

# ARE BUSINESS SCHOOLS AND COLLEGES MISLEADING THEIR STUDENTS?

*Dr. Donovan A. McFarlane*

Visiting Professor of Management

Keller Graduate School of Management

College of Business and Management, DeVry University, Florida USA

Adjunct Professor of Business Administration, Broward College North Campus, Florida USA

Professor of Business Administration and Business Research Methods, Frederick Taylor University (FTU), California USA

Adjunct Professor in Business, H. Wayne Huizenga School of Business and Entrepreneurship,

Nova Southeastern University, Fort Lauderdale, Florida USA

## ABSTRACT

*In this paper the author examines the roles and responsibilities of business schools and colleges as they shape organizations, individuals, and society and affect value creation and leadership. The author discusses some of the errors or mistakes that business schools make in their attempt to teach and educate leaders and managers, and to create successful entrepreneurs. The author believes that business schools and colleges should base education and training on realistic models that mirror the harsh world of reality in which graduates must work and survive by teaching skills that are readily applicable to survival. The ethical and social responsibilities of business schools and colleges are examined as well as the types of leadership: administrative, educational, and business leadership that define leadership in business schools and colleges. Finally, the author provides a summary of the roles and responsibilities of business schools and colleges as vibrant and vital strategic links to progress.*

**Keywords:** *Value creation, Culture of Followership, Knowledge management (KM), Knowledge Management Body of Knowledge (KMBOK), Leadership, Resources utilization, Conservation, Individualism, Change.*

### Introduction:

More and more students are still enrolling in business programs and schools, making the business field one of the most prevalent among college and university majors and studies. After all, we are living in a world where we talk business “24-7” (hours and week) and where money, economy, and finance are the overarching themes from which everything else seems to get their energy in action and conversations. From relationships to friendships, from a simple family gathering to a picnic, we must think about real and opportunity costs and the factors of work-life balance, and spending versus investments and savings that determine how much we work and how much we party and play. Thus, it is no wonder why business dominates as the ideal and unmistakably “wise choice” for students and professionals seeking training and career growth.

While the business field continues to experience a boom in terms of college-university major and students’ interest, there is a frightening reality

awaiting thousands of graduates in the real world. The MBA (Master of Business Administration) degree and experiences of its graduates trying to survive and advance in the working world provide a very strong case for this essay which briefly examines the reality of business school education, practices, training and philosophy. The MBA, like Larry Cuban’s description of computers in schools, is “oversold and underused” in the corporate world. There are so many colleges and universities offering an MBA today that the supply and demand factors are almost equal, and yet, there seems to be no direct impact on the cost of this still expensive degree, especially at Ivy league colleges and universities where the MBA, especially the EMBA (Executive MBA) can cost as much as \$172, 200; this according to Byrne (2011). **Table 1** below displays the world’s most expensive MBA programs from the twenty-two ranked highest costs programs and schools where costs range between approximately \$104,000 and \$172,000 (United States Dollars).

**Table 1: the World's Most Expensive MBA Programs by Tuition and Fees**

| School  | Tuition & Fees |
|---|----------------|
| 1. Pennsylvania (Wharton) San Francisco, CA                     | \$172,200      |
| 2. Pennsylvania (Wharton) Philadelphia, CA                      | \$162,300      |
| 3. Northwestern (Kellogg) Evanston, IL                          | \$153,900      |
| 4. Berkeley (Haas)/Columbia Berkeley, CA & New York, NY         | \$150,000      |
| 5. Columbia Business School New York, NY                        | \$148,320      |
| 6. Duke (Fuqua) Global EMBA Durham, NC                          | \$146,600      |
| 7. London Business School/Columbia London & New York            | \$144,156      |
| 8. New York (Stern) New York, NY                                | \$144,000      |
| 9. Chicago (Booth) Chicago, IL                                  | \$142,000      |
| 10. Trium: NYU/LSE/HEC New York, London, Paris                  | \$140,000      |
| 11. Cornell (Johnson) Ithaca, NY                                | \$138,800      |
| 12. IMD Lausanne, Switzerland                                   | \$132,500      |
| 13. Michigan (Ross) Ann Arbor, MI                               | \$130,000      |
| 14. London/HKU/Columbia London, Hong Kong, New York             | \$127,920      |
| 15. Kellogg/HK Univ. of Science & Tech Evanston, IL & Hong Kong | \$124,500      |
| 16. INSEAD Fontainebleau, France                                | \$122,400      |
| 17. Southern California (Marshall) Los Angeles, LA              | \$111,000      |
| 18. Georgetown (McDonough) Washington, D.C.                     | \$110,000      |
| 19. Rutgers University Newark, NJ                               | \$110,000      |
| 20. UCLA (Anderson) Los Angeles, CA                             | \$108,240      |
| 21. Pepperdine (Graziadio) Los Angeles, CA                      | \$105,650      |
| 22. Cornell/Queens Ithaca, NY & Kingston, Ontario               | \$103,680      |

**Source:** Byrne, J.A. (2011), "The World's Most Expensive MBA Program: \$172,200" (p.1).

The harshest reality for MBA graduates is not necessarily discussed in business programs or courses, but rather, students are provided very few exceptional examples of entrepreneurial success or executives; many of whom did not complete an MBA, as the models and exemplars of business education and success. However, many of these men such as Bill Gates, Jack Welch, Wayne Huizenga, Lee Iacocca, and the like began their corporate careers in a world which had far less competition and players, and thus, where resources and ideas were more tenable and unique. The harsh realities of business failure and the "bum with an MBA" are not taught, and hence, the knowledge on how to strive to avoid these two latter examples is not imparted. The fact is that the MBA has declined in value over the past years and continues in that direction as more and more people acquire the degree and more and more schools, even religious schools offer the MBA.

The number of graduates from MBA programs has significantly increased in the last five decades (Butler, Forbes, & Johnson, 2008). This however, has not been significant in contributing to success and career advancement for many who spend thousands of dollars obtaining the MBA. According to Pfeffer and Fong (2002), there is very little evidence that the MBA is of value to career placement, advancement, and success. This they argue, stems from three underlying and general consensus regarding the MBA degree: (1) MBA programs overstress the importance of applied research and analysis while failing to provide students with opportunities to

develop interpersonal skills and problem-solving methods, (2) many programs adopt the teaching models and styles of social science programs that often differ from learning in business, and (3) the majority of successful CEOs or chief executive officers do not have or have not completed MBA degrees.

Given this understanding, business schools and colleges are making several errors in their treatment of the MBA regarding its value, its teaching methods, and how they foster students' progress and facilitate their dreams and career aspirations. Most importantly, business schools and colleges are not being honest about the value of the MBA; that is, its comparative and relative values based on economy, costs, and other factors that coalesce in the real world to determine graduates' success. The MBA degree and business education need to become more attuned to the changing aspects of social and economic life, especially as our world becomes increasingly chaotic and opportunities become increasingly scarce in a global space shared by diversely qualified, talented, creative and innovative thinkers.

### Business Education and Occupational Outlook:

Business schools and colleges are a dominant feature of American higher education and the number of individuals majoring in the business field has been dramatically increasing over the past two decades. This fact is also true in many other nations and regions of the world that are swiftly "corporatizing." Regarding the American reality, according to the Institute of Education Science's National Center For Education Statistics (2010b),

Of the 1,563,000 bachelor's degrees conferred in 2007–08, the greatest numbers of degrees were conferred in the fields of business (335,000); social sciences and history (167,000); health sciences (111,000); and education (103,000). At the master's degree level, the greatest numbers of degrees were conferred in the fields of education (176,000) and business (156,000) (p. 1).

The trend of business schools dominating in career-academic and educational fields in many sectors education, economy and industry, is likely to continue as factors in the global environment and the drive toward individual independence and survival push many individuals to take on business education and training in the hope of establishing their own entrepreneurial ventures.

The United States Bureau of Labor Statistics shows that among the top ten fastest growing careers of 2008, three of the fastest growing career fields were business related or required education and training in the field of business. These career fields are: (i) *financial examiners* whose jobs is to keep track, and make sure that the financial companies are following all the rules and regulations of the financial industry; (ii) *personal finance advisors* whose job involves providing useful information and investment advice to clients; and (iii) market research analysts which is a top career option and whose job is concerned with surveying the market status for their products or services (Employment Spot, 2008[a]). The business field ranks highest on the list of the fastest growing occupations in 2008 and continues to grow in this direction up to present,

with the following business fields being among the fastest growing occupations:

- a) *Business and Financial Operations*: With the addition of over 1.2 million jobs since 2000, business and financial operations jobs have the largest growth of any occupation in the country. Jobs within this occupation group include accountants, market research analysts and consultants.
- b) *Sales and Related Occupations*: Professionals in the sales industry must be able to offer a wide variety of skills to their clientele, including financial planning assistance and excellent interpersonal skills. This profession is ideal for people who enjoy communications or marketing.
- c) *Office and Administrative Support*: Information management requires attention to detail and a broad range of knowledge. Administrative assistants and people in other administrative support positions find themselves increasingly in demand. Over 23 million Americans work in this industry, and it continues to grow. (Employment Spot, 2008[b], p. 1).

The field of business is an extremely important area to both individuals and the economy, and the projected growth in the field in terms of occupations, will mean more education and training, and consequently, even more degrees being conferred in the area. The implications are that business schools and colleges through their graduates and contribution to economic and social activities will significantly affect our future as they have done our past and present by virtue of the training and education they offer. They are vital in the creation of value, skilled knowledge workers, and leadership and management for our many institutions.

**Trends in Business Education by Degree Levels:**

The U.S. Department of Education, National Center For Education Statistics (2010a) reports that business major degrees were only second to education degree majors at the master’s level in academic year 2007-08. An examination of business conferral by degree level in academic years 1997-98, 2002-03, and 2007-08 shows that the business field dominated in all three academic years far above any other fields in terms of degrees earned (Figure 1). This could perhaps change as more and more people become business savvy and given two concurrent factors; (i) the decrease in educational funding for public schools and decrease in the demand for teachers at public schools, and (ii) the inclination toward growing economic independence and interest in entrepreneurship as business schools and colleges become more aggressive with their marketing and recruitment campaigns to increase enrollment amidst growing competition from rivals and a recessionary economy. Thus, in the future we may even see more and more business degrees being conferred and business majors, especially as individuals such as lawyers and doctors holding other degrees acquire business training and education to enhance their administrative skills and practices, as well as to reduce costs absorbed in hiring business consultants and office managers.

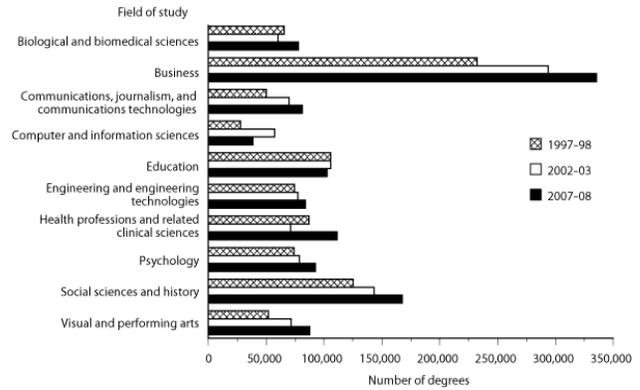


Figure 1: Bachelor’s degrees conferred by degree-granting institutions in selected fields of study: 1997–98, 2002–03, and 2007–08

Source: U.S. Department of Education, National Center for Education Statistics, 1997–98, 2002–03, and 2007–08 Integrated Postsecondary Education Data System, “Completions Survey” (IPEDS-C:97–98), and Fall 2003 and Fall 2008.

Business as a major has dramatically increased among college and university students since the 1970s at both the bachelor’s and master’s levels. The number of master’s degrees conferred in business since academic year 1970-1971 to 2007-2008 has risen from 26,490 to 155,637 (U.S. Department of Education, National Center for Education Statistics, 2010c); six times the original number. Since academic year 1997-98, over 100,000 master’s degrees have been conferred in business for each school year, thereby reaching a total of 150,211 in academic year 2006-07 (Table 2). During the entire period covered, 1970-71 – 2007-08, the number of master’s degrees conferred over the almost four decades in business was second only to the number of master’s degrees conferred in the field of education. There were 175,880 master’s degrees conferred in the field of education by degree-granting institutions in academic year 2007-08 compared to 155,637 master’s degrees in business by degree-granting institutions. The other fields which showed increases, but with significantly lower numbers of degrees conferred in academic years covered over a period of 40 years or four decades, are the fields of engineering and social sciences, and history, with 16,813 degrees conferred in engineering at the master’s level in academic year 1970-71, 16,539 conferred in social sciences and history in the same period, and both only reaching 31,719 and 18,415 in 2007-08. Exceptional increases were observed in the fields of health professions and related clinical sciences (5,330 in academic year 1970-71 and 58,120 in academic year 2007-8), psychology (5,717 in academic year 1970-71 and 21,431 in 2007-08), and public administration and social services (7,785 in academic year 1970-71 and 33,029 in 2007-08) compared to all other degree conferral at the master’s level in other fields (U.S. Department of Education, National Center for Education Statistics, 2010c). Compared across degree fields over a 10-year academic period; 1997-98 to 2007-08, the number of bachelor’s degrees conferred by degree-granting institutions by fields reflected the same fields

with business, education, social sciences and history, and the health professions and related clinical sciences dominating at bachelor's degree level.

**Table 2: Number of Master's Degrees Conferred in Business by Degree-Granting Institutions in Selected Years, 1970-71 through 2007-08**

| Academic Year | Number of Degrees |
|---------------|-------------------|
| 1970-71       | 26,490            |
| 1975-76       | 42,592            |
| 1980-81       | 57,888            |
| 1985-86       | 66,676            |
| 1990-91       | 78,255            |
| 1995-96       | 93,554            |
| 1997-98       | 101,652           |
| 1998-99       | 107,477           |
| 1999-2000     | 111,532           |
| 2000-01       | 115,602           |
| 2001-02       | 119,725           |
| 2002-03       | 127,685           |
| 2003-04       | 139,347           |
| 2004-05       | 142,617           |
| 2005-06       | 146,406           |
| 2006-07       | 150,211           |
| 2007-08       | 155,637           |

*Source of Data:* U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; and 1990-91 through 2007-08 Integrated Postsecondary Education Data System, "Completions Survey" (IPEDS-C:91-99), and Fall 2000 through Fall 2008.

In terms of Doctor's degrees conferred by degree-granting institutions by field of study in selected years, 1970-71 through 2007-08, business falls far behind several fields with the number of business degrees conferred at the doctorate or doctoral level in 1970-71 being only 774 and rising to only 2,084 in 2007-08 (Table 3), according to statistical surveys by the U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS). The analysis excludes first-professional degrees such as M.D., D.D.S., and law degrees and includes the Ph.D., Ed.D., and comparable degrees at the doctoral level (U.S. Department of Education, *National Center for Education Statistics*, 2010c). As can be observed from Table 3 below, the number of business degrees conferred at the Doctor's level since 1970 has almost tripled with only small increases compared to increases observed in bachelor's and master's degrees conferred in business over the same period. This

might be due to several factors including teaching versus practitioner orientation in business studies.

**Table 3: Number of Doctor's Degrees Conferred in Business by Degree-Granting Institutions in Selected Years, 1970-71 through 2007-08**

| Academic Year | Number of Degrees |
|---------------|-------------------|
| 1970-71       | 774               |
| 1975-76       | 906               |
| 1980-81       | 808               |
| 1985-86       | 923               |
| 1990-91       | 1,185             |
| 1995-96       | 1,366             |
| 1997-98       | 1,290             |
| 1998-99       | 1,201             |
| 1999-2000     | 1,194             |
| 2000-01       | 1,180             |
| 2001-02       | 1,156             |
| 2002-03       | 1,252             |
| 2003-04       | 1,481             |
| 2004-05       | 1,498             |
| 2005-06       | 1,711             |
| 2006-07       | 2,029             |
| 2007-08       | 2,084             |

*Source of Data:* U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; and 1990-91 through 2007-08 Integrated Postsecondary Education Data System, "Completions Survey" (IPEDS-C:91-99), and Fall 2000 through Fall 2008. [Prepared July 2009]

With so many business graduates at the bachelor's, master's and doctor's level going out into all sectors of society from business schools and colleges, they are having significant impact on both the American and global economies and lifestyles as many become business owners or entrepreneurs, leaders in large and small corporations, teachers of business and faculty members at colleges and universities, as well as politicians at various levels of government. One of these business graduates, a Harvard MBA was formerly president of the United States; George W. Bush, the 43<sup>rd</sup> president of the United States, and his leadership impact and decision making have been felt and observed by billions of people across the world, and especially the American people. Thus, we must be concerned with the quality and type of education business schools and colleges are offering, the types of graduates they are releasing into society, and how they are shaping contemporary perspectives on leadership, management, organizational structure, function and goals, and our overall society. Cavico, Mujtaba, and McFarlane (2010) in their book, *The State of Business School: Educational and*

*Moral Imperatives for Market Leaders*, have provided some insights into this as they examine business schools with regard to their roles and functions and the educational and moral imperatives of their leaders and leadership as they affect us individually and collectively.

### **The Roles and Responsibilities of Business Schools and Colleges:**

*Are business schools and colleges misleading their students?* This is an important question which must be considered given the understanding that business schools and colleges are the most dominant and authoritative when it comes to ideas, theories, practices, and the literature on leadership and management. No other forms of institution or body of knowledge cover these topics so extensively and provide the roadmap and template by which leaders lead and managers manage in our contemporary society at both micro and macro levels. While political science should have been the construct upon which the structure and leadership of organizations are based, business has through leadership and management studies become the most prominent source of reference and authority on matters of leadership in small and large organizations, private and public sectors; and even in theological and other non-business organizations, business models of leadership and management dominate. Thus, business schools and colleges have through their teaching, training, research and development of leadership ideas and practices shaped the entire approach to leading and managing in the 21<sup>st</sup> century. Moreover, they are creators of human, economic, and financial, as well as social values.

Business schools and colleges are the greatest sources of human capital development and human value management because they foster, promote, and develop ideas that create corporate America and the global economy wherein all other professionals run on a business engine whether they are in medicine or law. Everyone must do business and depend on business skills and production and consumption, marketing and distribution, exchange and transportation of goods and services which are strictly business or commerce activities related to business schools and colleges through training and educational attainment, research and practice. Cavico, Mujtaba, and McFarlane (2010) underscore the roles and responsibilities of business schools and colleges by examining the part their graduates play in our world: "Business schools and business education prepare students to learn the basics of thinking critically, communicating effectively, and managing small and large enterprises so they can serve society in a successful manner" (p. 1). This means that business schools and colleges must be the first level of success by effectively educating and training these graduates in accordance with society's needs. They must design and offer programs that will prepare ethically and socially responsible creative leaders and laborers who will add to society and individual betterment and progress rather than to the many problems and challenges facing civilization. They must be capable of coming up with solutions to our

many problems, and must lead ethically where others have failed, applying creativity and negotiation skills to resolve conflicts and promote cooperation among people, organizations, and even nations at the political international and global levels.

Business schools and colleges play an important role in shaping economy and societal direction because they are a vital part of society's quest to understand and develop strategies for survival while effectively developing solutions to deal with the constraints that strive out of scarcity and change (Cavico, Mujtaba, & McFarlane, 2010). Dealing with the problems and challenges that are faced in a global society requires business schools and colleges to play a leadership role in educating, training, and developing human capital or knowledge workers with the skills and ability to meet our needs (McFarlane, 2008a). As Cavico, Mujtaba and McFarlane (2010) state, business schools and colleges are a major force as globalizing influencers and trendsetters in value and industry practices. They describe the impact and role of business schools and colleges in the following way:

Annually, thousands of professors and corporate experts of various branches of business develop and promote new ideas and build upon old models to contribute to a fuller and more progressive understanding of the nature of business, management, leadership, operations, finance, and administration in the global market where changes in technology, consumer needs and wants, social, cultural, and political values affect the ways in which business is conducted on multiple interconnected platforms (p. 5).

As these professionals at various levels impact all aspects of living, the weight of business schools and colleges in terms of their indispensable roles in human economic and social affairs can be felt. Thus, they do play more than the role of creating entrepreneurs or millionaire CEOs and marketers. They are vital in shaping our approach to life and interaction with others, our roles and responsibilities as leaders and followers, and the way in which we save, invest, and utilize our scarce resources and respond to the needs and challenges of our world, and how we view our world around us.

In deliberating on the roles and responsibilities or functions of business schools and colleges as they affect society and individuals, Cavico, Mujtaba, and McFarlane (2010) ask five important questions for which they provide some insights: Are business schools effectively meeting the real needs or demands of today's complex global business environment through curriculum structures and programs? What are the current and future problems and challenges facing schools of business, and are they effectively responding to them? Is there a need for greater innovation and creativity in business schools regarding program curriculum and training? How do business schools prepare for the future, which is by far a rapidly evolving, yet uncertain one; and, What is a proposed effective model for the 21st century business school?

To answer the first question, "*Are business schools effectively meeting the real needs or demands of today's complex global business environment through curriculum*

*structures and programs?*” Cavico, Mujtaba, and McFarlane (2010) deliberate on the degree to which innovativeness in education and training via program structures and courses exists in and among business schools. The answer seems to be that business schools and colleges are not effectively meeting all the real needs and demands of today’s complex global business environment because they are not successfully matching their curricula and teachings with existing reality, especially as far as providing individuals with a realistic view of the world, a real world conceptualization of business practice in which individuals will have to survive and perform. Cavico, Mujtaba, and McFarlane (2010) point to the recent surge in corporate financial and social irresponsibility as evidence of the ineffectiveness of business schools and colleges on some measures of success. Business schools and colleges are not doing enough to match their programs and courses with real world needs and are merely replicating each others’ programs and approaches or using benchmarking strategies rather than originality in designing programs for educating and training business leaders, owners, and managers (Cavico, Mujtaba, & McFarlane, 2010). Furthermore, they argue that business schools and colleges in the 21<sup>st</sup> century have not done their best in training and educating their students or graduates. One of the ways in which business schools and colleges fall short is on linking and connecting the field to multiple disciplines and concerns. For example, there is gross failure to link business education and training in various specialties to environmental and economic sustainability, educational, and social living standards and practices.

In answering the second question, *“What are the current and future problems and challenges facing schools of business, and are they effectively responding to them?”* Cavico, Mujtaba, and McFarlane (2010) identify some of the current problems and challenges facing business schools and colleges: increasing market demand for training in the field of business, the need for expert business professionals, declining academic standards, determining the role of technology in business education and how to effectively integrate and apply technology in business programs, extreme competition, the rapid pace of change, needs for skilled employees, the high costs of accreditation, budgetary and agency constraints, and lack of effective leadership at both institutional and departmental levels. These are indeed problems and challenges that business schools and colleges must address along with the increasing demands from customers and stakeholders for better service and training. Some of the future problems and challenges that business schools and colleges will face include maintaining their competitive advantage, responding to the projected changes in the social, cultural economic, physical, and political-legal environments of the national and global economies, developing appropriate promotional and marketing strategies to capture new opportunities and lead change in education, and adapting their vision and business models to the changing world. Cavico, Mujtaba, and McFarlane (2010) argue that today’s business schools and colleges are not effectively responding to the

problems and challenges they face, and hence not preparing for those of the future because they are caught up in a “culture of followership” wherein they are replicating each others’ strategic moves, programs and structures, rather than practicing the innovation they preach. In summary, these authors point to many business schools and colleges as lacking appropriate visionary leadership, and ability to synthesize their knowledge stocks to become more inventive and valuable to society.

To answer the question, *“Is there a need for greater innovation and creativity in business schools regarding program curriculum and training?”* Cavico, Mujtaba, and McFarlane (2010) imply an affirmative response by stating that there is a need for greater innovation and creativity in business schools and colleges in their programs and curricula. They argue that business schools and colleges need to stop replicating programs and philosophical approach to training and educating business professionals. They seem to imply that business schools and colleges should become radical in their approach to developing human capital. Business schools and colleges need to stop taking the narrow approach that many do to education and training by expanding their missions, visions, and unique value propositions. They need to embrace and foster, promote change; they need to break the traditional stereotypes of effective corporate leaders as aged white men and use more examples of successful women and racial minorities as CEOs in their teachings. The age of Jack Welch, Wayne Huizenga, Warren Buffet, Hersey and Blanchard, and the like should become historical rather than contemporary lessons of business leadership success because times have changed and the factors which created these financial and leadership tycoons have changed to something different; a different formula is needed today and business schools need to teach this reality. Cavico, Mujtaba, and McFarlane (2010) believe that there is a need for more and greater planning efforts by business schools and that as they strive to meet the need of the global market, they should become examples of innovativeness and creativity.

Responding to the question, *“How do business schools prepare for the future, which is by far a rapidly evolving, yet uncertain one?”* Cavico, Mujtaba, and McFarlane (2010) argue that business schools and colleges must first recognize the interrelationship between people and environment in their quest to effectively train business professionals for the real world. They need to integrate sustainability practices into their structures and programs and develop broader philosophical platforms to allow knowledge integration and foster “holism” in their approach to business education. Cavico, Mujtaba, and McFarlane (2010) believe that business schools and colleges can best prepare for the uncertain future by doing what they do best; research and teach in the area of sustainability practice and innovation so that their graduates can spot new opportunities for creating value. Furthermore, business schools and colleges need to shift into the survival mode and begin teaching their students how to survive in what will definitely be a tough future of increased scarcity and crisis. Business schools and colleges

must develop visionary and strong leaders and managers who are capable of leading the organizations of tomorrow. Finally, in response to the question, “*What is a proposed effective model for the 21st century business school?*” Cavico, Mujtaba, and McFarlane (2010) recommend a “Global Trends” model whereby business schools and colleges constantly see themselves as functioning in a large opened playing field of many expert players, and must develop flexible programs and curricula to respond to change. McFarlane, Mujtaba, and Cavico (2009) also propose using a Knowledge Management (KM) Integration Approach to develop and lead business schools and colleges in the 21<sup>st</sup> century. They believe that business schools and colleges must strive to become market leaders by understanding how the Knowledge Management Body of Knowledge (KMBOK) model or cycle (McFarlane, 2008b), which can be effectively used to shape business education through curricular structures and programs. This requires understanding the broader societal need for effective knowledge workers (McFarlane, 2008a) and recognizing that they are one of the most vital institutions in responding to and creating a labor force of leaders and managers in accordance with a global society’s needs. Cavico, Mujtaba, and McFarlane (2010) argue that business schools must operationalize models that provide broad-base knowledge for their students and must use knowledge systems in determining their strategies and approaches to education and training. Business schools and colleges must step forward and take charge in answering the leadership challenge facing their students and society.

#### **Where Business Schools and Colleges Are Making Mistakes:**

The roles and responsibilities of business schools and colleges in our global society cannot be overemphasized because they are indispensable as value creators and leaders in creating leaders through human capital investment. Despite their prominence in terms of training, degree conferral and educational outcomes, and their roles in the emergence and sustenance of what McFarlane (2010) calls the “School Economy”, business schools and colleges are failing in several important areas and as such, are negatively affecting individuals and society. Business schools and colleges create value and create value creators. They must therefore become more aware of how much, how deeply they affect society in multiple ways and through various agents and actions. Unfortunately however, some business schools and colleges are failing to understand their roles and responsibilities, especially the ethical and social responsibilities that they have as societal institutions, and the importance of teaching their graduates these responsibilities as individuals, future business professionals, entrepreneurs and corporate leaders. Business law and ethics education is still grossly lacking in business education curriculums and many business schools and colleges have failed to make business ethics and laws or corporate social responsibility an area of specialization and focus. While many have promoted sales, marketing, accounting and finance, leadership and entrepreneurship as popular majors, they have failed to see where corporate compliance or ethical and legal compliance is an area in need of professionals in the real world. Thus, they fail to foster this

as a vital sector in the minds of business professionals and the functions and structures of organizations.

Business schools and colleges are failing to teach their students and graduates the importance of ethics and social responsibility and often mislead graduates about the true nature of life in the real world. They present to their pupils the few successful examples and models of fortunate and successful leaders and leadership, and expect them to emulate them despite the fact that their methods and strategies are no longer viable or possible in today’s global economy. For example, business schools and colleges are still teaching students with leadership models and approaches, leader-success examples such as Jack Welch and General Electric, W. Edwards Deming and Japanese lean manufacturing, Warren Buffett, Bill Gates, among others, without telling students that there can be only few billionaires and few millionaires among us. This is especially a flaw of business schools’ and colleges’ MBA programs where excited young minds enter these institutions and leave with the illusion that they will definitely become another Bill Gates or Warren Buffet simply because they have an MBA degree. This is not to say that they cannot become great successes, but often only very few achieve or can achieve a level of business success and wealth even remotely comparable to the few multimillionaires in this country and around the world, much less compared to Gates and Buffet. Business schools and colleges are often responsible for perpetuating illusions when they must teach the reality into which they release their graduates. They should not mislead students or graduates to believe that their dreams will simply come true or that their lives will become like those of Hollywood and Bollywood celebrities simply because they have earned an MBA or other business degree.

It is very unfortunate that majority of business schools and colleges are misleading American students, global students and professionals through massive marketing and advertising sales campaigns designed to do nothing but increase enrollment and profitability, fight off competition by rival schools, and meet their financial responsibilities as profit centers mostly involved in assuring the survival of their members. Many business schools and colleges have advertisements which directly tell prospects that they will be successful simply by earning their business degrees, or that they will reach the level of particular successful models in business. They provide images of great success and fawn upon their few success stories to provide a generalization that “these are our graduates” and invite others to come and enjoy the same level of success. They use and acquire the sponsorships and endorsements of the wealthy and famous as part of their deceptive ploys, which firstly had nothing to do with educating, but with schooling as a business; there is a difference between schooling and education which makes schooling an economy of sort (McFarlane, 2010). Some business schools and colleges go as far as naming themselves after successful corporate leaders such as Wayne Huizenga, Jack Welch, etc, in order to attract certain fanatics through

association with wealthy successful business figures in corporate America. These schools often use their benefactors as the most valid and definitive examples of business and leadership success and teach their students these models, which they take with them into the real world only to realize that people will always have and experience “differing” realities.

Business schools and colleges mislead American and global business students by failing to teach about tough times and to teach them that the world of business and economics out there is a harsh one where survival is a constant struggle and where there are only few Jack Welchs and Huizengas, and even fewer Bill Gates and Warren Buffets. They fail to erase myths of success and fail to truly educate and bring their graduates and trainees to the realization that our world’s resources are constantly decreasing, especially natural resources and that without innovation we will one day face a true “dog-eat-dog” scenario or “man-eat-dog” scenario if we fail to lead ethically and effectively and be creative. Business schools and colleges are failing to teach and prepare people for the harsh reality of unemployment, shattered dreams of entrepreneurial success, and divergence in career paths because many feel that teaching reality or harshness is too pessimistic for their own progress and those whom they teach. However, the world of reality is the place where students must apply what they learn, where the MBA, finance, or accounting degree will prove its worth. Thousands of students enter business schools and colleges annually with dreams to make their names on Wall Street or in their local towns as successful business owners and administrators, but are not equipped with applicable practical skills that can be immediately used upon graduating. Many business graduates enter the world of business with need for training and re-attunement to the reality of life and the 9-5 work world, or even worse. Thus, business schools and colleges are failing to teach survival strategies.

Another area in which business schools and colleges mislead American and other global business students is where there is the need for cooperation. The model of dominant individualism pervades business schools’ and colleges’ philosophical approaches to training and education as they fail to recognize and teach students and graduates that cooperation is one of the most urgent imperatives for a successful global and American Dream. It is rather difficult to survive out there, especially with current and expected future national economic decline. In addition, competition and greater resources scarcity and the fact that America and other nations have been losing their competitive edge in the global economy means that individuals will need to discard much of their rugged individualism to survive. Individuals must be taught how to effectively pool their resources together in business partnership ventures and plans to aid mutual survival and growth. Business schools and colleges must become more responsible and lead rather than mislead American and global students to maintain its spirit of sharing and caring in enterprising ways.

#### **Leadership Imperatives of Business Schools and Colleges:**

Business schools and colleges have educational and moral imperatives that they must live up to (Cavico, Mujtaba, &

McFarlane, 2010), and living up to these educational and moral imperatives require effective leadership. Cavico, Mujtaba, and McFarlane (2010) identify three types of leadership present in business schools and colleges: administrative leadership, educational leadership, and business leadership. These leadership types are interrelated and found in one key position which drives business schools and college; that of the deanship, whether at the level of dean, associate or assistant dean. The dean of the business school or college must play the interrelated leadership roles of administrator, educator, and businessman. Faculty members are mainly educational leaders responsible for ensuring that students or graduates have the required knowledge to survive in the business world by meeting the demands of their job roles and responsibilities while being functionally contributing members of society.

Business schools and colleges more than any other institutions in society, create leaders because we have more business leaders than any other types of leaders in society. Business organizations dominate our modern landscape, not church or religious organizations, because all of us must depend on businesses for the things we need to survive. Thus, business schools and colleges must lead in such a way as to become examples of the effective leadership they create for society. The three levels of leadership in business schools and colleges represent a unique responsibility and combination of leadership imperatives for the successful creation of effective leaders and managers to lead economic and business activities in society and lead and manage change. The intricacy of business schools and colleges leadership is reflected in the following description by Cavico, Mujtaba, and McFarlane (2010):

While the dean is an administrative leader firstly by virtue of the changed nature of business school requisite success, academic or educational leadership is an equally significant domain. The dean must be able to understand the requirements and process of academic systems in order to be an effective administrative leader. The dean and associate dean and others in administration at the business school must also be business leaders, recognizing that the business school is a contributor to market production, transaction, and consumption. Thus, they must lead the organization with financial efficiency and effectiveness (p. 116).

The professors or faculty have the least among overall leadership responsibility as far as the business school or college is concerned as an independent institution as they lead instruction and research. However, from a broader societal-perspective, they have the greatest leadership role as they are the true creators of value in teaching and training leaders and managers to affect society at all levels. Business schools and colleges must recognize the need to cooperate with other institutions in society as part of their corporate social responsibility and ethical obligations in affecting the lives and well-beings of many stakeholders. Furthermore, they must lead and provide leadership to community organizations and businesses that are struggling to survive in the highly competitive global environment by offering free or affordable opportunities

for training, research and development, and learning new business practices and processes to promote and develop corporate image and partnerships. They must show themselves to be examples of effective leaders and leadership which they aim and claim to create for individuals, businesses, and society.

### Conclusion:

Business schools and colleges are a vibrant and vital part of our higher educational institutions and economic-social landscapes. They create leaders and managers, business professionals and entrepreneurs that create and add value to our many organizations and lives. They affect literacy, standard of living, production and consumption, and resources utilization and constraints. Business schools and colleges lead and can mislead as they face competition and must meet their missions and visions by focusing on bottom line objectives. They have educational and moral imperatives as leadership institutions and must foster ethical and social responsibility training to create men and women who are able to lead us rather than mislead us. They should be responsible and teach individuals about the real world rather than the imagined, and should bring conscious realization to those with dreams of grandeur that are not accommodated by the realities of today. One of the areas in which business schools and colleges must focus is that of sustainability by teaching innovation and creativity. They must also teach the need for cooperation as economies change and times become tough and rugged individualism in terms of capitalism's self-interest thesis no longer creates or holds the power for success. Tough times call for cooperation and recognizing the need for conservation and innovativeness, and business colleges and schools must change their models of operations as well. They must no longer mislead their students about the global success and the American Dream, but rather bring to realization, the fact that there is now a global economy in which the American Dream is absorbed and dissipated to become only a dream of survival amidst competition and change.

### References:

- [1] Butler, D., Forbes, B., & Johnson, L. (2008). An examination of a skills-based leadership coaching course in an MBA program. *Journal of Education for Business*, Marc/April 2008, pp. 227-232
- [2] Byrne, J.A. (2011). The World's Most Expensive MBA Program: \$172,200. Retrieved from <http://poetsandquants.com/2011/03/04/the-worlds-most-pricey-mba-program-172200/>
- [3] Cavico, F.J., Mujtaba, B.G., & McFarlane, D.A. (2010). *The State of Business Schools: Educational and Moral Imperatives for Market Leaders*. Davie, Florida: ILEAD Academy.

- [4] Employment Spot. (2008a). Top Ten Fastest Growing Careers. Retrieved from <http://www.employmentspot.com/employment-articles/top-ten-fastest-growing-careers/>
- [5] Employment Spot. (2008b). Fastest Growing Occupations. Retrieved from <http://www.employmentspot.com/employment-articles/fastest-growing-occupations/>
- [6] McFarlane, D.A. (2010). The School Economy: The Roles and Effects of the Growth of Schools and Schooling in the Global Economy. *Journal of Business Studies Quarterly*, 2010, Vol. 1, No. 4, pp. 35-48.
- [7] McFarlane, D.A. (2008a). Effectively Managing the 21<sup>st</sup> Century Knowledge Worker. *Journal of Knowledge Management Practice*, Vol. 9, No. 1, March 2008. Retrieved from <http://www.tlinc.com/artic1150.htm>
- [8] McFarlane, D.A. (2008b). Toward A Knowledge Management Body of Knowledge (KMBOK): A Philosophical Discourse in KM Concepts and Ideas. *Journal of Knowledge Management Practice*, Vol. 9, No. 4, December 2008. Retrieved from <http://www.tlinc.com/artic1167.htm>
- [9] McFarlane, D.A., Mujtaba, B.G., & Cavico, F.J. (2009). The Business School in the 21st Century & Beyond: Integrating Knowledge Management Philosophy. *Journal of Knowledge Management Practice*, Vol. 10, No. 4, December 2009. Retrieved from <http://www.tlinc.com/artic1207.htm>
- [10] National Center for Education Statistics. (2010). Fast Facts: What are the most popular majors for college students? Institute of Education Statistics, U.S. Department of Education: Washington, D.C. Retrieved from <http://nces.ed.gov/fastfacts/display.asp?id=37>
- [11] Pfeffer, J., & Fong, C.T. (2008). The End of Business Schools: Less Success Than Meets the Eye. *Academy of Management Learning & Education*, 1, pp. 78-96.
- [12] U.S. Department of Education, National Center for Education Statistics. (2010a) *Digest of Education Statistics, 2009* (NCES 2010-013); Washington, D.C.
- [13] U.S. Department of Education, National Center for Education Statistics. (2010b). *Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; and 1990-91 through 2007-08 Integrated Postsecondary Education Data System, "Completions Survey" (IPEDS-C:91-99), and Fall 2000 through Fall 2008*. Retrieved from [http://nces.ed.gov/programs/digest/d09/tables/dt09\\_272.asp](http://nces.ed.gov/programs/digest/d09/tables/dt09_272.asp)
- [14] U.S. Department of Education, National Center for Education Statistics, (2010c). Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; and 1990-91 through 2007-08 Integrated Postsecondary Education Data System, "Completions Survey" (IPEDS-C:91-99), and Fall 2000 through Fall 2008. Retrieved from [http://nces.ed.gov/programs/digest/d09/tables/dt09\\_273.asp](http://nces.ed.gov/programs/digest/d09/tables/dt09_273.asp)

\*\*\*\*\*