A BORROWED APPROACH FOR A MORE EFFECTIVE BUSINESS EDUCATION

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ABSTRACT

In the May 2005 issue of Harvard Business Review, Warren Bennis and James O'Toole described "How Business Schools Lost Their Way." In their opinion, graduate business programs ceased using the measures of success associated with most professional schools (competency of graduates or creative ideas which lead to improvements in the practice of their disciplines) and adopted an academic model embraced by the sciences ("the rigor of their scientific work"). Bennis and O'Toole noted, unlike faculty in schools of law and medicine, faculty in the hard sciences "are not required to train practitioners or to demonstrate practical uses of their work." They also noted faculties in professional disciplines are usually practicing members of the profession. Would society be better served if business schools and the activities of their faculty more closely resembled those of professional schools rather than schools of science? Bennis and O'Toole answer that question empathically "yes," but omitted detailed guidance on how. The purpose of this article is to fill in the details of how a business school might look if it were to change its measures of success from those associated with scientific rigor to those valued by their primary constituents—the business community. We hasten to point out, as did Bennis and O'Toole, we do not advocate a return to a trade school paradigm; rather we present a borrowed model of what we believe to be a more beneficial and enlightened school of business for the 21st century.

INTRODUCTION

What do Engineering Schools, Business Schools, and Medical/Nursing Schools all have in common? All are professional schools that, at some points in their histories, struggled for acceptance in liberal arts dominated higher education institutions. All have highly paid faculty, who at least on paper, should have many other employment opportunities outside of academia. All, except nursing schools, tend to generate more tuition revenue than the expenses required to run them. There are probably several differences, but two are salient: engineering and nursing/medical schools have subject matter laboratories and practicum/apprentice programs integrally woven into their curricula—business schools do not. One cannot imagine allowing a nurse to give injections or medication without extensive, closely supervised practice. Nor can one imagine assigning a newly graduated engineer, with only classroom knowledge, a building or design project. Yet, most b-school graduates' only experience with business is as a consumer of a product or service. Some schools offer internships, but only a small minority of students experience this educational option. Part of the reason can be found in the history of business education.

Early in their history, schools of business were criticized for lack of rigor and being a "soft" branch of learning unworthy of academic study. At the beginning of the last century, business faculty tended to be successful business people who changed careers to share their insights about business. Clearly, these faculty lacked the background to advance the discipline and study of business beyond their own experiences. In 1959 the Ford and Carnegie Foundations published unfavorable reports about lack of theoretical understanding of business and offered not only possible solutions but money to help business schools create new approaches. The business disciplines listened and, through passionate professorates and changes in accreditation requirements, research began to pour out of schools of business to establish appropriate theoretical foundations and scientific rigor. As one would expect, with an increase in faculty prepared with scientific research tools, the teaching of business moved from its reputation as a "soft" discipline to a much more quantitative approach. Mathematical analyses and quantitative models of business became the dominant approach to the study of business. These changes brought about significant improvements, not only in the understanding of business, but to the practice of business as well. It appeared that the adoption of rewards and expectations associated with schools of science, rather than those associated with professional schools was the correct approach to revolutionizing business education and making it more acceptable as a rigorous discipline of study.
In the early 1980s colleges of business began hearing new complaints from the business community. Students were entering the workforce with sophisticated analytical skills, but little interpersonal skills with which to communicate their ideas or to inspire people to follow them. Once again the discipline took heed and responded by attempting to introduce appropriate communication and leadership education into the curriculum. Unfortunately, many business schools adopted the same pigeon hole approach to enhancing communication and leadership skills as they have to the study of business disciplines--they assume if enough independent finance, accounting, marketing, operations, and strategy topics are required, students will be able to integrate the information on their own when they graduate.

It has not worked. Students, employers, and the media lament the failure of business schools to impart “useful skills,” prepare leaders, and instill norms of ethical behavior (Bennis and O’Toole, 2005). But sometimes, say experts, their "soft skills" (communication, leadership, ethical awareness, etc.) need work. Students need to appreciate it's not about being seen as the smartest person in the room, but rather the one who can most successfully integrate ideas of others into a coherent plan while instilling confidence and trust. Don Watters, former Director of the international consulting firm, McKinsey and Company, cites the ability to clearly communicate with people as a critical skill lacking in MBAs. “What is often missing is not only the ability to bring ideas together, but also to articulate their purpose clearly on paper and succinctly. (CNN World Business, 2005)” Watters also stresses another “soft skill” the ability to engender a feeling of trust in business associates.

International renowned management scholar, Henry Mintzberg, of McGill University states emphatically, “It (MBA education) is all a big, fat waste of time. Conventional M.B.A. programs train the wrong people in the wrong ways with the wrong

consequences." Most classes are focused on analysis and technique instead of applied experience. Core subjects like finance, accounting, and marketing get disproportionate attention, Mintzberg argues, at the expense of what he calls the crucial "soft" skills--leadership, teamwork, communication, and the ability to think outside the box of a discipline--that separate the best from the rest in the management world. And the consequences, he says, are grave: The market is saturated with pedigreed young leaders who have no real leadership skills--a system he calls "decidedly dysfunctional." Jeffrey Pfeffer of Stanford University questions whether the MBA degree adds value to the companies employing them. He notes plenty of thriving companies (Southwest Airlines, Pixar, and Men's Wearhouse), not to mention entire countries (Japan, Germany, China), have done just fine without large numbers of business school graduates. "There is little evidence that mastery of the knowledge acquired in business schools enhances people's careers," he wrote in a 2002 study (Pfeffer, 2002).

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In an effort to address these criticisms, many top schools are taking steps to supplement foundation classes in accounting and marketing with segments on leadership and collaboration. Penn State University's Smeal College of Business hired an experienced leadership coach from the business world who gathers feedback from students' supervisors and subordinates in their pre—business school jobs. The student and coach meet for one-on-one feedback sessions to assess his/her leadership skills. The emphasis is on how to listen better, be more decisive, or avoid the sometimes inadvertent cultural biases that may leave out members of the team. "We certainly don't believe in eliminating the analytics," says Judy Olian, the School's Dean, "but the need for more leadership bench depth has just become more obvious, especially as baby boomers in executive suites get ready to retire." (Ewers, 2005)

Elsewhere, faculty members have looked well beyond the traditional business curriculum for inspiration. At DePaul University's Kellstadt Graduate School of Business, students can now take an elective called "Management at the Movies" where they mine great films for tips: *The Godfather* mobsters become models for organizational design; *Tora! Tora! Tora!* leads to a discussion about strategic planning; *Whale Rider* sparks debate about leadership and gender issues. (Ewers, 2005)

Many schools are turning to experiential or service learning, where putting theory into practice inevitably requires a mix of both technical and people skills. At the University of Maryland's Robert H. Smith School of Business, a dozen students each year participate as a team to operate the school's own million-dollar investment fund. Working

together all year with a group of professional industry analysts, the students must decide when to buy, when to sell, and, most important, how to come to an agreement on both. This approach begins to attend to the true nature of the problems described by Mintzberg and Pfeffer, but places the experience as an extension of education rather than integrating it into the curriculum and culture of the school.

The impact of the new educational opportunities for college of business students mentioned should not be trivialized, but equally good solutions to the deficiencies of business education may lie in the time tested and proven approaches of other professional schools: subject matter laboratories and practicum/apprentice programs. Subject matter laboratories provide controlled opportunities for students to practice techniques or apply theories studied in the classroom. Under the watchful eyes of their professors, students develop psychomotor skills and observe the often complex interrelationships among treatments and constructs. Practicum/apprentice programs take students into the actual environments in which they will practice their professions, again, under the watchful eyes of a seasoned professional. Simulations and internships in colleges of business most closely approximate these two pedagogical approaches, but our recommendations take them much farther. We will begin with the business laboratory.

BUSINESS LABORATORY

Bennis and O'Toole suggest "The best classroom experiences are those in which professors with broad perspectives and diverse skills analyze cases that have seemingly straightforward technical challenges and then gradually peel away the layers to reveal hidden strategic, economic, competitive, human, and political complexities…(emphasis added)." While this may be the best classroom experience, it may not be the best learning experience.

Business simulations have been used for a number of years as a means to facilitate student understanding of the inter-relationships among business disciplines. Typically, student teams plan and execute their business strategies by making quantitative decisions about such variables as units to produce, dollars spent on advertising or plant expansion, etc. These decisions are fed into a computer model along with the decisions of other participants. Results are returned to the team and the process continues for a predetermined number of periods.

Business simulations allow students to experiment with complex business strategies. As beneficial as a simulation can be to student understanding, it still does not represent a realistic environment because it falls prey to the many criticisms cited by others in the introduction to this paper. Lacking are requirements and opportunities for students to actually perform some of the necessary human-interaction tasks necessary to formulate and implement the strategies decided upon. We propose borrowing the

concept of an experimental laboratory from the engineering and nursing professional schools and creating a “business laboratory.”

A business laboratory integrates the pedagogical benefits of a business simulation with behavioral and interpersonal requirements consistent with those one would face while planning, and implementing the decisions vital to the simulation. The business laboratory provides an environment in which students not only experiment with business strategies through a business simulation, but also experiment with leadership, human relations, and communication strategies and tactics, which can often be even more critical to the success of a project than the actual strategy. Ideally, the laboratory will be a physical space setup as a series of business offices. Students will report to "work," appropriately attired, and will hold well-defined positions such as President, Controller, Director of Marketing, Accounts receivable accountant, sales representative, etc. Each day they will not only have to make decisions normally required by a business simulation, but also participate in the personal interactions required to make them happen. As examples:

A company may need a bank loan to launch a new product. A simulation would merely require the amount of the loan request. The simulation would report back the interest rate at which the loan had been granted. Missing is the interaction among the business team in presenting their information to a bank officer of financier, as well as execution of the presentation itself. The behavioral element provided for in the laboratory environment will require students to put together the appropriate team, seek out a bank, and make a presentation (Pre-arrangements would be made with local bankers to facilitate the activity).

Rather than reading financial statements created by the simulation, students charged with accounting responsibilities would create statements based on invoices and payments.

Marketing decisions in simulations are often merely allocation of a dollar amount to a specific strategy. Behavioral considerations include reaching consensus on the strategy and interacting with outside vendors on the production.

Crisis management is often an after thought in many business programs, but could be effectively addressed through the business laboratory. For example, the company may have made a successful bid on new business and acquired a loan to finance additional production capacity (both of which would have been previously experienced in the laboratory). Everything would seem to be going very well when in the middle of the night (literally) the president receives a call that one the company's production facilities has just had a catastrophic fire. The president is now faced with leading the company through a number of significant public relations, business, and personnel decisions.

Effectively handling day-to-day issues such as absenteeism or poor clerical support may not alter the strategic direction of a company, but certainly influence long-term success and the working environment.

Many scenarios will be ongoing simultaneously and impacting different positions in different ways, thus presenting as realistic an environment as possible without career threatening consequences. Numerous scenarios will have to be created. They must be well structured both in terms of content how they are introduced into the laboratory experience. A list of just a few ideas for scenarios are

Clerical support problems

Sales presentation

Bank loan request

Crisis e.g. plant fire

Creating buy-in for a new project or strategic direction

Staff planning meetings

Resolution of conflicting business goals

Creation of strategic direction

Implementing change in a reluctant environment

Dealing with people when goals are not being met

Dissatisfied customer

Delinquent accounts

Unexpected increase in product demand

Development of year-end financial statements

Absenteeism

STUDENT SELECTION AND PARTICIPATION

The business laboratory can be a multi-level experience for business students. Entry level positions will be held by juniors or select sophomores. Their assignments will be consistent with entry level positions in a corporation and aligned with their declared majors. Students will be evaluated (see next section) and their progress with in

the business laboratory will be, in-part, a function of their performance. Higher level positions will be held by seniors and select juniors. Each student will have to interview for the position he/she is interested in holding.

There maybe several laboratory businesses operating simultaneously, should student demand and schedules call for such an arrangement. The experiences can be varied by creating different economic conditions and markets for the laboratory businesses.

Monitoring, Assessment, and Feedback Processes

The Business Laboratory should be a learning experience complete with reflection and feedback processes, but one must be careful, however, not to create a Hawthorn-like experience from monitoring too closely.

A 360-degree assessment approach is most appropriate for the business laboratory. Students, regardless of the role they are playing, need feedback from an informed observer (the faculty member) and from those with whom he or she interacts (fellow students both above and below them in the simulated hierarchy and external business people). Effectiveness assessment will come from these sources AND the degree to which one improves skills and behaviors based on the feedback from these assessment sources. Feedback from the class instructor must be handled differently in this environment. It will take the form of an employee review session.

The laboratory cannot be successful without cooperation from the local business community. In order for students to feel the realism, they should be making presentations to bankers, attempting to sell products to real businesses, negotiating supply prices with real vendors, etc.

Like laboratory experiences in engineering and the medical fields, business laboratory will be just the first step toward honing future business leaders' skills. Following practice in a laboratory environment, students should be capable of working on significant, real business projects. We propose borrowing the concept of a practicum from the nursing professional schools.

BUSINESS PRACTICUM

Education theorists have long recognized the distinction between knowing something and being able to do something with what one knows (See Bloom (1956), Gagne (1965), and Skinner (1968)). The tracks taken by professional schools to move their students from lower levels of learning, such as cognition, to the ability to apply knowledge vary widely. Engineering and business schools have summer- or semester-long internships. Most of these experiences have defined objectives and typically require a summative paper or project. Even though the internship locations may be well screened by the faculty, the primary responsibility of making the experience valuable lies with the individual to whom the intern is assigned—faculty share little of their expertise in the work environment and have only post experience evaluation responsibilities. The quality of internships varies widely. Some businesses welcome the opportunity to be a part of the educational process to further the intellectual resources coming to their industries. These companies contentiously develop quality assignments for the intern and closely guide student development. Many of the same companies also select the best interns for future full-time employment, thereby providing an added incentive for the business to do a good job as well as the intern. Other companies simply welcome the opportunity to have added resources at a relatively low cost. Most business schools offer internships as an elective, often with a minimum GPA requirement, thereby eliminating the overwhelming majority of students from this applied opportunity.

Nursing schools have taken a very different approach. Like undergraduate business schools, nursing schools are upper division programs. In the introductory courses, classroom learning is transferred to the ability "to do" through labs and simulations. For example, Health Assessment and Nursing Techniques, two required courses common to most nursing programs, devote contact hours to lecture and a laboratory in which students practice. Only after students pass competency tests in the laboratory are the allowed to progress to more advanced courses. Advanced nursing courses take the next step toward preparing students to enter the profession by offering lecture hours and linked practica. Some nursing programs require students to register for practicum separately from a course; others cement the linkage by designating curses as ones containing lecture and the practicum experience. Practica are guided by qualified nursing faculty, who plan and oversee the experience within the structure of the nursing program's curricula. Students, under the close supervision and guidance of faculty, are given responsibility for managing patient cases where they must integrate many of the theories and topics "learned" in the classroom. We suggest this is the model business schools should borrow rather than the internship model.

Implementation

We have presented our views on the role of a business laboratory. Both introductory business core courses and introductory major courses should be a student's entry point into the business laboratory. For example, Principles of Finance, Principles of

Marketing, and Organizational Behavior could would benefit from a laboratory experience as we have described. Advanced major courses and Business Policy/Strategy could have practica attached to them. For example, Advanced Accounting, Financial Management, Marketing Management, and Leadership could benefit from guided experiences with qualified faculty who know best how to match classroom material with the practicum experience.

Implementation will have both costs and revenues. Colleges of Business are typically cash cows on many campuses, even though business faculty tend to be among the highest salaried. In a practicum environment, one faculty member could not manage 40 students, a typical size upper division course in a college of business. Nursing accreditation guidelines stipulate a 10 to 1 ratio of students to faculty for practica. That small a ratio may not be necessary, but it certainly could not be 40 to 1. Clearly, reducing the number of students in a class or faculty guided practicum to lower levels will increase salary costs, perhaps drastically. However, colleges of business may once again borrow from a model created by medical schools. Medical school faculty often have practice responsibilities as well as teaching responsibilities. They see patients, who are billed, and payments go to the faculty member's department. A similar arrangement could be made for business faculty. Their work expectations would include the added dimension of revenue generation through practica. Clearly, since we are suggesting the practica be an integral part of the curriculum, the College would have to assist faculty with locating practia experiences. For schools located in rural areas, this may be a challenge.

Typical business faculty will need new skills for successful implementation. They will need to move away from a "stand and deliver" instructional approach to more of a coaching model where students take ownership and share responsibility for actions and outcomes. Some faculty may even need to freshen their consulting skills and behaviors, which would be necessary for credibility with business professionals. Faculty participating in the practica should also benefit. It is easier to maintain discipline currency when one has clients depending on up-to-date solutions for current problems.

CONCLUSION

The new pedagogical model for business education proposed here is not really new—other professional schools have successfully adopted these approaches for decades. One must ask why business schools have not more openly embraced the ideas and incorporated them into the processes of business education. According to many business scholars and business people, the adoption cannot be because it is not needed. Corporate universities were first created in the late 1980s as an enhancement to traditional training departments. This new approach was designed to align the training arm of companies with the organizations' vision and strategy. Critics claim that higher education programs

are too out of touch with businesses of today, and they desire a training approach that closely parallels their real-world concerns. Companies are recognizing that developing people is a top priority in today's competitive environment. Our model will help realign the needs of the corporation and the mission of Colleges of Business.

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