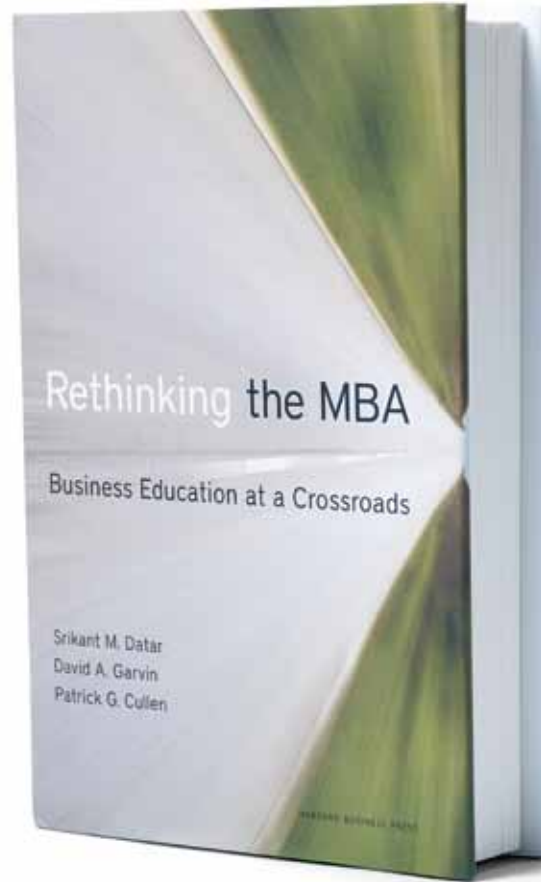


# The Golden Passport Reconsidered

**“Rethinking the MBA: Business Education at a Crossroads,” by Srikant M. Datar and David A. Garvi (Harvard Business School Publishing, 2009)**

*Can a greater focus on ethics, leadership, globalization and multiple stakeholders stop a slide in enrollments in traditional M.B.A. programs?*

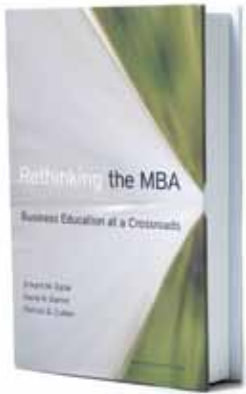


**When Harvard University officials thought** about creating one of the first graduate schools of business early in the 20th century, they wrestled with whether business was a profession and whether it was properly a subject for study in the academy. The university’s leaders wondered whether business needed to have a code of ethics; what role ethics should play; and how to balance the practical skills required to conduct business with research and theory.

“Rethinking the M.B.A.: Business Education at a Crossroads” (Harvard Business School Publishing, 2010) by the Harvard Business School professors Srikant M. Datar and David A. Garvin and a research associate at the school, Patrick G. Cullen, makes clear that the issues of the place of ethics in business education and business education’s fit in the academy remain unresolved and that they play an enduring role in the debate on the future of the M.B.A.

According to the authors, graduate schools of business are no longer able to guarantee golden passports to top, high-paying jobs in finance, consulting and other industries to their graduates. So, these programs are at a crossroads .

To make their point, the authors provide a comprehensive accounting of the challenges facing business schools and the major criticisms of them. They describe in detail



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the curriculums and pedagogy of a half-dozen of the top business schools. They outline the correctives business schools need to adopt to avoid becoming obsolete.

While the authors' methodical presentation of the current nature and plight of business schools is highly informative and thought-provoking, their conclusions do not squarely address the most difficult questions raised by their book.

According to the authors, one major challenge confronting traditional business schools is competition from night, part-time and executive M.B.A. programs, one-year programs and alternative master's degree programs in business subtopics like finance. Other challenges are students who devote their energy during business school to getting jobs and show little interest in their courses, a declining interest among employers in hiring M.B.A.'s, and the view that it is better for one's career to remain in a good job and get on-the-job training than to take two years out to get an M.B.A. The authors present statistics that enrollments at top business schools have leveled off and that those at second-tier schools have declined. Meanwhile, enrollments in alternative programs are rising.

Major criticisms of M.B.A. programs that the authors gathered from interviews with business executives and business school deans include that the programs do not focus enough on values, ethics, leadership, globalization and business's responsibilities to other stakeholders besides shareholders; that they focus too much on the nuts and bolts like accounting and that students are taught what the theories are and how to analyze but not how to actually manage anything — including how to persuade, motivate and lead groups and build consensus. Many of these criticisms have, the authors note, gained urgency with the recent economic crisis.

To meet their challenges, the authors maintain, business schools should respond to the criticisms — by providing more training in leadership and ethics, more hands-on experience and more focus on the challenges of globalization without watering down the nuts and bolts curriculum. As the authors describe it, there should be more “being” and “doing” without less “knowing.”

But, as morally satisfying as it is to conclude that what business schools need is more courses on ethics and leadership and more of a focus on serving the larger society, not just shareholders, it is not clear that making these changes is the solution to the practical problems that business schools face.

The factors that threaten the viability of business schools are different from the criticisms the authors enumerate. The authors cite no evidence that enrollments in traditional two-year M.B.A. programs are declining over all because those who might have been expected to apply are concerned that they will not be taught to maintain their integrity as business leaders. Rather, as noted above, the demand for M.B.A.'s is said to be eroding in part because many who would have sought M.B.A.'s in the past have decided that they can get what they want — multimillion dollar salaries in the case of would-be financial titans — without them. Those still seeking the credential to be considered for a job in management, meanwhile, can get it through alternative, less costly or more convenient or targeted programs — i.e., night, part-time, executive or other forms of master's degrees.

There seems to be no reason to believe that teaching more about leadership and ethics would change this calculus for prospective applicants. This is likely to occur only if businesses decide they want different kinds of leaders than those they have today. But, there seems little indication of that. Granted, there are the responses of the business leaders whom the authors interviewed. But, their critiques of what business school students currently learn are likely to carry much less weight with prospective applicants than the continued rewarding of corporate executives who narrowly focus on their own and their shareholders' well-being.

It may be that the next generation of business executives, trained in business schools that place a greater emphasis on leadership, ethics and broad societal interests, will be able to move business in the direction of assuming greater social responsibility. But, the question remains how business schools will continue to attract the numbers required to sustain themselves if they no longer can guarantee the golden passport. 