

ARE B-SCHOOLS A BLIGHT ON THE LAND?

From Higher Aims to Hired Hands: The Social Transformation of American Business Schools and the Unfulfilled Promise of Management as a Profession

By Rakesh Khurana; Princeton; \$35

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The Good An important and surprisingly disparaging look at B-school education.

The Bad Be forewarned--this is an academic book, so not for everyone.

The Bottom Line A cry from a traditionalist for higher professional standards.

Business schools have long been haunted by an inverted version of an old quip: If you're so rich, why ain't you smart? From the beginning, administrators and donors have looked more favorably on business education than have academics, some of whom felt it did not deserve a place in the temple of higher learning. In 1924, when banker George F. Baker gave \$5 million to Harvard Business School, *The Harvard Lampoon* devoted an entire issue to satirizing the institution. A poem asserted: *Great Mammon now rules where Minerva did reign And her silly old owl has no use for its brain.*

Even business educators acknowledged that their discipline was ill-defined and lacking in standards. That perception prompted a 25-year effort to make B-schools into genuine professional institutions in the mode of law and medical schools. In the end, says Harvard Business School professor Rakesh Khurana, the effort failed. More profoundly, he adds, the ruling ideology in B-schools today, which holds that managers are loyal only to themselves, represents "a thorough repudiation of professionalism."

Khurana's *From Higher Aims to Hired Hands* is an important and surprisingly disparaging look at business-school education in the U.S. from the late 19th century to the present. In his previous, celebrated work, *Searching for a Corporate Savior*, Khurana flayed the idea that magnetic leaders could boost corporate bottom lines. In the new volume, he strikes closer to home, concluding that "fundamental questions exist as to whether business schools retain any genuine academic or societal mission." An MBA diploma, Khurana says, has only two functions: It's a signal to employers that grads are committed and

productive, and it provides a network of contacts, much like "an exclusive fraternity or country club." As Khurana supplies layer upon layer of evidence in this admittedly dense work, it becomes increasingly difficult to disagree with his conclusions.

The business school was born in the late 19th century, when professions from medicine to accounting were seeking to define themselves better. The Wharton School, established in 1881, was the first university-based institution devoted to business. How could such schools rise above mere vocationalism? That question prompted the American Association of Collegiate Schools of Business (AACSB) to pursue various initiatives, beginning in 1916, that would attempt to raise educational standards. Meanwhile, through the 1920s, enrollment and the number of business programs skyrocketed as did jobs for grads. Then came the crash, the Great Depression, and ultimately World War II.

The B-school education that emerged after the war was hugely different. Business was adopting new quantitative tools—including cost-accounting systems and linear programming—that had come out of the military. New thinking emphasized managerial expertise not in particular fields but as a general skill—an approach especially apt for ever-more-numerous conglomerates. These changes increasingly influenced B-schools, especially after the Carnegie and Ford Foundations took a key role in shaping programs.

Then came the economic shocks of the 1970s. Among those blaming the woes on corporate managers were economists out of the University of Chicago who saw them as self-interested barriers to the maximization of shareholder value. As this point of view took hold, a rising number of students eschewed managerial posts for investment banking and consulting.

For the schools' historic managerial mission, only the coup de grâce remained. That, says Khurana, came in the form of B-school rankings first published in *BusinessWeek* in 1988. Rather than scholarship, press rankings stressed such commercial criteria as graduates' number of job offers and starting salaries.

Whither B-schools now? Khurana argues for "the reinvention of management itself" to help foster virtues such as "custodianship, duty, and responsibility." Sound old-fashioned? Often, it seems, traditionalists can be the most insistent advocates of change.