The Transformation of Business Schools

By Ray Wild and Mark Peters

The Pressure for better management performance in organizations has never been greater. South African businesses now demand a greater range of skills levels and capabilities from their managers: they are required to have great understanding of strategic and scenario planning, strong levels of emotional intelligence, establish good practice in knowledge management, have the ability to use technology and the e-world to great effect – as well as attending to the more ‘mainstream’ expectations of being a manager (leading a team, running a budget and delivery excellent results).

However, the traditional sources of help and guidance for improving management performance via training, education and development – the world’s business schools – have, by and large, not greatly accommodated these vast changes in demands over the years. Instead they have mainly relied on tried and tested, even ‘ conservative’ models of helping managers with their knowledge and skills. MBA programs and off-the-shelf short executive courses are still what most business Schools offer to serve managers with their development. The more adventurous and pioneering schools have – to some degree – evolved theses products and used technology in their delivery or held such courses on the employers’ own premises (and thereby ‘tailored’ the learning effort to the needs of particular organizations).

But…in our view there are just a limited number of business schools and management colleges who are really tackling the future needs of their market. There are going to have to be even more dramatic changes in the way business schools themselves do business if they are to continue to address what companies really need for the future in our rapidly changing global environment.

This is especially true at time when the role of business schools and their impact is under scrutiny. There is a need for research and to review the key gaps which exist on the management and leadership agenda and identity an appropriate work program to address these.

The remit includes examining business school provision and especially their capacity to teach entrepreneurial skills. It also includes improving the quality of business school graduates, enhancing the international standing of business schools (especially the case for a world class 'virtual business school'), considering the role of the professions in initial and continuing professional management and leadership development and the overall provision of leadership training and development. Clearly this inquiry would need to address some of the deficiencies of business schools at the moment – but there are some broader areas where business schools themselves are going to have to succumb to the pressure of their clients more directly.

One of the key drivers of change will be the influential corporate giants. They will be unwilling to accept the traditional supplier/customer relationship with business schools. We are seeing this already in the influence and modus operandi of so called 'corporate universities' where large employers have set up their own academies to customize learning for the organization and offer their own training and development packages, learning resource centres and online learning services – some of thee have been set up in conjunction with business schools such as Henley and the Graduate Institute of Management and Technology, GIMT). The type of model that will, increasingly, evolve is already evident in the way in which other professional service organizations work with new-economy clients – especially in the USA. They do not work exclusively for fees but for participation, e.g.: a profit share or an equity stake. They are rewarded on the business outcomes of what they provide, not on the cost of its content. As closer partnerships develop between business schools and their corporate clients, and as organizations increasingly outsource management development to their 'academic' partners, so also will exclusivity become more evident in partnerships and that in turn will encourage new forms of business relationship. This may seem an unlikely scenario for the average, nationally based business school but for the major international school it is perfectly feasible. Indeed, if they do not entertain it, their increasingly independent faculty will do it themselves and cut out the business schools.

Another major change will be with the key resource of any major business school- its faculty. All such schools, in South Africa and indeed most emerging economies, know that it is increasingly difficult to get and keep good people. New relationships will have to be created to deal with this problem. The normal full-tome employment contract has ‘had its day’. Good faculty will ally themselves with different places – for different reasons, e.g.: research at one place, executive teaching somewhere else, professorial title elsewhere, etc. More will become self-employed. The cost to schools will increase and some will not be able to afford large enough groups of ‘retained’ faculty working exclusively (or even largely) for them. Types of a “co-operative” will therefore begin to emerge, and increasingly major business schools – or parts of them – will admit faculty as stakeholders with a collective voice in the direction of the school and participation in its financial affairs – both as regards equity investment and profit sharing/dividends. In some respects this is not a big step from where we are now – as, de facto, some schools, if not run by the faculty are largely controlled by them. But it is a small step that will have big consequences.

For these, and associated reasons, life in, and the life of, some major international business schools will be transformed and South African institutions will not be immune to this.

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