

## POSITIONING THE BUSINESS SCHOOL THRU THE 1980'S

Paul Hugstad, California State University, Fullerton

### Historical Development

American business education can be traced back as far as the early nineteenth Century in the form of private business colleges and trade schools teaching the basics of bookkeeping, arithmetic and commercial law.<sup>1</sup>

However, what we today know as business schools are typically dated from the establishment of the Wharton School in 1881. The early programs such as that at the Wharton School were decidedly liberal in nature. "Higher education for business thus began in considerable part as a means for educating gentlemen. It was to provide more character development than vocational training, to emphasize moral and intellectual training, but not lead directly to a career."<sup>2</sup>

The demands of rapidly expanding industry around the turn of the century led to a rapid expansion of both business schools and accompanying business literature. In the forefront of much of this growth was the preserve to professionalize the accounting function.

Much of the growth and popularity of business schools during this period was attributed to their tendency toward more and more narrowly specialized course offerings, moving away from their liberal arts underpinnings and toward the practical. Emphasis was placed upon entry-level skill development rather than concern for longer-range administrative and management skills. This pragmatic orientation, coupled with the relatively low cost of producing business school graduates (versus such schools as engineering and medicine) triggered a rapid rise in business school student enrollments.<sup>3</sup> The business school moved toward the profession to a degree that it was difficult to distinguish whether faculty were teachers or businessmen.

The tremendous growth of business schools between World War I and II has been attributed in large part to the "bureaucratization of American business." The nineteen-twenties also witnessed attempts to broaden the functional business perspective of students in production, marketing and finance, and give added consideration to managerial consideration. These attempts were, in general, thwarted as students continued their rush into increased specialization within their various majors.<sup>4</sup>

The nineteen-thirties were a period in which emphasis on analytical methods began to replace the descriptive techniques of the previous period. However, the depression economy acted as a barrier to such change, creating a job market where functional specialization was still the preferred hiring criteria.<sup>5</sup>

With the end of World War II came enormous growth in business school enrollments. Enrollments in business schools peaked in 1947, and in 1950, more than 76,000 baccalaureate degrees in business were awarded.

A student body comprised increasingly of older, more mature students put pressure on administrators to heighten the true educational value and long-run benefits of a business degree.<sup>6</sup>

### The Foundation Report Era

A period of criticism of business education reached a peak in the late 1950's, with the publication of two independent, comprehensive and highly critical Foundation studies of business schools.<sup>7</sup> Gordon and Howell criticized the business school core courses for being overly descriptive and lacking in both the use of analytical techniques and focus on managerial problem solving. Gordon and Howell argued strongly against both the imbalance between undergraduate and graduate emphasis, and the over-specialized nature of the undergraduate business programs examined. Indeed, Gordon and Howell suggested that specialization be postponed to the graduate level, relying on work experience and training to provide much of the technical and specialized training increasingly needed by business and industry.<sup>8</sup>

The high student/faculty teaching ratios, heavy teaching loads, and minimal support services characteristic of most business school programs of the time, had resulted in many curriculum programs of dubious quality. Interestingly, these concerns, expressed over twenty years ago, as well as 1960 forecasts of increasing faculty shortages in future years, largely echo the concerns of today's business school administrators.

Pierson's evaluation of the present state of business schools was in close agreement with that of Gordon and Howell. Of foremost concern to Pierson was the questionable quality of students enrolled in business schools, suggesting that much of the current content of business education was not appropriate for university level study and should be shifted back to trade schools and community colleges.<sup>9</sup>

### "The Rise of The New Vocationalism"

The decade of the 1960's saw the movement of the business school temporarily away from the profession toward the academy. Much of this shift in orientation can be traced directly to the criticism of the foundation reports, but must also in part be credited to the more liberal attitudes developing on most campuses during the first full-scale assault of the baby boom generation. Enrollments grew not only in business schools but in nearly all sectors of the university, removing most disciplines from the pressures of "labor market relevance." Indeed, by the end of the decade the concerns regarding overemphasis on vocational concerns had been replaced by criticism that business programs were becoming too esoteric and theoretical.

The fact that business schools were largely unaffected by the cries for relevance on campus during the late 1960's can, in retrospect, be seen as an evidence of their fortuitous positioning for the emergence of what has been labeled as the "new vocationalism"; the decade of the 1970's. The most notable shift toward business undergraduate enrollments lagged several years behind the expansion of MBA enrollments. Business degrees at both the undergraduate and graduate levels grew dramatically in both absolute and relative terms during the period 1962 - 1980.

During the early 1970's, a number of business schools (primarily larger state universities) began developing highly specialized "career tract" programs within each

functional discipline. Such specialized curricula were generally popularly received by both students seeking an advantage in the job market and by faculty feeling increased professional pressure to further specialize both their teaching and research activities within rapidly expanding functional areas. Indeed, the technologically inspired trend toward functional specialization became one of the major legacies of the business schools of the 1970's.

#### Internal Changes in the Business School - The 1970's

With the phenomenal growth of business schools during the last decade came a number of internal problems. Growth brought a change in the composition as well as size of business school student populations. Business schools began attracting increasing numbers of quality students from across campus (both male and female).

The growth of the 1970's also strained faculty resources to the limit. As student enrollments grew dramatically, the supply of business professors (especially new doctorates) fell off substantially. This mismatch of supply and demand (which has become even more acute in the 1980's) in turn led to an overreliance at many business schools on part-time lecturers, increased class sizes, and created concern over controlling the quality of program output.

#### Curriculum Issues of the 1980's

##### I. HOW MUCH SPECIALIZATION IS DESIRABLE AT THE UNDERGRADUATE AND GRADUATE LEVEL?

While much of industry bemoans the lack of generalist skills among their new hires, they continue to select entry level job applicants to a large extent on the basis of their technical specialization. This emphasis has not gone unnoticed by either university students or university administrators.

While many deans (business as well as liberal arts) would prefer to moderate the trend toward curricula specialization, pressures from business faculty (increasingly specialized themselves) and students (seeking an edge in today's highly competitive job markets) have resulted in yet further calls for career-oriented, highly-specialized programs. The conflict between liberal and specialized orientations in the future will prove to be even greater.

##### II. HOW DOES A LIBERAL EDUCATION FIT INTO THE NEW VOCATIONALISM?

While many both on and off campus continue to attack university curricula for not providing enough exposure in the liberal arts, what in fact they are lamenting is the erosion of student competence in skill areas such as oral and written communication, analytical thinking and interpersonal development. Since such skills were historically the byproduct of a good liberal arts education, many have called for the reinstatement of more liberal arts courses in business school curricula. However, just as any subject matter can be taught liberally, so can communication skills and analytical abilities be sharpened outside the context of a liberal arts curriculum. Indeed, if these skills alone are considered as the only valuable byproduct of liberal arts programs, they may be more efficiently developed elsewhere on campus (speech communication, business writing, or management science as examples). The recent trend toward offering business writing courses within the curriculum of the business

school may be interpreted as an attempt to more efficiently provide business students with liberal arts "skills."

##### III. CAN UNIVERSITIES TEACH THE SKILLS BUSINESS IS DEMANDING?

A corollary issue concerns whether or not a university is an appropriate or the most effective place to teach certain skills desired by business. It has been argued, for example, that universities are not well situated either in terms of physical constraints or more importantly psychological barriers to teach students about the "real world of business." Lacking both the latest in business equipment, and staffed primarily with faculty devoid of significant managerial experience, universities have been criticized for even attempting to provide on-the-job type experiences for their students.

Cooperative education and internship programs have been pointed to as the most realistic mechanism for providing "real world" experience. To the extent that business schools continue to evolve into professional schools, they may find the medical school model insightful for establishing more systematic and rigorous internship requirements.

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##### Market Saturation for Business Graduates

Signs of market saturation levels being reached (especially for MBA's) have been noted over recent years.<sup>10</sup> This saturation has in part been due to the tremendous growth in the number of degrees being awarded by business schools cited earlier, along with a general disillusionment with the product of many of these programs.

While some dissatisfaction has been expressed with technical, or more commonly, general business competence, much of the criticism stems from what employers perceive to be unreasonable expectation concerning early job responsibilities and rapid career advancement. Coupled with high initial salary demands and a view toward managing their own careers not the company's business, MBA's have clearly fallen out of favor with many employers.

Current recessionary pressures have exacerbated these trends to the point where even some graduates from the "top ten" business schools are finding job hunting serious business.<sup>11</sup>

##### Development of a Three-Tiered Structure

Current market forces, combined with technology's persistent pressure toward increased function specialization, have resulted in the emergence of a three-tiered structure for business schools.

The top tier of business schools will likely remain essential as they are, catering to the needs of primarily the Fortune 500 to train future top executives. Of the nearly five-hundred business graduate programs in existence, as few as ten to twenty in number (most of them private) will continue in this role. These schools will continue to disclaim undergraduate education in favor of high quality, liberally-laced professional orientations.

A second-level tier of business schools is presently evolving, primarily among the better-known public

universities and selected private universities, which have developed extensively specialized graduate business programs. In some of these schools Master of Science programs in functional areas such as Accounting, Finance, Marketing, etc., have arisen to challenge the conventional supremacy of the MBA.

In addition, functional specialization has been combined with industry specialization to create hybrid programs such as Marketing of the Arts, Health Care Marketing, etc. Graduate level specialties such as these have arisen at these universities, in part, as positioning strategies, aimed at countering the prestige of the top-tier schools, with greater marketplace application.

Currently, graduates of these specialized programs are enjoying marked success in securing initial employment within their specialties. It remains to be seen if this high level of market segmentation will prove attractive into the future as these graduates move up on their career ladder, and as traditional MBA's begin to compete more directly with them across presently less developed areas of business application (such as the nonprofit sector).

The third-tier of business schools, comprised of the remaining seventy-five percent of business programs, will be markedly undergraduate in orientation, while remaining heterogeneous with regard to quality and curricula. This tier will include most of the state universities, and smaller private and religiously-affiliated colleges. Presently, a number of the larger state universities in this category have undergraduate enrollments in business in excess of five thousand students. Their MBA programs are usually of moderate size and are clearly ancillary to their undergraduate focus.

Many of these large undergraduate universities are fully accredited by the AACSB (at both levels) and provide extensive career-oriented specialization for their students. Their curricula are primarily focused on providing sound entry-level skills, in the traditional departmentalized mode. Further, their programs tend to have a distinctly local, or at best regional orientation, in many cases utilizing cooperative-type programs to build specific links to industry job markets.

Many of the lesser schools within this third-tier were begun or enlarged primarily in response to enrollment losses elsewhere on campus, and possess neither the quality of faculty or curricula specialization to compete effectively with tier-two schools over the decade of the 1980's.

A substantial number of these business programs will likely become victims of a consolidation of business schools over the remainder of the decade. Others will survive by indentifying a specific mission, and tying themselves increasingly closely to their local business community.

The business schools in these three tiers are not pure forms, and while business schools have long served different markets, the degree to which the public and business will become aware of this three-tier typology will accelerate. This heightened awareness of strata will in turn crystalize the positions of existing business schools and lead to a concomitant need for yet further nichemanship and positioning.

### Conclusion

Marketing departments need to play a key role in the development of these positioning strategies, not merely through the development of their own internal curricula, but more importantly in initiating school-level dialogues concerning the appropriate position of the entire business school.

The degree to which any given school's "position" shifts toward the liberal or the vocational over the coming years should be based on a careful analysis of market trends, competitive analysis and an internal resource audit.

In this context, (i.e., strategic planning, market segmentation, positioning, etc.) the chance to practice what we preach should not be ignored.

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