

## News from the schools, February 2008

### Impact of study

AACSB International, the most widely recognised global accrediting agency of business schools, has accepted for publication a controversial report, aimed at increasing the practical value of research carried out in business schools. The official release of “The Impact of Research”, which was written by an AACSB-appointed task force and accepted formally in late February, is the latest development in a heated debate. Academic research itself came under fire for being too esoteric, with little application to the workplace.

The initial draft of the report, which was circulated for comment last August (see [article](#)), attracted comment from nearly 1,000 deans, professors and school directors. The views they expressed varied widely. Some faculty—particularly those from prestigious research-based institutions—seem to fear that their status could be undermined by less-stringent academic standards. Specific suggestions to link accreditation to demonstrations of the impact of research in real-world applications have also proved contentious—not least because this could prove so tricky to measure.

Objections of this sort could be taken to indicate that any progress towards the report's aims will be slow. AACSB however is determined to press on. It says it does not aim to diminish the quality of scholarship, but to underline schools' responsibility towards practice. It also hopes to boost the standing of those schools that focus on teaching. Yet, as AACSB laments: “It is not easy to fix something when people cannot agree that it is broken.”

### Rising in the east

A familiar school topped the *Financial Times*' 2008 ranking of full-time MBA programmes in late January. But while **Wharton** took top spot for the third consecutive year, it was the impact of Asian schools that caught the most attention. Three programmes from the region made the FT's top 20 (four if you count **INSEAD**, which has campuses in both France and Singapore), with **CEIBS** of China placed highest at 11th (that would be: disregarding INSEAD's 6th place). The **Hong Kong University of Science and Technology** ranked 17th and the **Indian School of Business** 20th—both were unranked in 2007.

It is the first time that schools from the region have had such an impact on such an important international ranking. But traditionalists can still find some comfort—between them, **Wharton**, **London Business School**, **Columbia**, **Stanford** and **Harvard** have occupied the top five spots for the last three years.

According to the FT, schools are taking less time to set up world-class institutions—several of the top 20 schools have been offering MBAs for barely a decade, including CEIBS and the programmes at **Oxford** and **Cambridge**. Asian schools have a clear geographic advantage, as they tend to send their MBAs into an area of the world with severe shortages of qualified managers; the rankings, which emphasise graduates' career progression, reflect their success.

### Collateral damage?

So far, the strife in the financial markets appears not to have been felt in MBA classes. Companies such as Merrill Lynch (which lost \$9.8 billion in the fourth quarter of 2007) and Bank of America (which announced plans to cut 650 jobs in mid-January) continue to recruit new graduates. **London Business School** reported record numbers of company recruiters on campus in late 2007, and American schools report continued interest from consultancies, health-care management firms and manufacturers.

In late January, the MBA Career Services Council found a 20% drop in recruiting activity this past autumn, as compared with the previous year, at most of the 85 business schools who responded to a survey. But the blowback might be only a matter of time: several career-services specialists have expressed worries that this year's summer interns will have trouble finding offers come autumn.

### Booting big tobacco

February saw a secondary explosion of reaction to the decision last November by the **McCombs School of Business** at the University of Texas to stop accepting money from Altria Group, the tobacco company formerly known as Philip Morris. George Gau, the dean of McCombs, reignited the issue with an article he wrote for *BusinessWeek*. "At McCombs, we have put ethics at the core of our mission in educating the next generation of business leaders," Mr Gau wrote. "I simply felt that accepting money from an industry that has caused so much harm, to so many, without any redeeming qualities, was incompatible with this mission."

More of Altria's money at McCombs went to student groups than to research. (The school's administrators said they were uncomfortable at the company's desire for more interaction with undergraduates.) Altria and other tobacco companies will still be permitted to recruit on campus. The ban is not unprecedented; public-health schools at several American universities have also vowed not to accept tobacco funding, and the University of California—which nearly adopted a similar ban in 2007—has acknowledged regret over having missed the trick.

### Where they won't go

Details concerning the long-term ambitions of MBA students emerged in early February, courtesy of the annual "Corporate Reputation Watch" survey by Hill & Knowlton, a public-relations firm. More than 500 MBA students at schools including **Harvard Business School, Columbia Business School, IESE, HEC, SDA Bocconi** and the **Chinese University of Hong Kong** were interviewed. It should shock no one that, when evaluating potential employers, MBA students value management quality, opportunities to advance, brand reputation and the ability to balance work and other interests.

The types of firms favoured were also evaluated: most popular were banks, information-technology firms and energy utilities. Less popular were oil-and-gas and pharmaceutical firms, while chemical, alcohol and tobacco companies were the least popular of all—music to the ears of McCombs perhaps (see previous item). Publicly traded and venture-capital-funded firms won favour over family- or government-owned companies.

### Well-endowed Russia

Endowment funds, long part of the culture of Western business education, have spread to Russia. In late January, the **Skolkovo Moscow School of Management** announced the first contribution to

its fund. Skolkovo is the first Russian school to set up an endowment since changes to legislation allowing such funds in 2007. The size of the gift—from PricewaterhouseCoopers, an accountancy firm—was undisclosed, but Skolkovo hopes its fund will eventually accumulate \$100m.

The gift is seen as a milestone in the development of Russian business education, which has been playing catch-up with the West as the popularity of MBAs spreads. Skolkovo, opened by Vladimir Putin, Russia's president, in 2006, hopes to become Russia's first world-class institution in its field, to compete with the top European and American schools. An MBA programme, to be launched in 2009, will focus on emerging markets and intends to increase the pool of managers who have a good understanding of Russia and Russian ways of doing business.

### Moving target

Late February saw the **University of Auckland Business School** move into its new, purpose-built home. The Owen G. Glenn Building—named for the founder of OTS, a logistics company, who gifted NZ\$7.5m (\$6.07m) to the school—has been four years in the making. The U-shaped structure, built around a seven-storey atrium, brings the school's 480 staff and almost 8,000 students together in one location for the first time. The school hopes the new building will assist in its drive to attract more Maori students; it has offered Maori-focused programmes since the early 1990s but still sees plenty of room for improving its level of recruitment.

Controversy attended the opening. Mr Glenn, a New Zealander who resides mainly outside the country, often in Monaco, was recently honoured by New Zealand's Labour-led coalition government for "services to business and the community". The new building might be seen as ample justification for the honour. But opposition parties have pointed an accusing finger to a donation he made to Labour in 2005, and to a more recent interest-free loan he gave them. Speculation that he may become New Zealand's honorary consul in Monaco has added fuel to the fire—unwelcome to Labour, which faces an election later this year.

### Strait thinking

**Singapore Management University** is preparing to launch an MBA programme. The degree is to be offered in two varieties: as a one-year, full-time course, or alternatively to be completed in 16 months, part-time. The school says that the programme, to be launched in September, will offer an unconventional curriculum, with an emphasis on softer skills such as leadership, negotiation and ethics.

SMU has modelled itself on American institutions, in particular on **Wharton**, which has helped to develop the school since its inception in 2000. It will face three locally-grown competitors—**INSEAD**, **Nanyang** and the **National University of Singapore**—as well as foreign institutions like **Strathclyde**, **Nottingham** and the **University of Western Australia**, which all offer MBA programmes in the city-state.

### Carbon class

The emergence of markets for carbon-dioxide emissions, signalled by the European Union's launch of an emissions-trading scheme in 2005, has resulted in a knock-on market for executive-education courses on the anticipated trade. Programmes on offer include a one-day workshop from the **Oxford Princeton Programme**, to be held in Prague in May. (Despite the name, the OPP has no

affiliation with Oxford or Princeton universities; it is a private provider of training to the energy industry, which happens to keep offices in those towns.)

Another notable emissions-trading programme is a four-day course at the **Swiss Finance Institute**, again a for-profit organisation. Their programme was inaugurated in Geneva on January 29th; it will be held in May. Several other energy-industry consultancies offer their own courses, including one taught by CEAG, a British firm which also publishes a guide to emissions trading.

### **Must be partial to animals**

The **University of Kansas School of Business** has announced the creation of a new specialised MBA programme in animal health. Developed in conjunction with the animal-health division of Bayer HealthCare, the programme will offer all the usual core courses in accounting, finance, strategic management and organisational behaviour, as well as electives such as “Ethical Considerations for Biosciences” and “Marketing Strategies for Animal Health Industries”. The programme is due to begin in autumn 2008. KU hopes to attract applicants with doctoral degrees in the sciences and in veterinary medicine.