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University challenge

ERIC CORNUEL, DIRECTOR GENERAL & CEO OF EFMD, ANALYSES THE COMPLEX ISSUES FACED BY EUROPE'S HIGHER EDUCATION SECTOR, PARTICULARLY BUSINESS SCHOOLS

The main goal of any higher education institution should be to deliver (and continually enhance) excellence in teaching and learning and to combine the values of a liberal education with the professional qualifications required in a global economy.

To achieve this, the successful business schools of the future will need to ensure an adequate level of resources to realise their mission statements and recruit qualified faculty. They will need adequately funded doctoral research programmes and other incentives for academics. They will need to globalise not just their faculty and student body but also their curricula (which will have to be re-shaped to be both multicultural and multidisciplinary). And they will need to train students to become globally responsible leaders.

While these challenges are common to business schools worldwide, there is concern in Europe over the possible declining level of its higher education offerings. One element of worry comes from the great discrepancy in resources available to European universities when compared to those of their competitors. European business schools could quickly find themselves unable to recruit the same quality of

researchers and faculty as their counterparts in America and elsewhere, spending less on research programmes and struggling to provide attractive offerings in a competitive market.

The greatest obstacle to proper resourcing seems to be that most European universities remain largely state-funded rather than having diversified sources of revenue (student fees, business and donors). Everywhere in Europe, with the notable exception of Scandinavia, budgets for higher education and research appear to be falling. In many cases the state even prohibits charging tuition fees and creates obstacles to the use of other sources of revenue.

With its low levels of funding, Europe may be less able to adapt to the changing needs and demands of the market and to adopt appropriate solutions for the challenges that business schools will face in the future.

Where is the faculty?

A large number of business schools are facing the problem of faculty shortages while demand for management education continues to grow. Customised programmes for companies, are one particular area where the customer is demanding a more personalised learning journey, while the provider is struggling to meet these expectations



which require the hiring of a considerable number of experienced faculty. Unless doctoral research and education in this field is encouraged, the level and perhaps even quality of business education offered worldwide will decrease and business schools will no longer be able to prepare future professionals and leaders for the global economy.

Within the next decade the US will have a predicted shortfall of 2,500 academics in management disciplines alone. Given the law of supply and demand, it becomes easy to see how this will translate into a significant acceleration in the movement of faculty westwards across the Atlantic.

This problem is even more acute in Europe, where it is again rooted in the lack of resources. European institutions will need to match the global salary levels of their competitors, particularly in America, if they are not to face serious problems. Young lecturers in quality business schools in America currently earn about €100,000 a year while in Europe the comparable figure is around €60,000.

It should, then, be of no surprise that of the 1,200 top scientists in the world, the great majority are in America, with only 80 in Britain, 65 in Germany and 30 in France. Furthermore, according to *The Economist*, 70% of the world's Nobel prize-winners are working for American

universities; 30% of articles published on science and engineering, and almost half of the world's most-cited articles are produced there. Note that the greatest upcoming competitor in this field is China, which is attracting an increasing number of international faculty, and in particular American PhDs.

Some short-term solutions, such as hiring part-time faculty, academics from other disciplines, or retired business professionals, are open to business schools. But the problem needs to be tackled at its roots: doctoral research in the management fields needs greater resources. Measures such as higher salaries and tax incentives should be provided to young students to encourage them to pursue an academic career in business and remain in the field.

One way to provide these extra resources might be the concept of academic clusters – cross-border alliances of academic institutions and business schools, a sort of academic Airbus. (It is frequently easier to be close friends with near neighbours than with immediate family!)

At present, many institutions are simply too small. Alliances – even mergers – would create the economies of scale necessary to fund the changes that business schools and universities need, as well as raise cross-border and multicultural awareness.

Developing the competencies, capacities and attitudes required for the next generation of globally responsible leaders requires more than relying solely on the simple acquisition of knowledge

In a way, of course, this is yet another example of the pervasive globalisation of the management education sector, yet another of the key challenges business schools face.

The world on our doorstep

The globalisation of management education has a number of implications.

First, business school faculty itself must have a relevant international dimension (not just a different passport) that will transmit the benefits of global learning and experiences to its students.

Second, schools need to respond positively to the fact that their students are increasingly drawn from an international pool – the market for management education is a global one. If their student body is not international, then they should try to make it so.

Third, they must adapt and develop their curricula to reflect the global nature of business and the global factors impacting managers, whether or not they are so-called “international managers.” The world is now so small and flat that every manager, whatever his or her role, is affected by the global nature of business.

Finally, they need to increase the global nature of their research. It is a sad fact that most research papers still focus on Western businesses. This can hinder the development of the international content of programmes and courses and, as a consequence, a global mindset in students. Research should also be more relevant, keeping in mind that the final goal is the improvement of management of an organisation.

Some business schools have made great strides in this area via, for example, the establishment of cross-cultural programme teams, regional and national campus days, exchange programmes with other business schools around the world, student visits to other countries, and projects and internships in locations outside their own region.

Curricula also need to be made more international in scope to broaden students’ knowledge and awareness of non-Western business practices. The development and use of international case studies from around the world is one way to create familiarity with a wide range of countries and cultures. In addition, there needs to be a more equitable balance between the transfer of west-east and east-west knowledge, skills and attitudes.

In the corporate world, a number of businesses now offer business schools the opportunity for MBA and other students to visit or take up internships to build both a vision of corporate global responsibility and to gain international experience. Such opportunities should be encouraged – and increased.

In Europe, the Bologna process is proving an effective tool to promote and facilitate student mobility by harmonising academic degree standards and quality assurance standards throughout Europe. Schools need to be aware, though, that with students travelling across the continent in a more transparent system, competition will inevitably increase. Already 45 countries have signed the Bologna Accord, and many more are considering it. This is leading to the establishment of a common higher education area which was initiated and carried forward by Europe. This is a great step forward.

At the same time, curricula will have to be more “global” in the multidisciplinary sense. The job market will increasingly demand skills across a variety of fields and demand for joint studies such as business technology programmes will be high.

The reason is that managers in the future will not be able to compete just on the basis of a theoretical business degree, and this is because of many factors not just because of the influence of globalisation. They will need to acquire practical skills that will allow them to become – and manage – the knowledge workers of the future. Learning processes will have to become more real-world focused.



COURTESY, LONDON BUSINESS SCHOOL

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Changing the curriculum

One of the problems of management education remains its continuing (though reduced) emphasis on the trappings of functional disciplines when in reality managers work in a cross-disciplinary, even multidisciplinary, world. So many different elements interact each with the other that managers must be capable of a broader view.

Developing the competencies, capacities and attitudes required for the next generation of globally responsible leaders requires more than relying solely on the simple acquisition of knowledge. Experiential, presentational, propositional and practical ways of learning must be integrated into the curriculum.

The top business schools of the future will train their students to meet the demands of an increasingly complex world and in doing so they will use challenging and innovative approaches to management education. They will implement substantial changes in the ways they prepare the next generation of leaders.

In particular, I believe they will, and should, put globally responsible leadership and corporate responsibility at the heart of the business school curriculum. This will also present the schools with an opportunity to expand and enrich their academic offering and to employ new pedagogical approaches.

While some schools are already employing multidisciplinary approaches to learning, the topic of corporate global responsibility presents a further opportunity for integrated learning and for co-operation between traditional business school subject areas. Corporate global responsibility requires both the knowledge and application of learning to a diverse set of business topics. Studies in this area provide an avenue whereby business schools can move beyond functional boundaries to holistic practice.

We need to focus on leadership because too often today we encounter a management style that is somewhat harsh, that confronts people rather than supports them, that punishes them for mistakes and that focuses only on shareholder value. As a result, people are stressed and ill at ease in their work. I believe that we must encourage more human (and humane) values in management, especially forgiveness and health at work. Leadership training should aim at developing a style of management that promotes these values. If you do not forgive people for

innovative programmes backed by the appropriate resources to guarantee an excellent faculty body, an international experience and a multicultural environment



Above
Professor Eric Cornuel

making mistakes, their confidence can easily be destroyed. If you forgive them, you give them a chance to learn and you earn legitimacy.

These values are very important if we wish to develop and retain people. Dedication and loyalty will be achieved only if this is done.

What next?

I believe that the successful business schools of the future will offer to their students innovative programmes backed by the appropriate resources to guarantee an excellent faculty body, an international experience and a multicultural environment.

The top business schools of the future will not only implement changes to remain competitive but they will seek accreditation and quality improvement programmes to prove to the market that they are committed to excellence and innovation.

But as business schools struggle to increase funding and spending to achieve greater value propositions, they will also need to adopt strategies that will allow them to differentiate themselves from their competitors and prove that value.

Quality will become an ever-growing concern for business schools, in particular with regard to measures for determining and improving the quality of programmes. The most competitive schools are already looking for benchmarking opportunities as well as quality improvement programmes that will provide them with an opportunity to gain a thorough understanding of their strengths and weaknesses, to develop new and better programmes, and to prove the level of their offerings to the market through accreditation. Students and faculty will also benefit greatly from having tools that aid them in their choice of institution and programme.

The link between the business and the academic worlds must also be strengthened and redesigned. It is clear that there is a need for a

consultation process to discuss the definition of strategic objectives the development of shared infrastructures, and the production of competencies. This means that greater mutual understanding must be achieved, not just in general terms but also in specific areas such as recognition of the necessity of fundamental research and its connection to a productive economy.

I believe European governments need to offer strong incentives for a sufficiently long period so that a true culture of co-operation can be developed. Nor should we forget the individual at the heart of this mechanism - the teacher/researcher. It is urgent that incentives be established both to increase the percentage of young Europeans committed to following an academic career and also to ensure that they stay in Europe. It is urgent that remuneration levels be adjusted, either directly or indirectly, through the creation of an exceptional status akin to a "public safety" measure. This would partially compensate for the enormous amount of social status that this profession has lost.

I believe that we know what has to be done. Now we must show the courage and resilience to do it.