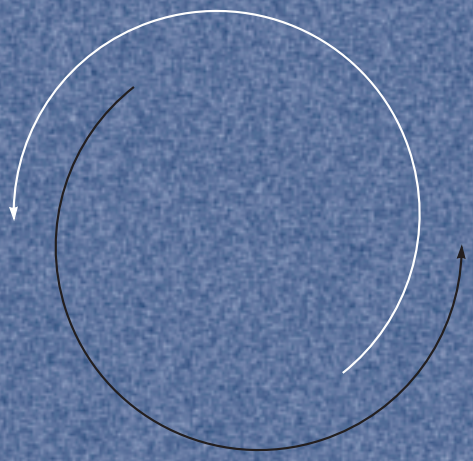

Management Education at Risk

Report of the Management Education Task Force to the AACSB—International Board of Directors

AACSB INTERNATIONAL

Management Education at Risk

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Management Education Task Force
to the AACSB International
Board of Directors

August 2002

"With AACSB's help, schools can become much more proactive in developing strategies to deliver their educational services and research services around what is relevant, in demand, and reflective of the best scholarship."

Judy D. Olian, Dean
The Mary Jean and Frank P. Smeal College of Business Administration
The Pennsylvania State University

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Foreword

In November 2001, to help business schools meet the future with all the tools and information they require to continue fulfilling their unique mission, AACSB International's board of directors created the Management Education Task Force. The AACSB board charged the task force with identifying the challenges that face business schools worldwide and recommending institutional responses. The board also gave the task force the assignment of recommending how AACSB and its member schools can lead change in key areas.

The task force, drawn from both business and academia, worked diligently under the leadership of chair Judy Olian, dean of the Smeal College of Business Administration at Pennsylvania State University. The other members were: Lee Caldwell, formerly of Hewlett-Packard Company; Howard Frank, dean, University of Maryland; Adelaide Griffin, chair, Texas Woman's University; Patrick Liverpool, dean, Delaware State University; and Howard Thomas, dean, University of Warwick. Serving as ex officio members were Eric Cornuel, director general, European Foundation for Management Development; John Fernandes, president and CEO, AACSB; and Dan LeClair, director of knowledge services, AACSB.

Following a six-month review of the literature and intensive discussions among its members and between members and a long list of knowledgeable individuals in business and academia, the task force submitted a draft report to AACSB's board of directors in April 2002. This document represents the final report of the Management Education Task Force. The AACSB board is most grateful to Dean Olian and her task force members for their dedicated efforts and the insights contained in this report. The task force has laid out the issues that face business schools clearly and perceptively, and has provided the AACSB board with a set of solid recommendations as to actions AACSB can take in response to the challenges.

The AACSB board of directors took an important first step in summer 2002 by creating two new bodies to pursue the important issues raised in this report: the New Issues Committee, a permanent committee of the board; and the Doctoral Faculty Commission. The board has charged the New Issues Committee with the task of identifying emerging issues and challenges in management education on a global basis and recommending policies, plans, and tactics that AACSB should adopt in response. The board has asked the committee to submit a report of its findings and observations each year, before the board's annual planning meeting, to assist the board in framing strategies, policies, and initiatives. The members of the New Issues Committee, led by AACSB Chair Elect Carolyn Woo, dean, Notre Dame University, are: Lee Caldwell ; Paul Danos, dean, Dartmouth College; Bob Duncan, dean, Michigan State University; John Fernandes, president and CEO, AACSB; Pat Meyers, dean and professor, University of Redlands; and Bernard Ramanantsoa, dean, HEC-Paris.

The Doctoral Faculty Commission has the charge of studying doctoral faculty issues and submitting to the board by January 1, 2003, a global, industry-level plan for the development of doctoral faculty. In creating the plan, the commission is to consider issues such as the root causes of the decrease in doctoral degree production and is to identify feasible, cost-effective strategies and programs to address doctoral faculty issues. The members of the Doctoral Faculty Commission, who will work under the chairmanship of Judy Olian, are: Stuart Feldman, vice president internet technology, IBM Global Services; Howard Frank; Bernie Milano, president and trustee of KPMG Foundation, KPMG; Jone Pearce, interim dean of the Graduate School of Management, University of California, Irvine; Steve Watson, principal, Henley Management College; and Doyle Williams, dean, University of Arkansas.

I, and the other members of the AACSB board, look forward to the reports of these two groups. We will keep the AACSB membership and the industry abreast of their work and insights through BizEd and other publications, and on the AACSB Web site.

Jerry Trapnell
Chair, Board of Directors, AACSB International
Dean, College of Business and Behavioral Science
Clemson University

August 2002

Introduction

The unique position of business schools in the management education marketplace centers on their role as research institutions. New knowledge developed through the intellectual creativity and research efforts of business school faculty both shapes the content of business curricula in degree and nondegree education and enhances business practices. This unique role is threatened, however, by the turbulent marketplace in which business schools operate.

The marketplace for business schools today is characterized by relentless change. Increasing competition from nonaccredited schools and globalization of the business education market are among the root causes of the instability. Management education is at risk, and industry-wide leadership is needed to position business schools to respond to emerging priorities and challenges.

This report lays the foundation for this long-term initiative. It provides an overview of the major agenda items framing the future of management education and suggests what AACSB and business school leaders can do to meet the challenges head-on. It also suggests how AACSB and its member schools can lead change and continuing innovation in the design and delivery of business education.

Section 1 of this report captures the dynamic global context in which business schools operate today. Sections 2, 3, and 4 focus, respectively, on three critical issues that have emerged from this new context: a shortage of doctoral faculty, a need to ensure the relevance of curricula to the global business world, and a convergence of degree and nondegree education. Business schools must address these pressing issues squarely and thoughtfully if they want to be staffed, relevant, competitive, and funded tomorrow. Finally, Sections 5 and 6 suggest priorities for AACSB as it asserts its leadership role in helping business schools address these challenges, as well as permanent strategies and channels to help ensure that a focus on innovation remains central to the agenda of AACSB's leaders and member schools.

This report is a call to action to engage the deans of business schools, their faculties, and their business partners, as well as university provosts and presidents, to confront the changing context in which business schools operate and to consider bold, new strategies and alliances that have been rare among business schools. It draws on two landmark reports AACSB produced in 1988 and 1996: Management Education and Development: Drift or Thrust into the 21st Century and A Report of the Faculty Leadership Task Force.

The Changing Context for Management Education

Management education is shaped by many variables, including the needs and preferences of consumers of business education; the knowledge, abilities, and skills employers expect graduates to possess; the choice of providers available to those interested in pursuing management degrees; and the resources business schools need to serve their customers. These are among the variables that make up the context for management education, which is very different today than it was even as recently as the mid-1990s.

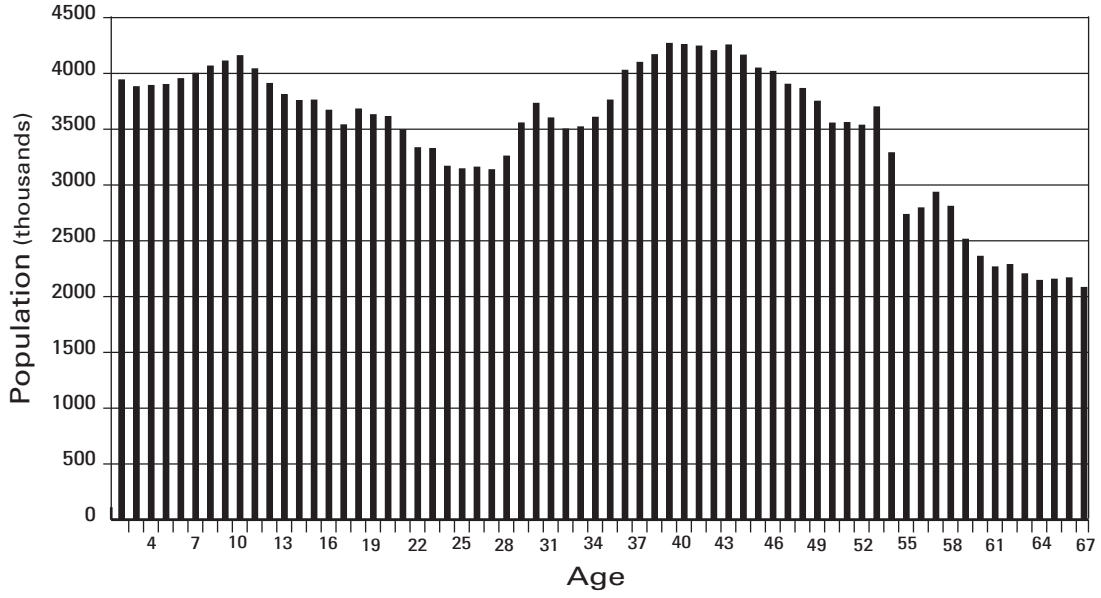
The trends identified in this section have global relevance; however, illustrative data are most often drawn from the U.S. experience because of their greater availability.

Enrollment in Management Education: A Mixed Picture

During the second half of the 1990s, business education worldwide saw an erosion of its share of undergraduate enrollments and degrees granted. In the United Kingdom, for example, the share of total enrollment accounted for by business and administrative studies programs decreased to 10.9 percent in the 1999–2000 academic year, from 12.5 percent in 1994–1995—despite a 1.8 percent increase in business enrollment. In the United States, upcoming bulges in the size of the traditional college-age cohort (see Figure 1) suggest emerging increases in business enrollees. Confounding any predictions of the future demand for business undergraduate degrees in the United States, however, is the fact that the market share of business degrees, as a percentage of all U.S. degrees awarded, fell to slightly less than 20 percent in the late 1990s, from a historic high of 24 percent in the late 1980s. And the share was as low as 14 percent in 1975.

Despite the lack of clarity surrounding the trend of future undergraduate enrollment, and the declining market share that undergraduate programs have experienced in the United Kingdom and United States, the number of students worldwide who pursue undergraduate business degrees is expected to remain strong.

U.S. Population by Age, 2001



Source: (Table provided by Larry Penley, Dean, Arizona State University)

Graduate business degrees continue to demonstrate market value and positive return on investment. The master's of business (MBA) degree—a professional degree pursued for career enhancement because of the robust market value with which it is associated —saw its numbers increase worldwide during the 1990s (see data on awarded degrees in Section 2). Worldwide, the numbers of MBA programs and students both continue to grow. Mirroring recent developments in Eastern Europe and Asia, 70 percent of all German MBA programs that operate today were founded between 1998 and 2001. Reflective of strong, pent-up demand is the sixfold increase in the number of MBA students that German programs enrolled during the last 16 years—from only 500 students in 1985 to 3,000 in 2001. In China in the 1990s, the government created and accredited 62 business schools, which have produced almost 15,000 MBA graduates. In the United Kingdom, enrollment in postgraduate business programs (excluding doctoral programs) jumped more than 18 percent between 1994 and 1999.

As the worldwide demand for business education has increased and new programs have emerged in response, the range of options available to degree-seekers has broadened. The industry is no longer monolithic. Business education is delivered in a fragmented marketplace and in multiple formats.

Fragmentation Among Providers

Increasing differentiation among providers of business education is a worldwide phenomenon today. Generally, three broad categories of providers exist: traditional university-based business schools; for-profit institutions; and a large group of other providers that includes executive development centers, consulting firms, independent consultants, and company-based training centers and corporate universities. A 1998 report by the European Training Foundation's Torino Group pointed out the challenge the last category of providers poses to traditional university-based business schools in Europe, noting that traditional schools "are now in competition with executive development centres, training companies, management consulting firms, independent consultants (supplemented by business school faculty working privately), in-company training centres and corporate universities." Similar observations can be made about developments in other regions of the world.

The employer market is not blind to the differentiation among providers. Indeed, employers discriminate by offering drastically different rewards to degree-holders depending on the reputation of the school from which they graduated, especially at the MBA level.

As for the relative market shares of the various categories of providers, in the United States AACSB member schools represent a large but declining percentage of providers of management education as they lose market share to non-AACSB schools and for-profit providers (see Table 1). Most notably among the latter category of providers is the University of Phoenix, which in 1999 awarded 3,473 business master's degrees at 11 U.S. campuses and another 1,430 through its online arm.

Of course, substantial differences exist as well within the AACSB membership, for example, mission, size of operating budget, institutional control, and size of faculty. And finally, although more difficult to measure, traditional university-based business schools account for only a fraction of the broad management education industry.

Table 1. U.S. Business Degrees Awarded by Type of Provider, 1992 and 1999

	Bachelor's Degree		Master's Degree	
	1992	1999	1992	1999
Total Number of degree awarded*	250,237	230,425	82,364	104,618
Shares of AACSB member and nonmember schools *(percentage)***				
AACSB member schools	79	72	90	83
non-AACSB member schools	21	28	10	17
Shares of nonprofit and for-profit institutions *(percentage)*				
Nonprofit institutions	99	97	99	94
For-profit institutions	1	3	1	6

Source: **(AACSB International Knowledge Services analysis of Department of Education data.)**

*Includes only degrees from institutions that awarded at least 10 bachelor's or master's degrees during the year.
**Based on membership status on March 20, 1999.

Segmentation of Consumer Markets

Consumers of business degrees are increasingly heterogeneous in their needs and preferences, creating distinct customer segments. Most recently, undergraduate programs have been challenged by swelling enrollments of traditional college-age populations (18–24 year-olds), as a result of the baby-boom "echo." At the same time, these programs have had to respond to the needs of the growing number of students age 25 and older who, because they work, attend school part time. In the fall of 2000, almost 20 percent of undergraduate business students at AACSB member schools in the United States were enrolled part time.

Business schools have responded to the broad range of consumer wants and needs by developing a wide variety of program formats alongside their traditional two-year, full-time MBA programs. Part-time MBA programs at AACSB member schools in the United States (excluding executive MBA programs and distance education programs) represent 58 percent of these schools' MBA program enrollment. And only 24 percent of the students enrolled in MBA programs at AACSB's U.S. member schools attend traditional, two-year, full-time programs.

Further evidence of consumer segmentation can be found in the proliferation of specialized master's degrees offered by business schools. A survey of AACSB's U.S. member schools in fall 2000 revealed that a total of 878 specialized master's degree programs were being offered by the 228 responding schools. Enrollment in these specialized programs accounts for slightly more than 17 percent of the total enrollment in the schools' master's degree programs.

In Canada, the same trends in consumer markets are evident. Recent reports suggest that rapid growth in specialized master's programs, accelerated MBA programs, and executive MBA programs has cut into enrollment in traditional MBA programs. For example, enrollment in Canadian executive MBA programs almost quintupled between 1985 and 1996.

In part, the driver of the fragmenting marketplace is that consumers (and those who fund their education) are increasingly time and cost conscious. Students therefore choose degree formats by weighing the relative time commitments and financial costs of the formats offered, taking into consideration their personal life situations and resources.

In fact, tuition costs often differentiate degree programs quite sharply. At the undergraduate level in the United States, for example, the annual tuition (excluding room and board) ranges from a high of more than $30,000 at some elite private institutions to a low of around $2,000 at some state schools. Looking beyond the United States, the governments of some countries fully subsidize undergraduate education.

Tuition charged for MBA programs also varies tremendously—from a high of more than $100,000 for an executive MBA degree at the Wharton School, Duke University's The Fuqua School of Business and the London Business School's joint venture with Columbia University's Graduate School of Business, to a low of less than $3,000 for a nationally accredited Sino-foreign cooperative MBA program delivered by Zhongshan University's Lingnan College, in Guangzhou, China.

Globalization

All business schools are touched to one degree or another by the global business environment, the global marketplace for students, and the growing number of competitors in every continent. The steps business schools have taken to prepare students to work in a global business environment as well as the challenges they face in attracting students and faculty in an increasingly competitive global marketplace for business education are discussed below.

Curricula and Programs

Regardless of the scale of their international activities, many business schools have at least partially adapted their curricula to train students for markets and operations that span the globe. Motivated partly by accreditation standards, schools are including in their curricula essential analytical skills and preparation for global strategies and business functions. Their approaches to international education have varied from developing "international" core courses, to integrating global themes into the entire curriculum, to offering study-abroad programs. Moreover, options to concentrate on international business have expanded. For example, more than 400 international business programs are currently available in the United States—up from less than 200 a decade ago.

According to the Institute for International Education (IIE), during the 1999–2000 academic year, a total of 24,411 U.S. students studied business and management abroad, comprising 17 percent of U.S. students studying outside the United States. Several schools have taken various approaches to establish a presence abroad for their degree-based programs. Some universities own campuses in a foreign location to house their students for a semester abroad, others partner with a foreign university as a local host for their students, and still others engage in global joint ventures to either deliver their own degree to foreign students or award joint degrees with a local partner. The Graduate School of Business Administration and Leadership at Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), for example, boasts alliances with 96 universities in 24 countries. Some U.S. schools have established foreign bases (for example, in China), where they compete with local programs.

Such programs not only foster greater global thinking among students but also challenge faculty to become more cosmopolitan, given the particular local and global issues evoked by the program's foreign location. But although these types of programs are more and more prevalent among business schools, the speed of their growth may not be sufficient to satisfy all employers. Some employers, in fact, have commented that business school curricula and faculty are lagging behind the scale of true globalization of their strategy, alliances, workforce, operations, and financial and consumer markets.

Growth of Non-U.S. Providers

Degree-based management education has historically centered on the United States. However, we have entered an era of global competition among providers of business education. Although it is difficult to determine the number of business degrees awarded globally, growth in the United States clearly has been outpaced by growth elsewhere. The fact that Business Week last year produced its first ranking of business schools in Europe and Canada is illustrative of the shift. Moreover, every year since the inception of the Financial Times' annual ranking of the top global 100 business schools, the number of non-U.S.-based business schools on the list has increased. The most recent ranking includes 27 European, eight Canadian, four Asian, two Australian, and three Latin American and South American schools.

Recruiting Students and Faculty

In light of the growing reputation of non-U.S. business schools and the increasing demand for business education worldwide, more students are choosing to acquire business education from non-U.S. providers. In addition, doctorally qualified faculty have a broader choice of highly regarded non-U.S. business schools than ever.

Market for students. Students are increasingly considering a range of global options for their business degrees, intensifying competition among providers. According to an IIE survey, 106,043 foreign students were in business and management programs in the United States in the 2000–2001 academic year; they represented more than 19 percent of all international students at U.S. institutions during that year. In fall 2000, almost 4 percent of undergraduate students and more than 14 percent of MBA students at AACSB's U.S. member business schools were international students. And when this report was drafted, early in the 2001–2002 academic year, the percentage of non-U.S. students taking the GMAT was up 25 percent over their share at the same time the previous year.

Programs in some other countries are attracting even larger shares of foreign students. For example, during 2000–2001, 29 percent of full-time undergraduate business students and 13 percent of full-time nondoctoral postgraduate business students at U.K. schools were not from the United Kingdom. In Canada, the number of non-Canadian business masters students increased more than 26 percent between 1991 and 1997. Although it fell short in its first year of operation, a goal of the newly created Indian School of Business is to attract 10-12 percent of its entering class from other countries.

Among the top 50 schools in the most recent Financial Times ranking, about 44 percent of full-time enrollees, on average, were categorized as "international," that is, not from the home country of the business school they were attending. U.S. students are increasingly prevalent among business enrollees in non-U.S. institutions. Although total figures are difficult to determine, two examples are illustrative of the trend. Americans comprised 18 percent of the London Business School's enrollment in fall 2001—an increase of five percentage

points over their share in fall 2000—and 11 percent of INSEAD's entering class in January 2002—twice their share the previous year. Similarly, non-U.S. students who wish to study outside their home countries are increasingly considering non-U.S. schools among their preferred sets.

Market for faculty. Fueled by accreditation and rankings, the market for doctorally qualified business faculty has gone global as well. The growing number of highly ranked non-U.S. business schools has increased worldwide demand for faculty, drawing on the same pool of doctorally qualified faculty that used to be employed almost singularly by U.S. and Canadian business schools. For example, fully 90 percent of current business faculty at Seoul National University hold U.S. terminal degrees. Newly created Singapore Management University will hire some 30 faculty members in the next couple of years and—although a high percentage of their initial hires were Singaporean—the university expects to recruit more heavily from Australia, England, and Canada. In Canada, 38 percent of new faculty hires in 2000 were from outside that country.

Among the top 50 schools in the most recent Financial Times ranking, almost 31 percent of faculty, on average, were international. If the top 50 schools are grouped into U.S. schools and non-U.S. schools, international faculty members represent, on average, 25 percent and 42 percent, respectively, of the faculties.

According to a recent survey of global membership conducted by the European Foundation for Management Development (efmd), 25 percent of faculty, on average, were not from the school's host country. Note that the percentage of non-U.S. faculty (defined as non-U.S. citizens without permanent visas) at AACSB member schools in the United States remains relatively low, at slightly less than 3 percent. However, almost 28 percent of the most recent U.S. doctoral graduates and 43 percent of currently enrolled doctoral students in the United States are non-U.S. citizens without permanent visas. Among efmd members, 21 percent of doctoral students were not from the host country.

Technology Driving Demand, Delivery, and Costs

Employers demand graduates who are prepared to leverage technology in a scalable fashion to advance firms' strategies and operations. To respond to the demand for technologically facile graduates, technology-enriched pedagogy, technology-wired facilities, new curricula, and distance delivery, business schools have had to generate significant new financial and human resources. Typically, rapidly escalating user expectations and associated costs exceed resources even among the best-funded programs, leading to widening gaps between the haves and have-nots. For example, in a survey AACSB conducted in fall 2000, doctoral/research institutions reported that their business schools had one technology staff member for every 15 full-time faculty members. By contrast, among masters and baccalaureate institutions, the ratios of technology staff to full-time faculty—at 1:50 and 1:99, respectively—were dramatically lower. It should be noted that these figures do not capture the technology support that may come from the central institutional offices.

Technological advances also have opened the door for new sources of differentiation and product lines among business schools and thus created the potential for further shakeout and fragmentation among business education providers. For example, for each online business course they offer, some corporations invest $1 million for professional-level development, production, and support, a sum even the most well-funded institutions could not afford.

Scarcity of Human and Financial Resources

Fundamental market imbalances have led to a continuing cycle of rapidly escalating salaries, especially among new faculty, that has removed many schools from the market for doctorally qualified talent. (Data on the supply of doctoral faculty are presented in Section 2.) In the United States, shortages of doctoral faculty and resultant salary acceleration are especially challenging for schools competing for faculty who are members of under-represented groups. Anecdotal evidence suggests that supplies of qualified applicants for leadership positions (for example, deans/directors) and positions in key departments (for example, career services, development, and information technology) are similarly inadequate.

Salary increases resulting from these scarcities far exceed resource enhancements from any source, whether tuition, state funding, endowment levels, or resource reallocation. Dealing with salary increases may be even more challenging for non-U.S. schools, which historically have had relatively lower salaries and fewer funding sources (for example, endowments) to draw on than U.S. schools. Most recently, contracting economies have further exacerbated the financial problems confronting business schools.

Faced with constricting support from traditional university and public sources, many business schools—both public and private—are attempting to address their growing financial deficits by arguing for greater flexibility from university central administrations. With that flexibility, business schools are exploiting entrepreneurial opportunities to generate new revenue streams and fund escalating costs of operation.

Doctoral Education

Although other types of business education providers may deliver effective business teaching, none can serve as a business knowledge creator, steeped in the scientific method, as can business schools. This role is critical for business school faculty as a professional differentiator that protects market value. Even more important, the scholarship role of business faculty is an essential and irreplaceable function because societies and markets turn to business schools for knowledge advances that reflect academic traditions of theory and method. Yet recurring shortages of new Ph.D.s, and the expectation that these shortages in academia will be an ongoing condition for business schools, threaten the essence of business scholarship as schools burden a shrinking number of research faculty to cope with growing demands in other professorial areas.

Many factors have led to a dearth of doctoral candidates in business, including demographic dips in relevant age groups. And for the last decade, the heated economic cycle in the United States and the lengthy time-to-degree in typical doctoral programs magnified the opportunity costs associated with such programs. In the United States, the median registered time to earn a doctoral degree in business (that is, the actual time in attendance at colleges and universities from receipt of baccalaureate to receipt of doctorate) is 7.6 years.

Also contributing to a shortage of doctoral faculty is the traditional academic career, which provides narrow parameters for earning promotion, tenure, or market rewards. This situation is less problematic when supply exceeds demand and pressures for rapidly adaptive research on emerging business issues are fewer. However, business faculty who fail to make tenure often leave academia. Moreover, nontraditional business faculty rarely pass muster according to standard university promotion and tenure processes. Both factors exacerbate shortages among doctorally qualified business school faculty and discourage some doctorally inclined graduate students from entering the profession.

Supply and Demand Trends for Ph.D.s

Data from the National Science Foundation reveal that the annual production of business doctorates by U.S. schools decreased more than 19 percent between 1995 and 2000, when U.S. schools awarded 1,071 such degrees. Exacerbating this trend is the fact that only 62 percent of graduates of U.S. doctoral programs in business in 2000 had plans for employment in educational institutions. In Canada, although 75 percent of recent doctoral recipients took employment in academia, one-third of them joined institutions outside Canada (19 percent accepted employment at U.S. schools). Although new doctoral programs started in Europe and the United States in recent years have led to increasing enrollments—for example, enrollment in U.K. postgraduate research programs increased 23 percent from 1994 to 1999 (from 3,792 students to 4,667 students)—current doctoral enrollments do not indicate significant improvements for the foreseeable future.

Meanwhile, expanding business enrollments, especially at the undergraduate level, and increases in the numbers of faculty retirements—more than 30 percent of U.S. business faculty members are age 55 or older, compared with less than 20 percent only a decade ago—have escalated the demand for faculty and intensified competition. In Europe, where management education generally dates from only the 1970s, schools will confront particularly acute shortages as the first major wave of faculty retirements occurs in the next five years.

The intensified competition that has resulted from slumping supply and bulging demand has increased the percentage of new faculty at business schools. For example, almost 9 percent of U.S. faculty were new hires in 2000, up from about 6 percent in 1996, according to AACSB's annual salary survey. On average, each AACSB U.S. member school welcomed 4.4 new faculty members in fall 2000, up from an average of 2.8 new faculty members in fall 1996. Also reflecting the tight labor market, in the 2001–2002 academic year, 8 percent of funded doctoral degree positions at AACSB U.S. member schools were vacant.

Information systems faculty clearly are in greatest demand: In 2001–2002, almost 19 percent of all new faculty hired by AACSB's U.S. member schools were trained in this field, compared with 11 percent in 1996–1997. Whereas vacancy rates for finance, accounting, and marketing doctoral faculty have converged to the overall vacancy rate, the 2001–2002 vacancy rate for information systems doctoral faculty at AACSB's U.S. member schools exceeded 14 percent. Vacancy rates for all other fields are below the overall rate.

Competition has been especially intense for the relatively small number of graduates produced by the top U.S. business schools. According to a Business Week report, more than 400 faculty positions were vacant at the magazine's top 50 schools in 2000–2001, an average of eight per school. Yet these same schools produced 447 Ph.D. graduates in 2000. But because only about 278 (estimated) of these Ph.D. graduates sought academic positions, a one-year shortage of more than 30 percent was created for this group of schools. Of course, many more business schools worldwide seek to hire Ph.D. graduates in any given year.

The competitive market for doctoral faculty also has ratcheted up salaries at the entry level, with ripple effects across all other levels of business schools' internal salary structures. The average salary AACSB's U.S. member schools paid to new doctorates in 2001–2002 was 11 percent higher than that for 2000–2001. Of course, salary increases have not been uniform across either school types or fields/disciplines. For example, between 2000–2001 and 2001–2002, the average salary for new doctorates increased about 15 percent among private schools and only 10 percent among public schools. Moreover, faculty salaries have escalated disproportionately to revenue increases, forcing business schools to grow a variety of other revenue sources to cover faculty costs.

Leaders of AACSB member business schools view doctoral shortages as a critical concern (see Table 2) because such shortages negatively affect the research productivity and intellectual vibrancy of existing faculty. Faculty that are not being replenished cannot devote as much of their collective attention to research and do not benefit from the stimulating intellectual environment stirred by new doctoral students and junior faculty colleagues. Many top schools are attempting to alleviate these shortages by recruiting experienced doctoral faculty from other schools—a raiding strategy that creates domino effects across the industry.

Table 2. Key Academic Leaders'* Views on Change and Leadership of Academic Institutions, 2001

Survey Question: Are the trends and environmental factors listed below driving change at your institution?	Mean Response**
Doctoral faculty shortage	1.34
Emergence of new competitors	1.32
Rapid changes in the economy	1.32
Shifts in funding sources	1.29
Changes in how business organizations function	1.23
Increased need for speed	1.15
Conducting business activity anytime, anywhere	1.06
"Global bazaar" and erosion of geo boundaries	1.04
Cost structure differences in delivery systems	1.03
Exploding opportunities in e-business	1.01
Increasing percentage of "nontraditional" students	0.98
Shifting of resources to e-learning	0.98
Exploding undergraduate enrollment	0.95
Growth in demand for nondegree education	0.90
Greater diversity in graduate enrollment	0.81
Employment uncertainties for graduates	0.79
Intellectual property rights	0.59
Privatization and venture capital	0.45
Compliance and regulatory issues	0.42

Source: Data from survey conducted by M. Najdawi and S. Stumpf for AACSB International in Fall 2001.

*A total of 273 academic leaders in AACSB-affiliated institutions were surveyed.
**Possible responses were "yes" (score = 2 points), "somewhat" (1 point), and "no" (0 points).

Rethinking Doctoral Education

Several issues in doctoral education are in need of rethinking in light of doctoral faculty shortages. They include vertical orientation, strategies for sourcing doctoral faculty, the relevance of curricula, rewards and promotion, accreditation standards, and leveraging technology.

Vertical Orientation

Doctoral education is built on vertical orientation to disciplines, requiring prospective applicants to choose their field at the point of entry. Many doctoral programs train students in narrowly defined research agendas, giving them little, if any, exposure to research problems and methodologies outside their discipline. In parallel, most hiring adheres to traditional departmental tracks, with few instances of cross-departmental appointments because they are inherently challenging to the structure of most business schools. Among the schools that are exceptions is IMD, in Switzerland, which eliminated departmental and rank distinctions.

Meanwhile, advancement in business knowledge and thinking requires research frameworks that can span functional and industry boundaries. And businesses continue to call for more cross-functional education in undergraduate and MBA programs. There is inevitable and healthy tension between training and theory in vertical disciplines, on the one hand, and the evolving issues of the marketplace that tend to defy such neat categorization, on the other.

There is little question that schools need to add to their doctoral curricula research training that encompasses questions and methodologies across vertical boundaries. Unless some shifts are instituted, the training ground for researchers in business will become less relevant to the knowledge advances the marketplace needs and demands, and to the teaching and learning needs within business schools.

Strategies for Sourcing Doctoral Faculty

To preserve the inimitable scholarship role of business academics, faculty resources need to be better leveraged. Business schools must address pervasive doctoral shortages creatively by reaching beyond traditional sources for doctoral faculty. Though not without challenges, the following are among possible alternative sources of doctoral faculty:

- Ph.D. graduates of research disciplines outside business schools (for example, psychology, sociology, anthropology, physics, biotechnology), who bring alternative perspectives on business education and research.

- Executive or professional doctoral graduates from programs outside the advanced theoretical research category, such as the Executive Doctor of Management program at Case Western Reserve University.

- Ph.D. graduates from other fields who have accumulated years of business experience and can serve as doctorally qualified clinical professors.

- New models of qualification to the doctorate, practiced by some European schools, that award doctoral degrees based solely on published research.

Along with tapping new sources for doctoral faculty, such strategies may have the added benefit of increasing the "practice" flavor of curricula.

A concurrent approach to support continued, vibrant scholarship of business research faculty is a productivity-enhancement strategy, rather than a focus on faculty supply. The reason for suggesting that approaches to enhance productivity are needed is that reduced teaching loads alone do not ensure increased faculty research contributions. Possible such approaches include faculty development in best research practices; greater flexibility in faculty employment relationships, to facilitate researcher collaboration and mobility across institutions; a multilevel faculty model that fine-tunes faculty assignments to fit their competencies; and differentiated performance accountability and rewards around these assignments.

The quest for sustained research productivity also hinges on our definition of research. EQUIS, the business school accreditation program offered by the European Foundation for Management Development, has proposed an expanded definition of research to include research, development, and innovation (RDI). RDI includes activities related to the origination, dissemination, and application of knowledge to practical management.

Relevance of Curricula

Are business academic careers sufficiently attractive to draw candidates into doctoral programs and sustain their interest in pursuing academic rather than industry tracks? One dimension of this question is the extent to which the content of Ph.D. program requirements appears relevant to the key business issues of the day. Questions that address relevance include the following: How are Ph.D. programs responding to the increasing convergence of industries and functions? How easy is it to pursue a Ph.D. in supply-chain management, entrepreneurship, or e-business?

Since most Ph.D. programs are located within the vertical silos of traditional departments, it falls to the student or his or her mentor to break down those barriers—despite the structural impediments. Such changes will stress and stretch thinking about disciplinary traditions, and will evoke healthy debate. Yet changing Ph.D. programs and curricula to create structures that enhance their relevance are one element of a strategy to attract more candidates into the Ph.D. pool.

Rewards and Promotion

Financially, academic careers in many business schools are increasingly attractive as a direct result of the extreme shortages of Ph.D.s. Escalating salaries (see "Supply and Demand Trends for Ph.D.s," earlier in this section) have bifurcated the business school world into those schools that can compete in this expensive market and those that can't, forcing the latter to rely increasingly on nontraditional business teachers, many of whom are not doctorally qualified.

Regardless of their ability to compete on salary, however, business schools can revisit their promotion and tenure policies, which can be a significant determinant of doctoral program attractiveness for potential business faculty. In the United States, for example, traditions of promotion and tenure discourage all but the most active and conformist researchers from entering and persisting in business school academic careers. U.S. traditions do not reward clinically experienced faculty and are impervious to market shortages for doctorally qualified business faculty. In addition, promotion and tenure processes and committees are less accepting of research records built outside the vertical traditions of business disciplines, further impeding Ph.D. holders from other disciplinary sources from gaining tenure. Exacerbating this problem is the general absence of intellectually respected business research publications that cross functional silos or extend beyond the narrowest of business research traditions.

Hence, the dire shortages in business school faculty are, in part, a creation of business school and university traditions. The question for AACSB members is the extent to which business schools can alleviate what ultimately may be self-inflicted Ph.D. shortages, while continuing to preserve the highest research and inquiry values at the core of university traditions.

Accreditation Standards

To protect the intellectual integrity of management education, accreditation metrics require a certain portion of doctorally qualified teachers. This requirement, obviously, elevates demand for doctorally qualified business educators. As part of its reconsideration of accreditation standards, currently under way, AACSB is reassessing the standard that calls for reliance on a single, uniform "doctorally qualified" metric for all accreditation reviews. If AACSB modifies this standard, an even greater burden will fall on accreditation teams to assess the consistency of the intellectual integrity of an institution's various degree offerings with the stated mission, with the peer set, and with AACSB's accreditation imprimatur.

Leveraging Technology

Technology is an important strategy to better leverage faculty resources. Technology can be used to expand the breadth of learning opportunities and exposure of doctoral students to elite research faculty, while concurrently reducing the financial inefficiencies associated with running small doctoral programs. Examples include joint doctoral seminars delivered virtually across multiple universities and virtual engagement of research faculty in dissertation committees.

Leveraging technology requires the development of alliances across university faculties, an undertaking that few U.S. business schools have initiated. By contrast, examples of doctoral program alliances are available in Canada and France. The for-profit University of Phoenix's doctoral program is an alternative approach to doctoral education that leverages technology and may offer traditional business schools insights as they pursue alliances to leverage technology. It draws on faculty from multiple universities as well as teachers who are business practitioners, includes periods of intense classroom learning, and relies heavily on the World Wide Web for continuing faculty-student interactions.

A by-product of greater technology-enabled access to data, courses, and researchers might be to shorten the length of time-to-graduation for business doctoral students, thereby easing the labor market crunch and increasing the feasibility of pursuit of a business Ph.D. by mature adults. Yet few, if any, business schools have the scale of resources necessary to leverage the full powers of distributed learning technologies in doctoral as well as other degree programs.

Business Curricula

Important areas relating to business curricula that are in need of scrutiny by business education leaders include relevance, program innovations, and provider networks.

Relevance

The call for relevance of management education dates from two reports the AACSB issued in 1996. One of these, A Report of the Faculty Leadership Task Force, advocated a tradeoff between relevance and rigor, "where research meets both theoretical and applied standards." We echo Richard Mowday's view, which he expressed in 1996 Address as President of the Academy of Management, that "relevance without rigor is meaningless." The goal is for business schools to adjust dynamically to the shifting agendas of the global marketplace with strong scholarship that both informs what is taught and connects with current and emerging business issues and practices.

Curricula

Broad content in undergraduate and graduate management programs, and the emphasis on fundamental analytical skills, continue to be relevant. However, changes in the context of business, and the unprecedented pace of change, place added pressures on business schools to continuously experiment with their curricula so as to stay abreast of these changes. The area of e-business is a recent example of where business schools have not been able to stay ahead of the knowledge and skill base needed for this rapidly innovating business sector.

The relevance of business curricula cannot be separated from pedagogy. Preparation for the rapid pace of business cannot be obtained from textbooks and cases, many of which are outdated before they are published. Students must learn to use technology for managerial and strategic purposes through action-learning and technology-enhanced pedagogy, and faculty must be equipped to guide them in such learning. Relevance also relates to diversity, yet the composition of students and faculty in many traditional programs does not reflect that of the business world.

Collected evidence from business school alumni suggests that the most important predictor of business success is management effectiveness. Alumni rate interpersonal, leadership, and communication skills as highly important in the business world, yet they often rate these skills as among the least effective components of business school curricula. For example, in a recent study of U.S. programs by AACSB and Educational Benchmarking, Inc., alumni of both full- and part-time MBA programs ranked one-to-one interpersonal skills highest in importance. However, less than 6 percent of the programs evaluated earned an effectiveness rating higher than 5.5 on a seven-point scale.

The Graduate Management Admission Council Global MBA Survey, in which graduates are asked to assess their personal effectiveness in a variety of areas, suggests that U.S. programs may be stronger in teaching interpersonal, leadership, and communication skills than non-U.S. programs. Relative to the self-reports of students in other countries, alumni of U.S.

programs who answer the survey generally say their business programs helped them make stronger improvements in these areas. Consistent with the other findings reported here, a report published in 2002 by the Aspen Institute's Initiative for Social Innovation through Business concluded that business education is inadequate in preparing future business leaders to manage value conflicts and dilemmas they expect to face in their business careers. The institute reached this conclusion following a three-year survey of more than 2,000 MBA students and graduates from 13 top business schools across the globe.

With regard to global relevance, the complex opportunities and challenges that emanate from the worldwide scope of operations, outsourcing, supply chains, partnerships, and financial and consumer markets—all linked in real time through the Internet—are not reflected adequately in curricula and learning approaches. In part, this inadequacy comes from the fact that faculty themselves lack global exposure and training in global business strategy and practices. In addition, cases and curricula have not kept up with the rapid developments in the way business is developed, transacted, and consumed in real time across national boundaries.

Some observers, including Peter Drucker, have been critical of the schism between typical business school curricula and learning experiences, and requisite management skills. They have proposed more "clinical" content of curricula and greater business familiarity among faculty members who import their experiences into the classroom. Outward-facing curricula and experiential education can create the critical intersection between classroom and business learning that keeps faculty and students connected to rapidly changing business models. Yet business clinicians rarely control the design and approval of curricula.

Finally, the schism between curricula and practice raises questions about staffing models focused on the "researcher as teacher" in business schools. An expanded staffing approach that accommodates the clinical model would require reassessment of the second-class status of nontraditional teachers, many of whom may be a source of rich industry experience brought into the classroom.

Blurring Disciplinary Boundaries

A prime example of concerns about currency and relevance of business curricula relates to the functional silos that provide the organizational framework for departments, core curricula, and even elective courses in typical business degree programs. Yet actual business problems or solutions rarely present themselves in neatly organized, vertical silos. The transformational role of technology, in particular, has blurred the lines among business functions, industries, and markets.

Even inherently boundary-spanning courses—such as supply chain management, e-business, consulting, and entrepreneurship—are often force-fitted into vertical structures or departments because they lack a natural "home" or associated faculty expertise. Although this practice does not necessarily detract from the relevancy or quality of course offerings, it does reduce the likelihood of boundary-spanning business thinking, and raises coordination costs if faculty from multiple departments are drafted into teaching across departmental lines. The problem is reduced where distinctions among departments are blurred, the school provides support and incentives for boundary-spanning teaching, or faculty are hired or retrained to amplify expertise that intersects departmental lines.

Program Innovations

Business school curricula are no longer designed for a single delivery format. Providers currently offer a large set of options around schedules (full time, part time during the week, weekend), length (from 12 months to multiyear), locations (single campus, distributed, international, on-site at companies, and virtually), flexibility (lockstep on campus, credit accumulation from various sources), and mode of delivery (face-to-face, partially online, fully online). These format options are as much a response to the demands of the fragmented consumer marketplace as they are features that differentiate programs and offer opportunities for competitive advantages.

The broadening of format options has affected many full-time MBA programs' share of the business education market at their respective institutions. In fact, full-time, on-campus MBA students today represent a minority of overall business-degree seekers. Yet MBA programs are the focus of a variety of national and international rankings that expose the entire business school—even for the significant proportion of schools whose full-time MBA programs are a small component of the portfolio of business programs they offer. Although more recent rankings are becoming increasingly heterogeneous in terms of the business school's central purpose—ranking full-time, part-time, executive MBA, Techno-MBA, or undergraduate degree programs—the most prominent rankings nonetheless are those focusing on full-time MBA programs.

Decisions of any school in the MBA segment of the industry regarding allocation of financial and human resources are necessarily affected by the ranking of the full-time MBA program because of the tremendous reputational opportunities that come with key rankings. However, resource investments made on the basis of this ranking may come at the expense of design innovations aligned with the needs of other student segments that are seeking business degrees—the undergraduate population, fully employed managers seeking MBAs, and doctoral students. New entrants into the market that are more nimble, innovative, and responsive to these alternative program design needs will attract a portion of accredited business schools' market share.

Networks of Education Providers

Alliances and networks of providers, often among direct competitors, are increasingly common in business markets. The strategic argument supporting such alliances is compelling: Each partner to the alliance can be highly responsive to customer needs and yet retain focus on its core competencies—without wasting scarce resources to develop capabilities in noncore areas.

The same strategic argument could apply to academic alliances, which offer important opportunities for business schools to ensure the delivery of cutting-edge curricula by expert faculty. Some academic alliances have been attempted, especially between traditional business schools and distance education deliverers, though none has achieved commercial-scale successes. Still rare, but emerging, are alliances among two or more business schools (for example, Darden at the University of Virginia and Haas at the University of California, Berkeley, have formed an alliance) to jointly deliver courses through distance technologies, or global partners (for example, alliances between Columbia University and the London Business School, and Trium—London School of Economics, HEC-Paris, and New York

University) to offer a joint business degree. There are sporadic instances of doctoral seminars being delivered to students across multiple universities, global business courses teaming students in one country with students in another, and area-based consortia that enable students to accumulate a limited number of credits from business schools that are consortia members (for example, Community of European Management Schools).

These academic alliances, however, represent a negligible fraction of teaching and learning at business schools and do not begin to exploit opportunities inherent in such collaborative solutions that would greatly expand students' learning options as well as faculty teaching and research horizons. Moreover, business schools are out of step with trends in most other markets that view these alliances as opportunities to leverage the synergies among partners while stretching scarce resources.

Convergence of Degree and Nondegree Education

The growth of a robust, nondegree component of management education presents both opportunities and challenges for AACSB and its member schools. A few branded business schools have been prominent players in this fragmented industry, along with corporate universities and for-profit and nonprofit consulting organizations. The discussion that follows first looks at the nondegree education industry. Three areas in which degree and nondegree education are converging in business schools are then examined. Finally, implications of this convergence for accreditation and for AACSB accreditation standards are suggested.

Nondegree Education Industry

AACSB member schools represent only a small percentage of the fragmented, global marketplace for nondegree (executive) education, which includes for-profit and nonprofit consulting organizations, and corporate universities. Despite the growing availability of rankings of executive program providers, there still are very few global brands in executive education, adding to the fragmentation and competitive opportunities in that space. Moreover, corporations are increasingly adopting instruction management systems to target their investments in, and returns from, management education and training. For example, IBM spends more than $2 billion annually on training and education (degree and nondegree) and is arguably the largest provider of business education in the world.

Corporate universities sprung from the advantages of immediacy—the relevance of the training and education they offer to the corporate and regulatory setting, and the immediate access to the training on-site or through intranets. Increasingly, corporate universities are offering management education to their customers and suppliers, and even to the open market. Corporate universities and certain for-profit consulting organizations have greater capacity for scalability of their services than do business schools, which rely on a fixed core of faculty for all teaching obligations.

Corporate University Xchange estimates that the number of corporate universities now totals 2,000—up from only 400 just 15 years ago—and predicts that the number will swell to 3,700 by 2010. The growth of these industry players, and the parallels between some of their products and those of business schools, will create new opportunities for collaboration but will also fuel smoldering concerns about competition with the executive education arms, and perhaps the degree-granting arms as well, of AACSB member business schools. In addition, it is certainly possible that corporate universities and for-profit consulting organizations will seek AACSB accreditation.

Areas of Convergence

Revenues

The survival of many business schools is increasingly dependent on entrepreneurially generated revenue streams, most notably revenues from executive programs. Published financial reports show that executive education brings in more than 25 percent of total revenues for some business schools.

According to a Corporate University Xchange survey of 52 corporate university deans and 52 deans of continuing/corporate education at colleges and universities, the average annual revenue to colleges and universities from corporate education is about $5 million. Although credible industry-level data on business school revenues from nondegree education are elusive, it is nonetheless clear that business schools' reliance on executive education for funding is increasing. For example, a 1999 member survey by AACSB revealed that 26 percent of deans in all responding schools (55 percent among respondents at major state universities) expected to see significant increases in revenue from nondegree executive education in the next few years, whereas only about 13 percent expected significant increases in revenues from degree-program tuition. In fact, for many business school deans, revenue from their executive programs is the single largest opportunity to address the escalating costs of academic faculty and facilities.

Business schools' increasing reliance on executive education revenues, however, is not without risk for three reasons. First, the shift in managerial positions from large companies to small and medium-size firms that has taken place over the last five years may cut deeply into the number of enrollees in executive programs, because smaller organizations are less likely to invest in executive or management education. Second, industry executives are beginning to question whether investing in premium-priced executive programs pays off in terms of improved managerial performance or higher retention. Finally, executive education revenues are quite sensitive to cyclical swings in the economy. IAE Graduate School of Business and Management, in Buenos Aires, for example, recently reported significant decreases in revenues from its executive programs—especially those targeting local companies and leaders—as a result of Argentina's economic crisis.

Education Deliverers and Pedagogy

Business schools increasingly draw on the same faculty to teach in degree and nondegree programs. The crossover has developmental advantages because faculty are likely to import pedagogical and technological innovations from one teaching setting into another. Moreover, managerial and executive audiences provide "clinical" opportunities to test and advance business thinking and practice. For some faculty, the ability to teach in both degree and nondegree programs also provides opportunities for financial supplements, thereby alleviating salary deficiencies.

On the minus side, however, crossover faculty members are stretched to deliver in multiple program areas, which can divert them from their "core" teaching and research activities. Concerns exist about the inevitability of this trend unless other solutions are found to address faculty and resource shortages.

Credit Awards

Pressures are mounting for business schools to award credit for nondegree programs, especially when the same faculty members teach comparable course modules across degree and executive programs. Many corporations are persistent in seeking credit awards for their employees who attend nondegree programs. In addition, several models of degree-based programs that are corporate-specific and delivered through a blend of Web-based learning and in-class pedagogy at company facilities [(for example, the programs of Arizona State University and Babcock (Wake Forest University)] increasingly resemble corporate universi-

ties' approaches to executive education. And some business schools allow students to satisfy up to one-third of the requirements for an executive master's degree through participation in short courses.

Still other pressures come from schools' alumni populations. Schools have increased their emphasis on servicing alumni with continuing education, and many alumni who pursue such courses see an advantage to applying them toward degree programs. Similarly, as full-time and part-time MBA programs become modularized with more flexible program options, some degree students are asking to accumulate a portion of the requisite credits toward their degrees through short, executive-type programs.

Accreditation Coverage

The convergence of degree and nondegree "product lines" within business schools has several implications for accreditation. The consumer value of accrediting nondegree educational programs is questionable in light of brand importance. It is clear, however, that the strategic and resource implications of executive programs are difficult to ignore during accreditation reviews, regardless of whether the institution or the business school is the unit being evaluated. Questions that accreditation should consider include the following:

- Are funding and resource allocations across all programs—degree and nondegree—consistent with the school's mission?
- Is the quality of instruction in degree programs—the traditional domain of business school accreditation—enhanced by involvement with leading-edge executives participating in nondegree programs?
- Is faculty coverage in degree programs compromised by nondegree programs, even though faculty currency in the field and pedagogy are enhanced through executive education?
- Can AACSB accreditation processes legitimately exclude nondegree management education despite the comingled relationships among business school finances, faculties, and even students?

EQUIS, efmd's accreditation system, considers executive education. Similarly—pursuant to the proposed AACSB standards now under development by AACSB's Blue Ribbon Committee on Accreditation Quality—accreditation teams will be charged with evaluating the many drivers of a school's strategy, quality, and resources including—inevitably—some elements of nondegree education. There is value in AACSB's providing more explicit guidance to accreditation teams regarding the extent to which they should consider nondegree education and related resources in their reviews and recommendations.

Task Force Recommendations

The critical issues detailed earlier in this report demand creative solutions. The number and variety of the challenges facing management education and the fragmentation of the market rule out a "one-size-fits-all" approach. Rather, the ongoing leadership role of AACSB, discussed in detail in the final section of this report, must be to create mechanisms that generate discussion of the important issues as they appear on the horizon among the business school leaders, faculty, and other key stakeholders. Through these discussions and with other help that AACSB is uniquely positioned to provide, schools can become much more proactive in developing strategies that reflect the research and inquiry values at the core of university traditions.

As requested by AACSB's board of directors, the Management Education Task Force has identified the agenda priorities that are set out here.

Doctoral Programs

Doctoral shortages are becoming the choke point in realizing the future vision for business schools. Shortages of Ph.D.s in business have reached crisis levels around the world and, unless alleviated, will ration the delivery of degree and nondegree business programs, research output, finances, and investments in innovation. Ultimately, the singular position of business schools as leaders in advancing business knowledge will be eroded unless this critical shortage is solved. Prompted by AACSB's leadership, several concurrent strategies to improve the global supply of Ph.D.s should be explored:

- ***Development of alternative sourcing strategies for doctorally qualified faculty, including mechanisms to support their socialization and success within the reward and promotion structures of business schools and universities.***

- ***Leveraging the research model and sharing best research practices to increase research productivity and knowledge dissemination, and enhance the effectiveness of doctoral training.*** So doing will benefit established faculty and reaffirm business schools' leadership role in advancing business knowledge.

- ***Exploration of strategies to enhance the attractiveness of doctoral education in business to a variety of segments, including midcareer executives.*** Tactics might include development of research programs across disciplinary boundaries, use of technology to expand education and research opportunities, and program requirements that accelerate the time-to-degree.

- ***Development of alternative staffing approaches to the delivery of management education, including incorporating clinically experienced executives in the complement of faculty.*** These approaches may leverage innovations created by key research-oriented doctoral faculty. The ramifications of multiple career tracks for business school cultures and reward systems will need to be addressed, as will compliance with accreditation requirements.

- ***Facilitate benchmarking of doctoral education models worldwide.***

Curricula

Business education providers are increasingly differentiated around mission-focused curricula and program features. Although specification of a single core curriculum defeats the purpose of mission-focused, niched programs, two broad areas where AACSB should define commonalities nonetheless exist:

- ***Management skills, which many alumni and corporate recruiters specify as both the greatest need, and deficiency, of business curricula.*** Included among basic management skills are communications, interpersonal skills, multicultural skills, negotiation, leadership development, and change management. Programs should place greater emphasis on skill development for global assignments—sensitivity and flexibility in responding to local conditions, as well as managerial effectiveness in a dispersed operation. As a corollary to the proposed new accreditation standards, a task force of business and academic leaders can identify core management skills that span traditional functional areas of expertise and prepare managers for global adaptability.

- ***Outward-facing curriculum design, to enhance relevancy of curricula to the particular market niche the school targets.*** Rather than requiring particular content as part of the proposed new accreditation standards, AACSB can develop process requirements to ensure that curricula are relevant to the emerging needs and cycle time of employers, as well as to local conditions for regionally focused programs. Boundary-spanning content, alternative pedagogical approaches, diversity of participants and deliverers, and, ultimately, business school structures would evolve from closer discourse between schools and their business and local market constituencies. AACSB schools would also need to support faculty development so they are equipped to successfully design and deliver outward-facing curricula.

Role of Nondegree Programs in Accreditation

AACSB member schools are increasingly comingling the human and financial resources of their degree and nondegree programs. Clearly, experiences and resources generated from nondegree programs can offer substantial innovations that enhance the quality of degree programs. However, wholesale importation of the features of nondegree programs into degree programs will jeopardize the integrity of the latter. While accreditation and quality screening of nondegree education programs are beyond the purview and capacity of AACSB, standard accreditation processes have legitimate and overwhelming interest to ensure the integrity of degree-based programs.

The essential question is how—not whether—the blurred distinctions and confounded resource commitments between degree and nondegree programs impact a school's educational priorities and delivery capabilities, in the context of its mission. As such, these creeping boundaries become of interest to accreditation teams which, a priori, would have paid no attention to stand-alone, nondegree executive programs. The task force therefore makes two recommendations:

- As it considers new accreditation standards and processes, we encourage AACSB to develop guidelines for evaluating the impact of nondegree executive programs on the strategic priorities, resource allocation decisions, and quality of degree programs.

- As a resource to its membership, AACSB should consider partnering with other professional organizations whose members are drawn from the nondegree executive educational sector. This type of partnership would facilitate exchanges of information, best practices, and examples of benchmarking.

Role for AACSB: Driving the Innovation Agenda

Emerging from this report are particular strategies and an infrastructure for AACSB to assert its leadership role in stimulating innovation in the management education industry. Two of its core strengths—collecting and sharing data on trends and best practices in the industry, and creating platforms for fostering further discussion with partner organizations and within schools of business—position AACSB well to drive the innovation agenda.

The task force suggests that AACSB channel its efforts into two primary roles: affecting change directly through mechanisms within its governance structure and purview; and affecting change indirectly, by rousing and inspiring the faculties, boards, and university leaders of its member schools to address these issues head-on at the local level. With AACSB's help, schools can become much more proactive in developing strategies to deliver educational and research services around what is relevant, in demand, and reflective of the best scholarship.

Advancing the Agenda Directly

The AACSB Board of Directors can initiate a variety of actions to advance examination of, and solutions to, the business education challenges identified in this report.

- ***Accreditation.*** Several of the challenges confronting the future of management education that are identified in this report either are exacerbated by current accreditation approaches or will not improve unless we rethink accreditation. Among the features of accreditation that warrant examination are doctoral qualification requirements, management content of curricula, the role of nondegree programs, and structures for business school alliances. The Blue Ribbon Committee on Accreditation Quality has tackled many of these issues. The committee welcomed the Management Education Task Force as a source of constructive input into its deliberations and has reinforced the need to reform several important features of accreditation. The task force also recommends the introduction of processes that facilitate continuous assessment and modification of accreditation standards and processes as emerging issues and agenda priorities are identified.

- ***"New issues" subcommittee of the AACSB board.*** One of the important objectives for the task force is to suggest an infrastructure within AACSB to stimulate ongoing innovation in the management education industry. A simple, nonburdensome mechanism is to create a permanent New Issues Subcommittee of the AACSB board. The subcommittee's role would be to peer into the future to identify and investigate the critical issues that, over the medium term (say, five years) will significantly change the context or content of management education.

- ***Linkage to AACSB board's planning process.*** It is not sufficient to identify the drivers of change. The issues the New Issues Subcommittee identifies should feed explicitly into AACSB's annual strategic planning process. In this way, the determination could be made as to which constitute priorities and should therefore drive the action agenda of AACSB's leadership and member institutions.

- ***Formation of selected blue ribbon committees to address industry-wide strategic challenges.*** In certain critical areas of strategic importance, AACSB must assume a leadership role for the industry by forming high-level commissions to develop solutions and promote change. In the creation of such commissions, specific attention should be given to select thought leaders with relevant experiences, appropriate visibility, and diverse perspectives, as well as to develop a resource base sufficient to support fact-finding and innovation. An immediate need is for the creation of a blue ribbon commission to focus on solutions to the Ph.D. shortages facing business schools.

- ***Expansion of information resources.*** This report has identified a variety of information needs. AACSB should explore the feasibility of assuming a leadership role to collect and disseminate membership-relevant information on a global scale. Information resources should address the needs of an expanded set of consumer segments in the business education industry—students, business school representatives, university leaders, business school advisory boards, employers, and the media—within their targeted markets. In providing such information, AACSB would fill the void created by the absence of credible best practices and comparative information, and could inform discussions of critical management education issues. Especially relevant to the content of this task force report and the future of management education are compilations of best practices in the following illustrative areas:

  - University and business school approaches that foster efficiency, nimbleness, and entrepreneurship in business school programs and operations.

  - Alliances and collaborative structures among education providers.

  - Solutions engineered in other disciplines (for example, the computer sciences field) to better leverage resources and resolve acute shortages in the supply of Ph.D.s.

  - Business school structures that evolve from an outward-facing view of markets.

  - Strategies to leverage experiences and resources from nondegree executive education into degree programs.

  - Models for leading industry-wide change, such as KPMG's Ph.D. project and The Aspen Institute's Initiative for Social Innovation through Business.

- ***Expanded partnerships with other information resources.*** The collection of certain data and best practices information may be outside the financial and operating capabilities, or strategic focus, of AACSB. In such cases, as a service to AACSB members, AACSB can be proactive in partnering with other information resources for which the data or best practice information is a core strategic focus. For example, Corporate University Xchange is a valuable information resource on trends in corporate education. Similarly, regionally oriented management education associations may assist in assembling industry-level information about management education globally.

- ***Matchmaking resource to facilitate alliances among partner schools.*** Alliances among business schools form because faculty and administrators connect at the local level for some form of reciprocal gain. Because AACSB already serves as a hub for the industry and collects industry-wide information, it may be able to facilitate these connections by

acting as a central clearinghouse. This need could be addressed easily by expanding AACSB's existing involvement in the Affinity Group structure.

Stimulating Others to Initiate Change

Some changes can occur only if initiated and executed by faculty, administrators, university leaders, students, boards, and other stakeholders in business schools and universities. AACSB can nonetheless nudge those changes in the following ways:

- ***By engineering discussion.*** AACSB must make it easier for agitators of change at the local level to engineer debate around the change agenda and lay the foundation for change. AACSB can facilitate debate by taking these actions:

  - Develop targeted white papers to inform and educate various audiences about the issues.

  - Use various public channels—such as BizEd and other media outlets—to register these issues in the minds of a broader set of thought leaders.

  - Connect with key professional associations of business faculty (for example, the Academy of Management, INFORMS, American Marketing Association), corporate professionals (for example, human resources executives), and institutional leaders (for example, presidents and provosts, business school boards) to partner with them in triggering debate around the change agenda.

  - Create and support spontaneous and informal discussion forums for management educators as a means to foster lively engagement in the change agenda.

  - Facilitate easy access to this information through a coordinated data channel including the Internet.

- ***By expanding the dissemination of information.*** AACSB should expand the traditional scope of its data collection and dissemination activities beyond business school administrators and students, to other key constituents such as employers. Inclusion of these new constituents in such activities will help them become more conversant in the issues and challenges, and perhaps more engaged in the change agenda at the local level where they likely exert influence.

- ***By seeding the "new issues" agenda within AACSB annual and regional meeting programs, and within discussions of affinity groups to address innovation needs particular to these schools.***

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