

The Future of Business Schools in the UK

Finding a path to success



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The Advanced Institute of Management Research (AIM) develops UK-based world-class management research. AIM seeks to identify ways to enhance the competitiveness of the UK economy and its infrastructure through research into management and organisational performance in both the private and public sectors.

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- Raise the quality and international standing of UK research on management
- Expand the size and capacity of the active UK research base on management
- Engage with practitioners and other users of research within and beyond the UK as co-producers of knowledge about management

contents

AIM – the UK's research initiative on management	2
About AIM	3
AIM research themes	4
Executive review	5
Introduction: business schools under pressure	6
Facing up to the challenge	7
Factors affecting future performance	10
Making the right choices	15
Conclusions	20
Acknowledgements	23

Current AIM research projects focus on:

UK productivity and performance for the 21st century.

How can UK policymakers evaluate and address concerns surrounding the UK's performance in relation to other countries?

National productivity has been the concern of economists, government policymakers, and corporate decision-makers for some time. Further research by scholars from a range of disciplines is bringing new voices to the debates about how the productivity gap can be measured, and what the UK can do to improve the effectiveness of UK industry and its supporting public services.

Sustaining innovation to achieve competitive advantage and high quality public services.

How can UK managers capture the benefits of innovation while meeting other demands of a competitive and social environment?

Innovation is a key source of competitive advantage and public value through new strategies, products, services and organisational processes. The UK has outstanding exemplars of innovative private and public sector organisations and is investing significantly in its science and skills base to underpin future innovative capacity.



Adapting promising practices to enhance performance across varied organisational contexts.

How can UK managers disseminate their experience whilst learning from others?

Improved management practices are identified as important for enhancing productivity and performance. The main focus is on how evidence behind good or promising practices can be systematically assessed, creatively adapted, successfully implemented and knowledge diffused to other organisations that will benefit.

Since the 1960s business schools have prospered in the UK. Now, however, there are signs that the success story is coming to an end. The future of UK business schools is under threat from a number of directions. Their purpose is questioned – they are accused of focusing on theoretical research at the expense of improving management practice and of turning out MBA graduates unsuited to the demands of modern day management. Funding sources are under threat; international student applications are expected to decline; a severe shortage of suitable faculty is predicted.

Business schools need to develop the right strategies to meet these challenges and secure their future. But what are those strategies? This briefing outlines four different approaches business schools can take: the professional school; the social sciences school; the knowledge network school; and the liberal arts school.

Business school deans are charged with the tough task of finding the right strategic balance for their schools from these four approaches, in a context of uncertainty and flux and where their ability to effect change is limited.

The ability to build new capabilities, or to switch emphasis between them, is restricted by two related matters: the availability of qualified and suitable academics, and the reputation of the school in specific areas of activity.

The ability of a school to attract the staff it needs, from a restricted pool of labour, will depend to a large extent on its existing reputation in the areas in which it is trying to recruit. Reputation is influenced by the standing of the associated parent university, league tables, Research Assessment Exercise (RAE) rating, high-profile research groups and courses and the perceived bias toward social science, liberal arts, professional or knowledge economy activities.

In building new capabilities, or switching emphasis between them, new strategies may be required: seeking alliances with high profile institutions in specific areas to boost reputation; or buying-in expensive 'research stars', for example.

If deans and management teams are to successfully shape the future direction of their schools, not only will they need outstanding leadership capabilities, and a broad and deep understanding of the complex set of factors influencing their school, but also the courage to take on some 'sacred cows' and the conviction to articulate a clear sense of direction.

This briefing sets out the challenges, the issues involved and the choices that need to be made, at the same time suggesting some possible strategies UK business schools can adopt.

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introduction: business schools under pressure

In many ways the rise of business schools in the UK is a success story. The provision of management and business education in the UK has grown rapidly since the 1960s. The statistics are impressive. One in five postgraduate students studies a business and management related subject.

There are clouds gathering on the business school horizon, however. Doubts have been raised about the value of the MBA degree, and its role as a preparation for management. The value of business schools as a source of knowledge production has also been challenged; research output has increased but business schools are still accused of producing management research that lacks relevance and makes little practical impact in the business world. At the same time the economic viability of business schools is increasingly uncertain.

The big questions look to the future of business schools: What direction should business schools take? What strategies do they need to adopt in order to continue the successes of the past? These fundamental questions are bound up with another question that goes right to the heart of business and management education: What is the purpose of a business school?



As this briefing shows, there needs to be a diversity of activities in the business school market. A homogenous approach to business education is not viable. Business schools must find the path that best suits their type of school. And even then they will face significant challenges.

This briefing is aimed at the people directly involved in the future direction of UK business schools – particularly business school deans and senior managers, their advisory boards and university vice-chancellors. But, it is also relevant to practitioners, policymakers and stakeholder groups who are concerned that this major segment of UK higher education makes the best possible contribution to improving management practice and developing the UK economy.

When it comes to judging the success of business schools in the UK it is hard to know what, or who, to believe. Supporters point to the rapid growth in the number of business schools, and the popularity of their programmes with students, graduates, postgraduates and executives as a mark of success. Critics claim that the research they produce is largely irrelevant to practitioners, and the MBA graduates they produce, often not up to the task of managing in the modern business world. Before considering how business schools can best forge a successful path for the future it is worth considering the claims for success and failure, as well as considering exactly what a business school does.

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1 Business schools: the success story

It is remarkable how far, and how fast, management education has become established in the UK. Before 1965 there were no business schools in British universities; by the beginning of the twenty first century there were approximately 120. By 2004 the business and management subject area accounted for one in seven of all students in British universities – and one in five of all postgraduates.¹

Part of this growth, most notably in the market for MBA degrees in the 1980s and 1990s, was fuelled by the fact that a degree in business administration enhanced a graduate's earning power and career prospects.² As a result some schools charge in excess of £10,000 for a 12 month MSc degree programme, and more than double that for MBA programmes.

In addition to their success with domestic students, some British business schools have established a strong international reputation and attracted large numbers of high fee paying students from outside the UK.

2 The criticism

It is not all good news, however. Business schools attract their share of criticism (see Table 1, page 8).

One major concern is the 'ivory towers' accusation. The research conducted in business schools, may be empirically and methodologically rigorous, say the critics, but it is still largely irrelevant for practicing managers.³

This criticism is part of a long-running debate about the purpose of business schools. Historically, business schools were introduced in the UK to rectify the perceived failings of British management. Business and management education was provided by universities, polytechnics (now the 'new' universities), and technical colleges. Critics claimed that often, especially in the so-called 'old' universities (i.e. universities under the university, polytechnic and college system), the business schools were hijacked by the universities and the emphasis on improving management competence replaced by the study of business and management as an academic discipline. Business academics pursue intellectual respectability, at the expense of knowledge or ideas that can usefully be applied by organisations.

The polytechnics, on the other hand, now the 'new' universities, are considered to have maintained closer contact with the original 'meet the practical needs of business' remit, rather than pursuing knowledge for its own sake. While these criticisms are generalisations, the historical aspect is important, because in looking for future direction, schools should also consider their individual history.

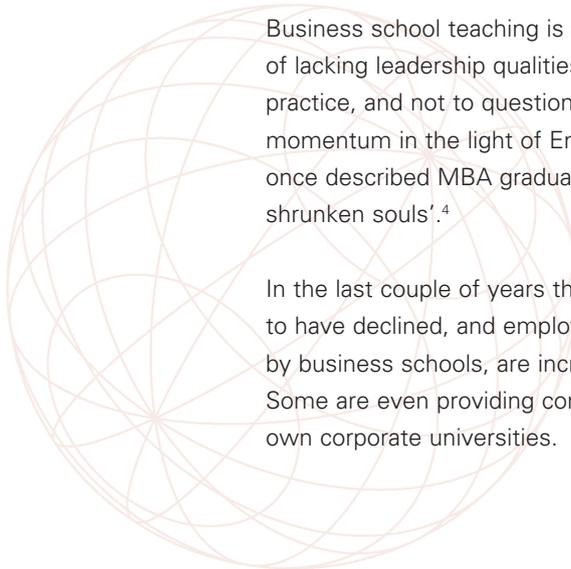
Many accusations have been levelled at business schools over the years, but taken as a whole it is difficult to find much coherence or consistency in the criticism. Some of the (conflicting) themes are presented below.

Table 1: Conflicting themes in the debate about business schools

Business school research is too abstract and irrelevant to the needs of practicing managers.	Not enough business school research is grounded in the methodological rigour of the social sciences, it is often too case based and discursive.
Business school teaching is too theoretical, and not sufficiently focused on problems that managers actually face.	Business school teaching is too 'customer focused' and not sufficiently distant from, and critical of, management practice.
MBA's, and business degrees generally, do not produce well rounded managers with leadership qualities.	MBA's are, or for a long time were, seen as a passport to career progression and greater earning power.
Business education has made almost no impression on practicing managers, and has failed to impact business performance.	Business schools are partly culpable for recent corporate scandals, and therefore have had a negative impact on business performance.
There are too many business schools. Many of those taking degrees in management are unlikely to get much benefit from their studies.	There are not enough business schools. UK firms simply cannot rely on the University sector to supply the training/ education that their managers need.

Business school teaching is also the subject of criticism. MBA graduates are accused of lacking leadership qualities, taught to follow established management theory and practice, and not to question or move beyond it. It is an accusation that gathered momentum in the light of Enron and other US corporate scandals. *The Economist* once described MBA graduates as 'critters with lopsided brains, icy hearts, and shrunken souls'.⁴

In the last couple of years the number of students on MBA programmes appears to have declined, and employers, apparently dissatisfied with the service provided by business schools, are increasingly opting to bring management training in-house. Some are even providing competition for business schools in the form of their own corporate universities.



3 Business schools: What do they do?

When writing about business schools it is easy to refer to them as a class of academic institutions. This conveys the misleading impression that business schools are all the same type of academic creature. But business schools are not all the same. Look at them more closely and you quickly discover that they differ over a range of criteria.

For example, while some business schools are positioned as internationally recognised research institutions, many are not. There are currently over 100 business schools in the UK, but at the last RAE only 16 were rated as 5 or 5* research centres. Many business schools continue to function profitably and effectively as teaching institutions with little or no serious ambition of becoming a producer of internationally acknowledged research. Recent estimates suggest that less than half of new business school faculty members are recruited direct from doctoral programmes, and that of the remainder, at least half have come from positions in industry rather than from the education sector.⁵

Because of the degree of variation, individual business schools, while facing some common challenges, face a number of challenges unique to the business school model that they operate. Consequently, each school must develop its own strategies for dealing with those challenges.

Table 2 below shows a profiling tool that can be used to help type schools in a useful way. All institutions performing the functions outlined below serve an important purpose, and in the rapidly expanding UK higher education sector of recent decades, all have been able to flourish.

Table 2: Business school profiling

Reputation	Internationally prestigious. Renowned as centre of knowledge creation.	Nationally prestigious. Regarded as a high quality academic institution.	Locally/regionally acclaimed as an important educational institution.
Research	Published in top international journals. Influencing leading academics/teachers in other top-rated schools.	Significant impact among other academics, government, or business, usually at a national level.	Work more specifically focussed on individual organisations in local industries.
Type of Teaching	Post-experience or executive education for senior managers. Highly rated MBAs.	Post-experience or executive education to middle/junior managers. Also MBAs, MScs etc.	MBAs, mainly for local managers. MScs and BScs for students with little or no management experience.
Teaching Volumes	Low (more emphasis on research).	Moderate (leaving significant time for research).	High (leaving little time for research).
Financial Margin from Teaching	High	Moderate	Low
Broader Social Function	Flagship/elite institution. Good for national prestige.	Provides high quality education for the country's leading employers.	Broadens access to HE to previously disadvantaged groups. Direct links with local SMEs.

factors affecting future performance

While much of the evidence suggests that business schools have been successful to date, their task is now to find a viable way forward. In doing so they face challenges on a number of fronts. These can be broadly grouped under three headings: reputation; funding; and faculty. Each is interrelated, and each factor has a significant impact on the prosperity of a business school and its ability to change strategies.

1 Reputation

The term 'reputation' is used here to describe a school's status and image – the way it is perceived by key stakeholders, including research collaborators and prospective students. A school's reputation emerges over time and is influenced by a range of factors, including faculty expertise and access to funding. In particular the Research Assessment Exercise and the university and business school league tables have a substantial impact on a school's reputation.

(i) The Research Assessment Exercise (RAE)

The most far-reaching performance management system for UK academia is the RAE. The RAE assesses research quality and determines how research funds are allocated across the university sector. (RAE 2008 is the sixth of these assessments).



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It presents a number of challenges for institutions wishing to maintain or grow their reputation. It has a huge impact on faculty, with key, career changing, decisions made about the proportion of staff whose publications should be submitted and the number of papers that have been accepted by top journals.

One effect of the RAE can be to accentuate the gap between highly scored institutions and those that perform less well. And there are a number of points to be considered here:

- Highly scoring schools, predominately old universities, as opposed to the new universities introduced in 1993, are expected to match or exceed previous performance. Preparing a school to meet the expectations of RAE assessors draws upon the resources of senior staff to the possible detriment of other aspects of school activity;
- Institutions with lower scores from previous RAE exercises are similarly investing substantial resources into preparation for the RAE. But for these institutions there is a greater degree of risk involved;
- Those lower down the research hierarchy are less likely to achieve a top score, because they received less funding in the last exercise to support their research.

The system therefore accentuates distinctions between new and old university sectors, making it increasingly difficult for institutions to achieve research excellence when they have not historically excelled. This presents significant issues for those institutions at the bottom of the research league tables.

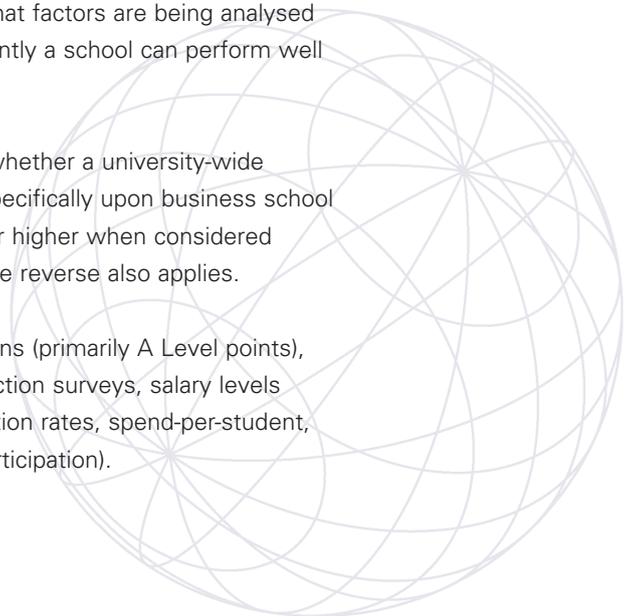
(ii) University league tables and rankings

Business school rankings and league tables are another important factor in a school's reputation. Most deans and heads of schools are intensely aware of their status in league tables – with good reason; research by UCAS shows that league tables and other ranking systems have a profound influence on applicants, especially overseas applicants.

A school's position in the ranking will depend on what factors are being analysed by that ranking. As each ranking is weighted differently a school can perform well in one ranking, yet comparatively poorly in another.

An important distinction between league tables is whether a university-wide perspective is taken, or alternatively, the focus is specifically upon business school performance. Some business schools are ranked far higher when considered separately from their associated universities, and the reverse also applies.

Criteria taken into account include: entry qualifications (primarily A Level points), research rating, staff-student ratios, student satisfaction surveys, salary levels and progression, degree classification, student attrition rates, spend-per-student, graduate destination and inclusion (i.e. widening participation).



Critics may question the authenticity of league tables and accuse them of being crude and flawed, but they have a substantial impact upon the reputation of business schools. The schools regularly appearing towards the top of the league tables attract more students than those further down.

2 Funding

In the UK, business school revenues tend to come from two streams – education and research. Although in recent years a third funding stream has been added – engagement with practice.

Unlike their UK counterparts, US business schools have a long tradition of obtaining funding through endowments. Press reports suggest that Harvard's endowment stands at £800 million, Stanford's at £280 million and Wharton's at £212 million. In contrast, London Business School's endowment stands at £11.3 million and only 3 per cent of its running costs are covered by donations, compared with 20 per cent of many leading US schools.⁶

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(i) Student numbers

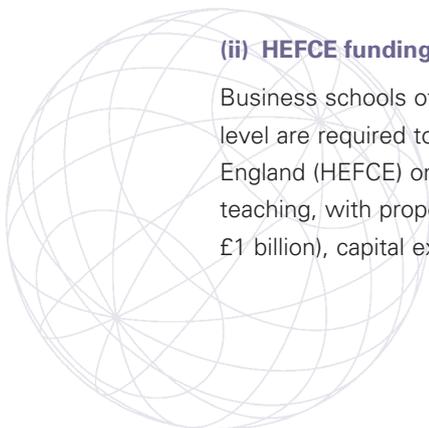
Tuition fees are an important source of funding. According to the Association of Business Schools (ABS) in 2004 there were over 220,000 full time equivalent (fte) students studying business and management in the UK: one in seven of students in higher education; 13 per cent of undergraduates and 22 per cent of all postgraduates.

The signs are, however, that growth and expansion within the sector may be faltering. Business schools report a substantial decline in applications for 2006/7, attributed to the increase in tuition fees due to take place for this academic year. Plus there has been a significant reduction in the number of applications from overseas students. The influx of students from the Far East, notably China, is dwindling.

This last development is a serious concern. While MBA programmes can command tuition fees in excess of £20,000 p.a. growth has been heavily dependent upon the recruitment of students from overseas: UK student numbers now represent only 20 per cent of the total MBA market.

(ii) HEFCE funding and tuition fees

Business schools offering business and management programmes at undergraduate level are required to bid for funding from the Higher Education Funding Council for England (HEFCE) on an annual basis. HEFCE provides around £4 billion p.a. to support teaching, with proportionally smaller amounts also available for research (around £1 billion), capital expenditure (£650 million) and special funding (£428 million).



In line with an HEFCE strategic priority of using funding allocation to widen participation in higher education from all parts of the community, schools taking more students from geographically underrepresented areas are funded at a proportionally higher level than those taking more students from well-represented areas. The intention is to compensate institutions for the more challenging recruitment and retention issues they face.

The smaller amount available for research funding is distributed according to the number of research-active faculty members, as established by the previous RAE. Any additional funding is allocated on the basis of 'special funding', recognising initiatives such as Centres for Excellence in Teaching and Learning, rewarding quality enhancement and supporting specific projects that require additional capital.

These funding constraints provide a number of challenges for business schools. The combined amount allocated from HEFCE together with tuition fees may not cover the full economic cost of providing a high quality educational experience. This may be increasingly an issue or challenge for schools that do not derive much, if any, revenue from the research assessment exercise, especially if not taking many students from underrepresented communities.



3 Staffing

(i) Recruitment and retention of faculty members

As few as one-quarter of business school faculty are recruited directly from doctoral programmes.⁷ A significant proportion of faculty, probably close to one-third, are recruited from practice, rather than from the education sector.

Integrating faculty drawn from sectors where the ethos and expectations of staff may be very different is a key challenge, especially for schools with high teaching volumes where there is a commitment to widening access. In these circumstances, schools are required to maintain low student/staff ratios, to provide the necessary support, but are unlikely to attract established academics because they may be perceived as 'local' rather than national or international institutions.

(ii) Projected shortfall

Recent research has shown that faculty may be in seriously short supply in the future. For the period 2003-4, nearly 4000 academic staff were aged 50 or over, a figure which implies that in ten years time around the same number will be retiring. At the same time, in 2001-2 there were only 244 new PhD qualifiers in business and management, many of them likely to work overseas. Even allowing for new business school faculty without PhDs there is a substantial gap between demand and supply.

4 Leadership

There is a clear need for strong leadership across the whole sector, especially where there is commitment to changing the focus of activities in which a particular school is engaged. Good leaders try to shape the future direction of their schools to meet the challenges outlined above. For example, developing a schools' reputation to become 'nationally' rather than 'locally' acclaimed will mean re-examining existing strategy in terms of recruitment and selection, reward and the allocation of staff time.

Frequently, business school management is about survival and crisis management rather than depicting a clear and visionary ideal for staff to work towards. There are a number of reasons for this. Individuals recruited into leadership positions report that they have limited levers available to influence staff behaviour and attitudes. Relatively few schools operate performance-related pay schemes, for example. Furthermore, there is no clear idea of what capabilities are required to perform an academic leadership role successfully. So there is little by way of developmental support to prepare individuals for operating at this level.

Another problem lies in the longstanding tradition of rotating academic leadership. The task of providing leadership has, for many, been seen as a burdensome activity that presents obstacles for those wishing to extend and develop their research careers. Indeed there is little incentive for leading business academics to move into leadership positions.

Clearly, to deal with the challenges highlighted above and to select the appropriate strategic option for the school, strong and compelling leadership is desirable.

making the right choices

The challenges outlined in this briefing are difficult challenges to meet. Many schools are struggling to find the right strategy to deal with the problems they face. The way forward for the deans and advisory boards of business schools involves finding a sense of purpose, and making some difficult choices.

In particular it involves: strengthening and reaffirming the processes whereby faculty are integrated into a community based on scholarly values; differentiation by adopting and prioritising specific activities that define what kind of organisation the business school aims to be; the alignment of activities with this model; progressing on a journey of discovery to understand the school's unique contribution, such as making a substantial contribution in business and management knowledge or the development of high performing managers.

Many schools are struggling to find the right strategy to deal with the problems they face.

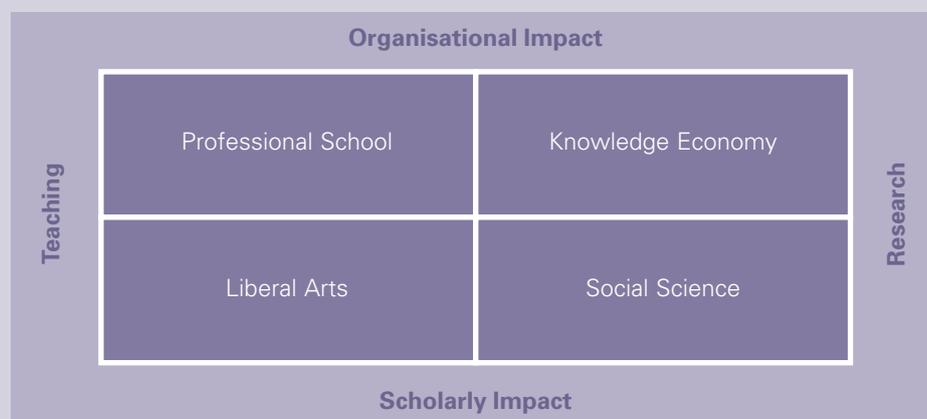
To do this business schools must make important choices in four main areas:

- What activities can the business school undertake and excel in?
- Which performance measurement systems should determine excellence under each activity?
- What inter-organisational relationships could business schools engage in?
- What implications are there for the faculty profile of schools?

1 Business school activities

So what are the models of activities that business schools undertake? One argument, put forward by the British Academy of Management (Johnson, 1995) and further developed by Professor Ken Starkey and Dr Nick Tiratsoo, suggests that a business school's activities are balanced between teaching and research; and organisational impact and scholarly impact (see Figure 1). These four types of activities are not mutually exclusive and demonstrate the diversity of activity that can take place within a school and across the UK business school sector.

Figure 1: Models and orientations of business activity



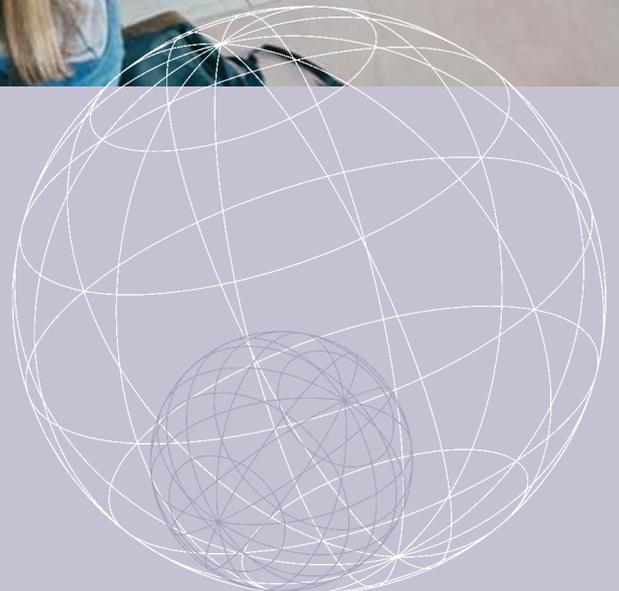
(i) Social science approach

The orthodox *social science school* approach has a contribution to knowledge as its primary focus.

In this model: the principle stakeholders are other academics in business schools and universities; excellence can be measured by the RAE; inter-organisational relationships will primarily be with other social science orientated business schools, other relevant departments in universities and both professional and knowledge economy types of schools; faculty with doctoral level degrees primarily recruited and assessed on their research performance and potential are required.

(ii) Liberal arts agenda

In the *liberal arts school* model the word 'liberal' refers to the fundamentals of knowledge, self-knowledge, wisdom and leadership, and 'art', refers to the practice and application of these factors. The aim of such activity would be to ensure that managers and leaders are not just technically competent, but also have the ability to think critically about the world in which they act, and themselves as actors within it. It also addresses wider debates concerning the role of business in society.



This concept is presented here as a teaching and learning activity, with the research aspects falling within the social science sphere. To facilitate self-development and critical thinking in managers, the faculty would need skills and capabilities quite different from those provided on a traditional PhD programme, particularly with respect to the personal development goals.

(iii) Professional school

The *professional school* model focuses on the improvement of management practice. In many ways it is similar to schools of medicine, dentistry and law.⁸

In this model: the principle stakeholders are individual managers, employers and governments who see the improvement of management as a key enabler of economic growth and social inclusion; teaching excellence is the principle measure of performance, as judged by teaching quality assessments and the marketplace for undergraduate degrees, specialised MScs and MBAs and executive education; such schools will have extensive links to national professional organisations, such as the Chartered Institutes of Management, Marketing, and Personnel and Development, and develop life-long developmental relationships with its alumni.

(iv) Knowledge economy

The *knowledge economy school* focuses on the development of management knowledge, and the commercialisation of scientific and technological discoveries from the wider academic community in which the business school is located.

In this model: the principle stakeholders are the organisations that a school relates to as part of its role in knowledge value chains – upstream, social science type business schools and other university departments, and downstream, organisations such as management consultancies, internal training departments of large corporations and government departments.

As with *the professional school* PhD trained academics require the appropriate skills, especially in areas such as entrepreneurship and finance.

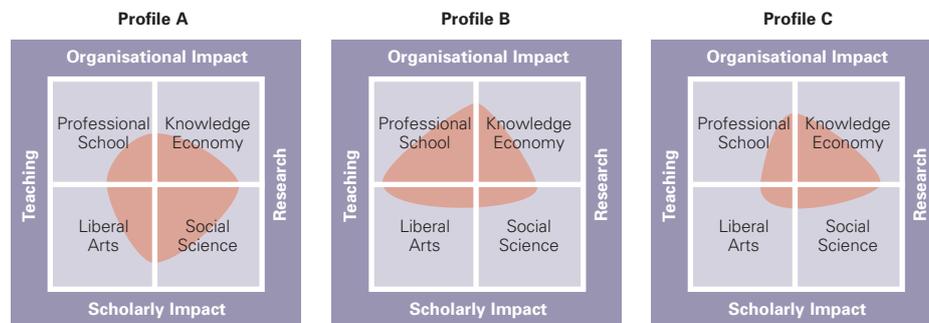
The professional school model focuses on the improvement of management practice.

Choosing a path

What these four options spell out is a future for business schools that will mean greater levels of diversity with regard to their strategic foci, excellence in terms of their ability to fulfil their distinct purposes, and greater impact on the academic, social and economic worlds in which they operate.

The four approaches are not an either or option. Schools can choose where the focus lies across the activities. Figure 2 shows examples of profiles that could reflect different schools. Profile A shows a school that is primarily focusing on social science type activity, profile B, one that is orientated towards professional activities and on profile C, one focused on knowledge economy activities.

Figure 2: Examples of the possible profiles of business school



The key issue here is to ensure a complementarity of fit between the profile followed and factors associated with a school's management. For example, a school that seeks to adopt the professional model (profile B in figure 2) would be better to employ a performance measurement system that does not require everyone to publish in top academic journals? An approach that may not be appropriate for a social science orientated school (profile A in figure 2). Similarly the basis of faculty recruitment and promotion should be their ability to contribute to the improvement of management practice.

2 Measures of excellence

It is widely recognised that the measures of performance, explicit or implicit, that are used by an organisation will significantly influence the behaviours of its members and its strategic direction. For UK business schools the relevant performance measures include the RAE, league tables and teaching quality assessments, as well as the market-driven orientation of students (undergraduates, postgraduates and those participating in executive development courses).

It is suggested that another element to the performance measurement perspectives should be introduced – impact. The meaning of impact would vary depending on the type of school in question, but, for example, could mean excellence in one or more of the following areas:

- Addressing the social inclusion agenda through developing graduates from low socio-economic groups who progress to higher levels in this index;
- Undertaking research work that manifestly impacts organisational performance and government policy;
- The development of graduates and managers that have a high impact on the professional areas in which they have been educated.

Few academics achieve a high level of excellence impacting the worlds of both theory and practice.

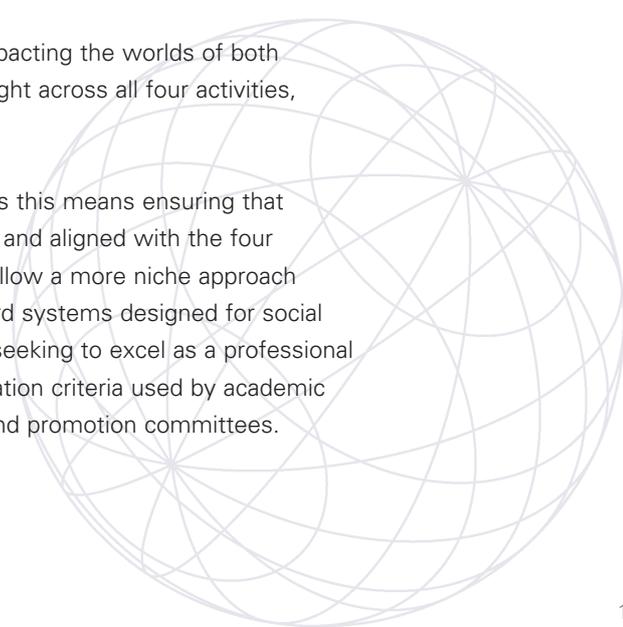
3 Networked organisations

As organisations become more specialised and seek to develop more capabilities, the levels of non-core activities that they require may be increasingly outsourced. Schools that cannot undertake all four activities of a business school could, in the future, utilise networked relationships with other schools to enhance their validity. Doing so could help prevent academic drift in social science orientated schools and the erosion of scholarly values in schools that are closer to practitioners. Clustering may also occur around configurations of schools. These relationships may become essential routes to accessing funding for their research. For a professional orientated school, for example, relationships with social science schools may become essential to maintain their research credibility with the individual and organisational consumers of their teaching and learning services.

4 Faculty profile

Few academics achieve a high level of excellence impacting the worlds of both theory and practice. With excellence increasingly sought across all four activities, specialised skills will be required.

For a school seeking to excel across all four quadrants this means ensuring that faculty recruitment and promotion criteria are diverse and aligned with the four activities. For example, schools that are seeking to follow a more niche approach should not blindly assume that recruitment and reward systems designed for social science orientated schools are applied to one that is seeking to excel as a professional one, and vice versa. This will require change in evaluation criteria used by academic disciplines, institutions, and university appointment and promotion committees.



Deans and advisory boards have to make strategic decisions in response to the challenges they face; strategic decisions that support the models business schools choose to employ. However, the complexity and challenge of implementing any change in the profile of a business school must not be underestimated. There are many factors that restrict the measures deans and advisory boards can take in determining the future direction of a school. The power of the faculty, for example. A growing talent shortage means that controlling the activities of academic stars may prove difficult.

If deans and management teams are to successfully shape the future direction of their schools they must have outstanding leadership capabilities, and a broad and deep understanding of the complex set of factors that influence a school. Plus the courage to take on some 'sacred cows' and the conviction to articulate a clear sense of direction.

1 Recommendations for deans

Deans should assess the degree to which their school's activities are orientated towards the professional school, knowledge economy, social science and liberal arts dimensions outlined previously and adapt their strategies accordingly.

Professional school

- **Recruitment and retention:** professional schools need to recruit and retain faculty who are capable of having significant organisational impact through teaching that is well grounded in theory and practice.
- **Dissemination and impact:** professional schools will maximise their impact through well designed and delivered teaching and learning programmes.
- **Reputation:** the external reputation of professional schools will be heavily influenced by mass media and particularly by programme rankings.

Knowledge economy

- **Recruitment and retention:** the knowledge economy school requires entrepreneurial teams that can conduct research which generates ongoing revenue streams.
- **Dissemination and impact:** knowledge economy schools need to nurture close and productive relationships with professional bodies, policymakers and the media. Output will predominantly be through practitioner journals, reports and books.
- **Reputation:** the external reputation of knowledge economy schools will be vested in close and influential relationships with key decision makers.

Social science

- **Recruitment and retention:** social science schools will generally seek to recruit faculty who have been trained in research through PhD programmes.
- **Dissemination and impact:** social science schools will disseminate the results of their work to the academic community through peer reviewed publications and at academic conferences.
- **Reputation:** The external reputation of social science schools will be determined largely by the RAE and its equivalent.

Liberal arts

- **Recruitment and retention:** liberal arts schools will recruit faculty who have an appreciation of the social context of business and who are able to encourage students to engage critically in current debates.
- **Dissemination and impact:** liberal arts schools will aim to create a future management cadre for whom social and ethical concerns are a higher priority than has been in the past.
- **Reputation:** the external reputation of liberal arts schools will be determined largely by faculty who are seen as social commentators.



If deans and management teams are to successfully shape the future direction of their schools they must have outstanding leadership capabilities...

2 Key issues and recommendations for policymakers

Improve the academic labour market: A predicted shortage of qualified staff means that business schools will impact on the capabilities business schools are able to build and the sort of activity profile they are able to develop.

This will also reinforce the existing incomes differentials between schools as those with good reputations or that are able to pay higher salaries, consolidate their position at the expense of the rest. Academic careers in business schools must be more attractive to PhDs.

Assessing the quality of the training: A related issue facing business schools is the quality of the training that business PhD students receive. Future business school staff, will need to deliver graduates who are critical thinkers able to shape, not simply manage, the organisations that employ them. The nature of a UK business PhD should be scrutinised to ensure that it is developing academics who can deliver to the highest levels in social science, humanities, professional and knowledge economy contexts.

Clarifying types of research activity: The government needs to be clear about the sorts of research activity it wants to reward; in particular the impact of present funding regimes on business schools that do not generate the sort of knowledge deemed desirable by the RAE.

Those that work closely with practitioners in the local economy and that generate knowledge for practitioners and policymakers, are often not so well represented in academic journals. This undermines the value of their contribution to the economy and the RAE needs to ensure that it broadens its remit to 'reward' a broader spectrum of knowledge production.

Policymakers should develop: Quality measurement tools, such as the RAE, that effectively promote and reward success across a broader spectrum of excellence, and drive the profile of business schools in the UK; a cadre of academics capable of delivering the long-term visions for business education and research and shaping the future of UK business schools; a research agenda for detailed empirical study of the teaching and research provision of UK business schools to clarify the contradictory assumptions upon which current debates rest.

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A team of AIM Scholars attended the Forum and immediately afterwards set about synthesising some of the key messages to emerge from the Forum and linking these to the wider literature. Debates about the relevance and value of business schools have raged for years. Accepting this context the AIM Scholars have sought to review these debates and to re-evaluate them in light of the environment facing business schools in the UK today.

¹ HESA, quoted in Slack, J. and Francis, A. (2005), *The Challenges for Business Schools: A Report from the National Forum of Employers and Business School Deans*, presentation given at EBK/AIM forum, Warwick Business School, 13 December 2005.

² Council for Excellence in Management and Leadership (2002), *The Contribution of the UK Business Schools to Developing Managers and Leaders: Report of the Business Schools Advisory Group*, CEML, London.

³ Bennis, W.G. and O'Toole, J. (2005), 'How Business Schools Lost Their Way', *Harvard Business Review*, May 2005.

⁴ *Economist*, 1991 quoted in Locke, R. (1989), *Management and Higher Education since 1940: The Influence of America and Japan on West Germany, Great Britain, and France*, Cambridge University Press, Cambridge, UK.

⁵ Slack, J. and Francis, A. (2005), *ibid.*

⁶ Beckett, F. (2004), Degrees of Gratitude, www.education.guardian.co.uk.

⁷ Slack, J. and Francis, A. (2005), *ibid.*

⁸ Bennis, W.G. and O'Toole, J. (2005), *ibid.*

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