

DEFINING THE MBA: A CENTURY OF DEBATES

The status of the MBA as a postgraduate degree, its multidisciplinary nature, its practical orientation, its purpose in relation to the world of business and to society's broader needs, and the differences between business expectations of the MBA and the actual outcomes of the qualifications offered by the business schools have been more or less constantly contested since the opening of the first business school in the US in the late 19th century. The nature, scope and consequences of this contestation have at least three dimensions. The first has to do with the standing of the MBA in academe as a postgraduate degree at the master's level. The second focuses on the influence that changes in the world of business have had on the orientation of the MBA and its actual content. The third takes into account the influence of local and international political and economic changes on the public perception of the importance of the MBA. This chapter analyses a hundred years of debates about the MBA from two perspectives. On the one hand, it looks into the changing definition of the MBA and its purposes in the US and Europe and how this affected its mode of insertion into academe and its standing vis-à-vis business. On the other, it analyses the relationship between the contemporary debates and the issues raised about the South African MBA by the HEQC's re-accreditation exercise. The chapter divides the history of the MBA into three periods: the beginnings, between the creation of the first business schools in the 19th century and the outbreak of World War II; the second phase, between World War II and the 1980s, marked by business schools' search for academic legitimacy, and business's reactions to an 'over-academic' outlook in the MBA content which was not compatible with business needs; and the third phase, which sees MBA programmes facing a new identity crisis as they enter the new millennium. Looking at the debates characteristic of each of these phases, this chapter argues that internationally the tension between a 'professional MBA' and an 'academic MBA' has been made more acute with the development of global markets and the centrality given to business and entrepreneurship in the late 1990s, and that this is having potentially dangerous consequences for the field of management sciences. Among these consequences is the erosion of the place for and value of research at business schools, which has a domino effect on the MBA programme. In the case of South Africa, this is compounded both by the legacy of a higher education system designed to reproduce disadvantage and by the comparative newness of many programmes.

FROM BUSINESS ADMINISTRATION TO MANAGEMENT

The beginnings

The emergence of management as a discipline, beginning with the establishment of the first business schools in the US during the late 19th century, is one indicator of the enormous changes the world economy has experienced since the beginning of the 20th century. Between the 1880s and 1914 the world capitalist economy changed quite dramatically.¹ It expanded geographically to include countries like the United States, and its trade volume grew. The influence of technology in the production of goods changed the organisation of capital, with the emergence of 'big business' as a distinct type of enterprise. This was the start of a systematic attempt to rationalise production and the conduct of the business enterprise. Finally, there was a change in the market of consumer goods both in quantity and quality. People were not simply consuming foodstuffs but were acquiring consumer goods. Mass production had appeared and with it the associated issues of distribution and credit buying, all of which came hand in hand with the mass media and the advertising industry. This was no doubt a propitious environment for the development of management sciences as a new field of study. It should not come as a surprise that the cradle of management sciences was the United States. The US capitalist economy had grown spectacularly between the end of the 19th century and World War I – by 1913 the country had a population of 92 million people, of which 41 percent was urban. The rapid industrialisation of the US economy explains not only the appearance of Taylorism and Fordism in that country but also the fact that the first business school was founded in the US.

Business schools originated during this period because there was a need to educate business people in how to manage businesses, especially industrial production, distribution and marketing. The first business school offering an undergraduate degree in business was established at Wharton at the University of Pennsylvania in the early 1880s.² This was followed by the University of Chicago School of Business, and the opening of the Amos Tuck School of Business Administration at Dartmouth in 1910.³

Harvard School of Business opened in 1908. It had a faculty of 15, and 80 students. Twelve years later, in 1922, Harvard established its doctoral programme and in 1924 it selected the case study as the primary method of study at the school.⁴

The majority of the oldest American business schools were established in this period. Stanford and several state-supported schools including Ohio and Virginia emerged by 1925. They were mostly located within established universities and one of their first challenges was to dispel the doubts cast by university faculty on the academic status of their programmes, usually criticised for their 'trade school orientation'. The founders were sincerely convinced of the validity of the relationship between the MBA and academic research, and the creation

1 E. Hobsbawm, E., *The Age of Empire 1875-1914*, London, Abacus, 1999 (9th edition) pp.50-5.

2 <http://www.wharton.upenn.edu/huntsmanhall/timeline/1881.html>

3 <http://www.dartmouth.edu/tuck/about/history.html>

4 <http://www.hbs.edu/about/history-print.html>

of doctoral programmes was part of the attempt to give business schools an academic status compatible with their existence within universities.

It is interesting that the American Assembly of Collegiate Schools of Business (AACSB),⁵ which played a fundamental role in the development of business education in the US, was established in 1916 and undertook its first accreditation of business schools in 1919 as a way of legitimising the schools' academic status.

From the Interwar Period to the 1980s

The Great Slump of 1929 and the ensuing economic crisis introduced a new dimension into governments' preoccupations about the local and the international economy during the first part of the 20th century. The impact of the crisis on production, prices and, fundamentally, on employment was felt on an unprecedented global scale. Unemployment was made all the worse by the lack of social security in most countries. The Great Slump with its disastrous social effects destroyed economic liberalism for half a century, and this had important consequences for the relations between capital and labour, and capital and the state and, of course, for the ways in which businesses were to be conducted. The economic lessons learnt from this period were related to the need to keep demand growing, even if it meant smaller profit margins for businesses. The political lessons were just as important: the Great Slump made Western governments give priority to social considerations over economic ones.⁶

The slow recovery of the US economy under Roosevelt's New Deal was enough to sustain America's war effort during World War II and the rapid economic expansion which followed the defeat of the Axis in 1945. This was the period of the American Management Association's (AMA) expansion of its activities focused on management education.⁷ Most business schools in America seem to have suspended classes for the duration of World War II. But quite soon after they reopened – now in the context of the Cold War and in an upswing of the US national economy – they had to face the results of two reports funded by the Ford (Gordon and Howell) and Carnegie (Pierce) Foundations, published in 1959.⁸ The reports questioned the desirability of offering an undergraduate education in business and the legitimacy of business schools because, it was argued, they did not conform to academic norms.⁹ The schools had been struggling with forces pushing for academic content versus those advocating the inclusion of vocational subjects, such as secretarial science, personnel administration and insurance marketing. The Ford Report, authored by Gordon and Howell, recommended that business schools reduce the number of courses they offered (especially the vocational ones) and reposition the business curriculum as the study of the art and science of management

⁵ This organisation later changed its name to the Association for the Advancement of Collegiate Schools of Business, which better reflected its progressively more international outlook.

⁶ E. Hobsbawm, *Age of Extremes. The Short Twentieth Century, 1914-1991*, London, Abacus, 1999 (9th edition), p.95.

⁷ AMA was founded in 1923 as an organisation through which managers could discuss mutual problems and exchange relevant information.

⁸ Gordon and Howell, *Higher Education for Business*, 1959 and Pierson, *The Education of American Businessmen*, 1959.

⁹ See J. Neelankavil, Corporate America's Quest for the Ideal MBA, *Journal of Management Development*, Vol. 13, No.5, 1994, pp.38-52. K. Lewis, Quality Assurance for the MBA Degree in South Africa, report commissioned by the HEQC, September 2001.

decision-making with a new emphasis on quantitative and statistical methods.¹⁰ In the wake of these reports the AACSB developed a new accreditation process geared to separate the academic from the non-academic business schools. Schools had to demonstrate commitment to scholarship in their research production as well as in their recruitment policies. The first round of accreditation in the US left many business schools outside the AACSB.

On the other shore of the Atlantic things were moving more slowly. Business education only reached Europe in the late 1940s and 1950s in Belgium (IMD) and France (INSEAD). In Britain the first business schools with government support, Manchester and London, opened in 1965.

In South Africa in 1949, ten years before the release of the Gordon and Howell and the Pierce reports, as the first National Party government took office in a context of a drive for industrialisation and economic development, the University of Pretoria established its business school. The school was actually the idea of Prof. Piet Hoek who, interested in the economic development of the US, and the importance of business education there, decided to visit the country in 1946. In the US he attended an AMA conference hosted by Lillian Gilbreth who, together with her husband Frank, was a close associate of Frederick Taylor. Hoek visited Harvard and Columbia in search of a management education programme approach to bring to the University of Pretoria. Not unlike universities in the US, the University of Pretoria did not warm immediately to the idea of offering a business degree. It was only after having secured the support of the chair of Council, F. Meyer from Iscor, that Hoek sent a memorandum proposing to Council, for the third time, the creation of the school – which this time was successful. As a matter of fact the first degree offered by the school was not the MBA but the MCom, which changed to MBA in 1957.

This business school began in a fashion similar to many other business schools abroad: its first faculty was based at other departments of the university; it had no budget allocated to it; and it had to run on students' fees and the goodwill of seconded faculty and other subject specialists who gave their services free of charge. The only concession was that the University of Pretoria waived the infrastructure costs of the programme. Connections with state enterprises and the mining sector helped to create both a market and an alumni in a position to introduce in South Africa the contemporary lessons of scientific management in its 1940s and 1950s versions.¹¹ Whether and how much the prevailing political system and the influence of apartheid social engineering in the South African economy influenced the course content is the subject of another piece of research.

In any case, the trip to the US in 1946 not only fuelled the commitment to introducing management education in South Africa but also granted the incipient business school the use of the complete set of Harvard's case studies and teaching materials, which were adapted to suit the South African context. The first degree was offered on a part-time basis over two years, with lectures/sessions held at night at a cost of a hundred pounds.

¹⁰ P. Gaddis, Business Schools: Fighting the Enemy Within, *Strategy + Business*, Issue 21, Fourth Quarter 2000, pp.1-8, p.3.

¹¹ Interview with Prof. Hoek, 21 June 2004 by Lis Lange and Kirti Menon.

In the next decade, probably following on the prosperity of white South Africa during the 1960s, four more business schools were created in South Africa: the Graduate Business School at the University of Cape Town, the Graduate School of Business at the University of the Witwatersrand, the School of Business at the University of Stellenbosch, and the School of Business Leadership at UNISA.

The following decade did not see any particular developments in terms of business schools, except that in both the US and Europe numbers were slowly growing. In South Africa, on the other hand, the 1970s – characterised by labour unrest and the beginning of a new wave of social resistance to apartheid – saw the introduction of only two new business schools: Potchefstroom and Durban-Westville, the first black business school in the country. The political and economic crisis of the 1980s was far from being a propitious environment for the opening of more business schools at public higher education institutions. It was only under the new democratic dispensation that business schools started mushrooming in South Africa. As we have seen in Chapter 1, the search for black managers, as a response to new policies directed at the deracialisation of the work force and skills development in both the public and private sector, played an important part in increasing the demand for MBA programmes.

The end of the 1980s marked the third important stage in the international history of the MBA. Two different, if interrelated, phenomena combined to generate another review of the purpose and content of the MBA in the US. On the one hand, a new report on MBAs, commissioned by the AACSB itself, was published in 1988. The report, *Management Education and Development: Drift or Thrust into the 21st Century*, questioned the direction of the MBA. This time the critique came from business: the MBA had become an academic degree that bore no relation to actual business practices. The report pointed out that the research done at business schools had not solved actual businesses' problems. This was the beginning of a clear opposition between a 'professional MBA' and an 'academic MBA', the one with a focus on the business community and the other with a greater preoccupation with scholarship. The attempt to strike a balance between the two would occupy the next decade.

Business concerns, however, were not the only ones shaping MBA programmes in the US and elsewhere during this period. The other forces at play at the end of the 1980s were the global economy itself, the changed business practices influenced by the IT revolution, and the ever more prominent role of business in society.¹² According to James Schmotter, through most of the 1980s MBA education was primarily an American phenomenon. Foreign students took their MBAs in the US whether they were sponsored by national companies or were part of the local capitalist elites; but neither group was representative of national business cultures. Schools did not recruit abroad. Globalisation brought about the realisation of the opportunities for sales, manufacturing, research and development and management support on a different scale. In the 1990s the MBA became a credential that would give you a career

¹² For example, the accession of China to the WTO and the growth-oriented reforms under way in the country motivated the Chinese Minister of Education to accredit more than 60 new MBA programmes in this decade. Similarly, business education has also expanded to support emerging democracies in central and Eastern Europe. See *Sustaining Scholarship in Business Schools. Report of the Doctoral Faculty Commission to AACSB's International's Board of Directors*, 2003, p.18.

anywhere. International students started flooding the American business schools and local competitors emerged in Europe, Asia, and Latin America.¹³

Schools started paying attention to the marketing of their 'products' in ways never done before, and the position of professional director of marketing became a common one at all schools. Branding of both the business school, through the scope of its operations, and of the MBA degree, through its outcomes, became more and more common in the publicity material prepared by schools. Hand in hand with this, rankings started having an important impact on schools' recruitment campaigns and actual student intake. The first ranking of American schools was done in 1988 by *Business Week*. From then on business schools started applying vast amounts of money to the improvement of their rankings.

Until the end of the 1980s American MBAs were quite homogeneous from a pedagogical and content point of view. The homogeneity was encouraged by the accreditation requirements of the AACSB which maintained a one-size-fits-all approach to the MBA. *Management Education and Development: Drift or Thrust into the 21st Century* did much to change this. As a consequence of the report, the AACSB modified its accreditation model to one of fitness for purpose in which schools were evaluated against their missions. This not only opened the doors of the organisation to schools until then excluded but also helped diversify the MBA market, with schools creating market niches for themselves. Some schools developed MBA programmes focused on specific industries, others, aided by the IT revolution, experimented with new modes of delivery which introduced a new bipolar tension into the MBA debate: specialist versus generalist MBAs.

The MBA market at the beginning of the 21st century is vast, global and fragmented.¹⁴ In South Africa the 1990s, and especially the years since the inauguration of the new democratic dispensation, saw the largest increase of providers since the 1960s: 20 new, mostly private, providers of MBAs appeared in the South African higher education landscape between 1990 and 2001. The global economy played a role in this expansion. After 1994, with the South African market gaining an aperture to the global economy, the government signed a series of bilateral agreements which facilitated the arrival of transnational providers in the country, especially from the UK and Australia, and the introduction of the technikon-transnational providers' partnership model. As in the US, expansion of the programme came together with fragmentation of the market in terms of both programme foci and mode of delivery. As we saw in Chapter 1, the expansion of the MBA in South Africa was characterised by the introduction of a number of specialist MBAs focused on specific industries (e.g. tourism and health), and the multiplying of providers offering different forms of distance education and e-learning.

13 J. Schmotter, Reflections on Two-plus Decades: A World of Difference, *Selections. The Magazine of the Graduate Management Admission Council*, Vol. 4, Issue 1, 2004, p.3-7.

14 Schmotter, *op.cit.*, p.7.

The MBA in the 21st century: New identity crisis?

At the beginning of the new millennium business education has once again come under the microscope. The swing towards responsiveness to business needs was judged to have thrown the baby out with the bathwater, putting management education at risk. *Management at Risk* was actually the title of the report of the Management Education Task Force, appointed in November 2001 by the AACSB International Board of Directors.¹⁵ The task force's assignment was to identify the challenges faced by business schools worldwide and to suggest institutional responses. This report, which has particular relevance in relation to some of the issues emerging out of the HEQC's re-accreditation of MBAs, sees the context of management education as characterised by the following features:

- The decrease during the second half of the 1990s in the business education share of undergraduate enrolments and degrees granted. (In South Africa, on the contrary, the 1990s marked a considerable increase in the number of student enrolments for undergraduate degrees in business and commerce.)
- Increased numbers of MBA students and programmes worldwide, especially in Eastern Europe and Asia.
- Increased differentiation among providers, from which emerged three main types: traditionally university-based business schools; for-profit institutions; and a large group of providers that includes executive development centres, consulting firms, independent consultants, company-based training centres, and corporate universities.
- 'Consumers' of business degrees with increasingly heterogeneous needs. Recently there has been an increase in the number of enrolments amongst the traditional college-age population (18- to 24-year-olds). Simultaneously, programmes have to respond to the demands of the 25 years and older students who, because they work, need to study part-time. Only 24 percent of the students registered at AACSB member schools attend traditional two-year full-time programmes. (As we will see in Chapter 4, MBA programmes in South Africa are also experiencing a change in their student profile. Younger and less experienced students are enrolling in the MBA.)
- Proliferation of specialised master's which take up slightly more than 17 percent of the total enrolments. (As we saw in Chapter 1, specialised MBAs are the hallmark of many of the new programmes offered in South Africa by public and private providers. Chapter 4 will analyse the weight of the specialisation in the MBA programme.)
- Many business schools adapting their curricula to train students for markets and operations that span the globe.
- Global competition among providers of business education.
- Employers demanding graduates who are prepared to leverage technology in a scalable fashion to advance firms' strategies and operations. Technological advances have also opened the door for new sources of differentiation and product lines among business schools.

¹⁵ Management Education Task Force, *Management at Risk*, AACSB International, 2002. Hereafter *Management at Risk*.

- Fundamental market imbalances, leading to a continuing cycle of escalating faculty salaries. In the US, shortages of doctoral faculty, and salary escalation, are a particular challenge for schools.¹⁶ (The issue of escalating faculty salaries in South Africa is not so much related to the 'stardom' of doctoral faculty as to the employment of part-time non-academic lecturers in the programme, and the competition between comparatively low academic salaries and high consultancy fees. This issue will be explored more fully in Chapter 4.)

In this context the actual nature and definition of the MBA is at the forefront of the contestation. According to Carnall¹⁷ there are three generations of MBAs, differentiated by their programme content and pedagogies, all of which have in common a general definition that sees the MBA as a professional master's degree characterised by its multidisciplinary nature.¹⁸

The first generation MBA is made up of a core number of cognate disciplines that are pulled together at the end of the degree by integrative subjects which constitute the capstone of the generalist MBA: strategic management, change management, entrepreneurship and leadership. To this, schools add a number of skills such as communication, teamwork and problem solving. These MBAs have traditional modes of delivery and attract younger students without very much work experience. Learning is seen as happening in class as well as in experiential learning based on case studies and in-company projects; assessment is cognitive and often examination-based.

The second generation of MBAs emerged in Europe in the 1980s. It includes theory and practice in the curriculum and is still essentially academic in orientation. The bulk of the learning takes place in the classroom. Second generation MBAs attract older and more experienced students.

The third generation, which emerged in the second half of the 1990s, sees the MBA graduate as someone who will have to make judgements, use his or her intuition and, fundamentally, experiment. These programmes are international in character and operate by integrating learning methods, principles and modes of delivery. Learning takes place at multiple business schools and in organisations. Students study management issues on a thematic basis, using project-based assessments and concrete experiences.

Carnall's classification does not include the features of a number of programmes which introduce several permutations into all three MBA generations. For example, programmes are often not designed for a single mode of delivery – instead they offer several options in terms of schedules: full-time or part-time, during the week or at weekends. Programmes can

¹⁶ *Management at Risk*, pp.6-12.

¹⁷ Carnall, C., The third generation MBA global reach and 'local' service, *The Learning Organization*, Vol 2, Issue 2, 1995.

¹⁸ The issue of the nature of the MBA as a postgraduate degree and the existing differentiation between MBA programmes is discussed in the next section of this chapter.

vary in length from 12 months to multi-year (not to mention the one-week mini MBAs advertised on the internet), or be offered in different locations – single campus, distributed, international, on-site at companies, or virtual. They can be done flexibly – lock-step on campus, or by credit accumulation from various sources, etc. In short, business schools are responding to a fragmented market.¹⁹ But market fragmentation is far from being a mere marketing issue. When considered in relation to programme offerings it has implications which go beyond market strategies: it has fundamental consequences for the definition of the MBA's purposes and its pedagogical underpinnings, its relationship with undergraduate studies and with doctoral research, and, finally, with its standing as a postgraduate degree at the master's level.

THE CHALLENGE OF MULTIDISCIPLINARITY

The MBA is fundamentally a multidisciplinary programme. This, probably much more than other characteristics, raises the issue of the strengths and weaknesses of the programme. Programme structures built around 'functional silos' that provided the organisational framework for schools were an early feature of the MBA, which permitted the constitution of business schools with a very small core of permanent academic staff and large numbers of part-time staff who came from other departments and faculties within the university or from business. This was certainly the case with the early history of the MBA in South Africa.

The recognition of business schools as legitimate academic units within universities was achieved partly through the recruitment of full-time faculty, the development of doctoral programmes, and compliance with the norms of academic scholarship. The 'functional silos' approach, however, has not disappeared from the MBA's academic horizon with the achievement of academic legitimacy. On the contrary, *Management at Risk* suggests that this approach, which provides the organisational framework for departments, core curricula and elective courses, is still a source of concern, because business problems or solutions rarely present themselves neatly within disciplinary boundaries.²⁰ But the problem is not so much the existence of separate disciplines as how to bring them together. In other words, as mentioned in Chapter 2 in relation to the analysis of the HEQC's re-accreditation results, programme governance defines a fundamental aspect of the learning experience of MBA students. For example, whether or not lecturers have regular meetings dedicated to integrating the various core and elective components of the programme, to discussing the techniques that will be used to introduce concepts and develop specific skills, and to establishing the outcomes of each course and the type of assessment it requires, are elements which very largely determine what students will get out of the MBA programme as a whole.

¹⁹ *Management at Risk*, p.21.

²⁰ *Management at Risk*, p.20.

This dilemma of business schools is not a new one. Multidisciplinary programmes, especially when focused on teaching and learning, are difficult to hold together. Multidisciplinarity does not just happen because many disciplines are taught as part of one programme; it happens because there is an epistemological convergence which sees the object of study with a different lens from each individual discipline. In this sense multidisciplinarity, like relevance, is not spontaneous. It has to be constructed, and it is the organisation of the learning programme that allows students to have a learning experience outside 'functional silos'.

The organisation of the MBA programme and its actual content is not independent from the ways in which the tension between the academic and professional orientations of the degree is solved. The AACSB is quite clear in this respect: there cannot be a trade-off between relevance and rigour. This has two consequences. On the one hand it implies looking at teaching and learning and the nature of students' pedagogical experience as a fundamental aspect of relevance. On the other, it requires an examination of the position of doctoral programmes and faculty within business schools and the role of research in the MBA. As we will see in Chapter 4, this debate is also current in South Africa where schools with a 'professional' orientation argue that producing research, and training students to do research, need not have an important role in the MBA programme. However, one of the most interesting manifestations of this debate in South Africa is not so much the place of research within the MBA programme as the segmentation of the MBA depending on the school's orientation (and presumably 'catchment area').

Relevance in this context involves preparing students for the rapid pace of business change, which cannot be done simply from textbooks and cases. Active pedagogies have to be geared to the use of technology for managerial and strategic purposes. In 1999 a study conducted by Mark Kretovics focused on the learning outcomes of an MBA programme, measuring 12 learning skills important in business management education. The study showed that MBA graduates were significantly better than the control group of non-MBA graduates in seven categories: action, goal setting, information analysis, information gathering, quantitative skills, theory and technology. But the non-MBA graduates outdid their colleagues in the other five skills: helping others, initiative, leadership, relationship, and sense making.²¹ In 2002 a poll by Canada's Financial Post based on 141 CEOs and senior executives rated non-business-school graduates as better than MBAs in commitment to hard work, oral communication, written communication, understanding the details of an industry, interpersonal skills and even in skills in marketing and sales.²² Interestingly, most studies on predictors of business success and on outcomes, and actual alumni surveys, indicate that the skills most valued by students are those the least taught in MBA programmes: interpersonal, leadership and communication skills.

21 M. A. Kretovics, Assessing the MBA. What do our students learn?, *Journal of Management Development*, Vol. 18, No.2, 199, pp. 125-136.

22 COMPAS Inc, Public Opinion and Customer Research, *MBAs and General Master's Tied for Performance: General Master's Outperform MBAs in Hard Work, Sectoral Knowledge and Communication Ability*, CIBC/Chamber Weekly CEO/Business Leader Poll, in the Financial Post, 23 September 2002.

The tension between relevance and rigour has become more serious in the last decade. The call for relevance in relation to business and the need to respond to financial cuts through the provision of non-degree education (especially executive education courses) has steered the attention and the energy of many business schools away from what was originally regarded as their fundamental purpose. According to the AACSB's 2002 report the goal business schools should strive for is

[...] 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.²³

Relevance then is strongly connected with the broad content of the curriculum, the emphasis on analytical skills and the introduction of innovations in the curriculum. This, the report argues, cannot be separated from pedagogical issues – the teaching and learning issues referred to in the previous chapter. Education is not only about the content of a subject; it is about the manner in which the subject and the skills required in it are taught: textbooks and case studies are rapidly dated and action research and the use of technology for managerial and strategic purposes become important elements in business education. Doria et al. suggest six areas of change at graduate schools of business which fit with the general recommendations of the AACSB report – and confirm some of the concerns raised by the re-accreditation of the South African MBAs. They suggest the schools should:

- Offer more courses in communication, leadership, human resources, psychology and other fields that provide graduates with skills vital to effectively managing people.
- Introduce and emphasise courses that offer the basic skills and tools needed in problem solving.
- Give more and better grounding in theory to help students go beyond case studies to analyse problems and craft solutions in situations which they have not encountered before.
- Make changes in the curriculum so that students can integrate their learning and apply multiple disciplines on the job.
- Encourage students to take full advantage of courses outside the traditional core curriculum.
- Commit themselves to differentiation in their curriculum.²⁴

As we have seen in this section, the multidisciplinary character of the MBA can be both a source of strength and the Achilles' heel of the programme. It all seems to depend on the different programmes' ability to get out of the 'functional silos' approach and to work in an integrative manner, which tends to happen in the confluence between grounding theory and analytical and problem-solving skills across core functional and other areas. The capacity to integrate a multidisciplinary programme depends to a large extent on the way in which faculty work together and schools resource a programme. This is an issue which will be explored in more detail in relation to the South African MBA in the next chapter.

²³ *Management at Risk*, p.19.

²⁴ J. Doria, H. Rozanski, E. Cohen, What Business Needs from Business Schools, *Strategy + Business* 32, pp.2-8.

A large number of the skills expected from an MBA graduate, according to the literature we have examined, are eminently research skills. This need for research-based skills as part of a master's in business administration brings us to the last focus of this chapter: the relationship between business education at the master's level and research.

RESEARCH AND THE MBA: TO BE OR NOT TO BE

The opening lines of the introduction of *Management at Risk* put the issue of research at business schools squarely into the list of prominent concerns about management education:

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 schools faculty both shapes the content of business curricula in degree and non-degree education and enhances business practices. This unique role is threatened, however, by the turbulent marketplace in which schools operate.²⁵

To a large extent the AACSB sees research as defining on the one hand the relationship between the world of business and the business schools and on the other the actual content of management education. The European Quality Improvement System (EQUIS) is no different. Schools seeking international accreditation must have 'a clearly defined research and publication policy through which faculty is encouraged to develop distinctive areas of expertise', and business school rankings also reinforce the need to support quality research. *Business Week* and *Financial Times* include 'intellectual capital' elements in their ranking formulas.²⁶

Full-time research-active doctoral faculty, as we have seen in the previous sections, is also seen as a necessary condition for the academic standing of business schools within the broader university culture. According to *Sustaining Scholarship*, a recent report commissioned by the AACSB on the shortage of doctoral faculty at business schools, there are five drivers that fuel the demand for doctoral faculty at American business schools:

- The mission of academic business schools.
- Global growth and fragmentation of the industry.
- Accreditation requirements specifying ratios of doctorally-qualified faculty relative to teaching staff.
- Demographic trends in student enrolments and faculty requirements.
- The culture of the broader university context with which business schools interact.²⁷

The mission of 'academic business schools' is regarded as the most important driver in the search for doctoral faculty. Before we explore a possible difference between 'academic' and

²⁵ *Management at Risk*, p.5.

²⁶ AACSB International, *Sustaining Scholarship in Business School. Report of the Doctoral Faculty Commission to AACSB International's Board of Directors*, 2003, p.16. Hereafter *Sustaining Scholarship*.

²⁷ *Sustaining Scholarship*, p.16.

‘professional’ business schools, it is important to clarify the extent to which research is consubstantial with business schools.

Research performed at business schools is seen as providing a theoretical and empirical foundation for translation into business models and practices. Zimmerman, for example, argues that breakthrough business thinking has often emanated from academia. Among the examples he cites are agency problems, corporate governance, capital asset pricing and risk management.²⁸ Other authors make a distinction between the theoretical grounding of business scholars and the ‘casual empiricism’ and hype of the new fads. Together with this, the AACSB’s report on doctoral faculty points to business schools’ freedom to pursue ideas as a particularly desirable feature that research into business should have:

Universities and business schools afford faculty the freedom to pursue original ideas, including those that might lead to unpopular, unintuitive, or contrarian conclusions. Other environments may be encumbered with considerations that do not allow the unfettered scholarly pursuits, limiting the independence and range of research subjects and results.²⁹

In other words, according to the AACSB, it is theoretically grounded research - done outside business – that can actually modify business practices. Innovation in management is predicated on research and this in turn entails renovation and innovation of the content of the learning programme and the teaching and learning.³⁰

The fundamental issue about the importance of research at business schools is the impact that business school graduates have in the world of business and enterprises and to what extent research education has a role to play in preparing the managers of the future.

Studies of MBA graduates’ learning skills emphasised the importance of analytical skills, research skills, writing skills and presentation skills, which are part and parcel of the education of a researcher in any discipline. The teaching of research methodology and the actual undertaking of a piece of individual research have a fundamental role in developing these skills. Even if as managers or CEOs MBA graduates will not have an opportunity to perform research, the experience of writing a piece of research and the skills associated with that effort will help them in their work.

Taking all of this into account, *Sustaining Scholarship* points out that ‘rigorous research cannot occur without research training hence the demand for doctorally-trained faculty is strongly correlated with the research mission of business schools’.³¹ Yet schools seem to be experiencing a shortage of doctoral faculty.

²⁸ Zimmerman, J.L., Can American Business Schools Survive *Financial Research and Policy Working Paper* No.FR 01-16, September 2001, The Bradley Research Policy Centre, University of Rochester, quoted in *Sustaining Scholarship*, p.17.

²⁹ *Sustaining Scholarship*, p.17.

³⁰ *Sustaining Scholarship*, p.16.

³¹ *Sustaining Scholarship*, p.17.

A number of factors explain this shortage at business schools in the US and elsewhere:³²

- The quality of applications to doctoral programmes is poor.
- Funding for business doctoral students is poor.
- Candidates have a mistaken view of the benefits of academic careers. (In the US they believe that doctoral faculty are paid substantially less than they actually are.)
- Postgraduate employment in industry is increasing while postgraduate employment in four-year educational institutions is declining.

One overwhelming factor in the shortage of doctoral faculty internationally is the ability of MBA graduates to have comparatively high entry salaries in business, a situation which freezes any interest they might have had in proceeding to a research career in academia. To make matters worse, because of the shortage of doctoral faculty salaries at business schools have escalated and created the ‘super star model’ in the market, which allows certain individuals to fetch extraordinarily high salaries at the most prestigious schools.

In the US, Canada and Europe shortages of doctoral faculty have affected business schools differently depending on whether or not they are elite private schools with a strong brand name. In relation to brand name and prestige, the AACSB report indicates that despite the fact that research has become part of the rankings of business schools, the weight of the MBA in school rankings is incomparably higher. The report points to the disjuncture between schools’ lack of funds to support doctoral faculty and programmes and the way they operate in relation to their faculty:

The disconnect is that the generally recognized top tier reward faculty for their breakthrough thinking and results. They grant tenure for significant research publications but rarely for MBA contributions. [...] Reputation within the field is significantly affected by the faculty members’ research output and less so by student output. Desirability to students and employers is affected by rankings that are almost entirely dependent on MBA programmes.³³

This situation suggests a number of reflections. First, it seems that accreditation agencies, both national and international, are not necessarily in agreement with ‘the market’ in terms of the value attached to various aspects of business schools’ activities. While ‘the market’ seems to value most immediate outputs, i.e. MBA graduates, agencies see schools’ ability to contribute to innovative theory and practices as a very valuable contribution to society and as a necessary aspect of their function. Second, the potential lack of new generations of doctoral faculty and the accompanying decrease in knowledge production suggest that, at least in practice, the link between postgraduate education and research in the field of management is being jeopardised. Third, the weakening of the link between postgraduate

³² Based on a survey of 220 AACSB member schools from the US and other countries, and focused discussion with doctoral programme directors from 20 US business schools. *Sustaining Scholarship*, p.20.

³³ *Sustaining Scholarship*, p.23.

education and research could have the consequence of setting the MBA apart from (and below) other master's degrees, professional or not.

As this is taking place at a time of growing demand for research on business and global markets, it seems all the more important to focus the attention of the public, business and potential students on the need for research in order to develop a discipline. The AACSB report is unequivocal in this regard: scholarship is consubstantial with postgraduate education; if there is no scholarship, the teaching and learning in the MBA programme will be undermined.³⁴ However, the AACSB report's proposal to legitimate dual research and non-research tracks for faculty goes some way towards promoting the coexistence of teaching and learning and research in the same academic unit.³⁵

The analysis of the results of the HEQC re-accreditation in relation to Criterion 12 (research) indicates that many South African business schools had hardly entered the debate about scholarship at the time of the re-accreditation of the MBA. This can be only partially explained through the newness of many programmes. In this sense, it seems that market segmentation, a false opposition between entrepreneurship and research, and perceptions about the market worth of an MBA graduate also play a part in deciding which MBA programme students choose (and therefore what market business schools court/cultivate and vice versa), and how much emphasis research has in a particular programme.

Research (research education and research production) constitutes one of the areas for improvement across most MBA programmes according to the re-accreditation results. However, for this improvement to take place, it seems important to take into account the debate about research and business schools in its entirety. The next chapter will explore how the structure of the learning programme and its academic governance may both enable and hinder the development of scholarship in the MBA programme.

CONCLUSION

This chapter has brought together the most important debates about management education since its beginnings in 19th century America. In doing so, it has underlined the way changes in the world of business and the international economy have shaped the purpose and content of the MBA and the business schools. It has shown that the tension between professional and academic postgraduate education is the axis along which one can plot a 40-year search for an MBA identity, both in the US and elsewhere.

³⁴ *Sustaining Scholarship*, p.27.

³⁵ In this regard, the South African experience might have something to offer to the debate. In South Africa the HEQC acknowledges that institutions should be judged in relation to their mission (fitness for purpose). This, however, is done on the understanding that all institutions have to perform teaching and learning, research and community engagement. The difference arises from the emphasis on the research aspect of the mission, which distinguishes research institutions from the rest. The implication is that research institutions are assessed against more detailed and specific criteria in relation to this aspect of their mission. See HEQC, *Framework for Institutional Audits*, Pretoria 2004; and HEQC, *Criteria for Institutional Audits*, Pretoria, 2004.

The themes of this search are far from alien to the South African business schools. The modes of recruitment and organisation of faculty; the manner in which programmes are constructed and delivered; the role of research education at the business schools and the weight of research education in the MBA programme; and the manner in which schools relate to the world of business and to the broader university culture are vital issues in the local debates.

The exposition of these debates highlights the role that organisations like AACSB³⁶ and the European Foundation for Management Development (efmd)³⁷ play not just in relation to the MBA and business schools but also in relation to management as a (multi) discipline. It is interesting that AACSB and efmd have profiles that situate them halfway between specialised quality assurance agencies and discipline academies and/or professional associations. This double role as custodians of quality through accreditation processes and developers of the discipline through research and support defines to a large extent the relationship of these institutions to 'the market'. Both AACSB and efmd are outside 'the market'. They do not rank institutions; they do not base their operations on market dictum. On the contrary, as we have seen, they look at the stakeholders of the discipline – business, government and society – in order to maintain a balance in the purposes of business schools between training managers and producing research for and about business. The way the AACSB's report calls attention to the shortage of doctoral faculty to educate the public (including business) about the direct relationship between research production and discipline development is a good example of taking a view independent from 'the market'.

The following chapter will explore some of the tensions identified in the international debate in relation to the learning programmes offered by the South African MBAs.

36 www.aacsb.edu

37 www.efmd.be