

The New Normal of Business Education: in Search of a New Common Sense



by Sergey Myasoedov, Dmitry Katalevsky and Ashot Seferyan

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The global business education industry is on the brink of a major transformation argue Sergey Myasoedov, Dmitry Katalevsky and Ashot Seferyan

The End of a Historical Period – the New Normal

People always experience discomfort when a new era comes with drastic changes. Over the past few decades, events have been piling up that have gradually changed our lives. The world was becoming “small”, close, and connected; yet the pace of change is growing quickly. The COVID-19 pandemic and ensuing shock to the global economy have accelerated these processes by an order of magnitude, acting as a catalyst for global changes we have yet to comprehend. The New Normal is all around: The change in technology is rapid, and business is having trouble keeping up with it. The gap grows fast, threatening to dismantle everything around.

The reality in which business schools operate is changing too. New competitors are emerging that did not even exist a decade back. New rivals include major online learning platforms, corporate universities that are gradually expanding to broader markets, narrowly specialised private business schools as well as private companies promoting their niche training courses.

The educational sector remains very conservative. In essence, it has not changed much since the times of Plato, Aristotle, and Hippocrates. Only the format of the educational process has changed: once based on face-to-face communication, it has evolved into online activities; distance learning became possible; and advanced technology helps make the process of teaching more visual. Today’s business schools offer lectures, study and analyse cases, and conduct group discussions and debates; and, just like in the days of medieval guilds, older masters use the “learning by doing” method to teach their apprentices (the modern concept of mentorship).

COVID-19

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Business Schools: What to Teach?

Amid the growing competition the question of business schools' competitive edge is becoming increasingly relevant. How can a business school differentiate itself? Business education is becoming increasingly subject to the Red Queen Effect (cf. "Alice's Adventures in Wonderland" by Lewis Carroll): "It takes all the running you can do, to keep in the same place" (i.e., it is necessary to push ahead really hard to maintain the status quo).

Broadly speaking, business schools should teach their students to think. In the narrower sense, they should teach to think in a particular way (e.g., systemically, addressing long-term perspectives, strategically). They should teach the "skill of thinking", the skill of comprehending social, economic, and technological changes in a broader context, the skill of *in-depth understanding* of the situation at hand. The other skills will likely be taught by the others.

Development of "managerial thinking" is becoming the ultimate priority of managers' training. This can be well exemplified by Special Forces training. Special Forces operators undergo training in hand-to-hand combat, survival under harsh conditions, handling different types of weapons – i.e., plenty of different skills. However, we see that, in a broader sense, they are taught to "think" about how to survive in very different situations (combat and non-combat). A "thinking" soldier stands a much better chance of survival than a soldier who only has a number of skillsets. Real life is much more diverse, and the skills a person has may not be enough... The same is true for business education. You cannot prepare an MBA student for a specific business situation. It is possible, but only within a *very limited range* of managerial situations. Therefore, the case-based approach has exhausted itself. Most likely, it will be replaced for management

simulations that introduce students to a broader managerial context and require a very different set of skills, such as making agile decisions in a rapidly changing environment, broader contextual analysis, long-term vision of a situation, etc.

How Long Is the Long-Term?

How far ahead should one "think"? Modern Western society considers a horizon of 7-10 years to be long-term, while in Russia most business people confine themselves to 2-3 years. Meanwhile, some experts believe in "multi-generational" thinking with a horizon of 50-100 years: a near-term (20 years or one generation), a mid-term (50 years or two generations), and a long-term (four generations) horizon. This approach helps to avoid the numerous mistakes typical of a short-term horizon, such as "managerial myopia" and "tunnel vision", excessive attention to short-term key performance indicators (KPI's), or false target setting under the pressure of short-term factors. As we know, short-term decisions can have long-term consequences.

Recently the term "cathedral thinking" has emerged to describe a far-reaching vision with a horizon of several decades and even centuries. In medieval Western Europe, a cathedral was considered the pinnacle of the architectural and technological thought. Having designed a cathedral and launched its construction, the architects and builders knew that they would not live to see its completion. When building cathedrals, the architect's worked with a purpose well beyond the horizon of a human lifespan...





helping to take the leading position. In the turbulent context of competition and market share reallocation, today's business schools need to rethink their role and mission as business educators. Training the next generation of managers should pursue the aim of educating creative and thoughtful individuals capable of thinking long term.

The unpredictable future will require open-mindedness and extensive knowledge from its leaders. Simple explanations, such as "Black Swans" or "Blue Oceans", will give way to adapted analogies from literature, theatre, fine arts, music, sports, history, and other, often unthought-of, areas. Experts in these areas can and should act as equal parties to the educational process. We believe future education will be centred on socially important socio-economic issues (such as environment, transition to "green economy", elimination of social disparities, etc.) – the so-called *issue-centred learning*, rather than teaching traditional business disciplines, as it is at the moment. Training of the next generation of managers will include the principles of sustainable development and compliance with environmental, social and managerial standards, without which business will lose its competitive edge.

It is obvious that business will be showing increasing demand for sustainable development managers, and business schools must be prepared for that.

Business Schools: Whom to Teach?

Modern business education is predominantly aimed at training managers for major national and international corporations, investment banks and leading international consulting companies. These types of companies allow MBA graduates to get the highest entry-level salaries and offer the steady-state career trajectories that are so compelling to young managers. For decades MBA degrees have been considered mainly as an upward mobility tool. Numerous business cases, textbooks and

Business Schools' Perennial Question: What to Do?

Business schools have been training business managers for quite a long time. The traditional system of training in functional business areas (marketing, management, finance, HR, etc.) and some narrow managerial competences dominates the market of business education. According to Edwards Deming, a renowned American management researcher, "business schools only teach how to get a position in a company, rather than how to manage it." Instead of this, they should teach systemic thinking and explain the "immeasurable harm" that is done, inter alia, by short-term thinking.

Diverse ways of thinking will be a dominant trend amid the New Normal. It is critical to be able to see new opportunities, and to interpret diverse trends and behavioural models, while being capable of finding non-trivial analogies



manuals are full of examples from these companies' practice, and their leaders are quoted frequently in popular business literature.

Alas, most business schools overlook innovative practices of small and medium businesses, who increasingly turn into drivers of progress, and generators of key export flows and economic growth of the post-industrial society. One of the most notable publications devoted to this topic is Simon Herman's concept of the "hidden champions". According to OECD studies, the share of small and medium enterprises in the economy of the world's leading countries equals 50-60% and continues to grow. In many ways, it is this most innovative and increasingly influential part of the world's business community that legitimately criticises the industry of business education for having got stuck in the middle of the previous century. As a result, business schools' academic publications have little to do with business practice.

In our opinion, it is the interests of the founders and leaders of this type of company that business schools and business education programs of the future will need to refocus on. It will be necessary to shift values and revisit the content of key programmes, find a new balance in the structure of the educational process (i.e., in small teams, building personalised knowledge and skill-obtaining trajectories for each individual customer) and between key subjects, and rethink and fine-tune them.

One of the distinctive features of this group is that it continuously strives to obtain new knowledge and skills and develop innovative, disruptive capabilities, especially in times of crisis and downturns. In these periods, when many state-owned companies cut down their educational projects, the leaders of such "hidden champion" companies, on the contrary, rush to enrol in strong business schools in order to "turn a crisis into an opportunity". Our experience shows

that taking into account the interests of this dynamic and innovative group of "hidden champions" grants the educational programme premium enrolments in the periods of crises, thus adding to the sustainability of the business school.

Is the Universal Management Model Plausible?

It is axiomatic that business should "think globally and act locally". However, most of management studies reflects the Anglo-Saxon management model.

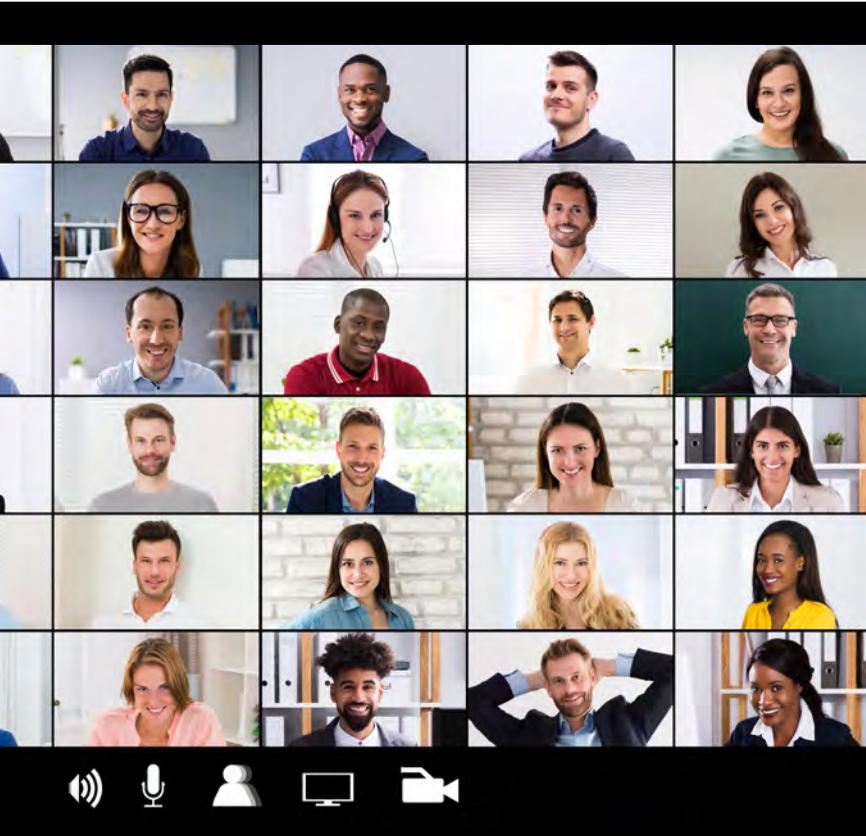
These managerial theory and practical examples are often short of both global vision of problems and comprehension of the positive local experience that may go beyond the experience of the emerging economies...

At the same time business cases from the BRICS countries, Eastern Europe, Southeast Asia, and the Middle East are almost unavailable to the broader audiences of Western business students. Meanwhile, it is in these regions that brand new industries emerged "out of nowhere" in the past two decades thanks to the high pace of their economies. Moreover, their national champion companies, such as Huawei, Alibaba, ChemChina, Petrobras, Tata, Reliance Communication, Sberbank, and many others, have become important international players.

In the near future the experience of these companies will be no less interesting to the broader business audience than the experience of Apple, Shell, General Electric, Google, and other prominent American brands. And much more that business education of the future will yet need to develop in order to keep up with the pace of life. In order to be proactive and retain their customers and markets, leading business schools must start working towards it right away.

The New Normal increasingly demands new managerial skills. It keeps setting ever more complex tasks to business school leaders. Shaped in the second half of the twentieth





century, the global business education industry will have to address new challenges. Facing drastic changes, like many other industries today, it is on the brink of a major transformation that requires us to reconsider seemingly simple but in reality very complex and multidimensional questions: Who to teach? How to teach? What to teach? This list of simple and at the same time difficult questions can be continued. Today, we have more questions than answers, and many more answers are still to be found.

We would like to invite our colleagues and peers to jointly look for solutions to the problems that business education faces due to the disruptive technology, given that the quality and the timeliness of these solutions will determine the ability of the business schools to adapt to the imperatives of the future.

Welcome to the New Normal!

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