INCENTIVES THAT WORK

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ALSO INSIDE:
Next Steps for AACSB • Innovative Teaching • Time to Talk Tenure
Features

20 ATTRACTING THE BEST FACULTY
Deans at four very different business schools outline the strategies they use to identify and keep the best faculty for their institutions.

28 FACULTY IN DEMAND
Which disciplines need the most faculty members and command the highest salaries? A look at the data from AACSB.

30 TWO TAKES ON TENURE
Does faculty tenure ensure or inhibit academic freedom? Two professors argue both sides of the debate.

38 THINKING OUTSIDE THE B-SCHOOL BOX
Two educators take unconventional approaches to teaching in the business school classroom.

44 DEFINING TOMORROW
AACSB’s board chair Robert Sullivan examines the forces that will affect the association—and management education—in the coming months.

Departments

6 FROM THE EDITORS
8 CALENDAR
10 HEADLINES
50 RESEARCH
56 TECHNOLOGY
62 YOUR TURN
64 BOOKSHELF
66 CLASSIFIEDS
72 IDEA EXCHANGE

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Competition and Collaboration

There’s a new verb in the tech field: *acq-hire*. It refers to what happens when a behemoth like Facebook or Microsoft buys an entire startup company, then dumps the product, retaining only the engineers and software geniuses. Orly Lobel writes about this phenomenon in the book *Talent Wants to Be Free*—and she’s hardly a fan. The University of San Diego professor doesn’t believe a company should try to own its talent, crafting jealous and restrictive contracts that try to prevent superstars from leaving for cooler jobs elsewhere.

“What if the best course of action was to bid the employee a fond farewell and to later treat them as alums and potential rehires?” she asks in her book, which is reviewed on page 64. “What if the most effective strategies of motivating innovation in the firm were to allow the spilling of secrets and the shared ownership of ideas?”

The business school community has long understood that collaboration can be one of the most fruitful components of competition. Professors frequently pursue scholarly research in company with colleagues from other universities, and schools often hire visiting professors to fill crucial positions. Indeed, for some schools—such as CENTRUM Católica in Peru, which was profiled in the November/December 2011 *BizEd*—the faculty roster is largely built on part-time and affiliated faculty. This shared model might become even more important as business schools continue to proliferate and administrators look for nontraditional ways to hire professors.

No matter how collaboratively they approach the process, however, today’s administrators still face challenges when it comes to recruiting, and we look at some of those challenges in “Attracting the Best Faculty.” Deans from Virginia State, University of Alaska, EMLYON, and Lagos Business School describe the particular obstacles they have to overcome when hiring professors—but they also detail some of the major concerns all deans are facing today.

Some observers believe that a few of those concerns could be obviated if faculty were no longer tenured. In “Two Takes on Tenure,” John A. Pearce makes the case in favor of keeping tenure, but James C. Wetherbe explains why he thinks it should go. How schools approach the tenure question could dramatically affect the protocol of faculty recruiting.

Whether or not tenure stays in the picture, it’s clear that faculty recruiting will remain a challenge for deans. While it’s unlikely that they’ll buy up other schools just to *acq-hire* top talent, they’ll need to consider other creative ways to bring the best teachers to their campuses. Lobel calls this being smarter about “human capital strategies.” We say it’s the 21st-century way of teaching business.

*Sharon Shinn*

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The New B-School Application

APPLICANTS FOR GRADUATE business school expect to send off their transcripts, write essays about their passions, and take the GMAT or the GRE. But some of these traditions are changing as schools start tinkering with the time-honored formula for finding the best candidates:

■ The University of Toronto’s Rotman School of Management has waived the GMAT test requirement for applicants to its full-time and part-time MBA programs who have passed all three levels of the Chartered Financial Analyst program. According to Niki da Silva, the director of recruitment and admissions for Rotman’s full-time MBA, “We understand that taking the GMAT test can be a barrier stopping some who have passed all three levels of the CFA program from applying to business school.”

This change in the application process comes after last year’s announcement that the school was introducing a video essay component for applicants to the full-time program. The video essay, which consists of two questions that applicants must answer without preparation, will “allow us to get to know the personality, interests, passions, and talents of our applicants much better than we could in a written essay format,” da Silva notes in a blog post from 2012.

She adds that too many candidates, relying on consultants and former students for advice on the “right” answers to essay questions, give responses that sound formulaic and similar. “We are hoping to take a big leap away from the essay-writing contest that has become the norm in the MBA admissions world, and actually use our essays to showcase what it is that makes candidates unique.”

■ Harvard Business School in Boston, Massachusetts, is also shying away from the “essay-writing contest” pitfall by doing away with the word limit on its essays, as admissions director Dee Leopold announced in a May blog post. In lessening the focus on the essay, HBS joins the University of Michigan’s Ross School of Business and Columbia Business School, both of which have shortened the essay portions of their applications.

The 2013–2014 HBS application will include only this essay question, writes Leopold: “You’re applying to Harvard Business School. We can see your résumé, school transcripts, extracurricular activities, awards, post-MBA career goals, test scores, and what your recommenders have to say about you. What else would you like us to know as we consider your candidacy?”

HBS has also lowered the number of recommendations it requires from three to two. Writes Leopold, “I hope this may remove at least one hurdle for prospective candidates who come from organizations where there is not a tried-and-true path for talented folks to leave for business school.”

■ For the 2012–2013 application cycle, the Wharton School at the University of Pennsylvania in Philadelphia launched a new evaluation method: the team-based discussion. Applicants invited to interview were placed into small groups that discussed real-world scenarios. As the groups worked toward tangible solutions, admissions personnel could determine how individuals approached specific situations.

In a blog post from last November, admissions director Ankur Kumar called the first round of team-based discussions a success. Not only did candidates report that they enjoyed the experience, she writes, but they connected with each other. “We saw you exchange contact information for future business endeavors, continue to discuss the question posed to your team far after the exercise came to a close, and we noticed a few groups that headed out for celebratory dinner or drinks after the interview was complete.”

More tweaks to the MBA process are probably in the works as business schools worldwide try to uncover the authentic student at the heart of the application process—and determine if that student is a good fit for the school.
UCLA Anderson MBA Is Now Self-Supporting

THE ANDERSON SCHOOL of Management at the University of Los Angeles has received the university’s approval to convert its full-time, state-supported MBA to self-supporting status. The decision of university president Mark G. Yudof applies to the financing of the flagship MBA program, whose full costs will now be covered solely by student tuition. In other respects—including issues related to academic content and quality—the MBA program remains subject to the same policies that govern UCLA’s other professional schools.

While approving the program’s change in status, Yudof stipulated that the program must continue to ensure that student financial aid is offered for “financially needy students at a level commensurate with other UC full-time state-supported MBA programs.”

The conversion of the MBA to self-supporting status frees up more than US$8 million in state funding that will now go to campuswide undergraduate programs. According to Judy Olian, dean of UCLA Anderson, “The UC system has been hard hit by state budget cuts, and I’m pleased that we’ve been able to offer an innovative solution. This new financial model will provide students with tuition predictability and enable the school to invest in program innovations while redirecting state support to other needed priorities at the university.”

Doing Well, Doing Good

HOW CAN INVESTMENT institutions take actions that will benefit their stakeholders while simultaneously promoting the greater good by fostering more sustainable capitalism? That’s the question that was debated by board members, senior executives, and investment professionals from 12 different countries when they gathered in June at the University of Toronto’s Rotman School of Management in Ontario.

One suggestion that emerged was for companies to rethink executive compensation practices, as participants discerned no relationship between executive pay and performance. Another suggestion was to design and implement concentrated, long-term investment mandates that require constructive investor engagement. Workshop participants also recommended that investors address stranded asset risk resulting from the impact of climate change, initiate integrated reporting to combine material financial and nonfinancial information in a single document, and end the practice of providing quarterly earning guidance.

The workshop was organized by the Rotman International Centre for Pension Management (ICPM) and the Generation Foundation. More information about the workshop’s key findings can be found at www.rijpm.com.

Engineering a Business Program

INSPER INSTITUTE OF Education and Research in São Paulo, Brazil, has signed an agreement with the Olin College of Engineering in Needham, Massachusetts, that allows Olin to help Insper create an engineering school to complement its business program. Olin will provide workshops, consulting, and assistance in areas such as program development, faculty hiring, and admissions. Olin also will help Insper create a new curriculum based on pedagogical approaches that emphasize hands-on learning and entrepreneurial thinking. The program will be modeled on Olin’s curriculum, in which students work in teams, and faculty largely abandon the lecture style of teaching.

The collaboration is the brainchild of Insper’s president Claudio Haddad. His goal is to help Brazil rapidly expand its technological leadership and become globally competitive in areas such as IT, bioengineering, and nanotechnology.

Schools to Serve Africa

TWO NEW SCHOOLS are designed to raise the skill level of professional managers in Africa.

■ Frankfurt School of Finance & Management in Germany has partnered with the Université Protestante au Congo (UPC) to found the Central African Business School in Kinshasa, capital of the Democratic Republic of the Congo. The business school’s first jointly organized course—an EMBA program—will involve academic staff from Germany and Kinshasa and open this September.

■ This spring, PricewaterhouseCoopers Kenya launched the PwC Business School, whose mission is to deliver learning and development programs tailored for business professionals in the region. Courses are described as “short interventions” that use both classroom and digital delivery methods to offer participants insights from PwC professionals and outside experts.
MIT Will Have A Way with Words

THE MIT SLOAN School of Management in Cambridge, Massachusetts, will launch its new ten-day multilingual Global Executive Academy certificate program this December. Its distinction? It will be delivered simultaneously in six different languages, “United Nations-style.”

During each of the program’s two-day sessions, instructors will speak in English, and participants will speak in their native languages. All will wear small wireless earpieces to hear one of more than 20 translators deliver the program in Arabic, English, Mandarin, Portuguese, Russian, or Spanish.

Program organizers hope to enroll approximately 100 senior managers with roughly equal numbers of executives fluent in each language. When the class breaks into discussion groups, participants will be grouped together by their native languages. During general discussions, participants will speak into microphones, while interpreters translate what they say into English, and then into other languages.

The program will focus on driving innovation, managing technical professionals, marketing strategically, and developing high-performing organizations. Allowing international executives to network with leaders around the globe in their native tongues removes the requirement that they be fluent in English, explains Peter Hirst, executive director of the school’s executive education program. For more information, visit executive.mit.edu/gea.
NEW APPOINTMENTS

- **Jacques Verville** has been appointed dean of SKEMA Business School’s North American campus, based in Raleigh, North Carolina. He succeeds **Pascal Vidal**, who returns to SKEMA’s campus in Sophia Antipolis, France, as director of undergraduate and postgraduate programs.

- **Larry Johnson** has been named the new dean of Dalton State University’s School of Business in Georgia. Johnson, who is also a professor of economics, served last year as interim dean and previously was associate dean of the school.

- **Lawrence Crosby** has been appointed dean and professor of management at Claremont Graduate University’s Peter F. Drucker and Masatoshi Ito Graduate School of Management in California. He was most recently dean of the Spears School of Business at Oklahoma State University.

- **Carolyn M. Callahan** is the new dean of the University of Louisville’s College of Business in Kentucky. Callahan was most recently KPMG Distinguished Professor of Accounting and director of the School of Accountancy at the University of Memphis. She replaces Charles Moyer, who will become dean emeritus and finance professor after taking a one-year sabbatical.

- **Charles (Chuck) Patti** has taken up his post as interim dean of the Daniels College of Business at the University of Denver in Colorado. Patti is the senior associate dean for faculty and academic research at Daniels. He replaces **Christine Riordan**, who recently resigned to become provost at the University of Kentucky.

- The Nanyang Technological University in Singapore has appointed **Ravi Kumar** as its new dean. Kumar was formerly vice dean for international programs and graduate programs at the University of Southern California’s Marshall School of Business in Los Angeles.

- **Don Cyr** has accepted a five-year appointment as dean of the Goodman School of Business at Brock University in St. Catharines, Ontario. He has been interim dean of the school for 16 months.

- **Lee Perry** has been named the dean of the Marriott School of Management at Brigham Young University in Provo, Utah. Perry, the Sorenson Family Professor of Organizational Leadership and Strategy at the school, has been serving as the associate dean since 2012. He succeeded Gary Cornia July 1.

- **The Graduate Management Admission Council (GMAC) has appointed Sangeet Chowfla as president to succeed David A. Wilson, who has served for the past 18 years. Chowfla will join GMAC as president in September and assume the CEO role on January 1, 2014.**

- **Fernando Peñalva** has been named to Spain’s Commission of Experts on Corporate Governance, a group set up by the Ministry of Economy and Competitiveness to ensure Spain’s corporate governance standards meet the highest international levels. Peñalva is the secretary general of IESE Business School in Barcelona.

- **Martin S. Roth** will be the new dean of the University of Hartford’s Barney School of Business in Connecticut. He was most recently chair of the Sonoco International Business Department in the Darla Moore School of Business at the University of South Carolina.

- **Joseph Doucet** has been named dean of the Alberta School of Business at the University of Alberta in Edmonton. Doucet has held the Stanley A. Milner Chair in Leadership since January 2012, when he was appointed interim dean; previously he was the school’s Enbridge Professor of Energy Policy.

- **Millicent Lownes-Jackson** is the new dean of the College of Business at Tennessee State University in Nashville. The first woman to serve as the college’s dean, Lownes-Jackson has previously been interim provost, executive vice president, and associate dean at the school.

- **In July, Kristie Ogilvie** became dean of the School of Business at Emporia State University in Kansas. Ogilvie most recently was associate dean of academics in the College of Business and Public Administration at California State University at San Bernardino.
STEPPING DOWN

■ **Steve Salbu** has announced he will not seek a third term as dean of Georgia Tech’s Scheller College of Business in Atlanta. Once he completes his eighth year on the job in June 2014, he will resume his faculty role as the Cecil B. Day Chair in Business Ethics and become director of the new Cecil B. Day Program in Business Ethics.

■ **Clarence H. “Bud” Barnes** has announced that, at the end of the year, he will be stepping down from his post as dean of Gonzaga University’s School of Business Administration in Spokane, Washington. He has held the position for 32 years. During his tenure, he oversaw the school’s initial AACSB accreditation and subsequent maintenance of accreditation efforts. He has also helped undergraduate enrollment grow from fewer than 500 to more than 1,000 students. Barnes has served on numerous AACSB committees as well as private and public boards. As dean, Barnes has maintained a limited teaching schedule, and he will return to the classroom during the spring 2014 semester.

NEW PROGRAMS

■ In the fall, **George Washington University** School of Business in Washington, D.C., will offer an undergraduate finance degree that will require students to carry a second major in a discipline outside of the business school. The program is designed to give rising sophomores and incoming freshmen an interdisciplinary education.

■ **Ithaca College** School of Business in New York has created a program that allows students to manage real money in three separate funds—hedge, equity, and fixed income. Student teams analyze data and make presentations to other students, who then make purchase and sell decisions. Each fund starts with a minimum of US$100,000.

■ This fall, **Mills College** of Oakland, California, is launching a joint master of public policy and business administration degree program. The Lorry I. Lokey Graduate School of Business and the Public Policy Program worked together to create the MPP/MBA program.

■ Beginning in the fall 2013 semester, the Monte Ahuja College of Business at **Cleveland State University** in Ohio will offer an online BBA Degree Completion Program designed to offer flexibility to students who have already completed more than 40 hours of college coursework.

■ **Wharton Executive Education** part of the Wharton School at **University of Pennsylvania** in Philadelphia, has developed two new programs: “The Strategic Decision-Making Mindset” and “Disrupting the Competition Through Knowledge-Based Strategies”.

■ This spring, **IESE Business School** in Barcelona, Spain, launched Fast Forward, a five-day executive education program structured like a business symposium. It features a mix of motivational speakers, plenary sessions, and research sessions; participants can choose among themed sessions on topics that include growth markets, intrapreneurship, innovation, and marketing in the digital age.

■ **Samford University**’s Brock School of Business in Birmingham, Alabama, is adding a sports marketing concentration and course offerings to its curriculum in the fall of 2013.

■ The Board of Trustees for the City University of New York has approved the establishment of a joint business PhD degree program that will now include the **Baruch College** name, alongside CUNY’s Graduate Center. Baruch College, also of New York City, will begin awarding the degree in the 2013–2014 academic year.

■ **Willamette University’s** Atkinson Graduate School of Management has debuted the Willamette MBA for Life program, which allows alumni to take select courses for free at the school’s campuses in Salem and Portland, Oregon.

■ The **Eugene Lang Entrepreneurship Center** at **Columbia Business School** in New York City has created the Columbia Entrepreneurs Lab, a cooperative working space available free of charge to students accepted into a new entrepreneurship program.
SHORT TAKES

- The master of finance program at the Schulich School of Business at York University in Toronto, Ontario, has announced a new specialization in regulatory affairs for financial institutions.

- The Lubin School of Business at Pace University in New York City has launched four new programs: a BBA in management, arts, and entertainment management; an MS in social media and mobile marketing; an MS in customer intelligence and analytics that focuses on working with Big Data; and an MS in financial risk management that prepares students to attain certification from the Global Association of Risk Professionals.

- The Poole College of Management at North Carolina State University in Raleigh, North Carolina, and SKEMA Business School in Sophia Antipolis, France, are partnering to teach a dual-degree Global Luxury Management curriculum. They will be collaborating with NC State’s College of Textiles to deliver the one-year graduate curriculum, which is offered in the Poole College’s Master of Global Innovation Management program.

- Babson College in Wellesley, Massachusetts, has signed a cooperation agreement with Dar Al-Hekma College, a private college for women in Jeddah, Saudi Arabia. The two institutions will work together on programs to support women’s leadership and entrepreneurship.

HONORS AND AWARDS

- Ray Lewicki has received the International Association for Conflict Management (IACM) 2013 Lifetime Achievement Award for his distinctive contributions to management education. Lewicki is the Irving Abramowitz Memorial Professor of Business Ethics Emeritus at The Ohio State University’s Fisher College of Business in Columbus.

GRANTS AND DONATIONS

- Auburn University’s College of Business in Alabama has received a US$40 million commitment from alum Raymond J. Harbert, chairman and CEO of investment firm Harbert Management Corporation and a member of the Auburn University Board of Trustees. In recognition of the gift, the school will be renamed the Raymond J. Harbert College of Business. The money will be used to create endowed chairs, form a doctoral program in finance, enhance the school’s facilities, and establish research centers devoted to investments and supply chain management.

- Samford University’s Brock School of Business in Birmingham, Alabama, has received a US$12.5 million pledge from alum Gary Cooney toward the construction of a new state-of-the-art facility. Cooney is vice chairman of insurance brokerage McGriff, Seibels and Williams.

- The College of Business at the University of Southern Indiana in Evansville will be renamed the Romain College of Business to reflect the generosity of alums Ron and Connie Romain. Part of their US$5 million gift will underwrite a speakers program that brings in prominent entrepreneurs.

- INSEAD has received a donation of S$5 million (almost US$4 million) from alum André Hoffmann, vice
The money will be used to construct the school’s Leadership Development Centre in Singapore.

**FACILITIES**

- **Audencia Nantes School of Management** in France has opened a site in Paris where it will offer educational programs and host its alumni association. The 300-square-meter (984-square-foot) space will be housed on the 25th floor of the Montparnasse Tower, Paris’s tallest building.

- **Vlerick Business School** has built a 4,800-square-meter (15,700-square-foot) learning, research, and network facility in Brussels, Belgium. The €5.7 million (US$7.6 million) campus is the fourth for the business school, which also has locations in two other Belgian cities, Ghent and Leuven, as well as in St. Petersburg, Russia.

- This fall, the **University of Missouri-Kansas City** will open a new US$32 million, 58,000-square-foot building as part of the Henry W. Bloch School of Management. The Bloch Executive Hall for Entrepreneurship and Innovation will include active learning classrooms, a simulated trading floor, a design lab, a behavioral science research space, an auditorium, and a tiered amphitheater.

**OTHER NEWS**

- **Georgetown University’s McDonough School of Business** in Washington, D.C., has become the 18th member of the Consortium for Graduate Study in Management, a national not-for-profit organization focused on diversity and inclusion in American business. More information about the organization can be found at www.cgsm.org.

- **ETS**, based in Princeton, New Jersey, has made updates to the GRE Program that will allow individuals to retake the revised General Test as frequently as once every 21 days, and up to five times within any continuous 12-month period.

- **MBA Career Services Council** has changed its name to MBA Career Services and Employer Alliance (MBA CSEA). The goal of the name change is to align the organization’s brand more closely with its mission to provide information and education to individuals holding and seeking MBAs.

- The **University of Chicago Booth School of Business** will relocate its Asia Executive MBA Program from Singapore to Hong Kong, while maintaining a robust presence in Singapore.
Attracting the BEST
What does it take to bring top-notch faculty to your business school? Four deans share the methods they use to hire great talent.

BY SHARON SHINN

Globally branded schools with high rankings and deep pockets have little trouble recruiting top scholars, but for most business schools, competing for faculty is one of their most formidable challenges. And for every school, depending on its location and its resources, the task of recruiting faculty is just a little different.

For instance, what obstacles must a school overcome when it’s in a crowded market? That’s the situation for Françoise Dany, dean of the faculty and professor of human resource management at EMLYON Business School in Lyon, France. How can a dean attract candidates to a school in a remote location? Rashmi Prasad, the interim dean of the College of Business and Public Policy at the University of Alaska Anchorage (UAA), deals with that question every day. Enase Okonodo, dean of the Lagos Business School in Nigeria, must counter the reservations some candidates have about working at a school in an emerging economy. And Mirta Martin, dean of the Reginald F. Lewis School of Business at Virginia State University in Petersburg, must constantly work around constrained resources as she recruits faculty to her state school—which also happens to be one of America’s historically black colleges and universities (HBCUs).
Even as these deans focus on their own particular challenges, they can offer insights on four primary concerns that arise—for them and their counterparts across the globe—as they recruit and look for ways to retain faculty. These deans believe that four main issues will impact management education for the foreseeable future:

1. The finite supply of PhDs. This could be the most critical one for deans worldwide, notes Okonedo. “In the coming years, business schools all over the world will find themselves competing for faculty as the number of business schools increases and the doctoral faculty shortage worsens,” she says.

Deans are already instituting strategies to try to negate the effect of the shortfall. For instance, EMLYON in France frequently turns to adjunct professors, says Dany. She adds, “We try to develop strong relationships with them to be sure of the quality of their teaching and their commitment to the school.”

2. The technological revolution. “Technology is having a huge impact on traditional, evolving delivery models,” says Okonedo. “Deans and their faculty will find it challenging to keep their knowledge and skills up-to-date, especially when they’re subject to tight budgetary constraints.”

The key, believes Dany, is to make faculty comfortable with the changing delivery methods of education as we “continue to develop and transform teaching practices, tools, and content over time.”

Changing educational models—from MOOCs to online institutions like Western Governors University—offer exciting opportunities as well as obstacles, points out Martin. The Lewis School explored MOOC options this summer as a way to deliver courses to students who couldn’t physically be on campus, but Martin thinks online educational delivery could have even more far-reaching possibilities.

For instance, she says, if traditional universities can develop faculty who are at ease teaching in a digital environment, they’ll be able to reach student populations anywhere in the world, including areas where other educational opportunities are limited. She says, “We can engage in great philanthropy while improving the bottom lines for our schools.”

3. Faculty engagement. Some education critics believe the tenure track model is outdated (see “Two Takes on Tenure,” page 30). But as long as it is the standard, says Prasad, a key concern will be keeping mid-career faculty members engaged, motivated, and current. He thinks it’s critical for deans to offer counseling and mentoring—but he also thinks mentors can be found anywhere. In fact, he says, junior faculty members with fresh ideas and technological competence can mentor senior professors.

At UAA, for instance, younger faculty have encouraged the adoption of classroom video capture; they’ve also led the way in initiatives such as the Experimental Economics Lab and the Committee for Innovation in Teaching and Learning. “The teaming of newer and longer-term faculty resulted in renewed engagement for more senior faculty,” Prasad reports. He sees two factors that allow junior faculty to influence senior faculty: their participation on committees that address cutting-edge topics, and improved internal communication that allows new ideas to diffuse across the college.

Prasad also believes that deans will find it easier to motivate faculty now that AACSB has adopted a new system of classifying faculty as scholarly practitioners, scholarly academics, practice academics, and instructional practitioners. “This allows faculty to migrate over the course of their careers, and maybe even reinvent themselves,” he says. “A purely academic researcher can become more of a practitioner. AACSB is giving us more tools to work with, but keeping senior faculty engaged will remain an ongoing challenge.”

4. The changing landscape of business education. The biggest problems might not even be on the radar yet. Says Martin, “As business school leaders, we need to think about the challenges that don’t yet exist so we can prepare for them, but we aren’t doing enough of that. We need a SWOT analysis of what the business school landscape will look like in five years, in ten years, so we can shift the models we use to recruit and retain faculty.

“For instance, we’re going to have to consider the best ways to utilize our facilities full-time,” she goes on. “I looked out my window a few days after May commence-
ment, and the campus was deserted. Can we afford to let our buildings sit empty for a few months every summer? Can we afford to keep faculty who don’t work for 12 months a year? We could be looking at a paradigm shift.”

Prasad wholeheartedly agrees. He says, “I think the very substance of our MBA programs is undergoing a change, and this will have a huge effect on how we hire. The MBA was designed to capture the diverse range of skills and knowledge an executive should have, but as the knowledge being generated in the business world becomes so wide and broad, one degree might not be able to capture it. It might be more logical for executives to earn multiple specialized credentials—which requires a different mix of faculty.

“At that point, a key challenge becomes hiring strategically to meet the demands of changing business,” he continues. “We can’t just fill old slots. We can’t just hire a new marketing professor to replace one that just retired. We have to anticipate the shape of intellectual capital we will need in the future.”

Thus, like many other tasks that fall to business school leaders, faculty recruiting will become a balancing act. Deans will have to weigh their present needs against their future plans, their local requirements against global norms. They’ll have to factor in technology, globalization, and intensifying competition, while those that are accredited will have to meet explicit standards. No wonder deans see faculty recruiting as one of the most critical tasks they’ll face for the rest of the decade. In the following pages, Martin, Prasad, Dany, and Okon edo get specific about their strategies for facing these challenges head-on.

A State School, An HBCU

BY MIRTA MARTIN

For publicly funded state schools like Virginia State University, it’s a major challenge to recruit talented, qualified faculty, especially as we’re competing with private schools that have significant endowments. I obviously can’t compete with schools that can offer candidates US$20,000 or $30,000 more than I can. But if the difference is only $10,000, I’m often able to recruit candidates who are looking for two things: a congenial working atmosphere, and a chance to make a difference in the world by teaching students from minority populations.

At the Lewis College of Business, we treat our junior faculty with the same respect we give our tenured professors, and we rely on the expertise and enthusiasm they bring to the school. One of the reasons we were able to convert to a digitally delivered curriculum a few years ago is that our tech-savvy junior faculty led the way.

It’s important to me that we have a family atmosphere. To my faculty, I’m not “the dean”—I’m Mirta. This helps us recruit new faculty through word of mouth, because our junior members spread the word to their friends still in school that this is a good place to work.

All the faculty I recruit must be from AACSB-accredited schools, but I also look for candidates who have had previous lives. Of the 14 faculty I’ve hired, 13 had successful careers as businesspeople, lawyers, auditors, and CFOs. Most of them earned their PhDs after they grew tired of the corporate rat race.

These faculty can use their real-life experiences to explain why a piece of theory is relevant. A professor who used to own a business can tell his class, “We had a strategic plan that looked ahead one, three, five, and ten years. Without it, we wouldn’t have survived the market crash. This is why you have to do your strategic analysis.”

I hire African American professors when I can, because I believe our students need to have role models who share similar values and experiences. Unfortunately, minority candidates are rare and many go to higher-paying institutions. However, I also think it’s important to recruit diverse faculty. My current roster is a mini U.N., with African American, Chinese, Korean, Caucasian, Hispanic, and Indian faculty on board. They come to VSU with their cultures and their accents and their specific stories from their countries, and they give our students a real taste of the world they will be graduating into.

Finally, I want to recruit faculty for whom education is a calling. Everyone who comes here understands that what we do is a matter of mission. Schools like ours often lack resources, so faculty become resources for the students, and they know it. They want to pass on their knowledge to the next generation of leaders. And they want to teach this population because they believe that’s where they can enact the greatest change.

Anyone can teach a student who has as 4.7 GPA. But it’s more of a challenge to teach a student who has a 2.8 or a 3.0 average. When I’m interviewing candidates, I tell them, “If you follow your passion and come here, you might not be paid top dollar. But you’ll go home every evening saying, ‘Today I made a difference in someone’s life.’”
A School Off the Beaten Path

BY RASHMI PRASAD

To find faculty for the University of Alaska in Anchorage, we follow some of the traditional steps: We advertise positions, utilize professional societies, and rely on informal networks. But one of the most effective methods is outreach by senior leaders among our faculty, such as Gunnar Knapp, director of the Institute of Social and Economic Research (ISER). At conferences, Knapp actively promotes the state, its mystique, and the opportunities it affords. A couple of years ago, he staged our presentation space with all kinds of “Alaskana,” including smoked salmon and posters of our beautiful state. He drew quite a crowd.

We typically see three types of faculty candidates. Some are already disposed to come here for part of their careers, because living in Alaska has always been on their “bucket lists.” These are often productive senior scholars who move easily from place to place. Some already have a negative attitude about the idea of working in Alaska, so we don’t put any effort into trying to recruit them. It’s not worth the cost.

The final group is made up of more open-minded candidates, and with them we are proactive in counteracting their misconceptions. Yes, Alaska is remote, but Anchorage has most of the amenities you’d want in a major city. It’s also an extraordinary place. It’s built on the edge of a national park, with fabulous outdoor recreational opportunities available year-round. This combination of the lifestyle and urban amenities is very attractive.

One fear candidates have is that Alaska is so isolated that they will have trouble maintaining personal and professional networks. But the communications revolution means that colleagues around the world are readily available through video chat services like Skype. In addition, Anchorage is only an eight- or nine-hour flight from 90 percent of the industrialized world. Moscow and London can be reached in nine hours, Taipei in eight, Los Angeles and Honolulu in five. The faculty lifestyle generally accommodates trips, and we’re generous about faculty travel.

Finally, some candidates worry that they’ll have a hard time adjusting to Alaska’s environment, such as its swings between seemingly endless days and nights. For this reason, we actively mentor them—either formally, through the Center for Advancing Faculty Excellence (CAFE), or informally among department chairs and senior faculty. For instance, if new hires are having trouble with the long nights during winter, we encourage them to buy lights that simulate sunlight or to travel to someplace like Hawaii.

Once we get candidates past the obstacles of coming to Alaska, we point out UAA’s many advantages. For instance, Anchorage contains more than 40 percent of the state’s population, which means faculty at our university can make a big impact. We have access to business leaders, and politicians take us seriously.

Many local leaders rely on the policy research produced by faculty who work at ISER and who focus on key Alaskan issues such as energy. Faculty members who join ISER don’t have to have a great deal of previous understanding of Alaska’s priorities; they just have to learn local conditions.

And that’s important, because we believe it’s critical for us to recruit diverse faculty from anywhere in the world. Our state has a huge geography and a small population, so we rely on trade with the outside. We can’t afford for Alaska to be inward-looking and parochial, because Anchorage needs to be a first-class business center. That means we need a population that is cosmopolitan, understands other cultures, maintains a broad global perspective, and can interact with other citizens anywhere in the world. To help educate that population, we need diverse faculty.

Even so, for business schools like ours in remote regions, the questions remain: What are our critical tasks? What is our continuing unique offering to the state and the community? Has our mission changed as we respond to globalization, the rise of technology, and the shifts in higher education? Those are important questions. Since there are only a few significant universities in Alaska, UAA can’t leave the answers to someone else.
A School in a Crowded Market

BY FRANÇOISE DANY

Because EMLYON Business School is in a highly competitive region, we put a great deal of effort into offering good working conditions and creating a friendly and supportive working environment. We have to go beyond window dressing.

When recruiting faculty, we point out the excellent life conditions in the city. Lyon is ranked among the best places in the world to live, and it is close to numerous popular destinations—London, Geneva, Barcelona, Milan, the Mediterranean, and the French Alps.

But, even more important, we emphasize the quality of local infrastructures. Lyon is the second largest economic area of France, which is the sixth-largest economy of the world, and it is characterized by dynamic industries. This means faculty have tremendous opportunities to cooperate with business leaders to develop knowledge. We recognize the importance of fieldwork, and we know how critical it is for faculty to develop strong relationships with our economic partners as well as our program participants.

Therefore, when we’re recruiting faculty, we emphasize the potential for them to develop rich long-term professional projects. We also strive to develop a collective and engaging intellectual life within our faculty as we consider our roles and responsibilities toward society. Because we are a research-oriented institution, we give faculty members time to research and write for publication. We also encourage individual and collective initiatives through our learning lab and five research centers.

For EMLYON, the goal is to attain increasing international recognition, which means we recruit faculty members who produce significant publications and are engaged in numerous research networks. Having well-known individuals at our school enhances our reputation and increases the employability of our faculty.

But we also make sure candidates know they have the possibility of developing different kinds of careers—either focused on research or on teaching and development. This may well be one of the key challenges for all business schools going forward: making sure we develop career paths for both research-oriented and teaching-oriented faculty. Among other things, this means making sure we promote interactions and projects that involve both kinds.

In the coming years, we expect EMLYON’s biggest challenge to be finding the balanced profiles we are looking for, while keeping faculty committed to our institution. We want to work together to build a collective project for developing entrepreneurs for the world.

A School in An Emerging Nation

BY ENASE OKONEDO

At business schools in emerging markets, it’s critical that faculty members are not only academically sound, but also knowledgeable about business in their environment. Management knowledge obtained through a purely Western education often isn’t applicable to the situation in developing economies. We must teach our students to think globally but act locally.

Lagos Business School is a postgraduate school whose mission is to improve the management of African enterprises by strengthening the capacity of African managers. Thus, we seek faculty who have practical business knowledge and who maintain continuous engagement with industry. This practical experience allows them to effectively communicate management theories to students and also to develop pedagogical materials that can enhance student learning.

Having said this, for faculty who are teaching in the doctoral program, we look for those who have backgrounds that skew toward the theoretical side. We always look for candidates who are active in at least two legs of the faculty tripod: teaching, research, and industry engagement.

Finding suitable faculty is always difficult because we want candidates who can work within the culture at our school, where we use the case study method, focus on humanistic management practices, and emphasize a strong
engagement with industry. In addition, we are founded on the Christian concept of the human person, as well as economic activity. Thus, we want faculty who can share our values, who have strong academic abilities, and who have significant practical experience. In addition, we look for faculty who can be facilitators in the classroom.

Not all the faculty we hire are ready-cut diamonds, so we engage in faculty development, especially to familiarize them with the case method. Most of our faculty are alumni of either the International Faculty program at IESE or the Teaching the Practice of Management program offered by the Association of African Business Schools.

We also sometimes grow our own talent by hiring promising young people who have values that are consistent with ours. We usually find them by looking among our graduating students for bright individuals and encouraging them to apply as research associates. This gives them a couple of years to explore the academic life and see if they find it attractive. If they do, we help them earn their master’s degrees and PhDs, after which they become lecturers. We also have two designated “scouts” among our faculty; they are involved in youth networks, and they keep an eye out for bright young individuals we could bring in as research assistants and start on the same path.

In some disciplines, such as finance and marketing, it’s particularly difficult to recruit qualified faculty, because candidates can earn much better salaries in industry. In those cases, we must find people who really love teaching and want academic careers.

We recruit both locally and internationally, by advertising, networking at conferences, and asking current faculty for recommendations. While individuals who know and understand the Nigerian business environment are our primary targets, we also believe in exposing our students to global business environments through outside faculty who have fresh perspectives.

When we’re recruiting from outside Nigeria, the biggest challenge is overcoming worries about “environmental factors” that make candidates hesitate to commit to a long-term stay. Often they have concerns about the level of security or the adequacy of the infrastructure. In addition to dealing with these issues, we must try to match international salaries and pay candidates enough to afford our high cost of living. We frequently find these outside faculty members by collaborating with international schools to arrange faculty visits and/or study tours.

We also reach out to academics from the Nigerian diaspora who wish to return to their home country. Sometimes we encounter Nigerians working abroad who are trying to decide whether to join LBS or take positions in South Africa or a Persian Gulf country. To convince them to come to LBS, we emphasize that here they can contribute to the building up of the country, which we consider an exciting adventure.

We also emphasize that working at LBS could be very good for their careers, because their visibility and impact will be much greater in Nigeria than abroad, where each would be only one among thousands of equally well-qualified academics in hundreds of business schools. We promise that we can give them the kind of support toward personal and career development that they will not find anywhere else in the country. And we tell them they will derive deep satisfaction from communicating our values to others as they help transform the business environment and, thus, the society at large.
While business school deans worry that global competition for faculty will increase the doctoral shortage, for the moment the situation seems relatively stable. Five-year data trends show that, despite minor fluctuations, demand remains nearly constant for PhDs in specific disciplines, at least in North America. Conclusions are based on data drawn from a controlled set of 430 schools in the annual Salary Survey conducted by AACSB International. For this particular set of respondents, the majority are from North American schools.

According to the Salary Survey, accounting is the discipline that needs and draws the most candidates every year. It’s the field that has the highest numbers in terms of positions filled, positions filled by doctorates, positions that are currently open, and additional positions planned for growth in the next year. The other top contenders annually are finance, marketing, management, and economics.

While the explosion of business education worldwide might lead observers to expect that schools are posting an increasing number of positions that are going unfilled, that does not appear to be the case, at least in the U.S. In the 2008–2009 academic year, for instance, schools reported a total of 21,026 full-time positions that were currently filled, and 1,058 unfilled. In the 2012–2013 year, those numbers were actually better—22,330 and 872, respectively. And the gap should only get a little wider in the next 12 months: Five years ago, schools expected to add 785 new doctoral positions in the next academic year; today, that number is 812.

Again, these numbers are drawn from the Salary Survey and primarily reflect the situation in North America; worldwide, demand for doctoral faculty can vary by location, local competition, and the needs of specific disciplines. As Juliane Ianarelli, vice president of AACSB’s Knowledge Development, explains, “Any attempt to quantify a doctoral shortage globally requires a vast oversimplification of the relationship between supply and demand figures. Even if these figures were more comprehensively available,
they still wouldn’t take into account facilitators and barriers of international mobility, individual graduate strengths and research productivity, and competing hiring interests from the corporate world. What we do know is that in the regions where business schools are experiencing the greatest growth, administrators express strong desires to strengthen the research culture among their faculty, and one way they try to do this is through a stronger cadre of doctoral faculty.”

One thing’s certain: As schools hire more faculty with PhDs, they’re seeing salaries rise. According to the Salary Survey, in the 2008–2009 academic year, the average salary for a full professor was US$131,200; today, the average has climbed to $144,200.

The disciplines that enjoy the highest paychecks are behavioral science/organizational behavior, where the average salary for a professor is $172,000. It’s followed by finance ($167,000), strategic management ($163,500), business ethics ($148,000), and marketing ($147,500).

A few professors are making considerably more. The highest reported individual salary for 2012–2013 was $529,200 for a professor of marketing. The other highest salaries were for professors in behavioral science/OB ($497,000), finance ($487,500), economics ($420,600), and accounting ($389,000).

The upshot? It’s a good time to be a professor with a PhD. But business schools with job openings will continue to work hard—and pay heavily—to attract quality faculty to their campuses.

For more insights on global models of doctoral education, watch for a report that will be released in September by AACSB’s Doctoral Education Task Force. The report pays particular attention to how doctoral education can continue to evolve in a way that best supports different needs, experiences, and goals around the globe.

### In-Demand Business Disciplines

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According to AACSB International’s annual Salary Survey, the top five most in-demand disciplines have stayed relatively consistent over the past five years, though finance moved ahead of marketing for the 2012–2013 academic year.
TWO
TAKES ON
TENURE

Does tenure protect academic freedoms and allow professors to put down roots at their institutions? Or does it restrict growth and stifle innovation?

Bring up the topic of tenure to a room of academics, and then step back—a heated debate is bound to ensue. Many educators hold that tenure offers needed support and protection for faculty and allows them to establish themselves at their institutions; others see it as a rigid, expensive practice that is rooted in the past and has outlived its usefulness. Here, Villanova’s John Pearce and Texas Tech’s James Wetherbe weigh the pros and cons of tenure in the 21st century.
The Value of University Tenure

When all benefits are taken into account, tenure remains a compelling and pragmatic option for academic institutions.

BY JOHN A. PEARCE II

Although tenure allows universities to strengthen their ability to recruit talented faculty, it represents a long-term commitment to faculty who may not continue to make important contributions to the university over time. If that's the case, why do so many institutions continue to employ tenured professors? Of business schools that responded to AACSB International’s 2013 Business School Questionnaire, 99 percent of schools in the U.S. (504 out of 509) and 88 percent in Asia (52 out of 59) reported that they offer tenure.

I believe there are three compelling reasons. First, tenure helps universities attract and retain the best research faculty. Second, universities without tenure are at a disadvantage when it comes to securing top-tier faculty for the long term, which limits faculty involvement in the life of the institution. And, finally, tenure positively impacts a university’s reputation, performance, and ability to deliver quality education.

Tenure attracts faculty who publish high-impact research.

Over the last two decades, business schools increasingly have measured the impact of faculty by how often their faculty’s research is published in high-quality journals and cited by other authors. But scholarship with real impact on a field of study is relatively rare.

In a 1998 study, Eugene Garfield found that of approximately 33 million articles included in the Science Citation Index from 1945 to 1988, 40 percent were never cited by others, and 56 percent were cited only once. Only 4 percent received two or more citations. Publishing articles in top-tier journals with rejection rates of 90 percent to 95 percent may be extremely difficult, but publishing articles with enduring impact on the field of study is extraordinarily so.

In a 2008 study, Philip Podsakoff, Scott MacKenzie, Nathan Podsakoff, and Daniel Bachrach found that a mere 5 percent of faculty account for 50 percent or more of all citations. They also found that the number of a professor’s scholarly publications is positively related to the number of citations he or she receives. Likewise, the recognition a university receives for research is positively related to its number of faculty publications.

The only way universities can set themselves apart through scholarship is by hiring faculty with proven capability to publish high-impact articles in top-tier journals. Not surprisingly, these professors can command contracts with significant benefits, and many of them expect to be offered the possibility of tenure. Schools need to offer a tenure process to attract and retain such faculty.

The absence of tenure affects the quality of education.

The imbalance between part-time and full-time faculty appointments has steadily increased since 1975. The number of part-time, short-term, non-tenure-track—or “contingent”—professors has grown tremendously over the last four decades, across all institutional categories.

As of the 2012–2013 academic year, tenured and tenure-track full-time positions represented fewer than 24 percent of all instructional staff positions in colleges and universities, according to the American Association of University Professors’ “Annual Report on the Economic Status of the Profession.” Authors John Curtis and Saranna Thornton note that non-tenure-track full-time and part-time faculty and graduate teaching assistants represent the remaining 76 percent. While full-time tenured or tenure-track positions grew by only 26 percent since 1975, contingent academic positions increased by more than 300 percent. Although these trends are less marked in business disciplines, their direction is nearly identical.

Curtis and Thornton calculated the median rate of pay per three-credit course over all disciplines to be just US$2,700, which suggests that schools are cutting costs by relying on contingent professors. Unfortunately, such appointments...
provide very limited academic freedom because nonpermanent professors are subject to termination or nonrenewal without due process.

Non-tenure-track professors often serve as academia’s equivalent of professional baseball’s “utility players”—they are hired to teach a miscellany of courses and provide cost-efficient emergency service. But they often lack the expertise in theory, pedagogy, and practice needed to deliver quality educational experiences. Certainly, adjuncts can offer rich experiences in practice-oriented, standalone courses. But overall, students are less likely to receive a high-quality education from one-off courses than from an integrated, theory-based, and pedagogically coherent package of courses provided by a committed tenured faculty.

**Tenured faculty are instrumental in maintaining mission over time.**

The scholarly contributions of a school’s faculty are important to its reputation and ability to deliver quality education. But no less important is the value a school derives from its faculty’s myriad other contributions. These include textbooks and other pedagogical materials, books and articles targeted to practitioners, blogs, consulting, and interviews.

Through such work, tenured faculty contribute instrumentally to the stability, predictability, and continuity of a university’s mission. A school is much more likely to achieve long-term consensus among its faculty and administration—contributing to continuity in its programs, pedagogical integration, and student performance expectations—with a stable faculty roster. Such consensus affects crucial areas such as curriculum design, graduation requirements, and faculty tenure standards.

Tenured faculty members also can link generations of stakeholders to the institution and inspire their trust and support. For many students, graduates, parents, community leaders, and employers, long-term faculty personify the university, implying an assurance of continuity.

When a university offers tenure to carefully vetted professors who share its values, it strengthens its culture and enhances its reputation. That makes a university’s investment in promising faculty worth it, even if only a few produce great scholarship.

**Tenure protects faculty’s academic freedom.**

In his 1998 article “Is tenure necessary to protect academic freedom?” law professor Erwin Chemerinsky writes: “The reality is that a university that seeks to abolish tenure and replace it with an alternative is doing so precisely to provide less job security for faculty members. Inevitably, this will have a detrimental effect on academic freedom.”

Although some might think this aspect of tenure is obsolete, Chemerinsky’s statement highlights tenure’s original purpose—to promote academic freedom. Tenure preserves academic freedom by protecting professors against capricious and unwarranted dismissal. Although the risk is small, some administrators might wish to remove high-paid faculty members to reduce salary budgets or substitute new hires to support changed university priorities. For these reasons alone, tenure deserves widespread support.

**Tenure emboldens a school’s faculty to excel.**

Tenure doesn’t just strengthen a university’s ability to recruit and retain faculty or communicate its commitment to educational excellence. It also emboldens faculty members to accept positions of leadership and administration within the university. It reinforces the institution’s culture and strengthens the bond between administration and faculty. It encourages faculty to extend their work for the university community beyond contractual requirements.

The one thing tenure does not do is to encourage faculty inactivity. As much as professors pursue and appreciate tenure, their tenure does not guarantee merit raises, promotions, graduate assistants, summer employment, or access to funds for travel or research. It does not guarantee that they’ll receive their preferred teaching schedules, office spaces, course assignments, or other institutional resources, perks, and opportunities. The notion that intelligent, career-minded, ambitious, well-educated professors will lapse into decades of dramatic underperformance just because they have tenure is not credible.

Some critics of tenure believe that the future is too uncertain to offer faculty such a valuable and enduring benefit as tenure. After all, an institution’s priorities can change; a professor’s productivity can decline over time. Such concerns have merit, but uncertainty characterizes all future-oriented decisions. When university administrators grant a professor tenure, they undeniably make a large investment in the future. The value of tenure is well worth its price.

John A. Pearce II is the VSB Endowed Chair in Strategic Management and Entrepreneurship and professor of management at the Villanova School of Business in Pennsylvania.
The End of Tenure

Professors teaching in the U.S. in the 21st century should rely on the Constitution’s First Amendment to protect their academic freedom—not lifetime tenure.

BY JAMES C. WETHERBE

“I can resign tenure?” I asked with pleasant surprise. This was not the response my dean had expected when he explained that my current situation was untenable. He had expected me to return to the University of Minnesota full-time. Instead, he offered me an alternative I had not yet considered—and one I was happy to take.

Previously, the dean and I had agreed that I could work part-time for three years as the FedEx Chaired Professor in Information Technology at the University of Memphis. While I helped found the FedEx Center for Cycle Time Research at Memphis, I would continue to direct the Management Information System Research Center at Minnesota. The dual responsibilities were demanding, but my work at Memphis was a boost to my teaching and research. After three years, the president of the University of Memphis wanted me to continue my work at the FedEx Center. I was game—I just needed to get the approval of my dean at Minnesota.

That’s when the dean made everything clear: “If you don’t come back to Minnesota full-time next year,” he said, “you will have to resign your tenure.”

By this point, I had come to disdain the way tenure protects the few faculty whose performance is complacent and subpar—who make the majority of faculty look bad. As a tenured professor, you have a guaranteed “job for life” unless you do something really heinous. During my 13 years of tenure, I grew weary of the sarcasm I heard from the businesspeople with whom I consulted. At times it felt as if tenure were an albatross around the neck of my credibility. “Easy for you to suggest changes needed in business,” they’d wise-crack. “You’ve got tenure.”

So, 20 years ago, I resigned my tenure. Just two years later, after I gave a speech to executives in Boca Raton, a participant challenged me during the Q&A with that oft-heard criticism: “You have tenure, so it’s easy for you to say....” This time, I had a clear response: “You and I share the same point of view on tenure. That’s why I resigned it.” A loud round of unexpected applause followed.

The albatross was gone.

In Support of Academic Freedom

Make no mistake—I am a strong advocate of academic freedom, just not lifetime tenure. And I am not alone.

Mark Taylor, a religion professor at Columbia University and author of the 2010 book Crisis on Campus: A Bold Plan for Reforming Our Colleges and Universities, acknowledges that tenure has become less about academic freedom and more about job security. He discusses the history of tenure, which emerged at religious schools in the late 1800s to protect the jobs of professors, even if their doctrine offended donors. However, he takes the still somewhat controversial position that tenure has outlived its usefulness.

Taylor joins many business experts and academics who have called for the end of tenure. Before becoming the United States’ 28th president, Woodrow Wilson served as president of Princeton University from 1902 to 1910. From that experience, he noted that “it is easier to change the location of a cemetery than to change the school curriculum.” As Wilson found, tenure often serves as a barrier to innovation. With today’s fleeting product cycles and agile business models, tenure remains the ultimate business school irony—and business leaders know it.

In a 1989 lecture, professor and management guru Peter Drucker asked: “Can even tenure be morally justified? We do need a safeguard against political and administrative tyranny over faculties. ... Could we not design a way to protect the individual against the pressures and yet protect the community, the school, the student against sloth and incompetence?” Another prominent critic is author Jim Collins, who wrote the 1994 bestseller Built to Last. In a June 2000 white paper called “Aligning Action and Values,” Collins notes that freedom of inquiry is sacred, but tenure is not.

My experience supports that point. When I received tenure, I didn’t celebrate the fact that I could now speak the truth without fear. I already did that before I got
tenure. What self-respecting professor would do otherwise?

In fact, in nearly 40 years in academia, I’ve never heard of a business faculty member who needed tenure to exercise his or her academic freedom. In the U.S., the First Amendment of the Constitution guarantees all citizens, including faculty members, freedom of speech. Is that not a sufficient safeguard for academic freedom?

However, I have heard from faculty who have said they needed tenure to protect their positions from capricious administrators, as Drucker suggested. I argue that, at the very least, we should no longer claim that the purpose of tenure is to protect academic freedom, as it was in the 1800s. In today’s academia, tenure has a much different purpose—job security.

In a recent interview, a student journalist for the Daily Toreador, Texas Tech’s newspaper, asked if I thought tenure protected subpar professors. I responded, “Yes.” He then asked if I thought there were such professors at Texas Tech. I said, “You’re a student here. Have you had any?” He laughed and responded, “Point made.”

Advocates of tenure argue that post-tenure reviews address this problem of giving “jobs for life” to faculty whose performance is less than stellar. But do they? Loss of tenure through post-tenure review is so rare that it’s a nonissue. A 1994 Chronicle of Higher Education study found that out of 280,000 tenured professors in the U.S., only 50 to 75 lost tenure each year. Cathy Trower, a senior research associate and director of the Collaborative on Academic Careers in Higher Education at Harvard University, notes that those numbers are likely unchanged today. In my 40-year academic career, I have never heard of a single business professor at any university losing tenure.

**A Rational Alternative**
I suggest that, rather than guaranteeing lifetime employment, colleges and universities offer faculty rolling contracts, which last three years for newly promoted associate professors and five years for full professors. Please note that a rolling contract is different from a renewable contract. In a renewable contract, a professor’s job is at risk each time his or her contract renewal approaches. In a rolling contract, however, the length of the contract rolls forward each year. So with a five-year rolling contract, a professor would receive a minimum of five years’ notice prior to contract termination.

That means that when an administrator calls for a professor’s dismissal, faculty have time to organize and respond. On the other hand, if administrators need to dismiss professors, the worst-case scenario is that they will have to negotiate a multiyear contract buyout. Is this not a better exit strategy for both sides?

It’s certainly preferable to subjecting tenured professors to terrible teaching schedules and office accommodations in hopes of making them quit, and it’s much better than subjecting students to poor teaching indefinitely.

Rolling contracts were well-debated by commenters responding to my March 2013 Harvard Business Review commentary, “It’s Time for Tenure to Lose Tenure.” But I think the debate will become more one-sided, in favor of rolling contracts, as time goes on. In an ongoing poll in The Wall Street Journal—whose audience has a high concentration of college graduates, senior managers, and educators—three out of four respondents indicated a preference for abolishing tenure.

Abolishing tenure only reinforces faculty’s credibility in the business community. It also improves their ability to negotiate with administrators to design less traditional academic careers, as I did 20 years ago. It’s already happening in other countries: The United Kingdom abolished tenure more than two decades ago with its Education Reform Act of 1988. Wouldn’t it be better for U.S. institutions to initiate change now, rather than wait until public pressure forces more drastic measures?

James C. Wetherbe is the Stevenson Chaired Professor of Information Technology at the Rawls College of Business at Texas Tech University in Lubbock. He resigned tenure from the University of Minnesota 20 years ago after previously earning it at the University of Houston. He has opted for one-year rolling contracts at the University of Memphis and Texas Tech.
What’s the best way to teach business?

In recent years, schools have started to move toward more experiential learning, a deeper focus on softer skills, and multidisciplinary curricula. While traditional classroom styles and subjects still persist, new perspectives are slowly changing the way business students worldwide learn about industry and commerce.

In the next few pages, two unconventional educators advocate for fresh approaches to the business school classroom as they call for teaching methods that are anything but traditional.
By Kaustubh Dhargalkar

I once saw this phrase on a T-shirt: “We were all creative till education happened to us.” That indictment of the modern educational system echoes an observation made by Nobel Laureate Rabindranath Tagore back in 1929, when he described education as an institution that “had its luggage van waiting for branded bales of marketable result.”

It’s time for a change.

I believe that educators must approach learning as an activity that happens every day, around the clock; I believe that their goal must be, not to disseminate knowledge, but to inspire their students with a thirst for knowledge. Each session should end with students racing out of the classroom to learn more about the day’s topic through their own experiments.

I think our students would benefit immensely if business schools took Tagore’s viewpoint to heart. Tagore, an outspoken critic of the rote lecture style of education, emphasized that teachers should see the world as a global village populated by curious children eager to fill their empty minds not just with data, but also with wisdom and experiences and the conviction that curiosity pays rich dividends. He recommends two simple yet effective teaching methods: teaching through experimentation, which takes students out of the classroom so they can get firsthand experiences; and active learning, in which educators perform fewer monologues and students engage in more discussions and debates.

How We Learn

If we are going to encourage our students to truly learn, we first must understand how learning happens. Mitchel Resnick of MIT’s Media Lab has described the learning experience as the “imagine-create-play-share-reflect-imagine-create” cycle.

It might be easier to understand if you visualize what happens when you hand a new toy to an 18-month-old toddler. She looks at it from all angles, shakes it, holds it to her ear, bites it, throws it on the floor, digs into it with her fingers, squeezes it, sniffs it. This is curiosity at its best. The child is using all five senses—sight, sound, touch, smell, and taste—to explore the new thing she’s been given.

When one of her experiments leads to an outcome—the toy makes a sound—she repeats a few of her actions until she can isolate cause and effect. When she learns that squeezing the toy causes it to squeak, she experiences a Eureka! moment of unbounded glee. She prances around, repeating the act, thrilled anew every time the toy reproduces the desired outcome. When she sees the adult watching, she rushes over to show what the toy can do. In effect, she is sharing the knowledge pool she has created out of her own explorations.

The adult pretends to be awestruck, and this positive reinforcement encourages the child to go back to the toy for the next round of exploration, attempting to make some other meaning out of the same object. Perhaps she finds that it squirts water out when she squeezes it, and she quickly shows that ability to the adult audience as well. She has gotten into an ever-expanding helix of exploring, making meaning, experiencing glee, and sharing.

The adult audience plays a key role in her learning cycle. If, instead of participating approvingly in her triumph, the adult says, “The toy is not supposed to make noise,” he kills the child’s sense of accomplishment.

This is exactly what our educational system does when it creates an environment where teachers are always right and their views are the only possible interpretations of events. Creative children might answer test questions with their own unique interpretations, but they are likely to receive zero points for the exam or be admonished for fantasizing in class. These repeated snubs cause them to lose interest in the subjects they’re studying; they eventually stop learning and begin “aping” what they’re told in class or read in books.

Teachers should see the world as a global village populated by curious children eager to gain wisdom and experience.
This mimicry is not a path to learning. And it’s definitely not a path to the innovation the world requires if we are to solve tomorrow’s problems.

**A New Approach**

I believe business school education must produce graduates who are open-minded and flexible enough to grasp the changes occurring in the world, dip into their knowledge pools, connect the dots across different disciplines, and generate synergistic solutions. If schools want to develop students with creative minds, they need to develop an approach in which individuals:

- Are unafraid of starting from a blank canvas.
- Can see linkages and apply fundamental concepts across seemingly unrelated fields.
- Are willing to experiment continuously and act on the feedback received.
- Can visualize possible scenarios and view the larger picture without the interference of functional silos.
- Can appreciate the needs of various stakeholders.
- Can see models end-to-end, whether they’re about consumer experiences or business initiatives.

This approach to problem solving is known as design thinking, which is already being taught at a few business schools (see “Design Think at Innovation U” in the November/December 2007 issue of *BizEd* and “Management Meets Design” in the September/October 2010 issue). Students who learn this iterative, collaborative way of thinking learn to reframe problems and come up with better and more integrated solutions.

**Design Thinking in the Classroom**

At the Welingkar Institute of Management Development & Research, we teach this way of thinking in our PGDM Business Design & Innovation (post-graduate diploma in management) program. We have structured the course so we deliberately keep students away from functional specializations in marketing, finance, operations, HR, and other conventional MBA disciplines. Instead, we rely on a multidisciplinary approach that encourages them to experiment and learn through the “imagine-create-play-share-reflect-imagine-create” cycle. In fact, we take students through the entire business cycle, from creation to exit, in four key steps:

1. **Identifying needs and spotting opportunities.** We send students out to do firsthand research in various sectors—such as telecom, banking, insurance, and IT—and to explore the pain points and aspirations of consumers. At the same time, to support students in the discovery process, we teach subjects such as research methodology, ethnography, individuals and society, and applied economics.

   We also give students a practical introduction to the basics of marketing, finance, and operations by assigning them to a company to study its operations. Through this module, students acquire a ground-level understanding of what consumers want and how business works in reality.

2. **Generating concepts.** After identifying opportunities in various markets, students pick a sector where they can generate viable business concepts. First they go through a systematic, in-depth, milestone-based sector analysis. Instead, we rely on a multidisciplinary approach that encourages them to experiment and learn through the “imagine-create-play-share-reflect-imagine-create” cycle. In fact, we take students through the entire business cycle, from creation to exit, in four key steps:

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3. **Planning for rollout.** Students learn everything they need to launch a business: developing a business plan, prototyping, branding, financing, project management, strategic marketing, corporate law and taxation, and operations research. This section also includes a week called “Exploring the Grass Roots,” during which students visit rural India to research various aspects of village...
life. They explore communications and banking systems, the healthcare infrastructure, and energy consumption patterns in rural India. These visits make them consider how they can grow their businesses in ways that will be sustainable and also improve village life.

4. Taking the concept to market.
In this final module, students create plans for financing, marketing, operating, staffing, and mitigating the risks for their chosen enterprises. They attain the necessary know-how through subjects like innovation management, international business, integrated communication management, advanced prototyping, quality management, and advanced financial management. The module ends with a forum where they display their ideas to a panel of industry experts. Angel investors and venture capitalists also attend, so there is potential for the most promising ideas to receive funding.

Feedback for the Future
Students have responded enthusiastically to this business design and innovation program. According to 2008 student Sunny Gandhi, the course “made me open to new ideas and thoughts without judging their impact beforehand.” Sweety Jain, a student from 2011, said that the class “led to the transformation of my thinking from ‘how’ to ‘why’ and ‘what,’ and from there to a customized approach to solving the pain points of the consumer.”

Even more tellingly, 2012 student Sweta Nair commented that the business design course “has been like a reincarnation experience. It taught me to be detached from my own creation, to allow ideas and concepts to evolve and adapt with time and changing requirements. I have learnt that everything in nature is a cycle and hence to consciously plan for the end as we do for its creation.”

I am convinced that the model of business education for the future must move away from a one-way dissemination of facts and figures. It must encourage students to explore, connect the dots, form their own constructs, test them, reconstruct them, and refine them. Only then will graduates defy today’s “dominant logic,” as C.K. Prahalad referred to cultural norms and beliefs. Only then will they move beyond “functional fixedness,” which Karl Duncker defined as a “mental block against using an object in a new way that is required to solve a problem.” Only then can students be industry-ready—and only then can we say that our universities are doing their jobs well.

Kaustubh Dhargalkar is associate dean of Business Design & Innovation and head of the Innowe Center for Innovation & Memetics at the Welingkar Institute of Management Development and Research, Mumbai, India. For this article, he was assisted by Aditi Nair and Gaurav Wankhade.

Teaching With Heart

BY CHIH-LING TSAI

Over the last decade, we have watched powerful businesspeople wreak havoc on the global economy and harm individual investors by making foolish and risky choices. For instance, last year, a rogue trader at JPMorgan Chase lost US$5.8 billion trading in obscure and complex credit derivatives. As such behavior seems to grow more common, the general public has stopped trusting business and financial institutions to act responsibly. This distrust has tarnished the reputation of business schools—and of graduates who have earned MBA degrees.

My belief is that MBAs could break this destructive cycle if they were taught to be self-reflective instead of being taught only to pursue ever-increasing profits. In today’s business school classrooms, teachers overemphasize technical skills instead of modeling personal responsibility and morality. We fret over the minutiae of our curricula, yet fail to consider whether we are helping students become better people. By broadening our approach, we can help MBA graduates earn greater respect for their contributions and their roles in society—not just big paychecks.

Business school faculty must learn to teach with heart, no matter how technical and focused their classes seem to be. At the Graduate School of Management in the University of California at Davis, I teach statistics, a course that many would consider to be without
nuance. And yet I use a teaching method that allows me to combine practical knowledge with empathy, morality, creativity, and persistence. I also show students how to draw from empathy and compassion in their roles as leaders.

Anyone can learn this method to teach any topic—and I believe business education will be profoundly improved if more professors teach their courses with heart. This is a call to action.

Putting Your Heart Into It

There are four critical components to my holistic teaching approach: purifying the heart, cooling the heart, warming the heart, and teaching students heart-to-heart.

■ The first step is to lead students into purifying their hearts. In my classes, I teach students to observe nature and then reflect on how humans participate in the flows and cycles of the natural world.

Since many students attend business school because they wish to “climb to the top of business,” I ask them to extend this metaphor and think of the business world as a mountain. The metaphor allows students to see the formidable challenges they’ll face in business in a more concrete way, one that disabuses them of notions of quick or easy success. I remind them that climbing a mountain is a slow, deliberative process, beset with many obstacles, with few if any shortcuts. Reaching its peak requires persistence and appreciation. It takes just one misstep or one powerful storm to cause a climber to tumble, just as an error in judgment or lack of foresight can cause even the strongest leader to fall.

Once a mountain’s summit is achieved, a climber must descend gracefully and carefully to the base, just as a business leader at the top of his field must consider the ideal way to step down gracefully from his position of power. When students truly understand the natural cycle of business in this way, they learn to make decisions carefully and deliberately, and they learn to understand the essence of any subject.

Analogies to the natural world can be used with any topic, such as my own subject of statistics. I teach students to polish a statistical model by removing unnecessary noise—that is, to make sure they consider only those factors that are absolutely relevant to the matter at hand. For example, students recently used quantitative forecasting techniques to better predict sales for a multinational high-tech company, filtering needless noise from the data and eliminating unrelated variables from the models. Another team of students sorted and analyzed data to forecast passenger volume for a major international airport and create the key leading indicators for managing expansion and construction.

But, more important, I explain to students how polishing the model in this way is akin to purifying their hearts by removing all the dust and extraneous considerations from their lives. I use critical life lessons as examples—for instance, I tell them that selecting the best statistical model is analogous to choosing the best spouse by removing all the “noise” from the heart and concentrating only on the essentials. I believe that teachers should always link the subjects they’re teaching to examples from the human heart. This allows students to see inside themselves and realize that every business discipline is ultimately rooted in humanity.

Once students are taught to think this way—in both their professional and their personal lives—they can apply this model to all their major decisions. It is my contention that business leaders who have learned to be self-reflective, who know how to erase the “noise” from the situation they are contemplating so they can see the essential truths and likely outcomes, are less likely to become rogue traders or CEOs who take rash and ultimately disastrous actions.

■ Business professors also must teach our students to be reflective through cooling their hearts. I encourage students to take three to five minutes outside of class each day to sit alone and silently reflect on the new knowledge they’ve acquired. They should take time to digest what they’ve learned about every statistical topic, including motivation and purpose, data collection, model formulation and assumptions, parameter estimation, model diagnosis, statistical inference and prediction, and interpretation. This digestion process allows them to cool down, overcome panic, and build confidence. It also helps them
to develop their creativity and independent thinking skills.

More important, this process naturally leads students to further ponder their own life experiences and nurture greater tendencies toward appreciation, sympathy, forgiveness, persistence, and innovation. As a result, they learn to keep their own counsel. They understand that conscientious and deliberate decisions emerge only after calm and careful reflection.

I am convinced this process is valuable because, after they’ve earned their MBAs, alumni often get in touch with me. They share with me how the insights they gain are helping them in their careers to better understand complex information, ask the right questions, find solutions, demonstrate complicated concepts in an effective manner, and apply quantitative skills to make decisions.

Most business students learn that they should make their decisions based on cold, rational analysis, but I believe they also must learn the value of warming their hearts. That is, I want them to feel a sense of excitement about what they’ve learned and be able to communicate that excitement to others. Respected leaders in art, music, literature, and sports energize and inspire others through their passion and discipline, and the same approach works with MBA students. To this end, my goal for each class is to find ways to ignite my students’ passions—to help them take what they’ve learned and practice using it in unexpected ways.

For instance, to deepen their connection to the knowledge they’ve gained, I want them to solve a problem by hand with a small sample of data. This exercise helps them comfortably grasp concepts and makes statistics come alive.

They also learn to convey quantitative results in layman’s terms for a nonquantitative world, and they use this skill to produce a series of high-quality reports. Through the process of warming their hearts, they develop a sense of passion, energy, and confidence that they carry with them the rest of their lives.

None of this is possible if teachers aren’t communicating heart-to-heart with students. I build a tight connection with my full-time MBA students by interviewing them at the beginning of class. I learn their backgrounds, abilities, strengths, weaknesses, and expectations for the course. These interviews build trust between the students and me, which makes it easier for me to offer them appropriate personal and academic advice. The interviews also allow me to spend more time with students who need additional assistance in purifying their hearts and digesting and practicing what they’ve learned.

But communicating heart-to-heart means I also must be a role model for my students. I must demonstrate the passion, integrity, morality, diligence, and knowledge I wish them to develop further. From my example, students learn that the best leaders inspire trust among followers by listening to them, understanding them, and serving as mentors and role models.

A Heartfelt Philosophy

My approach and methodology may seem unconventional—perhaps even contrary to the philosophy and pedagogy in place at most business schools. However, in my 30 years of teaching, I have seen how my methodology can lead to positive results. I am continually inspired and energized by the response I receive from students who appreciate learning life lessons in their statistics class.

Business professors can help their graduates earn great respect as innovative leaders who create economic opportunities for generations to come. But I believe we can only do this if we reach the hearts of our students, build trust with them, and prepare them to lead with love and soul, whether we’re teaching soft skills like leadership and communication or hard skills like statistics and accounting. In fact, it’s the errors our graduates make in applying the seemingly straightforward hard skills that most often make sensational headlines. We can change those headlines—but only if we teach with heart.

Chih-Ling Tsai is a distinguished professor of management and holds the Robert W. Glock Chair of Management at the Graduate School of Management in the University of California at Davis. MBA students have recognized him as the school’s “Teacher of the Year” 14 times. He is also a Distinguished Visiting Chair Professor at the College of Management at the National Taiwan University, Taiwan.
New accreditation standards, an increasingly diverse membership, and the ongoing transformation of higher education will drive activity at AACSB International during 2013–2014. The association’s new board chair examines how all these factors will work together to shape business education in the years to come.

BY ROBERT S. SULLIVAN

In a sense, every new academic year feels like a pivotal one for business schools, but I believe that the 2013–2014 academic year is a tipping point for our industry. The landscape is changing, both for management education and higher education, and AACSB International has a definite role to play.

Having been dean at three institutions—Carnegie Mellon University, the University of North Carolina at Chapel Hill, and the University of California, San Diego—I know how broad the business school community can be. Each school has its own mission, location, funding sources, financial model, faculty mix, and brand. As a result, management education is an increasingly diverse, complex, and competitive field, and it continues to evolve.
TOMORROW
More than ever, AACSB recognizes and appreciates the differences among business schools. In fact, the organization’s new accreditation standards are designed to make sure that institutions around the world will focus on innovation, impact, and engagement even as they embody their wide variety of missions.

I am honored to chair AACSB’s board of directors for the coming year. As I look ahead, I see at least three areas where the association will focus: making a seamless transition to the new accreditation standards; promoting the value of accreditation; and helping to influence positive transformations in the business school industry. I would like to look at these one by one.

**Awareness, Support, Education**

Earlier this year, AACSB members voted to approve a new set of accreditation standards for the first time in ten years. The standards were developed by the Blue Ribbon Committee, chaired by Rich Sorensen, through a meticulous, open, and inclusive process, and their development was unstintingly supported by AACSB staff and volunteers from around the world.

Now that the new standards have been approved, we will undergo a three-year process of implementation. Between the spring of 2014 and the 2015–2016 academic year, schools will be able to choose whether they want to be reviewed under the 2003 or 2013 standards. After July 2016, all schools will be reviewed under the 2013 standards.

The association will undertake significant, comprehensive efforts to train volunteers and develop awareness programs for prospective schools so they have all the support and education they need to be successful. We will hold information sessions at conferences and events, and we have revised and updated the materials used at the Business Accreditation and Maintenance of Accreditation seminars. Other member training will be offered at the Accreditation Conference, Deans Conference, Assessment Conference, and the International Conference and Annual Meeting (ICAM).

AACSB also is developing four-hour training sessions for volunteers, and these will be held at the Deans Conference, the Asia-Pacific Conference, the European Advisory Council Meeting, the Accreditation Conference, and regional deans meetings. AACSB’s online resources also have incorporated information on the new standards. The association is doing everything in its power to make sure that, for the

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**From Idea to Implementation**

Robert Sullivan had an impressive résumé even before he joined the University of California, San Diego, in 2003. He had been dean of the Kenan-Flagler Business School of the University of North Carolina in Chapel Hill; director of IC2 Institute, a research center on innovation and commercialization at the University of Texas at Austin; and dean of the Graduate School of Industrial Administration at Carnegie Mellon University.

If those jobs don’t show how much he’s focused on taking new ideas and turning them into viable commercial enterprises, here are additional titles from his time at UT Austin: J. Marion West Chair for Constructive Capitalism, co-director of the Center for Technology Venturing, and director of the Bureau of Business Research.

His educational background is similarly skewed toward tangible application of research and knowledge. He holds a doctorate in operations management from Pennsylvania State University, a master’s degree in production management and quantitative methods from Cornell University, and a bachelor’s degree in mathematics from Boston College.

Even when Sullivan isn’t on a campus, he involves himself in organizations that favor innovation and entrepreneurship. He belongs to the Society for Design and Process Science, which serves as
first schools accredited under the new standards, the process will go smoothly and seamlessly.

**The Value of Accreditation**

As AACSB transitions to the new standards, it is imperative that we re-examine the real value of accreditation. The association wants to make sure it clearly brands and articulates the value of AACSB accreditation while it also constructs the messages that will help diverse member schools corroborate that value to their particular stakeholders. This is extremely important.

AACSB has engaged the consulting firm Eduvantis to determine how schools and their stakeholders perceive accreditation. As Eduvantis completes its analysis, AACSB plans to repurpose some of its channels and services to better support schools as they use accreditation to differentiate themselves in their markets. The association wants to become a marketing partner with accredited schools as they communicate with their stakeholders.

So far, our research has shown that a school can profit from accreditation in both internal and external ways. The very process of accreditation requires members to focus on quality improvement, clarify their missions and strategies, and develop high-quality faculty rosters. Schools seeking accreditation also meet with deans on peer review committees and receive one-on-one guidance and insights about similar challenges that other schools have faced.

Schools that achieve accreditation see intangible benefits such as improved reputation and standing in the eyes of stakeholders. They also enjoy measurable benefits including increases in the number and quality of student applicants, improved student retention rates and outcomes, greater partnership opportunities, and new avenues for fundraising.

Schools from different market segments will leverage these results in different ways. If an institution is in an area highly saturated with accredited schools, it must not only emphasize the competitive advantages it has achieved through accreditation, but also differentiate a catalyst for change by enabling the discoveries of new solutions to complex societal challenges. He is also independent director of Cubic Corporation, a technology company that specializes in transportation, defense, and RFID; and ex-officio board member of BIOCOM, an association devoted to accelerating the life sciences in Southern California.

So he was a logical choice to become founding dean of UC San Diego’s Rady School of Management ten years ago. From the school’s inception, he was committed to building close partnerships with local industry, particularly in the sectors of science and technology. His goal was to capitalize on the university’s strengths in science and to promote innovation and entrepreneurship.

Today, the school offers BBA, MBA, PhD, and executive education programs, most of them underscored by powerful corporate connections. The signature program of the MBA curriculum, Lab to Market, is a three-course sequence that allows students to develop ideas in the classroom and eventually take them into the real world. Local business leaders are invited to sponsor the student projects that arise.

The school’s fierce focus on business and entrepreneurship appears to be paying off: The Financial Times’ Global MBA Rankings for 2013 placed the Rady School as seventh in entrepreneurship by alumni.

And that’s exactly what Sullivan is going for. As he says on the school’s website: “We think of our impact in terms of discoveries brought to the marketplace, products launched, new service models established, companies started or reinvented.” These are the questions the school continually asks: “How has our thinking and teaching changed companies? What has happened in our business community that would not have happened without the Rady School?”

Sullivan brings this same entrepreneurial spirit to AACSB International, where he will serve as chair of the board of directors for the 2013–2014 academic year. In fact, AACSB’s new catchphrase of “innovation, impact, and engagement” might almost serve as his personal slogan. It’s one that has served him—and will serve the association—very well.
itself on other factors such as mission. If an institution is in an area where few schools are accredited, such as an emerging economy, AACSB accreditation could serve as a strong primary market message.

How well AACSB serves its members depends largely on the contributions of the schools themselves, whether they are distributing press releases, sharing best practices, or participating in surveys. In fact, every time a member completes an AACSB Business School Questionnaire, it contributes to the data pool. The more AACSB knows about its member schools, the better it can align its offerings with the unique needs of its various segments and make definitive statements about management education and the value of accreditation.

The Changing Landscape
As our membership expands and diversifies, AACSB wants to make sure it is inclusive. Therefore, it is creating blogs and using social media to elicit rapid member feedback on the issues that the association should be focusing on now.

We already know what some of those issues are. The education field is experiencing huge shifts in program delivery, financial models, student demographics, faculty profiles, and classroom technology. AACSB wants to accelerate dialogue with its members on three broad areas of transformation: learning and pedagogy, knowledge creation, and financial models. In other words, how do we teach and learn? How do we create knowledge? And what business models do we use?

In the first area, learning and pedagogy, much of the transformation is being driven by technology, which has enabled innovations such as online delivery of traditional programs and massive open online courses (MOOCs). Schools also are redefining the classroom through “flipped” models, where students view video lectures online and complete projects in class; and customized learning paths, which allow students to have a high degree of choice in the courses they take.

In the second area, knowledge creation, we are studying the role of research. Because AACSB now recognizes four types of faculty—scholarly practitioners, scholarly academics, practice academics, and instructional practitioners—we have evolving expectations for the kinds of research faculty will produce and what kind of impact this research will have. Some faculty will focus on a type of knowledge creation that is almost pure science; others will create knowledge that comes from empirical studies that include observations about and engagement with industry; still others will study the way individuals learn. Many different types of contributions to scholarship will need to be recognized and valued.

The third area of interest is the way administrators manage their schools. The new accreditation standards explicitly ask schools if they have sustainable financial models. But, as an organization, AACSB also needs to understand how various business models are being affected by the changing parameters of teaching, learning, and research. How do business schools hire and deploy faculty? How do they generate resources? Are they taxed by their parent universities, and if so, what are the taxation rules? How does the financial model change for public schools and private schools? A diverse membership will have a diversity of funding models. We need to understand how each model affects a school’s ability to achieve its mission in a sustainable way.

There is a fourth area that is also being considered by AACSB’s Committee on Issues in Management Education (CIME): How do we measure the impact of AACSB? Our new standards ask business schools to measure the impact they have had on student learning and knowledge creation; is it time for AACSB to measure the effect it is having on member schools? One way we might do this is by weighing how accreditation has changed the lives of students by contributing to their professional successes. Another way is to look at how AACSB members have benefited industry by improving the education levels of corporate employees.
I think we also could look at ways our members might work within academic communities to make colleges of business more successful and relevant. For instance, how can we facilitate business schools’ collaborations with other units on campus—the engineering schools, the arts and humanities programs, the offices of technology transfer? There are a number of ways business schools can be synergistic and impactful on their own campuses, and AACSB wants to open a dialogue to debate those ways.

**What About Tomorrow?**

Clearly, AACSB and its members have plenty of challenges and opportunities ahead of them during 2013–2014. I believe this year will be a momentous one for higher education, particularly as technology changes the way universities deliver education and compete for students and funding streams.

In fact, many business schools are leading the way at their institutions as they embrace new models of online delivery and global competition. Technology is not only changing the geographic nature of competition, it is also enhancing learning in ways that can be measured, observed—and, most important, demonstrated to employers. In this improved yet radically different model, education occurs alongside employment for “on-the-job learning” instead of “on-the-job training.”

These patterns of change are not subtle, and they are not fads that hit the system and pass. They are leading to permanent, substantive transformations, and our members must decide how best to respond so they can get ahead of the curve. They can go on the offensive, resisting new developments and clinging to traditions. Or they can go on the offensive, adjusting to or even defining change, addressing new challenges head-on, and determining how new developments can enhance their offerings and align with their missions. I believe that, just as businesses that last for decades are most often those that adapt to the new realities of their markets, the business schools that thrive are those that adapt to an evolving educational landscape.

AACSB and its members cannot wait for change to manifest; rather, we should be contemplating our paths forward. AACSB will help anticipate, envision, and define the educational environment of tomorrow. We will support member schools as they embrace this transformation and boldly move forward.

Robert S. Sullivan is dean of the Rady School of Management at the University of California, San Diego. He will be the chair of the board of directors for AACSB International for the 2013–2014 academic year.
Embrace Managerial Bias

EVEN IF MID-LEVEL managers claim objectivity when evaluating ideas from across their organizations, a study indicates that most show clear bias for ideas that originate from their own units. The study was co-authored by Olav Sorenson, professor of management at the Yale School of Management in New Haven, Connecticut, and Markus Reitzig, professor of strategic management at the University of Vienna in Austria.

“Managers systematically undervalue ideas that are proposed by employees who work outside of their own units,” says Sorenson. “This bias can lead to a failure to adopt promising new ideas, hurting company innovation and performance.”

The co-authors worked with a multinational consumer goods company that solicited ideas from its employees as part of a firmwide initiative to spur innovation. In response, employees submitted about 10,000 idea proposals for evaluation. The researchers analyzed those submissions, the evaluations, and the identities of the evaluators and the submitters.

Sorenson and Reitzig found that managers accepted ideas from their own units at a rate that was nearly 16 percentage points higher than the baseline acceptance rate of 42 percent. Their bias was greatest when their own units were smaller or of lower status. Those from larger units exhibited less bias in favor of their own units. Similarly, ideas from higher-status units experienced less bias when evaluated by managers from elsewhere in the company.

The researchers note that companies should be aware that managers often psychologically identify more strongly with their units than with their organizations as a whole. The researchers call this phenomenon “intra-organizational provincialism.”

Surprisingly, the researchers do not recommend that companies eliminate bias by assigning managers to evaluate only those ideas that originate outside their own units. Sorenson and Reitzig warn that with this approach, managers often would be evaluating ideas about which they have little relevant expertise, increasing the potential for bad judgment. Instead, the two recommend that companies do just the opposite—they should accept the bias wholeheartedly and assign evaluators to only those ideas submitted by employees from their own departments.

This way, says Sorenson, “the process will be biased, but the bias will operate similarly across ideas.”

Leaders Explore the World’s Economic Future

AS THE WORLD continues to cope with the effects of the global financial crisis, two surveys shed light on what business leaders believe would spur economic development:

- The London Business School conducted a live poll of executives attending its Global Leadership Summit in May. The executives recognized that markets in Brazil, Russia, India, China, and South Africa (BRICS) have experienced fast-paced growth since the downturn. Fifty-six percent believe that Western leaders are missing investment opportunities because they do not understand local business practices in these nations.

In addition, 82 percent think that a sustained economic recovery could take between two and ten years to achieve, making it more important for organizations to tap opportunities in BRICS nations.

Attendee Martin Gilbert is CEO of Aberdeen Asset Management, which has 75 percent of its equities in emerging markets. He said that, to spur faster growth, companies need to make “fundamental bottom-up investments” in BRICS by sending staff to those regions to research local business practices.

- The 2013 State of the European Union Report recently surveyed 1,500 executives inside and outside Europe. Of these leaders, 61 percent are pessimistic about Europe’s economic future, compared to 52 percent last year. Eighty-two percent see a gap between Europe’s competitiveness and that of other regions, and 49 percent believe this gap will increase over the next decade. To bridge that gap, 88 percent believe that the EU needs to take urgent action, such as negotiating stronger trade relationships.

In spite of such pessimism, 72 percent believe the EU is capable of remaining a global power if it acts “as an orchestrator,” says Bruno Lanvin, executive director of the INSEAD European Competitiveness Initiative. “Countries don’t have to sing in unison but the EU should entice them to sing in harmony.”

Ninety-one percent of these leaders “favor incentives to work—more flexibility in working hours, pensions, and wages—to help boost growth and reduce unemployment,” Lanvin adds. Leaders from countries with stronger economies also are open to adjusting the European social model if it helps problems such as high unemployment and low productivity. For 70 percent of respondents, solutions include tax incentives and subsidies to hire and train more young people.

In addition, 80 percent are more concerned about innovations from China—and less worried about similar competition from India, Japan, and the United States—than they’ve been in previous years.

Compiled by INSEAD in Fontainebleau, France, with Booz & Company and the European Executive Council (EEC), the full report is available at www.insead.edu/home/documents/INSEAD_BOOZ_SoEU_Study2013.pdf.

consult with beneficiaries, collaborate with similar fiduciaries, and emphasize long-term strategies over short-term returns to best serve beneficiaries over time.

The IRRCi also awarded its academic award to Lucian Bebchuk of Harvard Law School, Alma Cohen of the Tel-Aviv University Economics Department, and Charles Wang of Harvard Business School for their study “Learning and the Disappearing Association Between Governance and Returns,” which shows how financial markets have learned over time to factor certain governance provisions into market prices and earnings forecasts.

Finance professor Martin Lettau of the Haas School of Business at the University of California, Berkeley, Matteo Maggiori of the New York University Stern School of Business, and Haas doctoral student Michael Weber have received the 2013 AQR Insight Award for their research on capital asset pricing. The winning paper, “Conditional Currency Risk Premia,” shows how the returns of high-yield currencies are highly correlated with aggregate market returns when market returns are low, while low-yield currencies follow the opposite correlation pattern. The paper is available at www.haas.berkeley.edu/groups/online_marketing/facultyCV/papers/lettau_risk.pdf.
Why We Tweet

TWEET USERS TWEET—or don’t tweet—depending on how many followers they attract, according to a study by Andrew Stephen from the University of Pittsburgh’s Katz Graduate School of Business and College of Business Administration in Pennsylvania and Olivier Toubia of Columbia Business School in New York City.

The authors identified approximately 2,500 Twitter users, none of whom were celebrities or corporate representatives or tweeting for commercial purposes. The authors recorded the tweeting activity and number of followers of those users over two months.

The pair also hired undergraduate assistants to create 100 Twitter accounts with realistic names and locations. Through these accounts, the assistants followed each other and celebrity users such as Justin Bieber, and they sent out simple tweets such as “It’s a pretty day today” to make the accounts seem genuine. Over the next two months, the assistants followed each of the users in the test group, gradually increasing those users’ followers by 100.

The researchers found that “low-end” users (who had 13 to 26 followers initially) began tweeting more content to their suddenly larger audiences. “High-end” users (who already had thousands of followers) did not change their activity, perhaps because 100 new followers went largely unnoticed. But mid-range users (who had 62 to 245 followers initially) posted fewer tweets as their number of followers increased. The reason, the researchers speculate, is that they wanted to preserve their status and avoid offending anyone—they were more interested in gaining followers than tweeting content.

Taking a long-term view, the researchers conclude that once Twitter reaches a saturation point with few new users signing up, people might no longer be motivated by follower count. As a result, they speculate that Twitter could become more of a one-way communication and marketing channel for companies, celebrities, and high-end users and less an interactive social platform for casual users.

“Intrinsic Versus Image-Related Utility in Social Media: Why Do People Contribute Content to Twitter?” appears in the May/June issue of Marketing Science.
Seek Femininity in a (Financial) Crisis

**PAST STUDIES HAVE** explored the link between a company’s stock performance and the number of women on its board of directors, says Michel Ferrary, professor of human resource management at SKEMA Business School in France. However, he wanted to examine the performance of companies that have hired women to serve in managerial roles throughout organizations.

Ferrary examined the stock performance of each company in the CAC40, the Parisian stock index, between 2007 and 2012—the years corresponding to the recent global financial crisis. He then developed what he calls the Femina Index, an index of companies whose management teams are made up of at least 35 percent women.

Ferrary found that over the six-year period, companies in the CAC40 lost 34.70 percent of their value, while companies in the Femina Index lost only 5.28 percent. “Our analysis confirms that investing in companies with a feminized management is an investment strategy that is responsible and profitable,” he says.

To read these results in more detail, visit www.skema-bs.fr/faculte-recherche/documents/femina-index-en.pdf.

The Role of ‘True Believers’ at Work

**A STRONG NETWORK** and work ethic may no longer be enough to propel employees up the corporate ladder. They also may need to commit wholeheartedly to the mission and values of their organizations—that is, they must be “true believers” in their work. Moreover, companies may need to communicate a strong sense of mission to attract such passionate employees in the first place.

These are the findings of a study by John Bingham, Jeffery Thompson, and Jeffrey Bednar, all of Brigham Young University’s Marriott School of Business in Provo, Utah; James Oldroyd of the Ohio State University’s Fisher College of Business; and Stuart Bunderson at the Olin Business School at Washington University in St. Louis.

The researchers surveyed employees at organizations with mission-based cultures—for example, one firm was an outdoor footwear manufacturer founded on principles of sustainability, which promotes green policies such as subsidizing employees who ride bikes to work. They found that employees who simply focused on their responsibilities were likely to have only minimal influence, regardless of their positions or performance.

“Those who were true believers in this company’s cause were considered idea leaders and influenced how other employees viewed their work,” says Bingham.

Past research has looked at how job titles and traits such as gender and race affect an employee’s influence. While such factors are still relevant, a sense of passion often defines what kinds of jobs individuals look for in the first place, says Bingham.

“A mission-based organization has great potential to recruit and retain talent,” he adds. “But its mission has to be legitimate. If top management doesn’t believe it or is simply using it as a ploy, it doesn’t work.”

“Status and the True Believer: The Impact of Psychological Contracts on Social Status Attributions of Friendship and Influence” appears online in *Organization Science*. 
Geography Still Matters

GOOD IDEAS MIGHT spread—but only if they don’t have to cross state or national geographic boundaries, according to a recent study by researchers from INSEAD in Singapore and the Massachusetts Institute of Technology in Cambridge. Jasjit Singh of INSEAD and Matt Marx of MIT’s Sloan School of Management examined data on patent citation from the U.S. Patent and Trademark Office between 1975 and 2004. They found that researchers just 100 miles away from a patent’s origination were 1.3 times less likely to cite it if a state or national boundary intervened.

Ideas were three times more likely to spread within the same metropolitan region. However, patents generated within 20 miles of a U.S. state border were more likely to be cited in their own states than in neighboring states—even in metropolitan regions like Cincinnati that cross multiple state borders.

Although the obstructive effect of state boundaries lessened over the 30-year timeframe of the data, national boundaries are even stronger barriers than in the past, in spite of the Internet and other technologies that encourage global access to information and cross-border interactions.

While different languages, cultures, and regulatory environments are more obvious causes, the authors suggest that industry specialization, which can be state- or nation-specific, could also play a role. The authors note that it will be up to future research to discover ways to free the flow of ideas across geographic boundaries.

“Geographic Constraints on Knowledge Spillovers: Political Borders vs. Spatial Proximity” appears in the July 2013 issue of Management Science. It also is available at ssrn.com/abstract=1541794.

Getting Lost In Translation

LANGUAGE IS ALWAYS a critical component of a marketing survey. But it becomes especially important when survey writers must translate their surveys into a different language. Even slight differences in word choice can skew results, according to Bert Weijters and Maggie Geuens, both of Ghent University and Vlerick Business School in Belgium, and Hans Baumgartner of Pennsylvania State University’s Smeal College of Business in University Park.

The authors examined surveys of English- and French-speaking consumers in the U.S., U.K., Canada, and France. Whether surveys were written in English or French, consumers were more likely to respond when categories used common phrases such as “completely agree/tout à fait d’accord” than uncommon phrases such as “extremely agree/extrêmement d’accord.” A study involving the Dutch language showed similar results.

The takeaway, say these researchers, is that marketers need to pay very close attention to the wording used on their surveys—even if the difference between two options seems slight. “Make sure that the response category labels used in different languages are equivalent in terms of familiarity,” they write.

Though it may seem that online social media sites have been around forever, companies are still struggling to determine how to best use social networks such as Facebook and Twitter to boost productivity and innovation.

To discover the pitfalls and payoffs of social media, three researchers followed a global security company—which they call “GloSecure”—as it rolled out a digital social media strategy with its employees. The researchers include Hope Koch and Dorothy Leidner, both professors of information systems at Baylor University’s Hankamer School of Business in Waco, Texas; and Ester Gonzalez, at the time a doctoral student at Hankamer.

The researchers chose this company because of the challenges it faced in adopting a digital social media strategy. It had a history of hiring freezes and merger and acquisitions activity. Its major client was the U.S. government, so it had been the target of government cutbacks. Finally, it had previously restricted employees’ Internet usage. These factors had created a culture dominated by information hoarding and managerial control. Encouraging its teams to collaborate on social media sites (SMS) via discussion boards, blogs, and wikis represented a major shift in culture—from “need-to-know” to “need-to-share.”

The pair spent two weeks reviewing the company’s website, annual reports, and other documents, and then they interviewed employees. One of the SMS designers noted that previously “employees in the aeronautics division and employees in the space division could be working on the same project without either group knowing.”

After the SMS system was in place, employees who were too informal in their social media activity initially were admonished and reminded that the SMS was “for work only.” Others viewed it as too much like Facebook and deemed it a “distraction” and “time waster.”

To resolve the conflict between SMS and the entrenched culture, GloSecure took a “leadership-based” approach by involving executives in the implementation process. It took a “policy-based” approach by having managers write information sharing into its employees’ work objectives and by decreasing hierarchy—for example, placing engineers’ workspaces on the shop floor with other workers.

It also took a “socialization-based” approach, hiring Millennials who were comfortable with interacting on social networks, allowing workers to telecommute, and planning social events for employees.

As they adopt social media strategies in the workplace, managers need to be aware that many employees may perceive social media as frivolous, distracting, and even a threat to their status, the authors emphasize. “Organizational adoption of these technologies will only accelerate,” they write. “Managers embarking on digitally-enabled social network implementations should … address both employee misperceptions and organizational culture.”

“Digitally-Enabling Social Networks: Resolving IT-Culture Conflict” appeared online June 13 in the Information Systems Journal and is published in its September issue.
Can MOOCs Be Profitable?

by B.J. Zirger

Can the problem of skyrocketing tuition be solved by the proliferation of massive open online courses, otherwise known as MOOCs? Often offered for free, MOOCs enable students worldwide to access affordable education and the opportunity to learn at their own pace from the world’s finest teachers and guest speakers, regardless of physical location. Moreover, MOOCs give students opportunities to interact with hundreds or even thousands of others from all corners of the globe—from traditional college students to working professionals to retirees. The benefit that students derive from the diverse experiences and viewpoints they can encounter in a single MOOC cannot be overstated.

But schools offering MOOCs face a conundrum: How can they justify the high costs associated with delivering an online class to thousands of students? In addition to the expense of technical resources, schools must invest the time, energy, and faculty expertise necessary to create and adapt course material for a MOOC setting.

How to raise revenue with a MOOC is the question we grappled with as we prepared to launch our first MOOC2Degree offering this fall at the University of Cincinnati Carl H. Lindner College of Business in Ohio. Co-taught by faculty from the Lindner College of Business and the UC College of Engineering and Applied Sciences, the multidisciplinary class “Innovation and Design Thinking” is designed to build understanding of the idea generation, design, prototyping, and commercialization steps involved in product and service development.

Charging students to enroll could raise revenue, but would likely drive away those attracted to these free courses. We chose another, more elegant, option: We hope to convert a portion of our MOOC participants into degree-seeking, tuition-paying students by designing our MOOC2Degree course as a “stepping stone.” Students who successfully complete “Innovation and Design Thinking” and enroll in a UC master’s program will receive two graduate-level credits for free. They can immediately apply these credits toward a Lindner MBA or a master’s in engineering degree.

For this approach to succeed, we know our MOOC must demonstrate the value of our program. Its credits cannot be generic—they must satisfy one or more specific core or elective requirements. And the students must save time and money by shortening their path to a degree by one course.

The school will benefit by attracting potential students who “sample” our MOOC content and are impressed enough to pursue a degree. Our measure of success will be whether we generate enough incremen-
more than 4 million students have enrolled. Coursera is exploring profit-generating strategies such as offering certificates of completion to students who finish courses satisfactorily. Such certificates will be verified through its Signature Track program. All universities offering courses on Coursera will receive a share of any revenue resulting from Coursera’s strategies.

Coursera also plans to double its workforce, develop a suite of mobile apps for course delivery, develop collaborative online learning environments, expand its number of Signature Track courses, and increase the number of its university partners.

Faculty also wonder whether MOOCs will change how many professors schools will need to employ or what role these professors will play in the classroom. In traditional classes, professors act as “content masters” who determine what content to teach and what pedagogies to use to meet the course’s learning objectives. The more schools utilize or repurpose MOOCs created at other universities, the more some professors will become facilitators, helping students learn and apply the concepts presented in a MOOC.

Perhaps one day, courses that are designed like our MOOC2Degree offering will serve as both “feeder” courses for degree programs and ways for prospective students to sample courses at schools they are considering attending. Schools could limit the number of credits students can earn via MOOCs, much as many now cap the number of transfer credits students can apply toward a degree. In the future, it’s possible that MOOCs will rival third-party rankings and campus visits as ways students experience and evaluate the quality of a school’s faculty, curriculum, and students.

MOOCs may still be in their infancy, but I can envision a not-too-distant future in which schools use MOOCs to build their programs—and generate profits.

B.J. Zirger is associate dean of online education at the University of Cincinnati Carl H. Lindner College of Business in Ohio.
B-Schools Take More Programs Online

Business school administrators are increasingly responding to the market’s demands for more flexible and accessible business programs. Although traditional face-to-face programs might still be mainstays of business education, the balance is definitely shifting as schools introduce more certificate and degree programs that are delivered 100 percent online:

■ This fall, the Walton College of Business at the University of Arkansas in Fayetteville is introducing a 12-credit graduate online certificate program in business analytics that focuses on data management, analytics, and data mining. Students will work on large-scale real-world data sets from active companies. Students can complete the program in nine to 12 months, and those who complete it may be eligible to receive a certificate endorsed by the SAS Institute or apply the credits to the Walton College’s master of information systems degree program.

■ In September, the University of Arizona’s Eller College of Management in Tuscon launches its online Eller MBA. To design the new format, the school worked with Academic Partnerships, an organization that helps universities convert traditional programs to online formats and recruit and retain students. The new online MBA program, says Eller dean Len Jessup, is part of the school’s “broader effort to expand access to the University of Arizona and will go a long way toward increasing its footprint in Arizona and beyond.”

■ In January 2014, Georgetown University’s McDonough School of Business in Washington, D.C., will launch its first online degree program, a master’s of science in finance. Students will meet in-person during an opening weeklong residency, a global consulting project, and graduation. The rest of the course will be conducted via online videos and live interaction with professors and classmates in virtual classrooms. The 32-credit, 17-month program will encompass six core courses, including financial markets, financial accounting, corporate finance, financial econometrics, advanced corporate valuation and modeling, and principled financial leadership.

■ Also in January 2014, the University of Maryland’s Smith School of Business in College Park will offer an online MBA program aimed at working professionals. They can earn a general MBA or choose one of four specializations: accounting, information systems and analytics, finance, or marketing. Each course will include two scheduled hourlong online sessions, where students will interact with faculty and classmates in real time; students can complete other work at their own pace. Their only time on campus will be residencies that begin and end the 21-month program. As in the school’s traditional MBA program, students in the online program will work together in groups on action-learning projects, in which they’ll conduct meetings and interact with executives remotely and deliver presentations virtually.

■ The School of Business at the University of Alabama in Birmingham has launched two fully online degree programs—a bachelor of science in information systems and a master of science in management information systems. The school is adding these new programs to its fully online bachelor’s and master’s degree programs in accounting.

Enrollment in the school’s online accounting programs increased from 110 students in the spring 2013 semester to 220 for the fall 2013 semester. “People are time-shifting, and we’re trying to meet the needs of the working professional,” dean Eric Jack told the Birmingham Business Journal Online. “Competition is coming from across the globe,” he added. “An online platform is a way to respond to that.”
In June, British Airways brought together 130 executives and thought leaders to participate in its inaugural “UnGrounded Innovation Lab in the Sky.” In what the airline called “the world’s first innovation workshop held at 30,000 feet,” the 11-hour overnight trans-Atlantic flight between San Francisco and London involved innovative thinkers from technology companies such as Google, IBM, Microsoft, LeanIn.org, and IDEO; venture firms such as Innovation Endeavors and Andreesen Horowitz; and nonprofits such as the Clinton Global Initiative.

On an airplane specially outfitted for collaboration, the group divided into four teams, each focusing on some aspect of “the STEM challenge.” The group brainstormed 22 concepts designed to attract more people to STEM fields (science, technology, engineering, and math). Their solutions came at the challenge from four angles: “fostering women in STEM,” “expanding STEM,” “meeting U.S. demand for STEM talent,” and “growing STEM opportunities in emerging economies.”

Participants collectively selected one winning idea in each of the four categories. Winning concepts included AdviseHer, an online community designed to attract, advise, and advance more women in STEM fields; a solar-powered “lab in a backpack” that entrepreneurs could carry into rural areas to help small enterprises access data; INIT, a labeling system for software similar to nutrition labels on food, which would help people understand what goes into software programs; and Certify Me, an online testing system to allow people to prove their technology skills to employers, even if they lack academic degrees.

TOOLS OF THE TRADE

Students Run the Numbers with SBRNet

Whether at the professional, college, or high school level, sports is big business. So much so that sports organizations across the spectrum are turning to data mining to design strategies to engage fans and gain a competitive edge.

To prepare business students interested in careers in the sports industry, a number of business professors are designing classroom exercises—or even whole courses—around the Sports Business Research Network (SBRNet), an online data resource that crunches the numbers on everything from fan and player participation to sporting goods sales and social media use.

Jacob Tingle, assistant professor and director of the sports management minor at Trinity University in San Antonio, Texas, uses the platform in his undergraduate introductory course in sports management. On the first day, he sends student teams on “fishing expeditions” to find different pieces of data—such as how many high school boys participated in lacrosse in 2005 or how many Twitter followers of Major League Baseball (MLB) purchased licensed apparel in the last year. He offers no guidance other than to show them how to log on to the platform. The simple exercise helps them not only get used to the database, but also develop problem-solving and collaboration skills.

Throughout the course, Tingle gives seven-minute quizzes in which students have to find different pieces of information. He also presents them with a case study on how sports organizations are using new media, and then asks them to gather data to answer questions embedded in the case. In his final exam last semester, he asked students to explore why Nike does not have a line of lacrosse equipment. Students looked up data related to areas such as youth participation rates and apparel sales to determine how a decision maker at Nike would choose that strategy. “That’s the next level—to use real data to solve a problem,” he says.

This semester, Tingle’s students will work with the local American Hockey League franchise to create a marketing plan to increase group ticket sales. They’ll use SBRNet as part of that project.

Tingle emphasizes that sports organizations are increasingly using data mining to raise revenues and compete not only with other sports teams, but also other forms of entertainment. He points to how the MLB’s San Francisco Giants team used data analysis to implement dynamic ticket pricing, which bases ticket price on factors such as the day of the week a game is played or the starting pitcher. “They’ve realized nearly an additional US$500,000 in their first year using that strategy,” says Tingle. “Sports teams are now using analytics to make strategic decisions, just as hotels and airlines have had to do for years.”

Steven Andrews, an assistant professor of marketing at Roger Williams University in Bristol, Rhode Island, has been using SBRNet in his introductory marketing elective course for a year. Andrews asks students to link data on sports participation to macroeconomic trends in everything from nutrition and health to the effects of the economic downturn. He also asks them to use the database to research trends in social media, such as how social media use drives greater game attendance and merchandise sales.

Such a resource allows students to work with up-to-date data in ways that textbooks can’t, says Andrews. “I’m trying to teach students to not just interpret data, but to find the story that’s buried within the numbers.”

Individual faculty can access the SBRNet database through one of three basic subscriptions—a one-month trial for $125, a three-month trial for $279, or an annual subscription for $750. The company also provides institutional subscriptions to colleges and universities. For information, visit www.sbrnet.com.
The True Purpose of Business? Value

**IN EDUCATION, NOTHING** influences students’ success in a field of study more than their experience in its introductory course. If an introductory course fails to adequately prepare them, not only will they be unable to apply their new knowledge to the real world, but they won’t possess the understanding they need to proceed to advanced material. As we well know, trying to correct these deficiencies later on can be painful for both students and faculty.

Thus I feel that it’s particularly important that we do an excellent job with the very first course our business students take—the big-picture course that introduces them to the field of business. Here’s where we set the foundation for every subdiscipline that follows. And here is where we all too often go wrong.

It seems to me that most introductory business courses fail for one of three reasons: They’re too focused on accounting, they’re too focused on profits, or they’re not focused at all. Let’s look at the problems with each approach and nail down potential solutions.

**Focusing on accounting.** It’s often said, “Accounting is the language of business. To understand business, you must speak the language.” Accounting professors are experts in the methodology of recognizing, measuring, recording, and reporting business transactions—all important and necessary functions. However, students are often frustrated with accounting when they do not understand the nature, logic, or purpose of the transactions.

For an analogy, imagine taking students to a field full of chickens, sheep, cows, and horses. You tell them that, to be successful, they must find each cow, record the total number of cows, and prepare a follow-up report on their findings. The students have been trained to complete all these tasks, but before they begin, one raises her hand and asks, “What is a cow? And why are cows important?”

The lesson is simple. Students become confused and demotivated when asked to account for transactions for which they do not understand the nature or purpose. Students may become very good at totaling up debits and credits, but they won’t be good at business until they understand why the transactions are important.

**Focusing on profits.** Another frequent declaration is that “The purpose of business is to make profits.” Unfortunately, the statement is both misleading and untrue. It leads to introductory business courses that concentrate on the wrong things—and turn out graduates who make catastrophic decisions in the real world.

Students need to learn that the true purpose of a business is to create value, whether they’re running a for-profit or a not-for-profit entity. To fully understand how business works, students must learn that value creation stems from balancing the benefits of ownership with the investment of risk and time. They must understand that competitive businesses create value not just for owners, but for all stakeholders—customers, employees, and society.

**Failing to focus.** The introductory courses that don’t focus on accounting or profit-making are often no better, because they tend to be inadequately structured, overly simplistic, and too devoted to marketing and human resources. While these topics are important, they shouldn’t take up so much time that students don’t learn about critical areas such as law, finance, globalization, information technology, operations, and economics. Once again, courses that don’t appropriately contextualize basic business knowledge leave students confused and unprepared.

**The Solution**

By contrast, a successful introductory course should cover a wide range of topics that help students...
understand the purpose and tools of business. When they are finished with such a course, students should understand key fundamentals:

- Business is first about people and the importance of human resources.
- Competitive advantage is created by focusing on customer needs and markets.
- Businesses must supply goods and services efficiently and cost-effectively.
- Assets have their own nature and purpose; debt and equity can be leveraged to finance these assets.
- A business’s operations \textit{will} be shaped by local laws and \textit{should} be shaped by social responsibility.
- Technology and operational systems play critical roles in the business’s success.
- Every business will be affected by macro- and microeconomic forces.
- Globalization permeates every aspect of today’s business environment.

Perhaps this sounds like an entire business education rolled up in one class! But I manage to introduce all these ideas in a course that provides a broad overview of business, creating a context for everything from purpose to profits.

In this course, I divide students into five- or six-person teams to study real companies and analyze current news stories. First, the student teams choose recent articles from \textit{The Wall Street Journal} so they can make five-minute presentations to the class about the issues raised in each piece. Later, the same groups complete a course project on one of three companies—Procter & Gamble, Google, or Hyundai—then answer a series of questions. What is the company’s business model? What is the company’s strategy? How is it affected by macroeconomics? By globalization? When you conduct a SWOT analysis, what do you learn about the company’s present and future? Would you buy the company’s stock at its current price? Why or why not?

My introductory course emphasizes breadth, not depth. My goal is to create a holistic and unifying framework that focuses on the primary objective of business: creating value for all stakeholders. I also want to expose students to all the major parts of the business—including marketing, human resource management, operations, technology, law, ethics, economics, accounting, and finance—in such a way that students understand each function and how it interfaces with other areas of business. I’m not trying to create experts in any one of these areas.

When value is the framework of the introductory course, all disciplines can be integrated easily into the overview. When students understand how to create valuable businesses, they become graduates who are valuable in the job market.

Robert Kemp is the Ramon W. Breeden Sr. Research Professor at the McIntire School of Commerce at the University of Virginia in Charlottesville.
talent

TALENT INTELLIGENCE
AUTHORS: Nik Kinley and Shlomo Ben-Hur
PUBLISHER: Jossey-Bass, US$34.95

IF YOU HIRE the right people, employees will stay longer, perform at higher levels, and be productive more quickly. But research shows that an average of 50 percent of new hires fail, according to consultant Kinley and IMD’s Ben-Hur. They list five reasons: 1. Talent measurement is unavoidably complex. 2. It is hard to know what works. 3. Measurement methods do not always meet business needs. 4. Implementation gets overlooked. 5. Businesses lack expertise.” They describe the various qualities that have been used to gauge talent—including experience, competency, intelligence, and personality—and emphasize that no metric will be valuable if its results aren’t implemented. But the effort is worth it, they believe: Businesses that keep the best talent “outperform their industry’s average return to shareholders by 22 percent.”

STARTUP RISING
AUTHOR: Christopher M. Schroeder
PUBLISHER: Palgrave MacMillan, US$27

YOUTH, TECHNOLOGY, AND the Arab Spring have combined to create amazingly fertile ground for entrepreneurship in the Middle East. Schroeder, himself an entrepreneur and investor, first describes the situation in cities like Dubai and Cairo, where eager young entrepreneurs are taking advantage of the digital revolution to launch businesses not hampered by conservative and sometimes corrupt bureaucracies. Then he presents a series of profiles on groundbreakers who have started to build empires in areas as diverse as package delivery, mobile banking, and online book selling. He doesn’t minimize the challenges these entrepreneurs face, but he’s optimistic as he considers the “hurricane-force winds” at their backs: online technology, which offers access to knowledge and capital; a venture capitalist community that has gotten comfortable with risk after 20 years of investing in BRIC countries; and changing market dynamics. No wonder he admits to being electrified by today’s young entrepreneurs.

Don’t Miss

NEGOTIATING IS a chaotic exercise that is “more like jazz than science,” writes Michael Wheeler in The Art of Negotiation. He provides plenty of examples of negotiations that have succeeded or failed depending on how well the participants understood the basic cycles of learning about, adapting to, and influencing the other party. “Managing uncertainty should be the cornerstone of your negotiation strategy,” writes Wheeler of Harvard. He helps readers understand if and when they should negotiate—and what the real stakes are. (Simon & Schuster, US$26)

TO HOLD ON to their top talent and protect proprietary information, firms routinely require employees to sign noncompete and nondisclosure contracts. But that’s the road to economic stagnation, writes Orly Lobel of the University of San Diego in Talent Wants to Be Free. Evidence suggests that companies will have better luck with R&D when high turnover allows knowledgeable employees to move freely within their industries. She writes, “Competitors such as Facebook and Google, Pepsi and Coca-Cola, and Southwest and JetBlue can zealously increase their investments, innovation, and bottom-line profits as their most talented players travel from competitor to competitor, exchanging ideas and passion.” (Yale University Press, US$35).
The Idea
Immerse students in another culture via yearlong overseas work and study experiences

Location
Northeastern University’s D’Amore-McKim School of Business in Boston

Flagship Program
Central to the D’Amore-McKim School’s academic program is the co-op experience, in which undergraduates alternate between academic study and paid six-month, full-time work assignments in the U.S. However, students in the D’Amore-McKim School’s Bachelor of Science in International Business (BSIB) program go one step further: In their fourth year, they live, study, and work at co-op assignments overseas.

To make the program work, Northeastern partners with schools in Mexico, Brazil, England, Ireland, Germany, France, Italy, Spain, Japan, and China—most of which are members of the International Partnership of Business Schools. Fourth-year business students first complete coursework at one of these universities, and then move on to four- to six-month co-ops that their host schools help them arrange. Currently, more than 500 students are enrolled in the BSIB program, including 115 students from partner schools.

Speaking the Language
All BSIB students are required to earn minors in a foreign language of their choice during their first three years, so that by their fourth year, they can speak proficiently in the languages of their host countries. English-speaking students going to England or Ireland also are required to study a second language and earn minors in international affairs.

Preparing for Immersion
In addition to taking classes in the liberal arts, core business disciplines, and a business function of their choice, BSIB students complete four international business courses. The first three include “Becoming a Global Manager,” “Analyzing the Global Business Environment,” and “Executing Global Strategy.” The fourth, “Managing the International Assignment,” prepares students for their overseas experiences.

“They develop awareness of culture’s pervasive but often hidden influence on how people live, work, and manage,” says Harry Lane, professor of international business and strategy.

Not all BSIB students qualify for the expatriate year and overseas co-op, Lane explains. They must first demonstrate language proficiency; complete a domestic co-op with a positive letter of completion from the company; and have a recommendation from the school’s co-op coordinator.

Long-Term Commitment
Keeping the co-op program running smoothly requires a substantial commitment from faculty and staff. The college employs a faculty director, three staff members, and full-time coordinators who develop co-op opportunities and work with students before, during, and after their international experiences.

But that investment pays off because of how much the co-ops enhance the school’s business curriculum, says Lane. “The co-op is a shared experience that BSIB students draw upon in class discussions,” he says. “The year overseas helps them preview and experience the reality of being an expatriate engaged in international business.”

Cultural Integration

BSIB students take time from their co-op experience in Barcelona to witness the running of the bulls.