

The Future of Management Education

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The Challenge

“How Business Schools have failed Business” in the *Wall Street Journal*, or “Is it time to retrain B-Schools?” in the *New York Times*, are just a few examples of some of the recent press that has greeted deans of business schools. If you listen to critics, especially after the recent financial crisis, you might wonder if management education has any future. The argument goes like this: The economic meltdown occurred because of an absence of leadership among top executives and boards. Business schools train business leaders. It follows, then, that the dismal performance of business leaders is the fault of their management education. By that logic, schools of management should also get the credit for the economic successes of the previous years. What do you think?

In other quarters, management education is simply ignored. The National Science Foundation’s 2007 analysis of the future determinants of US prosperity issued an urgent call for investment in the country’s human, financial and knowledge capital. The report resulted in a 592 page book, “Rising above the Gathering Storm: Energizing and Employing America for a Brighter Economic Future”. It includes a careful review of the number of current and projected graduates in various science and technology fields, and it recommends substantial national investment in STEM education – science, technology, engineering and mathematics. Not once in this lengthy report is the need mentioned for management education.

Whether management education is considered irrelevant, or responsible for the ills of the global economy, the world is changing around us and the value proposition of management education is being challenged. We, too, must change. Why, and how? That’s what I’ll contemplate next.

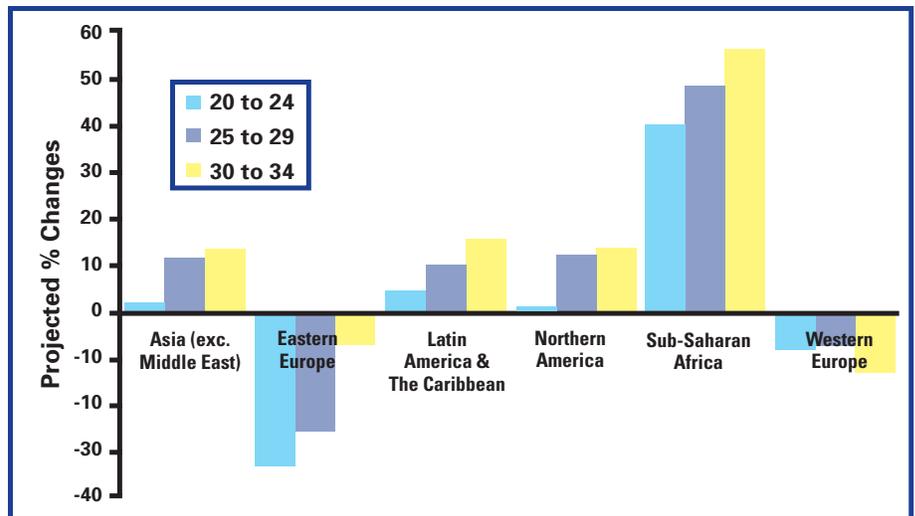
Changes Impacting Management Education

The changing global landscape will continue to have dramatic impact on the content of management education, on learning approaches, and on the composition of the student body. The much read ‘Dreaming with BRICs’ report issued by Goldman Sachs in 2003 projected radical shifts in the order of global economic powers between 1980 and 2050, with only two of the top five economic superpowers -- US and Japan -- retaining their position though falling from the top two spots. By 2050, China, India and Brazil are expected to replace Germany, France and the UK in the top five. Population changes across the globe are also very uneven, with declines or, at best, modest population growth in developed regions that are the traditional focus for management education (see Figure 1). Contrast that with the largest population growth in Africa, a continent which management education misses almost entirely either as a focus for

learning or for education delivery.

Here’s another major transformation. Other than speaking, our future students will communicate and consume information almost entirely through new media and social networking tools. The 15 – 24 year old age group is already using the Internet more heavily than the total population in many countries (see Figure 2). Traditional books and print materials will be a thing of the past, and face to face interactions will become just one of many channels for communication. Much of the information will be consumed free, and not because it is pirated. Best in class teachers, business people, and global leaders will share their insights in many formats and channels in a manner that is readily available and intimate to consumers, and customizable to their needs. Users of the information will be able to connect with online global communities to share their reactions and to collaborate. These students of the future will not be satisfied with the current model of one-way teaching and learning,

Figure 1: Projected Changes in Population: 2005-2020



Source: U.S. Department of Census and Global Foundation for Management Education

and they will be less inclined to view schools of management as the necessary destination for learning about management.

Another evolving change concerns the ultimate outcome for management education. Management education is a breeding ground for future leaders, and increasingly not just business leaders. Whether serving as CEO of a large organization, launching a start up, leading a local charity, an NGO, government unit, or an arts organization, these individuals need to learn the fundamentals of management, finance, marketing, accounting and operations to function effectively as organizational, community and government leaders. In preparing for leadership, they need to learn to formulate and execute strategies for a broad range of organizations – business and non-business -- and to be aware of their own leadership disposition and impact, before they can become effective leaders. That kind of preparation is foundational for a variety of leadership careers.

That's a much broader agenda for management education than is true for most schools today. It also calls into

question the typical rankings of success for schools of management – those that reflect earnings or progression in traditional business careers. And, as Joel Podolny points out in the recent *Harvard Business Review*, it requires an integrated view of leadership, one that is not isolated from the actual functions of management or addressed – as it typically is in business schools – as a stand-alone set of skills and behaviors.

Management Education in the Future

To prepare our graduates to practice business globally and to serve in leadership roles in all parts of the world, management education must do more than present global case studies or touch on business practices abroad. Our students need to experience the challenges and opportunities of doing business in countries where the language and cultural norms are entirely unfamiliar, where the law of contracts shares little with Western traditions, or where there is an entirely different set of business development opportunities. Students might learn these differences in

innovative courses that are able to bring them to life, but they should also conduct meaningful projects and spend time studying abroad in foreign cultures outside of their zone of comfort, where they are humbled by the human differences or living conditions. The Internet has not yet been exploited for the full power of global collaboration opportunities that it offers.

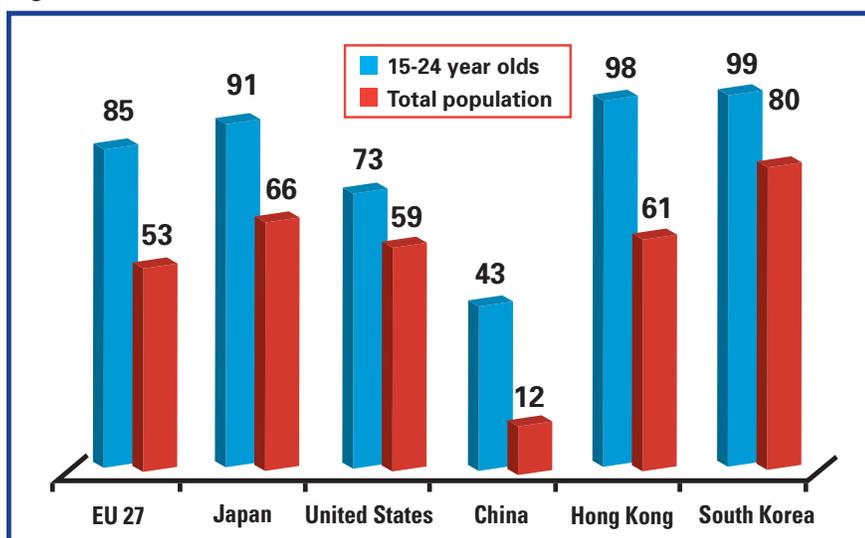
We must also provide welcoming environments to students from abroad, despite increasing competition from new foreign business schools and barriers for international students to study in the US. Otherwise, we'll lose the advantages of a learning community that serves as a 'United Nations', where global immersions happen right there.

Another imperative for management education, magnified by the global economic crisis, is to help graduates better understand and prepare for systemic, global risk across all functions of business. This is true for business and non-business organizations. The crisis has demonstrated how global interconnectedness of risk impacts all types of organization when risk is not anticipated and mismanaged. Such risk, and appropriate counter measures, needs to be studied in realistic and deep learning scenarios.

As we welcome the *net generation* into our programs, we must adapt to the way they acquire information and to the many opportunities for access to a richer array of learning opportunities. Younger students learn through conversation, collaboration and engagement in issues that matter to them, and are less stimulated when they are subject to the traditional teacher talking 'at' them. There's no doubt that management education has been evolving and compared to traditional disciplines, involves students in case studies, practicums, internships and learning through community engagement.

But we have an opportunity to improve engagement in learning by recognizing

Figure 2: Wired Youth – Percent Internet Users: 2002-2007



Source: United Nations International Telecommunications Union

students' needs to be simultaneously stimulated through multiple channels. Think of a class session on entrepreneurship in China, with four screens simultaneously showing an entrepreneur's interview on YouTube, her Facebook page summarizing her track record, a couple of tweets from a collaborator in China with his photos and one line assessments of the entrepreneur's products, and the budgeting model displayed in Excel. That's how students learn, but that's not how instructors teach. We will need to adapt, or students will go elsewhere to customize programs of learning to their needs from all that they can access so adeptly from the Internet.

Management education wasn't mentioned in "Rising above the Gathering Storm" because we haven't made a strong case for our role in the knowledge economy. The management of the innovation process, and the success of inventors and entrepreneurs, are both key to the growth of the knowledge economy and to the future competitiveness of this country. Hence, our critical contribution is in improving future leaders' effectiveness in managing innovation, and in teaching entrepreneurs the requisite skills to increase the odds of entrepreneurial survival and success. Yet, in schools of management we are still fixated on large corporations as the dominant model for management examples and applications. We'll need to change to become more relevant to the growth segments of the nation's and world's economies.

We also must prepare our graduates for the leadership requirements in today's world -- in communities, profit and non-profit organizations around the globe with cultures and missions that vary widely. The flight away from the large corporate model has eroded also the shape of hierarchy. Technology, changing demographics, and globalization have vaporized the walls around imperial

leaders, requiring them to be more accessible, communicative, transparent, collaborative, adaptive, and open to ideas and feedback from every constituency. We can help prepare our graduates for such leadership imperatives by first creating self awareness of their style in groups, and then coaching them in areas where improvements are warranted. Leadership must be considered, also, as part of every function in schools of management, for multiple organizational types, and no longer as a stand-alone set of behaviors modeled after a corporate hierarchy.

Some of the requirements for leaders are timeless -- that they need to lead by example with a capacity to identify opportunities, set clear priorities and then execute the priorities, resist the temptation of short term goals, build for the medium to long term, inspire others in tough times, share recognition generously, and guard against insulation from those who challenge the leader. Above all, graduates must have unyielding integrity that guides their behavior when they are in the midst of conflicted ethical dilemmas. That's when their sixth sense must engage, steering them in a course that is right. That takes courage, character, and a rock-solid set of values.

As I've said elsewhere, the career path to leadership is curious and indirect. Our graduates start first through a functional track and only then mature into leadership. Along that journey they encounter organizations with a range of values -- some to be admired, others to be derided. Organizational cultures can be quite powerful and corrosive to a future leader's value system by reinforcing unprincipled behaviors through perverted incentive systems, lax controls, inexcusable risk taking, poor governance, and lack of self-discipline despite what we teach in schools of management.

Schools of management must strive to develop within graduates an ethical compass that steers them to stay the course, even when they encounter forceful winds attempting to sweep them off the ethical cliff. That's an argument for requiring refresher study by all MBA graduates, similar to medical or legal professionals for whom lifelong education is compulsory. In the case of MBA refreshers, this would be a recurring opportunity to recalibrate values, provoke questions, examine and challenge ethical choices, as well as to stay current with technologies and evolving practices in the functions of business. If management were a profession with ongoing certification requirements, as some have advocated, these refreshers would be mandatory.

As we ponder management education for the future, I am certain that many of us in schools of management will be very focused on developing learning experiences that have an enduring impact on our graduates' character, that builds in them the wisdom and courage to withstand ethical compromise, and equips them to grow organizations with resilient value.

Is UCLA Anderson ready?

There are certainly many areas where UCLA Anderson's management education programs are looking forward, rather than in the rear view mirror. Our global reach has expanded dramatically into emerging economies like India, China, and to some degree into Africa and Latin America. Study abroad programs and student immersion experiences through Applied Management Review (AMR) and Global Access Program (GAP) projects provide incomparable opportunities for our students to roll up their sleeves and learn on the ground about business, management and cultures.

Leadership preparation is achieved through a variety of courses, activities, and one-on-one coaching that are designed to have lasting impact. Students have quite a number of course options in which they hear personal accounts from an array of business leaders who discuss ethical dilemmas and the painstaking choices they had to make. They analyze leadership models in the earliest part of their program, and then again in the context of several discipline based courses – from finance to strategy to organizational behavior. Most importantly, students' own leadership style is assessed through the lens of different team activities. As a result of that assessment they develop awareness of how they impact others, and then work on improving their leadership behaviors, if indicated.

Social entrepreneurship – application of business entrepreneurial thinking and models to social and community transformation – has been a longstanding interest among faculty and students at UCLA Anderson. Students are involved in numerous non-profit and community projects in the region and around the world to learn by applying

their business skills to improve critical financial and management capabilities in these client organizations. We recently added a new program titled “Leaders in Sustainability.” In partnership with the UCLA Institute for the Environment, we have expanded our portfolio of courses to include business models for environmental sustainability, non-profit organizational strategies, and venture initiation for non-traditional businesses.

Although risk management and control systems have been an important subject of teaching by various finance, accounting, global economics, strategy, management, and real estate faculty, there is no doubt that the economic crisis has prompted us to devote greater attention to the topic across the entire curriculum. There is also more to be done in exploiting the power of global learning collaborations through the Internet, and in adapting to the learning styles of the net generation. There, we are still a mirror of the technology tools which we use, though not necessarily what our students use and from which they learn. In that area, we will need quickly to become the students, and they the teachers.



Judy D. Olian, Ph.D., is the eighth dean of UCLA Anderson School of Management where she has launched a comprehensive strategic plan to expand the school's global presence and partnerships. Prior to this, she was dean and professor of management at the Smeal College of Business Administration at Pennsylvania State University. Olian served as chairwoman of the Association to Advance Collegiate Schools of Business (AACSB International), the premier business accrediting and management thought leadership organization in the world. She has been widely published in journals on human resource management and business alignment of management systems, wrote a weekly syndicated newspaper column and hosted a monthly television show on current topics in business. Olian's honors include the American Council on Education Fellowship and the Maryland Association for Higher Education Award for Innovation.

Olian holds a B.S. degree in psychology from the Hebrew University, Jerusalem; and M.S. and Ph.D. degrees in industrial relations from the University of Wisconsin, Madison.