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The future of business schools

Asian business schools will lead the charge in making curricula more multidisciplinary and relevant

THE business school, in its modern, MBA-minting incarnation, has a relatively short history. The core curriculum has not changed much over the last 50 years.

But business schools are now at the crossroads, says Professor Howard Thomas, dean of Singapore Management University's (SMU) Lee Kong Chian School of Business.

Financial sustainability is a concern. The schools are also battered by the forces of technology-enabled learning and globalisation.

"A business school of the future has to be more multidisciplinary, more controversial," he says.

There are relatively few incentives for the elite business schools of America to change, so innovations will come from elsewhere, like Asia, he adds.

"We're still going to see a dominant set of European schools, and inevitably, people still see the Harvards, Stanfords, Chicagos as the holy grail. But we have to break out of the paradigm trap – the dominant US design that has persisted in the market for 50 years."

Prof Thomas, a strategic management and decision analytics specialist, has served as dean at SMU since 2010 and co-authored two books on management education namely *Promises Fulfilled and Unfulfilled in Management Education* and *The Business School in the Twenty-First Century* this year. He rattles off a list of provocative ideas that he says business schools around the world are going to have to deal with. They include shrinking campus sizes, doing away with professor tenure, and having a set of exams to professionalise the discipline.

Dynamic role of technology

Technology plays a large part in his thoughts, particularly recent developments in Internet learning now known as massive open online courses, or MOOCs.

In America, the Minerva Project, a start-up university that will start classes in 2015, aims to give students an Ivy League, liberal arts and sciences education, at a fraction of the cost. Faculty will not be offered tenure. Classes will be held online. Former Harvard President and Treasury Secretary Larry Summers is an adviser.

In mid-September, the Wharton School of the University of Pennsylvania, a famous business school, and partner of SMU, put four courses in its foundation Master of Business Administration (MBA) programme on US-based online

education site Coursera, all for free. Students learn the fundamentals of financial accounting, operations management, marketing and corporate finance, through video lectures, discussion forums and quizzes.

"Face-to-face learning is still important. You can't replace high-quality faculty, or aspects of student life, projects, internships, student activities," says Prof Thomas.

"But over the last 10 to 15 years, people haven't captured what technology in its various forms can do. We are going to see a huge impact in how MOOCs are incorporated into the fibre of business schools.

"MOOCs offer the best instructors in online courses. It wouldn't take a rocket scientist to figure out that if a business school had 10 core courses that a graduate has to have, it could deliver a lot of those courses in a technological form.

"There might be no campus, no student life. They are building virtual universities with the best people."

Financial sustainability

Prof Thomas, who recently received the prestigious Richard Whipp Lifetime Achievement Award from the British Academy of Management, got his MBA at the University of Chicago in the 1960s, when MBAs were still new.

In 1959, two economists commissioned by the Ford Foundation, Robert Aaron Gordon and James Edwin Howell, wrote what became known as the Gordon-Howell report. This influential report on business education transformed the way business was being taught in the US, from a vocational trade to becoming an academic discipline that included mathematics, arts and sciences and social sciences.

MBAs grew in prominence and in the next few decades, became a "killer product" that caused business schools to grow significantly and spread around the world, he says. The world remains fascinated with America's elite business schools to this day.

"Business education is now the most dominant undergraduate business major, both in the US and Europe. University presidents love business schools. They generate lots of income."

But amid competitive pressures, faculty costs, especially for tenured professors, weigh heavily, Prof Thomas says. "The US model is a

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– Professor Howard Thomas (above), dean of Singapore Management University's Lee Kong Chian School of Business

very expensive model. US schools, particularly private schools, have relied heavily on endowment income. European schools have relatively no endowments. They rely on tuition fees, executive education, high-priced faculty to generate resources."

"Outside also of the top 10 schools in the US, many are state-funded. And states are running out of money. Not just them but governments that support Asian and European schools as well. There's some evidence of declining enrolment particularly in the MBA market – perhaps not here in Singapore – but not all of them are doing that well. We might see a shake-up of business schools, a questioning of the business models."

Business education is becoming increasingly commercialised, with private providers like America's University of Phoenix even listed on the Nasdaq stock exchange through its parent company Apollo Group.

Without government funding, schools will be in trouble. "SMU wouldn't have grown so fast, and successfully, in the last 13 years without investment from the Singapore Government. It is a reason why we are doing well in US rankings. The Government sees the importance of education and is providing stable funding," he says.

"The question is how much can governments afford. For example, in the UK, there are around 130 business schools. The lower quartile of those schools will probably disappear in 10 years' time. In Europe, business schools are merging in order to get scale and scope. We will have fewer but better funded business schools."

Revamp and revolution

At SMU, Prof Thomas is overseeing initiatives that he hopes will keep the school ahead of the competition. By 2015, its business school will launch a revised undergraduate curriculum.

It is designing a capstone course called "Decision, Ambiguity and Change" which all students majoring in Business will have to go through. This is different from the classic capstone course, Prof Thomas says, as it is going to be very multidisciplinary in nature.

He is also bringing an increased emphasis on America's liberal arts tradition to business students at SMU. Next year, a "Great Books course" will begin where students are required to read eight "great books" and critically evaluate them. These could include famous literary works like George Orwell's *1984*, histories like former British wartime Prime Minister Winston

Churchill's *History of English-Speaking Peoples* and classics like *To Kill A Mocking Bird*, he says.

"Students don't read as much as they used to. It's about messages that can be expressed in a nuanced and subtle way. History recurs, and business cycles too. Humanities-based business education is valuable, we'll see more of it."

At SMU's business school, class sizes are no bigger than 45 students to one faculty member, who takes on the role of a facilitator rather than a lecturer. As for case studies – an essential business school instructional method – SMU has been building its own, and now has 70 published Asian case studies, he says. This is combined with SMU's participative form of learning, where students get graded on the meaningful things they say in class discussions.

Having global exposure through enhanced technology-based learning is also important, he says.

"We train graduates who can 'go anywhere', with cultural, contextual and emotional intelligence, not just analytical intelligence." There is also a concerted effort to expand students' global outlook through internships and community service overseas, and exchange programmes. In fact, as many as 84 per cent of SMU's students receive some form of international exposure during their course of study. The University is aiming to increase this to 100 per cent.

SMU also includes an ethical component where students need to do 80 hours of community service as part of their graduation requirement.

"Project-based activity changes their view of the world, that there are people out there with worse problems than they have, societal problems like healthcare, poverty, energy and sustainability issues."

In the future, business schools will see more project-based learning through even stronger involvement with corporations, to make students learn what is relevant for the world they are stepping into.

Business schools, having gained some legitimacy in academia by incorporating elements of the scientific method in the past 50 years, could take the next step – to professionalise its discipline in a way accountants, lawyers and doctors have done theirs.

"We could have a codified body of knowledge, a set of standards to adhere to, a set of exams to test quality. This is one of the things we hope to see."