs to provide students with more than knowledge

about specific topics and processes; it also needs to develop within students the ability to exercise good judgment in situations where risks and decision factors cannot always be precisely predicted.

Another critical skill identified by the participants included the ability to work in teams and in collaborative situations. While teaching team skills is a significant aspect of the business school curriculum, the business leaders felt that many new hires were challenged by the application of those skills in a fast-paced environment.

The importance of strong communication skills was also emphasized. Once again, this point was reinforced by the GMAC Corporate Recruiters Survey, which indicated that excellent interpersonal skills, along with written and oral communication proficiencies, are highly prized and sought after by business.

Enhancing the relevance of business school research to the problems that confront the business community was important to focus group participants. Through task force discussions, it was clear that scholars must better communicate the value of both basic and applied research. In the case of both types of research, scholars should work much more closely with business to insure they are focused on the right problems and that findings are available to industry in a timely manner through an accessible medium.

Although the purpose of the focus group was to elicit corporate perspectives and ideas, participants also raised many questions about business school practices and philosophies. The exchanges sharpened understandings of respective concerns and challenges and reinforced the concept that, once communication is established, the potential gains from investment in a stronger coalition are obvious.

Four Key Challenges

From the task force deliberations, the focus group interactions, and other discussions, four central challenges emerged for business and business schools: preparing the next generation of business leaders; exploring and enhancing the relevance, meaning, and dissemination of business school research; meeting the challenge of globalization; and engaging business in business schools and business schools in business. Addressing these challenges, identified as critical by both communities, will establish the basis for a partnership between business and business schools.

1. Targeting and Teaching the Right Things

Management education must develop mechanisms for understanding the essential competencies and skill sets of business school graduates, forecasting how those competencies will change in the future, and assessing the level of mastery of those skills and competencies. These processes are essential measures in helping to ensure the capability and competency of the next generation of business leaders.

Most schools acquire feedback on their teaching effectiveness through their own assessment processes. AACSB-accredited schools have implemented an assurance of learning program where key constituents, such as past students and employers, can provide feedback to schools on how well they are achieving educational objectives. Business school deans acknowledge the critical role that business can play in providing quality feedback on graduate performance and are working to incorporate this feedback routinely into their assessment efforts. For AACSB-accredited schools, it is a critical source of guidance in assessing the strengths of their efforts and in making changes in their curricula and programs.

Engaging business leaders in discussions about curriculum, the assurance of learning process, and other assessments of learning activities could be valuable; but that opportunity cannot materialize unless business leaders are willing to take the time to engage on a consistent basis. One of AACSB's roles may be to establish mechanisms that could further advance this possibility.

2. Optimizing Business School Research

AACSB-accredited business schools view scholarship as a critical mission. An enhanced partnership, with AACSB as the linchpin, would provide opportunities for the business community to gain a clearer understanding of management education research.

While the task force agreed that business leaders appear to see potential value in academic research, they also acknowledged frequent questions about whether or not business school researchers are focused on the topics most relevant for business. Research within the field of marketing provides a useful example. Few would argue that research has not played an important role in explaining the behavior of consumers. It's an important outcome for business, telling them why a consumer might buy a particular product. Despite that success, others would argue that business school scholars should focus on developing new ideas rather than explaining existing current practices—on finding what new marketing techniques would have an even greater influence on consumer behavior, for example. With improved communication, industry leaders could better understand the trade-offs and value of different research outputs, and researchers could understand the pressing needs of business.

Another concern raises the issue of whether research outcomes are communicated through channels accessible to business leaders. In discussing how business school research can become more relevant, John Quelch⁶ argues that business-school professors pursuing academically rigorous research must be more visible within the business community. While increasing the impact of research is a critical initiative to be addressed by a future AACSB task force, it is clear that these questions cannot be answered without stronger collaboration between business and business schools.

3. Keeping up with the pace and challenge of globalization.

Task force members identified globalization and its challenges as a concern for both business and business schools. An IBM study of CEOs⁷ confirmed the assumptions of task force members. The study showed that two-thirds of CEOs expect their organizations to be engulfed in changes, mostly related to globalization, during the next two years. Business schools have implemented strategies for addressing these global trends in their programs; but the pace of global growth can only escalate, and keeping pace may be daunting.

The challenge of preparing graduates for business operations in a global competitive market is especially acute for new business graduates. In a study by Mercer Human Resource Consulting⁸, 44% of all firms reported an increase in international transfers between places other than headquarters. Younger employees may be more likely to be handed these global assignments because they are less likely to have families, which means that the expenses of an international assignment can be reduced.

The globalization challenges of AACSB-accredited business schools and business are similar. Task force members are convinced that business leaders who have fully engaged in global initiatives could provide valuable insights into the globalization of business education, and that the information they share would ultimately return as a positive force for business. Finding ways to make these and other exchanges of information is a worthy goal.

4. Increasing the engagement of business in business schools and business schools in business.

Leaders from both communities are concerned that, while opportunities exist to enhance cross-communications, they are still too limited. At the individual school level, advisory boards provide excellent opportunity for business input related to a school's unique challenges. Similarly, corporate member participation on the AACSB International Board of Directors and in conferences and publications offers valuable opportunities for dialogue. The task force concludes that it is also important to seek new, broader, and more effective ways of exchanging ideas and concerns.

Assessing the Possibilities

In looking to the future, the task force drew two conclusions. First, business leaders acknowledge the value of quality business education and the concept that business success is tied to business school success. Second, despite their understanding of the symbiotic nature of the relationship, business leaders are unlikely to commit to a dynamic partnership with business schools unless they believe that their affiliation would influence outcomes of business schools in ways that ultimately add value to their own organizations.

“Give me an employee who places the needs of the organization as a priority in decision and action!”

AME members agreed that current structures and processes provide limited opportunities for engaging business leaders with business schools at an industry-wide level. They also reasserted the position that a viable partnership between business education and business leaders can only be achieved by developing mechanisms that facilitate business leader engagement in activities that influence the processes of business schools.

The task force strongly advocated that AACSB should assume a leadership role in advancing a more effective and productive liaison. Five specific actions were recommended:

1. *Strengthen advocacy efforts aimed at helping both communities to understand the value of an enhanced partnership between management educators and leaders of business.* Advocacy should begin with efforts to heighten awareness of AACSB's crucial role in management education leadership and to explain why and how business leaders will benefit from their association with the organization. A fact sheet about AACSB developed by the task force might serve as an effective advocacy tool and is included as an attachment to this report.

2. *Establish a permanent structure within AACSB where the mutual interests of business and business schools are specifically addressed.* An effective structure should allow business members to have a direct and visible input into AACSB processes and decision making. Possibilities might include establishing an international advisory board or an affinity group dedicated to enhancing communication. Regardless of its form, this group should have direct communications access to the AACSB board and staff.

3. *Increase opportunities for engagement of senior business leaders in the recurring activities of AACSB.* One purpose of expanding these opportunities would be to encourage business leaders to participate at levels where they can influence business education in ways that add ultimate value back to the business community. These opportunities require increased engagement of these leaders in important AACSB processes. Such opportunities might include:
 - Increased representation on task forces
 - Reinvigorating business member participation on AACSB Peer Review Teams and accreditation committees
 - Participation in affinity groups
 - Greater utilization of business leaders, especially those from AACSB corporate member organizations, as advocates for business education and in the communication of business concerns in AACSB publications, programs, and other venues.

4. *Increase AACSB engagement with other associations representing the interests of business.* An additional way to encourage the increased engagement of corporate leaders into business education is for AACSB leaders and staff to participate in associations that serve corporate leaders who are decision makers in areas strategically important to AACSB. Such affiliations might include:
 - Society for Human Resource Management
 - U.S. Chamber of Commerce
 - Business Leaders Roundtable
 - United Nations Global Compact
 - Confederation of British Industry
 - Confederation of German Employers' Associations (BDA)
 - The Federation of German Industries (BDI)

5. Develop effective strategies for communicating more frequently and directly with business leaders who are not members of AACSB.

The task force emphasized the need for effective communications between AACSB and business leaders. Several specific recommendations were submitted:

- Specific materials, such as AACSB thought leadership reports and other documents, should utilize a communication style consistent with business modes of communication.
- Communications with individual school advisory boards should be emphasized. As part of its initial dialogue, the group recognized the power of business school advisory boards as an existing means for business education leaders to communicate directly to business leaders. One result of these discussions was the development of presentations and materials designed to help deans introduce AACSB and AACSB accreditation to their advisory councils. The presentations, which were developed by AACSB staff, focus on the value of affiliation with AACSB and on universal issues of strategic importance to management education. AACSB staff also created a Web resource site that includes PowerPoints deans can use to develop customized presentations on the value of AACSB accreditation, the value of association with AACSB, and on thought leadership initiatives.

- The task force recommends that AACSB continue to develop these types of resources and tools to ensure that a consistent message is presented to business leaders. Deans should be encouraged to make routine reports to AACSB on feedback received from their advisory boards in response to these presentations and on issues of relevance to the association.
- Business focus groups should become a routine part of AACSB activities. Task force members valued their work with the focus group and believe that similar initiatives can be effective tools for acquiring feedback to the board of directors and other task forces and committees, as well as to the AACSB staff.
- Develop areas within the AACSB Web site that appeal to business leaders interested in business education.

Raising All Boats

Any doubts about the potential power of a stronger partnership between business and business schools have been dispelled through this initial effort by the Alliance for Management Education. The task ahead is not without challenges, but few would dispute that the return on investment can return rich rewards for business, business schools, and the world at large.

Business Leader Perspective

“Business school research is directed towards other academics rather than practitioners”

AACSB Fact Sheet

Frequently Asked Questions by Business Leaders about AACSB International

What is AACSB?

AACSB is the association of the world's best business schools and the most powerful and influential voice for business education. AACSB's thought leadership activities stimulate explorations of the challenges and opportunities that confront the future of business education and drive the actions that address them. These initiatives ensure that AACSB-accredited schools continue to produce the best graduates and the best scholarship to meet the needs of business worldwide.

Why should business leaders participate?

AACSB provides the link for corporations to have a voice in the future of management education. A stronger partnership offers great value for both business and business schools due to the interdependence of the challenges both face. For example, business educators cannot fully assess their effectiveness at developing critical student skills without significant and consistent feedback from the employers of those students. Likewise, businesses will be unable to meet their challenges without a highly skilled managerial workforce. The world's business schools provide the primary development of those competencies, and business leader engagement in activities of the business education community affords the opportunity to influence curriculum and program development.

How can business leaders participate?

Corporate membership is the gateway to AACSB. Many business leaders already participate in AACSB through many different venues. And the organization continues to assess the value of those opportunities and others from the perspectives of business leaders. Corporate members are involved in the governance process, as members of task forces or accreditation process teams and committees, and in conferences as presenters and participants. All these activities offer the opportunity to engage in dialogue critical to business education outcomes.

How will business leader participation make a difference?

AACSB has led the development of business education curriculum in critical areas such as assurance of learning, ethics education, valuing diversity, globalization of the business education curriculum, enhancing specific skills in teams, and communications. Business leaders have consistently told us these are important outcomes driven by common values. The place to influence those outcomes is AACSB. Ultimately, increased engagement by business in the business of business schools will enhance the relevance of business education and the value of business school research.

Footnotes

- ¹ Bennis, W. G. & O'Toole, J. (2005). How business schools lost their way. *Harvard Business Review*, 83(5), 96–104.
- ² Pfeffer, J. & Fong, C. T. (2002). The end of business schools? Less success than meets the eye. *Academy of Management Learning & Education*, 1(1), 78–95.
- ³ U.S. Department of Education (2005). *Higher education general information survey*. National Center for Education Statistics. [Data file]. Available from Digest of Education Statistics Tables and Figures Web site, <http://nces.ed.gov/programs/digest>.
- ⁴ AACSB International – The Association to Advance Collegiate Schools of Business. (2006, July). *Business school questionnaire 2000–2001, 2004–2005*. Tampa, FL: Author.
- ⁵ Graduate Management Admission Council. (2006, March). *Corporate recruiters survey*. Survey Report. Retrieved July 30, 2006 from www.gmac.com/NR/rdonlyres/6838813E-4238-4B78-9C3D-F4AC11592BA6/0/CorpRecSurvey06SurveyReport.pdf.
- ⁶ Quelch, J. (2005). A new agenda for business schools. *Chronicle of Higher Education*, 52(15), B19.
- ⁷ IBM Global Business Services. (2006). Expanding the innovation horizon. *The global CEO study*. Retrieved on July 25, 2006 from www-1.ibm.com/services/us/bcs/html/bcs_ceostudy2006.html.
- ⁸ Mercer Human Resource Consulting. (2006, May). *2005/2006 international assignments survey*. Retrieved on July 28, 2006 from www.mercerhr.com/pressrelease/details.jhtml/dynamic/idContent/1222700.

AACSB International

Committee on Issues in Management Education

Chair

Arthur Kraft

Dean and Robert J. and Carolyn A. Waltos,
Jr. Chair in Business and Economics
The George L. Argyros School of Business
and Economics
Chapman University

Members

Richard A. Cosier

Dean and Leeds Professor of Management
School of Management and
Krannert Graduate School of Management
Purdue University

Robert B. Duncan

The Eli and Edyth L. Broad Dean
The Eli Broad College of Business
The Eli Broad Graduate School of Management
Michigan State University

Fred J. Evans

Dean, College of Business and Economics
California State University, Northridge

John J. Fernandes

President and Chief Executive Officer
AACSB International

Andrea Gasparri

Managing Director, School of Management
SDA Bocconi

Yash P. Gupta

Professor of Information and
Operations Management
Marshall School of Business
University of Southern California

Daniel R. LeClair

Vice President and Chief Knowledge Officer
AACSB International

Amelia Maurizio

Director, Education Alliances, Global Communications
SAP America, Inc.

Sung Joo Park

Dean, KAIST Graduate School of Management
Korea Advanced Institute of Science and Technology

Andrew J. Policano

Dean, The Paul Merage School of Business
University of California, Irvine

David Saunders

Dean, Queen's School of Business
Queen's University

Sharon J. Smoski

Assistant Vice President, Learning
and Development
State Farm Insurance Companies

Richard E. Sorenson

Dean, Pamplin College of Business
Virginia Polytechnic Institute and State University

Barry Spicer

Dean, The University of Auckland Business School
The University of Auckland

Doyle Z. Williams

Dean Emeritus and Professor
Sam M. Walton College of Business
University of Arkansas

About AACSB International

Mission

AACSB International advances quality management education worldwide through accreditation and thought leadership.

Profile

AACSB International—The Association to Advance Collegiate Schools of Business—is a not-for-profit corporation of educational institutions, corporations, and other organizations devoted to the promotion and improvement of higher education in business administration and management.

Founded in 1916, AACSB International established the first set of accreditation standards for business schools in 1919. Through eight decades, it has been the world leader in establishing and maintaining business school accreditation standards.

In addition to accrediting business schools worldwide, AACSB is the business education community's professional development organization. Each year, the association conducts a wide array of conference and seminar programs for faculty, and administrators at various locations around the world.

The organization also engages in research and survey projects on topics specific to the field of management education, as well as maintaining relationships with disciplinary associations and other groups, interacting with the corporate community, and producing a variety of publications and special reports on trends and issues within management education.



777 South Harbour Island Boulevard
Suite 750
Tampa, Florida 33602-5730 USA
www.aacsb.edu