

The need for wider horizons

By Jeffrey E Garten Financial Times

Published: April 18 2005 03:00 | Last updated: April 18 2005 03:00

After graduation next month, I will be stepping down after 10 years as a business school dean.

During my tenure, a number of global events have influenced my thinking about the future of business schools. There was the Asian financial crisis; the large-scale anti-globalisation protests in Seattle; the worldwide internet bubble and its aftermath; and a series of shocking business scandals that undermined trust in chief executive officers worldwide.

As if this were not enough, then came the intense focus on corporate governance; the heinous terrorist attacks of September 11 2001 that forced CEOs to rethink geopolitical realities; and, most recently, the rise of China and India, and the fundamental changes they are bringing to world markets. All the while, there was a quantum increase in global financial integration, trade and cross-border mergers.

At least one big question preoccupies me regarding the relationship of these events to formal business education: given the accelerating pace and deepening complexity of globalisation, how can business schools do a better job of producing leaders who are effective in the global market place?

When it comes to MBA programmes, it is impressive how many faculty have broadened the global scope of their research and teaching and how many schools are building campuses abroad or engaging in global alliances with their foreign counterparts.

There is still a long way to go, however. It often appears to me that globalisation is a kind of fad at business schools. You have to be seen as addressing it, and there are many ways to hype your efforts: put the adjective "international" before a course in strategy or marketing. Make sure that you have a lot of students from outside your country. Mount some special programmes for foreign executives. Conduct courses in other countries via the internet. Often, it seems, there is more sizzle than steak.

None of this is damaging, but I doubt that most faculties get to the heart of what is necessary for their students eventually to be great global leaders. Too often students are taught about the past rather than being given the wherewithal to think ahead. In a rapidly evolving global economy this is a serious problem. But the big, fundamental questions need to be put on the table and debated more vigorously in research and in classrooms.

What, for example, will be the shape and character of truly global companies a decade or two from now? How can CEOs and their boards oversee increasingly far-flung global corporate Goliaths at the same time that new corporate governance standards require them to take more direct responsibility and assume legal liability for virtually everything their companies are doing?

What will it take for companies to prosper in emerging markets, the arena of highest growth in the future but also of substantial political and cultural obstacles? There are dozens of real world questions like these that get short shrift in research and in curriculums.

To raise these issues is to raise the question of the minimum time it would take business schools to provide a solid global business education. It may be heresy, but I think that given the standard requirements alone - the fundamentals of accounting, finance, strategy, marketing, operations, organisational behaviour, for example, as well as the important emphasis on ethics, governance, entrepreneurialism and leadership - even two years is not enough time to cover all that would be necessary for a thorough education in business. Certainly a one-year programme, as is found in Europe and elsewhere outside the US, is too short to do justice to the challenge.

I do not know what the future holds, given how impatient most MBA students are to get a job, but if the market moves towards a shorter rather than longer curriculum, I would not be surprised to see the MBA wither as a degree of any value.

In any event, I believe that business schools could at least become far more accomplished in educating those who are well past the MBA stage in global leadership, including immersing them in the all-important issues where business and society overlap.

This, too, will not be easy. The sad fact is that business schools are becoming businesses themselves as much, if not more, than real educational establishments. They cater to their alumni with a variety of narrowly focused executive education programmes designed primarily to earn income. But I am hard pressed to identify any, including my own, that have made significant contributions to the biggest policy challenges that senior executives face in conjunction with other parts of society.

For example, how should tomorrow's CEO balance the bottom line with the broader social role that companies are being asked to play all over the world? How can leaders create and manage a truly diverse multicultural workforce? What kind of education and training do our leaders need to face the growing number of painful ethical issues that arise at the intersection of business and technology?

In wrestling with these sorts of issue, business schools have been bystanders more than leaders. Rarely do they effectively use their substantial convening power to bring together leaders from diverse sectors. Rarely do they issue anything approaching a public white paper that could provoke important dialogue among the many different constituencies. In fact, at a time when business has become so central to the great issues of the day, it is hard to identify any business schools that have made a serious contribution to public policy.

Winston Churchill, Britain's second world war prime minister, once said: "Out of intense complexities, intense simplicities emerge." Amid all the cross currents that business schools are swimming in today, I am leaving my job with this one optimistic thought: many business schools are teeming with intellect, experience and entrepreneurial energy. But relative to their potential, they have defined their horizons much too narrowly.

For MBA students, for more senior executives and for the market-oriented society that is emerging in every corner of the globe, they can deliver much more. And the world would be better off for it.

The writer is dean of the Yale School of Management