

The European Business School Sector: Phoenix Rising from the Ashes?

Despite the primacy of US business schools and the emergence of those in Asia, European business schools are undergoing a resurgence. By **Ansgar Richter**

Over the past 25 years, leaders of business schools in Europe have been through a roller coaster of developments. When the *Financial Times* published its first Global MBA ranking in 1999, only eight of the 50 schools contained on that list were from continental Europe, another eight from the UK, and the remaining 34 from North America. The list did not include a single school from Germany, Austria, Italy, Belgium, or any of the Scandinavian countries. The concern was that the US schools, with their established strengths in top-notch executive education, richly funded endowments, global brand recognition and the capacity to attract the brightest faculty at the cutting edge of intellectual development, would outcompete the continental European management education sector.¹ The plethora of education systems in European countries with their fragmented regulatory environments, their reliance on evenly distributed public, thinly-spread funding, and the multiplicity of stakeholder objectives making the pursuit of any strategic growth objective difficult, was seen as a major barrier to the development of a strong continental European business school sector.

With the internet craze and the start-up wave in the early 2000s, students and young academics became ever more eager to join the entrepreneurial culture found on the shores of North America. If there was any competitive threat to these schools, it would come from the rise of business schools in Asia, and a select few other emerging economies. The success of these 'new kids on the block' would be driven

by economic growth, strategic ambition, and powerful government support. Sure enough, the expanded FT Global MBA ranking in 2000 included the first Asian business school.

Little surprise then that in the mid-2000s, the proportion of schools from continental Europe among the top 100 MBA providers on the FT list was below that seen in the original 1999 list.

However, a closer look at the development of the continental European business school sector since then suggests greater resilience than was considered likely those 20 years ago. For what it is worth, according to the FT MBA ranking, in 2023 there were 23 MBA programmes offered by continental European institutions among the global 100, a remarkable increase considering the simultaneous rise of programmes offered by Asian (chiefly Chinese, Indian and Singaporean) business schools (see Figure 1). The increase is even more noticeable from the FT's Executive MBA (EMBA) rankings. Whereas in 2013, 20 EMBA programmes were delivered by the leading schools in continental Europe, by 2023 this number had risen to 30 (see Figure 2). In the case of both the MBA and the EMBA rankings, the stronger position of continental European business schools was accompanied by a proportionate decline in the number of schools from North America. These rankings now include schools from a more diverse set of European countries, with those from France, Spain, Germany, the Netherlands and Switzerland being the ones with multiple entries on a regular basis.





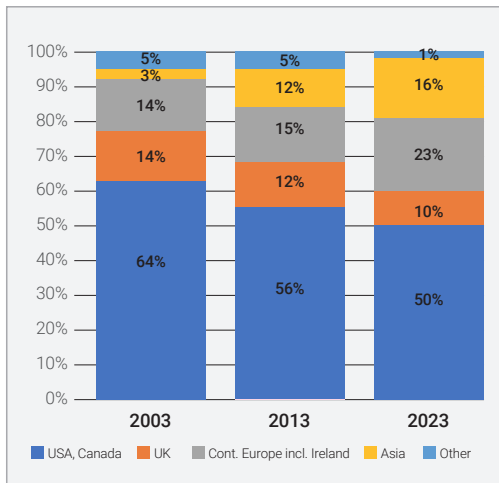


Figure 1. FT Global MBA ranking

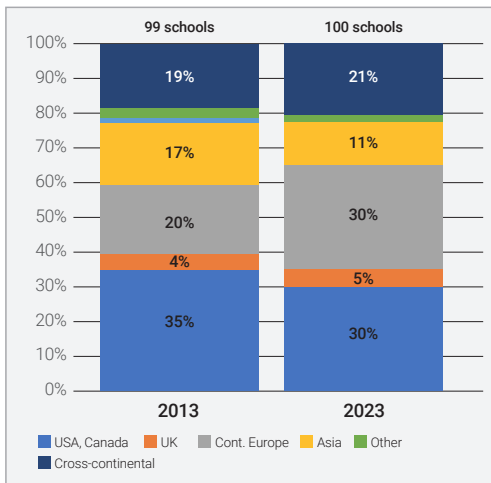


Figure 2. FT Global EMBA ranking

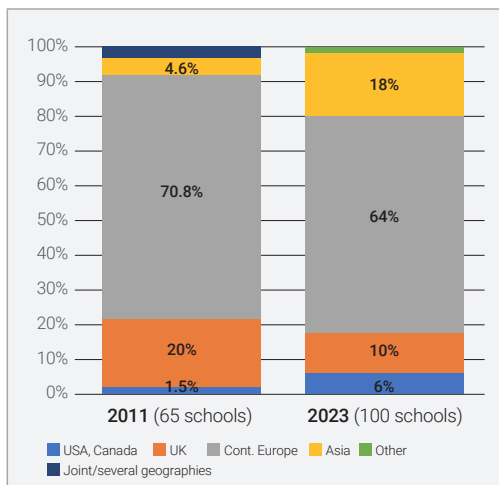


Figure 3. FT Masters in Management ranking

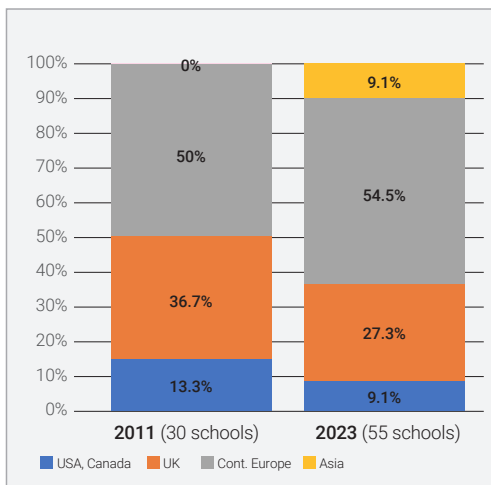


Figure 4. FT Masters in Finance ranking (pre-experience)



One could assume that with respect to MBA and EMBA programmes – widely considered quintessentially ‘American’ inventions – European institutions have just been playing catch-up. However, an analysis of the more ‘European’ Masters in Management programmes that were widely introduced in the wake of the Bologna Process reforms from the late 1990s onwards, shows that continental European institutions have lost only a modest share of the market represented in the FT rankings; and with respect to pre-experience Masters in Finance programmes, European schools have even grown their position (see Figures 3 and 4). What is particularly noteworthy in both cases is the decline in the proportion of UK-based schools. While British institutions continue to capture an outsized share of the global MSc market, their position among the most highly rated business schools appears to have suffered.

Of course, programme-based rankings offer only a very partial view of the competitive situation, and the Financial Times pays attention to a very particular mix of factors that are all subject to extensive debate. However, there are other indicators as well suggesting that continental European schools are gaining ground, if gradually so. For example, in the research area, the ranking of the top 100 institutions published by the Naveen Jindal School at the University of Texas at Dallas (UTD) included nine institutions from continental Europe in 2023, as compared to just three in 2005 (see Figure 5). In this ranking, British institutions have also increased their position strongly. The ranking is based on the number of journal articles in the so-called UTD list of journals. With just 24 journals on that list, it is widely considered to be the most restrictive list of leading journals in management, marketing,

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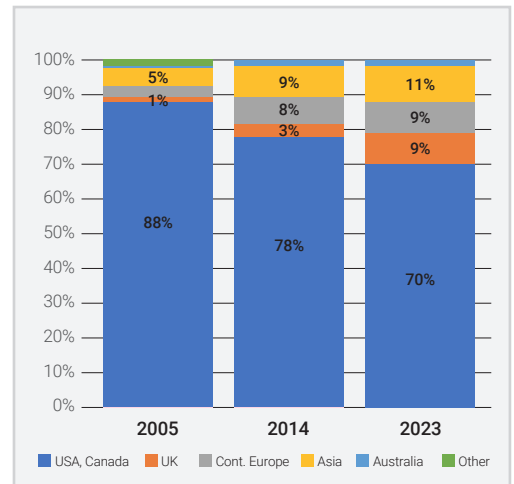


Figure 5. UTD ranking top 100 business schools

operations, finance and economics. In order to get included, an institution has to maintain a strong cadre of academics across several research fields who publish regularly in these journals – having just a handful of stars in a narrowly defined research area won't get a school there. Being included in the list of top 100 UTD research institutions is thus a sign of a strong and pervasive research environment that continuously attracts and retains top researchers. The 70 institutions from North America that are included on the list as of 2023 still dwarf the just 18 schools from Europe (nine from continental Europe, and another nine from the UK), making it too early to speak of a European renaissance in business and management research. Nevertheless, it is clear that there is a gradual shift taking place, with Asia emerging, and Europe re-emerging, as competitors to challenge America's dominance. Many more qualitative indicators, such as the greater role played by Europeans in editorial roles in academic associations and in leading journals, point in a similar direction.

Critics may argue that the indicators used above are simply the wrong ones to look at. Rankings do not do justice to the richness of management education models. The criteria that they employ may be exactly the wrong ones. By highlighting institutions that make it onto a list, they hide those that do not. They also contribute to what organisation scholars call 'isomorphism' – the tendency for organisations to look alike, at the expense of differentiation, creativity, and innovation. Even at the established schools, many stakeholders lament the 'rankings tyranny', exhorting deans to allow themselves to break out of the mental straightjacket imposed by them. Exciting and transformational developments in the business school world often come from unexpected sources - smaller institutions that innovate their programmes, technology players that offer completely new value propositions, management departments in larger universities that capitalise in unique ways on pursuing cross- and interdisciplinary research agendas, and many more.

These criticisms are legitimate however, the point of the above analysis of rankings data is a different, and much simpler one. It just indicates that concerns over whether continental European business schools have lost whatever little ground they still had those 20 years ago, are overblown. The established big-brand institutions in North America and the UK, and the new competitors from Asia, have not pushed European schools

off the global competitive playing field entirely, as had been feared. Many business schools in continental Europe have undergone massive change processes leaving them stronger than they were before. What have they done well?

The first thing to note is that the overall political integration in the EU has been beneficial for higher education in the region. The Bologna Process has provided a common framework for degree programmes, the mobility of faculty and students within the block has become significantly easier, and initiatives such as the Erasmus+ programme have been hugely successful. Clearly, not all institutions have capitalised to the same extent on the emergence of a pan-European market for education. Nevertheless, the overall development has been a positive one.

Second, many continental European institutions have become more intentional about their development. They have exposed themselves to the scrutiny of (multiple) quality assurance and accreditation processes that have forced them to sharpen their strategies and explain themselves to their stakeholders. They have paid attention to an increasing number of dimensions of their work: pre- and post-experience education, knowledge development and dissemination, engagement and impact, faculty and staff development, to mention just the most salient ones. Strategic institutional development begins with identifying what it is that you aim to achieve, rather than to simply go about doing 'stuff' on the assumption that your existence is guaranteed. There are lots of schools in Europe, in particular in the public sector, that have not shed those old-fashioned attitudes. Many others, however, have begun to ask themselves what it is that they want to be really good at, and have implemented strategies to achieve these objectives.

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At the same time, many continental European institutions have resisted the kind of dependency on tuition fees from 'overseas' students seen at some UK and US-based business schools. Income from fee-paying students can certainly provide institutions with the means to make strategic investments. However, it is also widely known that a lot of university-based business schools in the UK and the US are not entirely free to utilise this income for their own development, but that it is needed to cross-finance other parts of their parent institutions. An over-reliance on such fees can also constrain the choices a school would otherwise make (e.g., in terms of admission standards), and thus become a burden. Some continental European schools have fallen into the same trap, but the problem has been less widespread.





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Fourth, the idea that industry support is needed for business schools to develop, while successful business schools can be beneficial for the corporate ecosystem of which they are a part, has gradually taken hold in continental Europe. This has not only given rise to additional sources of income (e.g., from executive education), it has also opened doors for increased cooperation, fresh ideas, and a more entrepreneurial culture at many European business schools. Take the example of the development of business schools that are affiliated with the Chambers of Commerce and Industry in France. In other places, business schools have become integral parts of the entrepreneurial and start-up scene in their respective countries. In some places, private donors with a corporate or entrepreneurial background have also begun to create large endowments for new or extensions of existing business schools in ways that a few decades ago seemed unimaginable; witness the new technology campus in Heilbronn with which the Dieter Schwarz Stiftung has endowed the Technical University of Munich. These new developments have given other institutions incentives to sharpen their own game, too.

Finally, many continental European business schools have begun to improve the research environments that help to attract and retain the best faculty. A lot of them have revamped their PhD programmes, established research infrastructures that facilitate cutting-edge work, and introduced more demanding, but also more competitive, career models for their academics. At the same time, they have had a close eye on the impact their research is making. Most importantly, they have recruited faculty who are at the core of this research culture. Building a research culture takes many years, perhaps decades, but it is encouraging to see it emerging.

The future of European institutions among the world's top business schools is far from guaranteed, and maybe there are more important questions to be asked e.g. regarding the future centres of management education in Africa and Latin America. Nevertheless, there are positive lessons to be learned from the developments sketched above. The business school world is a multipolar one, and this is something to be cherished.



About the Author

Ansgar Richter is Vice President of Academic Affairs at the Frankfurt School of Finance & Management, Germany

Footnote:

¹ See also Eric Cornuel: *University Challenge*. EFMD Global Focus, Vol. 1, No. 1, 2007, pp. 10-14.