

## INVITED ARTICLE

# Responses from 12 Authors to the Article on “Do Business Schools Have a Role in the Current Financial Crisis?”

## Coping with Complexity

The excellent opinion piece argues that business educators need to emphasize new areas and teaching techniques in light of recent economic problems. I applaud this sentiment. I would also like to point out that virtually every aspect of the recent crisis can reasonably be characterized as a failure of time horizons. Would Madoff have taken the same path *knowing* the outcome would be spending the later years of his life in prison? Would banks have invested so heavily in subprime mortgage instruments *knowing* the overheated housing market would drop precipitously? Would the automakers and the United Auto Workers have agreed upon such generous benefit provisions *knowing* those provisions would ultimately threaten their very existence? What is remarkable is that it does not require hindsight to predict these outcomes: Ponzi schemes *necessarily* fall apart; bubbles *always* burst; a company *cannot* continue operating at a competitive disadvantage indefinitely. Thus, the question was never *if* the piper would have to be paid; it was always *when* the bill would come due. What makes the “when” question so difficult is the complexity of the systems involved. Highly complex environments are inherently unpredictable, leading to much irresolvable uncertainty about the future. That uncertainty, in turn, makes us discount that future more heavily. Helping our students cope with the complexity of business environments—without becoming myopic in their perspective—is therefore the underlying educational challenge that we must address.

In this regard, there is a continuum of approaches to studying systems that may be employed. At one extreme is the integrative approach, studying system behavior in its entirety. The other extreme involves decomposing the system into ever-smaller component systems and studying each component independently. Over the past five decades, business schools have almost universally migrated toward the second pole, adopting a strategy based upon studying business through increasingly specialized functional subsystems. One consequence is the departmental silos that have emerged at most business schools. The problem with decomposition, however, is that it does not work very well for truly complex systems. Indeed, lack of decomposability is what makes systems complex (by many definitions). Thus, decomposed models based upon component behaviors tend to be surprisingly unhelpful in understanding the emergent properties of truly complex

systems. This, perhaps, partially explains the oft-remarked lack of a measurable impact on practice resulting from our highly specialized research activities.

Organizing a school around functional specialties also impacts its course designs, building in a preference for function-specific content. My personal experience suggests that this emphasis is not altogether driven by what employers seek from our students. To the contrary, every time I participate in focus groups with executives addressing our curriculum, four key skills invariably top their wish list: (1) ability to communicate effectively, (2) ability to work well with others, (3) general problem-solving ability, and (4) ability to learn. Interestingly, all four of these can be characterized as skills that are vital in coping with complexity. Ironically, not one is the principal focus of a course we routinely offer in the Management Information Systems area. We justify this absence by asserting that our students acquire these skills as a (generally unmeasured) side effect of the content that we are already comfortable teaching.

Many of the recommendations in the commentary could be very useful in helping a school target “coping with complexity.” Cross-functional areas—such as governance, entrepreneurship, and leadership—demand that students (and faculty) confront complexity holistically, rather than through functional decomposition. Similar cross-functional areas include sustainability, ethics, and—my own research area—informing, just to name a few. Where I would go further, however, is to suggest that incentives need to be devised to encourage faculty members to address these topics in their research as well as in their teaching. I also wholeheartedly agree with the invited article’s recommendations to establish a portfolio of teaching techniques. Constructivist approaches, such as the case method and project-focused designs, encourage students to view complexity from an integrative, rather than functional, perspective. Unfortunately, constructivist learning outcomes are not content driven and are therefore very hard to assess. Perhaps treating pedagogical studies as fully equivalent in merit to disciplinary publications would motivate faculty to conduct more research on learning assessment and integrative teaching approaches.

Understanding the connection between complexity and the challenges facing business education is critical in light of its implications for the future. Dynamic system complexity tends to be driven by three forces: (1) the number of elements involved in the system, (2) their degree of interconnectivity, and (3) how fast they react to each other. In business, technological innovation and globalization continuously increase all three forces. Thus, the need to rethink business education grows ever more pressing.

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## **Use the Financial Crisis as an Example**

I answer unequivocally “yes.” I agree that business schools do have a responsibility to adapt with the changing issues that face our students while attending our universities and also as they become a part of the workforce. And the financial crisis is

most likely the first major issue that our undergraduate students have experienced. I feel that not adapting is not an option.

I support the author's four recommendations to have a course that covers personal finance, enhance learning opportunities, focus on entrepreneurial and leadership skills, and elevate the teaching of corporate governance and accountability. I will focus on three of these in my response.

First, the note from Bissonnette (2008) has an awakening quotation: "Maybe one reason we're in this financial mess is because we force our high school students to learn Latin but not how to properly use a credit card." Even the box of Girl Scout cookies on my kitchen table promotes their teaching of financial skills and money management. Shouldn't the business school provide at least these basic skills for our graduates? In my opinion, our students should be counseled at the minimum about managing their credit, negotiating a job offer, and planning for retirement.

Second, the author recommends a focus on entrepreneurial and leadership skills. One way the Daniels College of Business is meeting this need is a revamped business minor program. The goal is to move away from a watered-down business degree to a set of courses that are designed specifically for our business minor students. These courses will allow students in liberal arts degrees such as art to follow their passion while giving them the skills they need to be successful and fiscally responsible as they start and/or run their businesses.

Finally, our faculty has already enhanced the teaching of corporate governance and accountability. For example, Dr. John Holcomb, Professor of Business Ethics and Legal Studies, has updated his Law & Public Policy course to examine a range of public policy and regulatory options and his Corporate Governance course to emphasize how boards and top managers should do a better job of risk management to avert future crises. And other courses, such as Dr. Glenn Mueller's Real Estate Capital Markets course, are being modified as well. Dr. Mueller is a professor in the Burns School of Real Estate and Construction Management and has incorporated the real estate/financial meltdown chronology of events into his course along with his recommendations on how to avoid future meltdowns. And Dr. Mac Clouse, a professor in the Reiman School of Finance, leads his students in an analysis of the reasons and events leading to the problems of financial systems both in the United States and internationally.

In conclusion, I think that business schools that have not already modified their courses based on the financial crisis have missed the mark. There are many opportunities for us as a business faculty to reassess what and how we are teaching and to enhance our curriculum by using the financial crisis as an example to propel us toward promoting better business practices in the future.

## REFERENCE

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## **Anybody Can Make Money; It Is Much Harder to Make a Difference**

A competitive niche is often found by going against the flow. Perhaps that is what this essay does. Going-with-the-flow thinking adds classes to the curriculum in response to the financial crises. Could this be counterproductive? Consider the following.

No one would think of ignoring or taking actions dependent on the temporary suspension of the laws of physics. Well, actually people sometimes do. We've seen images of people jumping off bridges attempting to soar on feather-covered, home-made cardboard wings. Or in a university setting, how many were embarrassed by the discovery of cold fusion? And recently, most of us have watched dudes on skateboards reaffirming the existence of gravity while, with respect to injury, seemingly ignoring the laws of probability. Yet, politicians, bankers, and business leaders who cautiously respect the laws of physics would suspend or ignore the laws of economics (or sound business practices) on a moment's notice, particularly if convenient. Perhaps the reason is related to the immediacy of the effect. Jump off a bridge and the result is 32 feet per second squared, immediately and always. But, take a risky loan; bundle it with a bunch of others; securitize it; call it a derivative; buy it as an asset; and place it in a portfolio; and, the consequence is never immediate and hardly even always for an individual, depending upon how far one can distance oneself from the transaction.

So, we find ourselves in another financial crisis. Yes, we've been here before, perhaps for slightly different reasons but the cause is generally because we sought to suspend the laws of economics. Preceding (and following, hopefully) every financial crisis has been a period of robust financial growth. Perhaps what we teach during the growth cycle is critical to avoiding a "replay," as Wickham writes, "of the current economic crisis." Basically, aside from the financial crisis's current event qualification as a teachable moment, is there anything so new that the discovery should drive curriculum revision? A similar question could be asked regarding curriculum revisions during growth cycles. It seems that conventional wisdom attributes the current financial crisis to some combination of low economic IQ, greed, and ethical lapses. Are these somehow a by-product of a growth cycle curriculum which led inevitably to a financial crisis? If a business school curriculum lags current economic conditions, it is at best a shallow reflection. A rush to begin new programs based on the dot-com business model is an unflattering reminder of why this approach to curriculum revision is suspect. Shouldn't what we teach in a school of business be applicable in both boom and bust cycles?

Given the above, what should we do? Perhaps a better question would be: how should we continue? Continuous improvement was a best practice long before it became officially codified. At the beginning of the academic year, a colleague was making a compelling case for change—repositioning our college. He said that the only two organizations that have been around continuously for the last 500 years are organized religion and higher education. The implication was that they had not changed in 500 years, but higher education has changed significantly. It changes because of continuous improvement. Anyone from outside the academy could engage a colleague of mine in conversation and ask, "What new concept,

process, or pedagogy are you attempting to incorporate into your class?” And my colleagues would describe several and many would address the current financial crisis. Perhaps the better measure of a curricular change is in the classroom, not the addition of a new class in response to a crisis.

The business school curriculum should be built on pillars that are fundamental to best practice. Here are a few to consider. The first is trust. Perhaps we need a new organizational leadership metric. It would be a ratio of trust in the numerator to ego/personal agenda in the denominator. Trust is an interesting concept because it is central to a second meaningful pillar, relationships. Healthy relationships are more beneficial and less costly than unhealthy relationships, at every level of consideration. A healthy relationship includes an intersection of purpose; mutual respect based on competence, integrity, and responsibility; trust, a mutual belief that all parties will be treated well; the means (empowerment) to conduct the relationship; and a mutual commitment to continuity of purpose. This is why, in so many business disciplines, relationship models are replacing transaction-based models. A third pillar is ethical leadership. Jim Owen, an enormously successful entrepreneur and pioneer in financial markets, said it this way: “I have come to realize that anybody can make money; it is much harder to make a difference.” He wrote *Cowboy Ethics: What Wall Street Can Learn from the Code of the West*. There is no code of the West, other than reoccurring principles he extracted from numerous books and movies about the West: live each day with courage; take pride in your work; finish what you start; do what has to be done; be tough, but fair; when you make a promise, keep it; ride for the brand; talk less and say more; some things aren’t for sale; know where to draw the line. Challenge us to build our classes on these (and other) pillars of best practice, and we will. Challenge us to build our college culture around these values and our students will be better equipped to make a difference in any kind of economic environment.

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## **An Ancient Philosophical Perspective**

“Do Business Schools Have a Role in the Current Financial Crisis?” as stated applies to the present, but the author in responding affirmatively quite properly extends the discussion into the future. In crafting this commentary, I shall use the author’s recommendations as a point of departure for my own vision.

The author’s first suggestion, a course in personal finance, raises several questions—rigor, its place in the curriculum, and whether it would keep anyone from arrogant, irresponsible, and misguided behavior in assuming an ultimately unaffordable mortgage or other risky ventures. The second recommendation, the development of creative thinking abilities, is laudable. However, aside from concerns over faculty time required for related courses, this idea would do nothing to prevent a financial crisis. In fact, mischievous mortgage bankers and investment firms generally engage in creative practices. The third suggestion is a natural extension of the preceding recommendation. A course in entrepreneurship is likely

to be of interest to only a small minority of students, and imposing it on the others would produce dissatisfaction with little gain.

I believe that a business school's role in time of crisis or of normality is to require students to study the philosophies of Plato and Aristotle, supposedly irrelevant subjects. From Plato, they would learn the distinction between reality and appearance (appreciation of which could have prevented several catastrophic events on Wall Street), how to distinguish information from knowledge, the constituents of the Good Life (defined in terms not strictly economic) and its connection with the cardinal virtues (wisdom, justice, courage, and temperance), and the relation between freedom and self-control. The focus of Aristotle's *Nicomachean Ethics* is discovery of moral virtues, each of which lies in the middle between two associated vices, one in the direction of too much emotion, the other in the direction of too little emotion. This so-called doctrine of the golden mean emphasizes domination of reason in conduct of the Good Life but not to the exclusion of emotion. Some of the dimensions of human life explored by Aristotle are temperament, fear, social justice, wealth, and sensual pleasure. An excellent source for the integration of philosophy and business is *If Aristotle Ran General Motors* by Tom Morris (Henry Holt and Company, 1997). This book, which presents philosophical ideas in elegant but accessible language, is oriented around truth, beauty, goodness, and unity (of spirit). Dr. Morris even proposes a definition for the meaning of life as creative love, where love is "a dynamic power moving out into the world and doing something original" (p. 94). Students exposed to such ideas would be able to add a humanistic aspect to decision making, would avoid extremes in thinking, and find bases for (and permission to seek) a life of fundamental, holistic happiness, of moderation and inner peace while pursuing enrichment from a career in business.

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## **Be a Source for New Theories, Ideas, and Attitudes**

The main contributions of business schools to the development of an economy and a society are

- preparing well-educated graduates and
- being a source of new theories, ideas, and attitudes in shaping business culture.

What makes a "well-educated" graduate—in terms of measurable learning objectives as well as attitudes and values acquired?

1. Students should be able to understand economic development, which is characterized by fluctuations. Perhaps the only difference in an international and historical comparison may be the global dimension with its lack of good governance and efficient regulation. We may find some deficiencies in our curricula: if macrodynamics is included at all, it normally follows the mainstream growth paradigm (Washington Consensus), and there is not enough emphasis on the cyclical component of development.

2. Students should be familiar with the functioning of a market economy, its competition- and innovation-based strengths, its inclination to crisis, and its deficiencies in social and environmental respects—and why government regulation and intervention are necessary. Obviously, in the post-Keynesian age, we brought up a whole generation of graduates with a strong and partly naïve free-market bias. If this is due to deficiencies in our theories, it is time to correct this now. If it is due to the influence that the beneficiaries of the free-market philosophy gained from our thinking, it is time to reinforce intellectual independence. Generally, the management elites advocate deregulation and getting rid of government. The lesson now is that we need government not only for deficit spending (short-term aspect), but also for “intelligent regulation” in the sense of good governance. The challenge is to regulate without destroying innovation and thus protecting established market power.
3. If crisis is a normal element of an economic system, how do we train our students to integrate this in strategic planning and risk management of companies? What kind of approaches to uncertainty and risk should students know, and what would be adequate learning methods, for example, visiting a casino?
4. There is little dispute that ethics can be a productive resource, and therefore students have to learn profound basics and not only in a casuistic way. This holds for sustainable strategies that may be a result of risk management; reputation; or labor, product, and capital markets. Building on this insight, our students shall be able to ensure strategic corporate social responsibility by integrating ethical issues into the long-run corporate strategies and thereby help to increase their company’s value in the long run. Nevertheless, the dominating orientation for decision making always is profit or shareholder value within the limits set by law and conventions. Is it part of our learning objectives, and do we dedicate enough attention to illegal and criminal aspects of business activities, how small the borderline is, and how honest persons gradually lose control? Often B-schools treat this as a taboo or an irregularity which we do not find relevant to address and thus graduate our students unprepared and untrained to be aware and able to resist.
5. Beyond the curriculum, we may ask and critically assess what visions and attitudes we support—which will become elements of future business culture.
  - Do students learn and are they rewarded to be active members of their communities? If rules and regulation are of critical importance, more people should participate in formulating and reforming them—they don’t fall like manna from heaven.
  - What examples and role models are we and do we present to our students? What guest speakers do we invite?
  - Should we help our students with life perspectives beyond economic success? How to combine extended working hours, flexibility, and mobility with social integration, family life, etc.?

In an overall summary, we would like to emphasize that the crisis is not the result of the misbehavior of some greedy individuals (of course there were and will be some) but of the deficiencies in our regulatory framework—from corporate governance to global governance. Our challenge is not primarily on teaching what is good, but rather about learning how necessary rules and limits to entrepreneurial spirits are and to acquire individual control mechanisms to prevent rule violations. B-schools cannot solve all of the world's problems, but there certainly is a need for reflection on the B-schools' roles and contributions beyond the current crisis.

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## **Moral, Ethical, and Social Responsibilities**

My thanks to the editor for providing an opportunity to respond to the article on business education given the current economic downturn. In general, I agree with the notion of developing a business graduate whose sole objective should be beyond profit maximization of the organization that he/she works for. It is also possible that graduates may work for nonprofit agencies or governmental organizations, for whom other criteria may play a significant role. Moral, ethical, and social responsibilities are core traits that must be *acquired* and *adopted* by our graduates. While these values can be promoted while students are under our domain as they pursue a business education, the foundation and development must start at a much earlier age. Just as the human brain develops to about half its potential within the early years of childhood, so also the core values that define an individual solidify at an early age. Hence, my first proposal is that even during the elementary/middle school days, the principles of honesty, awareness of brotherhood and compassion, and the nobility to assist those in need must be promulgated. Parents, of course, play an influential role in developing these traits. This is not to shun the responsibility of business school educators but to vastly expand the added contribution that can be achieved at the university level.

Along these lines, while knowledge of personal finance is important, such exposure must start at a much earlier age (around elementary/middle school) and continue through high school. While it should start with lifelong lessons such as “living within one’s means,” the concepts of the impact of interest rates and their compounding effect, and management of debt need to be addressed. At the college level, while all business students get a dose of finance and economics, the *relevancy* of the *theoretical underpinnings* in the real world can be exposed through several means. Some of these are integration of case studies, presentations by senior/mid-level management of organizations, Web casts that bring some of the nationally recognized experts in the field who discuss current issues, and student professional organizations that arrange mock debates. In our College of Business, one such mean has been the Visiting Executive-in-Residence series, through which corporate/government leaders lecture and present seminars to students and conduct round-table discussion sessions.

The context of business decision making being *interdisciplinary* in nature has to be emphasized in our curricula. Most business schools offer at least one course that integrates the disciplines of accounting, economics, finance, management, and marketing in the context of making decisions. Some use simulation as a vehicle to demonstrate the impact of various decisions. We often ignore areas outside of business. As an example, many real-world problems may require the integration of engineering, science, and business issues in arriving at feasible decisions. One way to promote this is through *joint projects* that involve students from *other disciplines*. Business students could work as teams on the design, development, production, patenting, and marketing issues in conjunction with students from various disciplines. A projects course is best suited for this purpose. In our college, one approach has been through the Business-Engineering-Technology minor that allows students from various disciplines to work on projects that span all the phases from design to marketing.

The aspect of social responsibility of business needs to be strengthened in our curricula. Even though some of these concepts may be covered in a variety of classes, perhaps an approach that could have a profound impact is *hands-on experience* through actual projects. Every freshman should be required to work on a business/community-related project. It could be part of a requirement of a freshman-level course that introduces contemporary issues in business. This project could also be conducted by students in their home communities. An essential outcome of the project is the development of a bonding with the local community and the promotion of the idea that businesses do have a responsibility to the community in which they reside.

In this context, the role of the “extended process” envisioned by the quality guru, the late W. Edward Deming, is of importance. In addition to customers, investors, employees, and suppliers, the community is part of the extended process of an organization. Hence, satisfaction of community needs becomes an objective, along with satisfaction of objectives associated with other stakeholders. Thus, a multicriteria model is one that is more appropriate, rather than just profit maximization. Note that, in this multicriteria model, some objectives may be in conflict with each other. Case studies may be an effective way of demonstrating such conflicting objectives, thereby creating some thought-provoking *satisfying* solutions, where trade-offs exist among the various objectives. An opportunity for such discussion also exists in a capstone course, typically taken after all the foundations courses in the functional areas have been completed.

Ethical behavior, not only in business decision making but in all aspects of life, has to be reinforced starting at an early age. In business schools, we must be proactive. Our role has generally been reactive. For example, as an outcome of the Enron crisis, the Sarbanes–Oxley Act was created, and business schools introduced courses to expose students to these monitoring methods. However, it is not clear whether we have addressed the root cause or just created a mechanism to monitor. Following high ethical standards requires courage and often times going against the grain. Business schools can motivate their students through inclusion of cases/scenarios where the ethical dilemma is clearly demonstrated and the actions along with their associated risks are delineated. In our College of Business, people who demonstrated such ethical behavior in nationally prominent cases (such as

the O-ring failure in a NASA space shuttle and the whistle-blower in the tobacco industry) have come to the campus and made presentations/round-table sessions with students. Another approach is to devise a *role-playing drama*. While it does require a dedicated planning effort, its impact can be profound. Ethics cannot be covered in a single business ethics course. It must be covered in the disciplines in several courses and must be *contextual*.

Business schools need to distinguish between *short-term results* and *long-term goals* of the organization in their curricula. It is our responsibility to produce the leaders of tomorrow who clearly understand the obligations of senior management. An understanding of the *global issues* is imperative, which includes population growth and its impact on hunger, demands on energy, and availability of natural resources. These issues must be *linked* in various courses as they are of extreme importance to the future graduate.

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## Building an Innovative Business Program

The author of this article made valuable recommendations to refine the business program in the current financial crisis, including offering a course in personal finance, enhancing and creating learning opportunities, adding formal courses and programs in entrepreneurship and leadership, and elevating the teaching of corporate governance and accountability principles. It is my great pleasure to echo and reconcile these highly constructive opinions.

President Barack Obama, in his inauguration speech on January 20, 2009, said, "Our economy is badly weakened, a consequence of greed and irresponsibility on the part of some, but also our collective failure to make hard choices and prepare the nation for a new age." In light of President Obama's speech, we as educators should strive to revitalize our business program during an economic downturn.

Because corporate executives are the most blamable group in the current financial crisis, educating business leaders has become a focal point in business education forums. Most business programs, if not all, teach students various business skills and knowledge in the classroom. Most business principles and case studies focus on profit-seeking solutions. Although these skill trainings are essential to students' job preparation, business colleges should offer business curricula and extracurricular programs to expand students' perception to a broader domain, such as *social enterprise value, ethical and professional conduct, innovative thinking, and future discovering*. These knowledge possessions can directly guide future business leaders' work ethics and decision behavior.

An innovative business education needs to prepare students for working in a dynamic, changing, and possibly chaotic business environment. We must teach our students how to deal with business destitution and survive during economic downturn. Risks and uncertainty exist everywhere. Organizational learning, knowledge management, change management, and innovation have been identified as major sources of business sustainability (Chou & Chou, 2007). Learning up-to-date information technology ensures workers' efficiency and effectiveness. Experiencing

globalization extends the compass of business boundary. In order to strengthen students' work capability, a competent business program should integrate the following managerial knowledge: *risk management, knowledge management, change management, information technology management, and global business management*. This managerial knowledge will prepare business students for fitting into the future business world.

An innovative business program shall integrate the above-mentioned managerial knowledge into the existing curriculum. Other than that, new teaching methods (such as team teaching) can be adopted into innovative business curricula. Harvard Business School, for example, had seven faculty members to teach the "Leadership and Corporate Accountability" course, which covered areas in ethics, accounting and tax, finance, law, marketing, technology and operations management, and leadership and organizational behavior (Rosenberg, 2006). Business colleges can also establish partnerships with high schools by offering Personal Finance courses there.

Building an innovative business program during an economic downturn is a challenging task. Many inventive ideas can be generated through discussions and debates. The *DSJIE* can be a place to share various teaching experiences, case studies, and research results among our readers.

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## Strike the Right Balance Between Scientific Rigor and Practical Relevance

This article is interesting, timely, and relevant with useful recommendations. I do not take issue with any of the author's four recommendations. However, I do think that we—business school faculty—must also look ourselves in the mirror and ask some tough questions: Do we have the real-world experience to best teach and empathize with current and future *practitioners* of the management *profession*? Do we truly understand the contemporary issues which confront them? *Have we actually done what we teach?* Can we relate to the difficult, messy problems that confront our students today *because we've been there?* Or have we been sequestered in our ivory tower toiling away on our next manuscript to be submitted to a top-tier journal likely to be read by a limited academic audience?

These thoughts are inspired by the thought-provoking article by Bennis and O'Toole titled, "How Business Schools Lost Their Way" (Bennis & O'Toole, 2005). They begin their article with the following conjecture: "Too focused on

'scientific' research, business schools are hiring professors with limited real-world experience and graduating students are ill equipped to wrangle with complex, unquantifiable issues—in other words, the stuff of management” (Bennis & O’Toole, 2005, p. 96). They present the argument that business schools today are largely teaching the wrong curricula with the wrong faculty. They say that the curricula are too “scientific,” emphasizing technical rigor and elegance at the expense of practicality and usefulness. They build the case that faculties are too focused on esoteric research and have little experience in grappling with real-world, messy problems; they say, “Today it is possible to find tenured professors of management who have never set foot inside a real business, except as a customer” (Bennis & O’Toole, 2005, p. 101). This is a damning indictment indeed, but one that must cause us to pause and reflect.

I agree with Bennis and O’Toole that we must strike the right balance between scientific rigor and practical relevance in both our research and our teaching. I also concur with them that this can best be accomplished by (1) hiring faculty members that are not only academically qualified, but who also possess recent, relevant real-world experience and (2) giving more credibility to practical research and professional publications, thereby impacting tenure and promotion decisions and incenting faculty toward this balance. The inertia of our history, tradition, and culture are not easily overcome to make this shift. (For example, consider AACSB accreditation standards, which place significantly more emphasis on academic qualifications than professional qualifications and the primacy of publishing in top-tier academic journals in tenure and promotion decisions at our top business schools.) However, I think it can and must be done.

Finally, in view of my comments above, I especially support the author’s second recommendation about “enhancing and creating learning opportunities” and infusing our curricula with “problem-based learning and experiential-based learning approaches.” I would simply add that these should (must?) include *real* consulting engagements for *real* companies, expecting *real* answers to *real* problems.

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## Human Value Crisis

The invited article discusses that the role and responsibility of business schools in the current financial and economic crisis started with easy credit and subprime mortgage. It first points out greed and unethical behavior as underlying causes to this economic calamity, which necessitates teaching and integrating ethics and social responsibility in the curriculum. In addition, it suggests four specific actions that business schools should take: (1) offering a course in personal

finance, (2) enhancing learning opportunities for developing a diverse set of skills via problem- and experience-based learning, (3) providing formal courses and programs in entrepreneurship and leadership, and (4) elevating the teaching of corporate governance and accountability. Lastly, it concludes that, to fulfill these roles, it is necessary to adapt the curriculum to the needs of students and the current economic environment. The points are well made and well taken.

In this response, contemplating on deeply rooted causes to the current financial crisis, rapidly spreading out to the rest of the world and seriously hemorrhaging the global object economy, I would like to take this issue from a more fundamental perspective. I believe that the real crisis today is not the financial or economic crisis, but the human value crisis, leading to selfishness, greed, unethical behavior, or socially irresponsible practices. In this light, business schools should rethink what they are teaching, how they are preparing students, and ultimately for what. Simply put, what is education?

Education is more than training, “the teaching of vocational or practical *skills and knowledge* that relate to specific useful competencies” (Wikipedia, 2009, emphasis added). According to Kneller, philosopher of education, “in its broad sense, education refers to any act or experience that has a formative effect on the *mind, character, or physical ability* of an individual . . . In its technical sense education is the process by which society, through schools . . . and other institutions, deliberately transmits its cultural heritage—its accumulated *knowledge, values, and skills*—from one generation to another” (Kneller, 1971; Wikipedia, 2009, emphasis added). From this, we can clearly see that education needs to deal with mind, character, and value besides knowledge and skills. Then it leads to the question of whether business schools today truly educate students or simply train them.

It is time that we, the business school faculty, retrospect whether we are merely trying to equip our students with the knowledge, skills, and competencies so that they can function well in companies. I believe that in our lives, money making is not the goal, but a means to achieving higher purposes. Similarly, profit or shareholder wealth maximization may not be the ultimate goal of the companies. From this standpoint, first, business schools should look more into the areas of business philosophy and the humanities, educating students throughout the curriculum that enables them to establish the “right” value, mind, character, personality, and belief systems. As educators, the business school faculty may have to nurture the future “servant” leaders who concern for others and the society. Second, business schools should emphasize more about corporate citizenship, environmental or green issues, social enterprises, and “good company” practices, in relation to the long-term sustainability of the business. As researchers, the business school faculty may have to delve into the issue of what the success of business is or what the true dependent variable is for the company within the society.

The above may not come easy. Nonetheless, I believe business schools need to exert every possible effort toward a paradigm shift in education. The responsibility of reshaping business education is on us, educators, in concert with parents, organizations, the community, and the government.

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## Do Business Schools Have a Role in the Current Financial Environment?

In this period of economic tumult, many are asking: what is the role of business schools? The common mantra of some business faculties over the years has been to explain the merits of free-market competition, minimal government intervention, global competition, profit maximization, and the pursuit of self-interest. The foundations of these teachings are coming under attack by the media, the public, and many of our friends in various disciplines.

The current economic downturn is rendering pain throughout society and the global community. It is important to realize that, as difficult as the current economic situation is, free-market competition and global competition have raised countless millions of people out of poverty around the world, from China, India, Brazil, and the United States to name a few. We have witnessed an unprecedented increase in the standard of living in the global community over the last 30 years, which is directly related to free-market competition and globalization.

As teachers in the business schools, we need not be apologists for our beliefs and support of these foundations of capitalism and would truly be amiss if we abandon the principles that have brought so many to prosperity. These capitalistic principles hold the promise of helping others to escape the dehumanizing poverty that many in the world face. If business schools have fallen short in the process of education, it may be attributed to our hubris that we have the knowledge and skills to suspend the business cycle in our time.

The economic history of this country and the world is littered with booms and busts. Prior to the Great Depression, periods of prosperity were called *booms*, and the economic downturns were called *busts*. The terminology changed in the 1930s when we utilized the terms *depression* and *recession*. Call it what you wish, but these cyclical movements are part of a free economy. What changed is our belief that we could now ignore the business cycle.

John Maynard Keynes's examination of the Great Depression transformed economics in the 1930s. His main assertion was that government, through more spending, could move the economy out of the economic downturn. Friedrich Hayek, a contemporary of Keynes, pointed out the inadequacy of government spending in dealing with economic downturns. Hayek's explanation was that monetary disruptions were the main reasons for the depression, and increased government spending/involvement in the markets were not the answer. Historical facts support Hayek's ideas, but most modern economic textbooks still promote

Keynesian theories of spending an economy out of recession. This mindset can be clearly seen in the policies advocated by the current U.S. president and Congress.

We need to focus on educating college students and the public about the inevitability of the business cycle and the need for managers, and individuals as well, to prepare for both eventualities. We need to ensure that our students understand that man, by his nature, pursues his own self-interest, and those economic systems that have historically created long-term value have Adam Smith's concept of self-interest and markets as their cornerstone. We risk discrediting these ideas by labeling self-interest as greed, which many commentators do during an economic downturn. As teachers in the business school, we need not only to teach these basic concepts but also to help students to understand the broader meaning of these ideas.

Alexis de Tocqueville in *Democracy in America* used the term *well-informed self-interest*, which he believed was the foundation of the democratic process. Others will refer to *enlightened self-interest*. It is readily apparent that many business leaders were pursuing their self-interest but were not pursuing well-informed self-interest. As hindsight suggests, many decisions reflected a short-term, shortsighted approach to decision making.

Schools of business can help our students and the community to develop well-informed self-interest. The development of Centers for Economic Education and Entrepreneurship to help high school teachers gain economic literacy is a critical step in this process. Required courses in Personal Finance are yet another approach to creating well-informed self-interest behaviors.

Although we may endorse these concepts enthusiastically, let us not assume that these changes will suspend the business cycle or eliminate greed and unethical behaviors. Greed and unethical behaviors as a cause for economic busts have been put forward at each downturn and will no doubt be argued yet again in the next bust in the economy.

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