

# Strategic Choice: Taking “Business” out of b-schools

By

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## Introduction

The title of this chapter may seem paradoxical. After all, what’s left when one takes ‘business’ out of business schools? Surely business is both the central premise and *raison d’être* of a business school (b-school)? This chapter will argue that a number of pressures have forced b-schools to become synonymous largely with private, profit-making business organizations and the result has been that traditional b-schools have reached a strategic plateau where their intellectual status, rigour and practical relevance to other economic sectors (e.g. public and non-profit) and to policy and society overall are being scrutinised. We suggest that, by weakening the close ties between b-schools and for-profit organisations, b-schools would be presented with a series of strategic choices (Child, 1972) that may enable them to attain greater intellectual rigour and relevance.

The massification of b-school education across the developed world over the last 20 years has been documented extensively (see, for example, Khurana, 2007) with the result that many b-schools have experienced significant increases in student and staff numbers and consequent budget increases that far outstrip many other university departments. Yet steadily, the critique of b-schools has been gaining momentum to the point where many authors have argued that they may be facing a decline in terms of relevance, student numbers and intellectual depth (Schoemaker 2008; Starkey and Tempest 2008; Starkey and Tiratsoo 2007). Others argue that the dominance of the business models that have been created by financial economics within such schools means that they are “complicit in the current financial crisis” (Currie *et al.*, 2010:1). Waddock sums up the b-school view, thus:

“Today, we live in a world where moral compass, a sense of responsibility for the greater good and an understanding of the system as a whole are more imperative than ever for those who would assume the mantle of leadership in our largest and most powerful institutions - corporations. These attributes, of course, are equally needed in traditional and social-entrepreneurial ventures as well as in our public institutions and the non-governmental sectors. The question is: does management education as it is practised in most places today adequately prepare graduates for this world? The answer, for many, is no.” S. Waddock, Boston College, *Global Focus*, Vol 3/2, 2009, 12-15

Inaction to such indictments from senior colleagues is to be taken seriously, as any perceived notion of ignorance reminds us of Chomsky's (1967) stinging critique of US academics who, at the time of the Vietnam War, remained silent (an action which was viewed as complicit with the imperialist stance taken by the US). In addition, Harney (2007) argues that the models upon which modern business schools are created do not reflect the reality facing their current students. Originally, schools were created to professionalise management, so that both governance (and, by implication, the direct management of labour) could be improved and made more effective and efficient. In short, they taught management and how to manage (rather than how to be managed). Today's b-school students are unlikely to be managers in the ways envisaged in the 1920s, nor even in the 1980s. Contemporary b-school students may manage no-one; almost certainly, they will be managed by others and, likely, they will not experience the continuity of employment (and career progression) available to their predecessors as job markets and employment are increasingly characterised by precarity (Standing, 2011; Ross, 2009). Some b-school students will never work in private, for-profit organizations. In many service-based economies, they are more likely to work in the public or non-profit sectors, or inter-governmental organisations (transnational public bureaucracies operating on behalf of governments). Such organizations are increasingly prevalent and varied across the world, from those fulfilling relatively temporary missions (such as feeding hungry people or helping re-settle post-war refugees) to those with long-term missions (such as the UN Security Council in its bid to prevent war).

Finally, research in business schools faces strong criticism for the production of theoretically grounded, but irrelevant research (irrelevant to either the needs of practitioners or the needs of society more widely). These criticisms are fuelled further by unfavourable comparisons of the academic nature of business schools relative to other professional schools (such as law, medicine, architecture and engineering) and to the University communities in which they reside (see, for example, Starkey and Tiratsoo, 2007; Thomas and Wilson, 2009). B-schools must endeavour to maintain their professional standing and also connect with the wide needs of society (rather than just business) in order to maintain legitimacy and credibility.

In this chapter, we develop each of these threads of argument and suggest how b-schools got to this position and how they might develop and affect change in the future. In particular, we argue that b-schools might consider a move away from teaching and researching predominantly for-profit organisations as their core subject and concentrate on a wider range of organisational types and issues of broader societal and economic concern. To reinforce, illustrate and expand our arguments, we have included data drawn from two sources: interviews with Deans conducted by the authors in the UK, Europe and Australia and archival research using content analysis of articles by Deans and Deputy Deans from the entire publication set of EFMD's 'Global Focus' journal.

### **An Analysis of Context: How B-schools Got to Where they are Today**

#### **The Institutional View**

In a previous paper (Wilson and McKiernan, 2011), we presented a set of neo-institutional arguments to situate the current context and the arguably constrained actions of b-schools. Drawing on Zucker (1987), we argued that b-schools had been subjected to decades of two broad sets of normative pressures. The first describes the pressures that emanate from rule-like patterns of action and behaviour that are imposed upon organisations from external agencies, such as state requirements and the demands of professional certification. The second describes how such pressures are embedded (Granovetter, 1985) within formal organisational structures and processes. This embedding comes to characterise the whole organisation as it develops norms and standard operating procedures to enact patterns of action and behaviour from its constituent individuals. As Granovetter (1985:482) argues, "to construe actions and behaviours as independent is a grievous misunderstanding". This neo-institutionalist view owes much to the earlier writings of Polanyi *et al* (1957), who argued that human actions and behaviours are embedded in and intricately interwoven with economic and non-economic institutions. From a B-school perspective such agencies would include the state, funding councils, ranking institutions, universities and professional associations. We noted in particular, the roles played by accreditation and regulation on the one hand, and rankings of schools and research on the other.

To recap: accreditation by the most important bodies, the Association to Advance Collegiate Schools of Business (AACSB), European Quality Improvement System (EQUIS) and

the Association of MBAs (AMBA), is meant to ensure that intending students (and wider society) can be assured that an independent agency has scrutinised the Schools' portfolio of activities and pronounced them to have passed its rigorous quality standards. Accreditation agencies argue that their role is to help segment the market between higher quality providers and lower quality providers in the b-school sector. Lowrie and Willmott (2009:411) describe accreditation as a "regime". Quoting Navarro (2008:10), Lowrie and Willmott say that AACSB is like a "group of foxes, guarding the MBA henhouses". Moreover, they argue that accreditation is elitist, since it serves to diminish the value of education which takes place outside the accredited schools ('the elite'). Accreditation also serves to preserve and perpetuate 'the elite', thereby maintaining the status quo of what is considered to be a 'good' b-school. In short, they argue that accreditation stymies knowledge improvement and development in both elite schools and in non-accredited schools (which are deemed to be poor relations by default). Durand and McGuire (2005) add a dose of ethnocentrism to a similar critique of AACSB. They argue that AACSB is not interested in what is 'taught and not taught' outside a strictly North American model of an elite b-school. EQUIS and AMBA bring different pressures (more European for the former and more specialised around the MBA for the latter). Wilson and McKiernan (2011) argued that such accreditation imposed isomorphic pressures on b-schools. These are 'the constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions' (DiMaggio and Powell 1983: 149).

Secondly, there are two discrete rankings for b-schools. One ranks the schools themselves (on aspects such as their MBA and their infrastructure). The other is a ranked assessment of the quality of research carried out by academic staff. Rankings of b-schools have become the subject of scrutiny by scholars as methodology, criteria and operationalization have been criticised widely and not just by the comparatively lower ranked institutions. However, as Wedlin (2007) notes, rankings have become institutionalized deeply and 'playing' the rankings game well has become a key pursuit of many b-school Deans. Rankings are not simply mechanical, objective, measures. They have a strong impact on both the economic futures of schools and the morale of their staff (Kogut, 2008). Rankings are scrutinised by potential students, funders and other stakeholders. Also, they are used

internally by University Executives as a convenient mechanism by which to judge the reputation of their own b-school and the individual performance of its staff.

Despite their failings, their ambiguity and their imprecision, such rankings have become reified. They are an accepted and expected part of the social landscape. They have become another social statistic against which a broad public can assess quality and competition within and amongst schools. But, structurally, they are altering the b-school landscape because there are large mark-ups to be earned by schools with high rankings, as Peters (2007) notes:

“...a positive ranking raises a schools confidence to increase prices for future programmes. The top decile of schools, on average, charges \$79,959, indicating a rankings premium substantially above the best-fit line, while the bottom decile charges \$36,966 . This is not that surprising as many of the criteria on which schools are evaluated are resource-dependent: more leads to more and exclusivity is self-fulfilling... The snowball effect of the rankings promotes a rich get richer and poor get poorer cycle and creates a Catch22 trap from which it is difficult to extricate oneself, win or lose...” K. Peters, Dean, Ashridge Business School, *Global Focus*, Vol 1/2, 2007, 46-49

Once a school achieves a decent ranking, it is reluctant to take any action that might damage it. Thus, schools adopt the same conservative strategic stances and so the rankings have an inherent 'stickiness' around school positions. As Eden suggests:

“A number of schools, I am certain, would think about dropping their full time programmes (in favour of part academe/part practice experience) if it wasn't for the fact that, if they did, they'd fall out of the rankings”. C. Eden, International Dean, Strathclyde Business School, interview.

It is possible to explain this reification of rankings by drawing on two social theories. The first is the development of the 'knowledge society' (Thrift, 2005), where information has become increasingly transparent and visible. The second is the general trend in cultural systems toward the development of taxonomies and a range of classification systems (see, for example, Wilensky, 1964; Bordieu, 1984; Vaara and Fay, 2011). In the UK, each b-school receives a ranking on its research performance by a research assessment panel every 5 years or so. There are strong economic and social rewards for individuals in research excellent schools and the institution itself benefits from a greater allocation of research monies. The higher the proportion of scholars publishing in highly ranked journals (as judged by prominent 'lists' e.g., the ABS list), then the higher the perceived status of the school (Baden-Fuller et al., 2000; Borokhovich et al., 1995; Fishe, 1998; Trieschmann et al., 2000). Institutions worldwide exert pressure on their faculty to publish in these 'top'

journals, which has the effect of reinforcing the status (and ranking) of these journals (and the ranking of schools). The effect of this circular (institutional) process is that the ranking of journals remains relatively stable over time.

Arguably, the collective rationality which journal rankings place on schools is highly influential. The goal of achieving high-rated publications tends to dominate b-school strategy, especially as the audit deadline draws near and the academic 'transfer' market is triggered. Such dominant behavioural traits shroud the unintended consequences of the rankings. One is the confounding of image and quality of content when good scholarship is substituted for by place of publication. If an article appears in a top rated (4\* or A rated in the USA) journal, then it might be assumed to be a high quality scholarly article. This may not be the case. The other is that b-schools come under immense pressure to organise their activities, research centres and departments to conform as closely as possible to a structure which will maximise the opportunity of staff getting 4\* or A rated publications.

Besides ourselves, many other authors ( for example Saunders et al, 2011; Masrani et al, 2011; Hodkinson and Starkey, 2011) have taken a convincing neo-institutional perspective to explain the current position of b-schools as remarkably similar providers worldwide of a constricted range of intellectual arguments (clustered largely around the tenets of Western Capitalism). Whilst we think that these predominantly institutionalist views provide a good *description* of the context of b-schools, we argue here that the *dynamics* of this process (how b-schools got to where they are) can be illustrated more fully by utilising the concepts and explanations of path dependency (see, for example, Sydow, Schreyogg and Koch, 2009) in tandem with those of neo-institutionalism.

One intellectual link between the two theoretical approaches lies within the slower dynamic underpinning neo institutionalism that runs from habituation through objectification to sedimentation. As context, all sectors (e.g., Higher Education) alter their shape over the longer term through exogenous shocks (technological, competitive, financial or policy-based, *inter alia*), which shake them up and trigger organisational strategic responses. If these shocks are major and incisive, they may transform a sector forever (e.g, the Dundee Jute Industry: Masrani & McKiernan, 2011), giving birth to a different way of doing things. In

neo institutional theory, organisational structural designs occur through a process of **habitualisation** (Tolbert & Zucker, 1996). In the first, embryonic phase, when there is no defined way of doing things, responses tend to be individual as many players 'feel' for what might be a successful way of organising for the future. Naturally, if organisations are closely knit, a replication of new structures might occur and a temporary *modus operandi* might emerge through experimentation but, there will be much re-invention and more temporary *equilibria*. But, if no obvious model emerges among the player then many will continue to act individually. Eventually, as competition generates sustained, good organisational performances, the associated structures are seen as representing a successful model. This causes other organisations to follow suit and begin their articulation to the 'right' organisational recipe (Spender, 1989) for the future. This is the neo institutional process of **objectification**.

The right way of organising in this phase can be reinforced by external stakeholders (e.g., consultants, government bodies) who legitimise the chosen structure through active advocacy. When these structures become replete amongst many organisations **and** endure over long periods, the final process of **sedimentation** is complete. Isomorphism can drive the sector players into adopting such a homogenous form and so completing the process of institutionalisation. To endure, this latter phase relies upon minimal internal challenge, few major exogenous shocks, consistently good outcomes and strong advocacy, lest de-institutionalisation sets in. Of course, any major exogenous shocks or observed poor performance might lead to widespread doubting of the dominant paradigm thus causing a new cycle to begin. Within this broader, neo institutional process of habitualisation, objectification and sedimentation lies the more individual organisational journey of path dependence.

**Path Dependence** Path dependence examines the processes by which self-reinforcing dynamics trap an organisation into outcomes that are sub-optimal and which constrain future actions. Such constraints can be generated internally and/or externally to the organisation (Pierson, 2000). The basic characteristic of path dependency is that, in the early stages of a process (e.g. the formation of a b-school) few, if any, decision makers recognise that as decisions are implemented (and accumulate) over time and lock in occurs,

resulting in specific courses of action becoming increasingly inevitable. Evolutionary economists and economic historians (such as Arthur, 1989, 1994; David, 1994) call such processes ‘entrapping’ and argue that they are a consequence of actions taken over time in an organisation’s history and are likely to become inefficient responses to a dynamic market. These economists were looking mostly at technological innovations (or the lack of them), but the dynamic concepts of path dependency add to our institutional understanding of how b-schools have developed.

Central to the notion of path dependence is the identification of self-reinforcing processes that are likely to accumulate in a specific path of action. These self-reinforcing dynamics lead eventually to an irreversible state of inflexibility through lock-in (David, 1985). They become systemic forces in which individual actors are entrapped. Sydow, Shreyogg and Koche (2011) provide a useful stage-based model to explain the dynamics of path dependence (see Table One).

**TABLE ONE: THREE PHASES OF PATH DEPENDENCY**

| <b>PHASE</b>                             | <b>DESCRIPTION OF PROCESS</b>   |
|--|---|
| <i>Phase I</i> — The Pre-formation Phase | Characterized by a broad scope of action. The effect of a choice of options cannot be predicted. Once a decision is made, this choice may trigger events that unintentionally set off a self-reinforcing process. This moment of entering into the dynamics of a self-reinforcing process can be thought of as a “critical juncture” and it indicates the end of the Pre-formation Phase. |
| <i>Phase II</i> — The Formation Phase    | A new regime takes the lead: a dominant action pattern is likely to emerge, which renders the whole process increasingly irreversible. The range of options narrows, and it becomes progressively difficult to reverse the initial choice or the initial  |



|   |   |
|---|---|
|   | <p>pattern of action. A path is evolving. Decision processes in Phase II are still contingent. They do not yet fully converge to a single fixed-point.</p>  |
| <p><i>Phase III—the Lock-in Phase</i></p> | <p>Characterized by a further constriction, which eventually leads to a lock-in. The dominant decision pattern becomes fixed and gains a deterministic character; eventually, the actions are fully bound to a path. One particular choice or action pattern has become the predominant mode, and flexibility has been lost. Even new entrants into this field of action cannot refrain from adopting it. When more efficient alternatives are available, individuals' and organizations' decision processes and established practices continue to reproduce this and only this particular outcome. The occurrence of a lock-in renders a system potentially inefficient and ineffective, because it loses its capability to adopt better alternatives.</p> |

*Source:* Adapted from Sydow, Shreyogg and Koche (2011:692)

Essentially, path dependence is a process during which strategic options become more and more constrained over time. Even at the pre-formation phase, there is not a hundred percent free choice for decision makers, since there will be imprints from the past which act as constraints. But as the process moves into the formation phase, then the range of strategic options narrows significantly until the lock in phase, where virtually all strategic actions are bound to a pre-determined path. As Sydow, Shreyogg and Koche (2011) note, this process can be summarised in terms of decision making, beginning with *nonpredictability*, where there is an indeterminacy of outcome; followed by *nonergodicity*, where several outcomes are possible, but history starts to restrict the choice of alternatives. The process then enters a phase of *inflexibility* where decision makers are entrapped, making a shift to another option impossible. The outcome is *inefficiency* since actions resulting from moving along the path lock the organisation into an inferior solution.

### **Linking Neo Institutional Theories and Path-Dependence in the Context of b- schools**

As Karl Marx famously observed, men make history, but not of their own choosing. The very first b-schools did not start with a strategic *carte blanche*. They were organisations created with a specific set of purposes in mind. Their objective was to formalise the education of future business leaders in the same way that medical schools provided for doctors. There are plenty of excellent histories of b-schools and their origins (see, for example, Williams, 2010 for a history of UK Schools; many U.S. Schools publish their own publicly available histories). Because b-schools were created and formed with very specific purposes in mind, the pre-formation phase (see Table 1) was shorter than in other sectors. The heritage of formal management education lies in Europe, stemming from the first b-school in Lisbon (Portugal) in 1759, through the Ecole Supérieure de Commerce de Paris (France) in 1819 and the German Betriebswirtschaftslehre in the late 19th century to the Catholic-influenced institutions in France, Portugal, Spain and Italy at the turn of that century. Prussian administration influenced the founding of Wharton in 1881, although US b-schools began earlier at Louisiana and Wisconsin in 1851 and 1852 respectively (Spender, 2008). But, up until this point, there was no critical mass and offerings were institution specific and isolated (akin to a habituation stage in new institutionalism). However, after Wharton's lead and coupled with Harvard University offering its first masters degrees in business administration in 1908, these schools and others were well down the track to the formation phase of path dependency. As soon as it was recognised that b-schools were professional organisations (as well as expected to be profit making), they became subject to a range of influences (such as norms, expectations, accreditation and regulation) very quickly.

The model of organisation (or modes of action) which then emerged revealed strikingly similar patterns in b-schools around the world. Elsewhere, we have termed this process 'global mimicry' (Wilson and McKiernan, 2011). Here, we try to identify some of the

patterns and themes underlying the path dependency of the process. First, it is important to recognise that b-schools have not followed a smooth, inevitable path of development. For example, in the 1950s, Harvard Business School (HBR) fees were around \$800 per year and the emphasis in the classroom was on practical skills, which could apply to all levels of management. There, many acquired the capability to undertake the role of foremen, for example, in manufacturing companies. Three decades later, with the ascendancy of services over manufacturing in developed economies, the teaching of blue-collar workers appears dated and un-ambitious, since larger revenues were available by concentrating on more senior managerial roles and the personal development required occupying them. Hence, the MBA began to take centre stage in this transition.

Second, by pitching the MBA as a route to potentially very senior management positions, many b-schools moved away from an emphasis on practical skills toward offering a masters degree which promised fast track upward mobility in the *cadre* of senior management. This shift from experiential skills to a greater emphasis on the cognitive knowledge required to be a senior manager came at a premium price (Moldoveanu and Martin, 2008). By 2012, HBR's estimated costs were around \$120,000 per year (estimated to be \$400,000 real cost, once two years of lost wages and living expenses were taken into account). In that year, over 10,000 individuals applied for an MBA at Harvard, for fewer than 900 places. The range of options for many top global b-schools is now increasingly restricted. Schools became locked into offering premium-fee MBAs, claiming that they would significantly enhance career and earning potential. The move from practical skills to the symbolic value of the MBA represents the point at which many schools became locked in to the final stages of path dependency.

The dynamics of this journey are well described by institutional theorists (see, for example, Meyer and Rowan, 1977 and Zucker 1987). They describe the influence and expectations of a wide range of stakeholders on b-schools and suggest that, once at the final stages of path dependence, there will be a strong tendency for all organisations in the sector to copy each others' strategies and structures. DiMaggio and Powell (1983) call these three types of pressure, *coercive*, *normative* and *mimetic*.

Coercive isomorphism is the result of formal and informal pressures exerted on b-schools by powerful agencies. Such isomorphism can arise from internal pressures (for example, from a b-school's Mother University) or from external pressures (such as those exerted by the various accrediting, assessing and regulatory bodies). Full discussion of these pressures can be found in Wilson and McKiernan (2011). Here, we want to expand a little on how coercive isomorphism has been a result of the strong influence of Universities and the expectations they have regarding their b-schools. This isomorphism can be observed also in schools which are independent of Universities, so we might argue that such pressures are likely to originate in wider society and thus are enacted by, rather than created by, Universities. The growth of b-schools and, concomitantly, the increasing emphasis on the substantive ideology of managerialism within developed societies has been noteworthy over the last 20 years (see, for example, Grey 1994; Power, 1999). Governance, managerialism (and self-management) can be argued to be ubiquitous nationally and internationally with b-schools complicit in the "neo-colonial manifestations of these trends" (Harney, 2007:139). In virtually every sector of the modern economy, managerialism is prevalent. In the public sector, for example, the Health Service in the UK has been managerialised to provide a more efficient and "business-like" service (Milewa et al, 1998) as part of the new public management agenda. In the non-profit (voluntary) sector, managerialism has become a by word for effectiveness and efficiency in NGOs (Butler and Wilson, 1989; Roberts et al, 2005 and Dar and Cooke, 2007). The core concern of most b-schools today is the training and development of managers at all levels. This journey has created expectations that the primary role of schools is to train and socialise managers, even though many students will never become managers (Harney, 2007). Moreover, most Universities expect their b-schools to be businesses in their own right, meaning more bluntly, that they are expected to make a substantial profit for their Universities. B-schools are expected to operate on a high cost/high quality service model with the argument that very high fees indicate the level of investment that schools provide for their MBA *cadre*. The result can be very high profits some Schools and substantial benefits for their Universities, which tax and often 'top slice' them. Universities then set budgets in the expectation that their b-schools will make equal or more profit in subsequent years and the coercive cycle simply repeats.

An additional coercive pressure placed upon schools by their Universities is to seek and secure external sources of income, not just in the form of research grants, but in the form of philanthropic donations. These can be substantial. In the U.S.A., Chicago Business School received a \$300 million philanthropic gift in 2008 from hedge fund manager David Booth (an alumnus). The result was not only a change of name to Chicago Booth, but also the expectation that this could be the first of many similar donations. IN the UK, Said Business School Oxford, was established in the 1990s following a generous benefaction from Mr Wafic Rida Said which funded a new building and planned extension, Cambridge Judge Business School was founded when Sir Paul and Lady Judge provided £8million to establish a new building for the school. Further development and extensions have been made possible through further donations such as those by Mr Simon Sainsbury (£5million) and many Professorships have been endowed by donations. Cass Business School in London was supported in its new building project in 2001 and the Sir John Cass Foundation continues to provide on-going support to the school. The net result is that Deans of b-schools are pressured by their Universities (or their Boards) to seek substantial philanthropic funding in addition to other sources of revenue (such as fee income). Such a need for funding is common across schools but the American case differs from the European one, in this sense:

“American business schools used to rely on their endowments to pay higher salaries or attract students and were consequently less dependent on academic fees. In Europe, schools had to be closer to the real world with more emphasis on executive education. In both cases, there is a problem. For American schools the endowment model is good when stock prices go up but becomes a nightmare when market prices fall. For European business schools, executive education is a distinguished undertaking for many reasons but in some cases business schools only do it for financial reasons, which is not the best motivator.” J. Canals, Dean, IESE, Spain, *Global Focus*, Vol.4/1, 2010, 14-18.

Normative pressures come from a variety of sources. Accrediting agencies are one source. The criteria by which accreditation will (or will not) be awarded are prescribed in advance of the accrediting panel’s visit to the b-school. Thus, a dependence relationship is created between the b-school and the accrediting agency. Accreditation agencies impose standards, rules and values on schools and reinforce normative expectations. This process is equally important to b-schools as making a profit (Wilson and McKiernan, 2011). Political power and institutional legitimacy are achieved substantially through accreditation, particularly ‘triple accreditation’ (EQUIS, AACSB and AMBA), and through the various rankings of b-schools and their programmes.

In addition to accreditation, b-schools also operate in a comparatively tightly knit, inter-organizational network. Norms, developed during the education of staff, become a strong

influence in the school (and the majority of academic and professional staff in b-schools have very similar educational backgrounds and achievements). In addition, inter-hiring between schools encourages isomorphism since the job specification for an academic post displays remarkable similarity across institutions internationally. People from the same educational backgrounds will tend to approach problems in much the same way and socialization reinforces these behaviours. The appointment of staff in b-schools is a process checked and influenced by powerful gatekeepers and there is a strong homogeneity in the backgrounds and qualifications of individuals who gain entry into the profession. The net effect of such conformities is to allow b-schools to interact with each other more easily and to build (normative) legitimacy in the sector.

In terms of path dependence, normative pressures can constrain choices which deviate from the dominant logic and lend support for the continued reproduction of dominant modes of operation (see Table 1). Normative pressures contribute substantially to 'lock in'.

Mimetic isomorphism occurs in all organizations, but can be seen to be a particular feature of b-schools. As Slack and Hinings (1994:804) note:

“...(isomorphism) may also result from cultural expectations within the societal context in which an organization exists. Mimetic isomorphism occurs when organizations faced with uncertainty model themselves on other organizations which they perceive as successful”.

B-schools are at risk of becoming increasingly similar to one another because of the content, frequency and depth of assessments by accreditation agencies and research rankings and from several other shaping forces. Furthermore, pressure to conform regionally in Europe is exacerbated by the Bologna process:

“(Sir Andrew) argues that the management education landscape in Europe has been significantly changed as a result of the Bologna agreement. The implication, he says, is that business schools (in Europe) are now able – and perhaps even required – to provide management education at every stage from pre-experience to executive education. So LBS has to compete in what is effectively a new market. “ G. Bickerstaffe, quoting Sir Andrew Likierman, Dean of London Business School, *Global Focus*, Vol 4/1, 2010, 8-1

Besides internal pressure to conform to a norm, European schools face a peer pressure that perceives of the American model of a b-school to be the ideal way of organising:

“The current situation of management education in Europe is that of a juxtaposition of national systems largely concerned with imitating American business schools in a catch-up strategy.” S. Dameron & T. Durand, *Global Focus*, Vol 3/1, 2009, 22-25

Schools tend toward further similarity because of the tenacity and influence of institutional pressures and stakeholders. First, their significant success relative to other subjects academically and financially has made them attractive to Vice-Chancellors and other senior University staff. Fuelled by a popular perception of 'job secure' programmes, together with

a major influx of foreign students acquiring both language and knowledge skills, many UK b-schools became rich and were milked often as 'cash cows' by university administrators.

Secondly, the MBA model of Executive Education has become a homogeneous offering with a standard syllabus internationally (Crainer and Dearlove, 1998; Mintzberg 2004).

"The spread of knowledge has become so rapid that there is a risk of management education becoming a commodity, particularly in MBA programmes where, in the early stages, you have to offer a set of basic courses. What has become a commodity in management education is the content, the concepts – the text books, cases and so on – but what has not become a commodity yet, and hopefully never will, is the process, the way you deliver the content. The content is becoming more standardised but the process is not."  
Jordi Canals, Dean of IESE, Spain, Global Focus, Vol. 1/1 16-19, 2007

However, despite Canals' assertion, we argue that with the massification of both undergraduate and MBA education, facilitated by ubiquitous presence of presentation software like MS Powerpoint, even the process is becoming commoditized in tight markets. A good management teacher is able to work in most countries without having to alter content or language (English). For instance, in Singapore, where demand for business courses is strong, academic 'mercenaries' ply their lucrative trade between several institutions at the same time, equipped with the same pack of slides. More recently, there have been strong voices urging a change to the content of the MBA syllabus to include a greater coverage of ethics, leadership and entrepreneurship, creativity and innovation. However, the net result of such changes is likely to reinforce the standardization of the degree.

Thirdly, as far as b-school researchers are concerned, there are powerful conforming pressures at work. For instance, original articles are often formed into a uniform shape or pattern, by the top journals' house style, editorial policy and reviewers' comment. Some journals, for example, have pre-prepared templates for the writing of abstracts and recommendations for the sequence of sub-headings. Nearly all journals place strict length restrictions on all articles. The end product, perhaps after two or three rounds of reviewing, is an article which arguably resembles more the views and predilections of the reviewers and the journal editor than the original piece crafted by the author. The danger is that top journals are publishing articles which may have the creative guts squeezed out of them. As Galliers observes:

"In an ideal world, a managerial problem would drive academics to look for underlying causes, and in turn solutions, the knowledge of which is then disseminated. However, this view is the exact opposite of what *de facto* is the case of research in academia. The vehicles of dissemination (the journals) dictate solutions - appropriate topics, methods, tools and theories – which, in turn, drive the selection of causes and problems which fit." P. Berthon & R. Galliers, (Provost, Bentley College), Global Focus, Vol 2/1, 2008, 59-60

Pettigrew goes further, claiming that b-school academics have become obsessed with articles and books, at the expense of impact:

"It will involve a cultural change that will shift people's focus from publishing output, writing articles and books - which to me is an intermediate good - to the final good, which is having scholarly and practical impact. At lot of the incentive systems in academia have unwittingly focused people on the intermediate good." A.

Fourthly, there is explicit (and perhaps implicit) theoretical and ideological support for free market economics in nearly all schools which, again, leads to mimetic isomorphism (see, for example, Khurana, 2007; Starkey and Tempest, 2008). From this perspective, isomorphism rests on the assertion that most b-schools teach capitalism and little else (Parker, 2008). Golembiewski (1989) presaged Parker's views and couched the argument as a problem of value free science. He argued that value free science is a significant danger to teaching management (and science generally) because elites will act in their own interests and discipline others by the application of knowledge, which will meet their needs (by design) and possibly the needs of others (but only by accident). It is therefore no accident to Golembiewski, that free market economics became the staple and unquestioned diet of b-schools aiming their wares primarily at the global managerial class. Economic models of capitalism reflect the values of their creators and their teachers and researchers. B-schools do not "sell (their) wares to voluntary organisations, co-operatives or trade unions, and (their) relationships with the public sector are uneasy" (Parker, 2008). The result is a narrow conception of what b-schools should research and teach. As Waddock emphasises:

"Here then is the fundamental tension facing business schools today most of the management theories that have been developed to date are directed at and apply only to the developed world and we might want to acknowledge that many of those theories have not been particularly fruitful. They apply to a model of doing business that failing markets and financial institutions suggest is seriously broken and that virtually all ecologists believe is not ecologically sustainable." S. Waddock, *Boston College Global Focus*, Vol 3/2, 2009. 12-15

Along this pathway, European schools may be better prepared:

"North America business schools teach business based on an economic paradigm relying on market governance with the large multinational corporation playing a key role. Entrepreneurship entered the picture only recently. In contrast, Europe has a tradition of combining large firms, SMEs, the public sector and non-profit organisations. Another path towards differentiation for European business schools could be to study all forms of organisations, including the public sector, associations or NGOs. In this sense, management is a broader world than business studies." S. Dameron & T. Durand, *Global Focus*, Vol 3/1, 2009, 22-25

B-schools appear to be at the lock-in phase of the path dependence journey. Their research, teaching and foci of concern have become increasingly targeted and so limited to a sub-section of the economy (mainly private firms). To break out of this path dependence, b-schools need to re-think their business, broaden their horizons and reclaim the relevance they claim to have to wider society. This represents a considerable challenge for most schools and certainly comprises a substantial area for future research which we outline in the next section.



## Towards a Research Agenda

One obvious point is that research on b-schools is relatively small scale and limited in scope. To our knowledge, there has never been a comprehensive global comparative study of b-schools. Given the themes in this Chapter, we would recommend a broad comparative investigation of the effects of the mass ranking systems and the largely myopic stance taken by Schools in their research and teaching towards a variety of global social and political issues. There have been strong suggestions by commentators that “the (*b-schools*) that bring in the most money might be doing the least for the global economy” (Davidson, 2012). Dunne, Harney and Parker (2008) also echo this point. There is a clear agenda here for substantial and supporting empirical evidence to support these (and associated) claims.

However, if these authors are right, then ‘taking the business out of business schools’ becomes a large research agenda in its own right. Western societies in particular, have placed management and business practice at the centre of contemporary life. Governments use business practices to try and make public agencies and organisations more effective and efficient and non-profit organisations also attempt to mimic the business and management practices in the private sector to the same ends of efficiency and effectiveness. Yet, it is not only business and management practices that are at the heart of contemporary life. So, too, are climate change, environmental destruction, migration, race, war, health and a very large gap between the world’s rich and poor. Businesses operate in this context and b-schools need to address disruptive developments in the world e.g., post secular increases in the influence of faith on war and economies; economic transitions and schisms as billions of people from China, Latin America, India and elsewhere join the world economy.

“I am arguing that there is a moral persuasion that says that in most emerging economies everyone has to understand poverty, the markets at the bottom end of the pyramid, and the impact of politics on economics and business. In most emerging countries my impression is that politics drives economics and not the other way round. If you produce business leaders without helping them become politically and intellectually literate then you are short-changing them.” N. Binedell, Director, South African Business School, *Global Focus*, Vol 1/2, 2007, 56-58

Such a future research agenda is broadly scoped and multi-disciplinary. It is an agenda that ‘critical management studies’ has, so far, failed to address directly because such critiques continued to assume that managers and management were central to community life. The very focus of critical management studies (i.e., management) largely precludes the consideration of other central and substantive issues. The wider lens of multi-disciplinary research is required to examine these issues in depth and, ironically, this is a lens that b-school academics, with their varied disciplinary bases, are in pre-eminent positions to address.

“What absolutely matters is a certain balance. Business school leaders will have to dedicate themselves means reinforcing what some already do, renewing the curricula of their programmes and more to their schools’ main

mission – educating better people for a better world. This introducing topics that deal with responsible sustainability, social inclusion, business ethics, and individual and cultural values.” R. Khurana, Dean, HBR, Global Focus, Vol. 4/1, 2010

Moving away from the global picture, a further research implication of our arguments focuses more locally on the nature of b-schools themselves. A key research question hinges around the differentiation-standardization axis. Should schools try and differentiate themselves by expanding their intellectual domain – at its simplest by perhaps offering a wider mix of programmes looking at a the broader economy (e.g. non profits, public sector, illegal organization), or consider serving populations (such as Vietnam, Poland) which do not currently have a lot of traditional b-schools? Or should they avoid such differentiation and continue down the path dependent route of standardization, doing the same things and broadly mimicking each other? We have seen that the institutional pressures are strong and various and we infer that, as a result, standardization is an easier and more common strategy than differentiation. Research here could be of direct benefit to b-school Deans. For example, using well-known concepts from the field of strategic management, empirical research could identify the core competences of different Schools; could identify the ‘tipping points’ in b-school models and paradigms; could examine the different pressures of European, Asian and US business models and identify strategic options (Brailsford, 2011; Thomas, 2012).

Stepping outside the tools and techniques of management theory itself, a further research theme, which holds promise in throwing light on the differentiation-standardization debates, is what might be termed a postcolonial approach (Young, 2001) to the globalisation of b-schools and management knowledge. There is not the space here to describe fully the breadth and diversity of postcolonial theories, but the global reach and influence of b-schools is a central paradigm (or example) which permeates postcolonial theories. Postcolonialism examines the manner in which emerging societies struggle with self-determination and to what extent they incorporate or reject Western norms and conventions (such as the largely homogenous and Western ways in which b-schools teach management).

Said (1978) described European scholars studying the Middle East and Asia. Their scholarship, he argued, was characterised by researchers ignoring the cultural and intellectual heritage of the “Orient”, imposing instead European values, norms and attitudes. Said’s analysis focuses on cultural superiority (Said, 1993) which allowed Europeans to control non-Europeans. However, it is only a small step to translate cultural superiority to economic superiority. Put simply, no matter what the politics or culture of a given country are, it faces a powerful process of capitalist globalisation which argues that wealth is the solution to war, poverty, racism and environmental crises. Wealth is created

by business and heralded by b-schools through standardised texts of management (to teach business), and through the mantra of globalization; to which there is no alternative to Western-based management knowledge and best practice prescriptions. Critics began to address problems of ideological hegemony implicit in the neoliberal imperative of privatisation, trade liberalisation and public sector restructuring (Bello 2002; Falk 1999) and there is much further research to be done here.

Even the language of b-schools – predominantly Anglo-Saxon – has a hegemonic influence. Jankowicz (1999), for example, critiques the use of Anglo-Saxon language in creating meaning and embodying a specific culture of learning. For example, there is no direct translation in some local languages of some words used in Anglo-Saxon business discourse (such as ‘marketing’, ‘leadership’, ‘manager’) but also the meaning of such words poses a problem of translation and understanding, given their historical formation and origin.

“Mainly because business studies originated in North America much academic writing is produced in English. And of the academic journals recognised in such rankings as the Financial Times, 90% are American publications. Many business schools use American cases since they are in English and easily available without thinking whether they are suitable for purpose in their own country.” N. Hijlkema, Vice Rector, Estonian Business School, *Global Focus*, Vol 4/1, 2010, 56-59

The dominant use of the Anglo-Saxon language implies a much wider (postcolonial) issue of problematic assumptions made about the nature of management knowledge, the awareness of the contextual specificity of local management practice, and about the reproduction of values, ideology and power relations.

Case and Selvester (2000:14) argue that such neoliberal imperatives are being constructed and reproduced through the operation of “modern universalizing rhetorics”. In their critique of contemporary western education as an instrument of ‘global domination’ through the colonization of student knowledge, they advocate a postcolonial awareness and urge that we should “embrace and celebrate difference rather than ... exploit in the name of it” ( Case and Selvester, 2000: 16). Research which draws upon the postcolonial literatures and theoretical approaches would seem a fruitful way of constructing a research agenda which examined the globalisation of b-schools and Western management education.

Finally, pedagogy itself would be another research avenue to explore, particularly since the advent of new technologies, which facilitate new models of learning, involving a wide range of digital and social media technologies. Thomas and Cornuel (2012) examine what they term “blended learning” modules which can not only have a global spread, but also can help the development of Schools in emerging and developing nations. Notwithstanding the arguments above from postcolonial theories, the blending of the technological and the pedagogic is a potentially highly fruitful area of research as b-schools globalise their

business. Fleck (2012) and Thomas and Thomas (2012) outline the many advantages of using social media platforms such as Facebook, Twitter, LinkedIn and Google+ as well as web-based chat forums, electronic conferencing and video. Combined with more traditional (face to face and text based, for example) learning methods, this constitutes what Fleck (2012) means by “blended learning”. The linking of the technical with the pedagogic is reminiscent of the socio-technical approaches beginning in the 1960s (blending the social and the technical in the workplace) and many of the research questions, which arose in that context, can be asked of the blended learning models.

The advent of new technologies and their use in practice brings a series of changes which institutions and individuals will have to face. Some of these are already clear. For example, most b-schools are designed around a traditional University-based system of labour and cost. A lecturer who traditionally has a wide range of freedom in how lecture material is crafted and delivered carries out labour. Academic staff salaries are also the biggest cost for b-schools. The use of digital technologies, advances in cybernetics and robotics place some sizeable challenges to both of these. The autonomy of the lecturer is likely to be reduced as support and design teams get involved in setting up the on-line version (which often requires compliance with rigorous external regulations). The financial base of the b-school is likely to swing toward administration and professional services being a greater cost than the employment of academic staff. Overcoming years of custom and practice presents equally significant challenges for many academic staff whose pattern of work organisation will change. Intellectual property rights and plagiarism will present formidable challenges in a new technologically driven pedagogic environment. This research arena is complex and challenging but, potentially, one of the most fruitful in the immediate future.

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