The Future of Business School Faculty

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ABS the ASSOCIATION of BUSINESS SCHOOLS
aim RESEARCH Advanced Institute of Management Research
E·S·R·C ECONOMIC & SOCIAL RESEARCH COUNCIL
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Preface

Business schools face significant challenges in terms of faculty recruitment, retention and development, with data suggesting that there are worrying shortfalls in terms of numbers of PhD students graduating and taking up faculty positions in UK business schools (Francis, 2005). Add to this concerns about the demographic profile of UK business school faculty – according to 2002/3 data 37% of management and economics faculty were due to retire in the next 15 years, whereas the comparable figure was 22% in 1994/5. It is not surprising that the recruitment, retention and development of faculty are significant issues for business school deans.

To explore the challenges of recruiting and retaining faculty, the Advanced Institute of Management Research (AIM) and the Association of Business Schools (ABS) organised a roundtable discussion about faculty involving deans and heads of schools at the annual meeting of the ABS on the 16th October 2006. Four AIM scholars, all co-authors of a previous report on the Future of UK business schools, acted as discussants at the event (Ivory et al., 2006). Each discussion group was asked to capture the key themes that emerged during their discussion using the 'Danish table cloth' method. The content was then analysed by the AIM Scholars and Andy Neely to summarise and explore the themes raised. Clearly the diversity in the business school sector resulted in some provocative and contradictory perspectives. To make sense of these the AIM Scholars used a model describing the four modes of business school activity, based on work originally by Starkey and Tiratsoo (2005).

The report that follows contains a summary of the deliberations of the AIM Scholars, grounded on the ABS discussion and enhanced by further discussion and reflection. The report was also circulated to deans and other qualified and interested parties and their comments have been included where possible. As such, this report reflects many and varied voices and perspectives. The key question that the report raises is a long term challenge – business school deans will have to make life attractive for future generations of academics, in an environment where there are so many competing demands for talent.

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Introduction

UK business schools: victims of their own success?

Over recent decades business schools have gone from being a peripheral activity of universities, to being a core part of their operations, with one in seven undergraduates and one in five post graduates studying business and management related subjects. As well as attracting an increasing share of the growing student population, business schools have been successful in 'adding value' to these students in terms of their future careers. Employers see business schools as a valuable source of skilled graduates and high performing executives. As such, graduates from UK business schools have been able to significantly increase their career earning potential.

This success is to be commended and demonstrates that business schools are proving effective in achieving their wider social and economic aims. But success brings with it new problems, one of the most pressing is the recruitment and retention of faculty. While a growing business school sector requires more staff, there appears to be a decline in the numbers of appropriately trained and qualified academics coming into the sector. A business school education may open up a range of interesting (and lucrative) career opportunities for graduates, but what incentive is there for the brightest of these to embark on an academic career path which requires at least three years of extra study as a prerequisite? Business schools, it sometimes seems, have been successful in training graduates for almost any type of career other than an academic one.

Challenges for the sector: recruitment, retention and staff development

From our discussions with business school deans and previous research into the subject, one theme to emerge very strongly was that the labour market is largely a 'sellers' market in which demand for suitably qualified and skilled people outstrips supply. Recent research has shown that there is a serious projected shortfall in staff numbers. For the period 2003-4, there were nearly 4000 academic staff over fifty years old. At the same time, in 2001-2 there were only 244 new PhD qualifiers in Business and Management – a substantial proportion of whom are international and who may or may not envisage a long term career in the UK (HEFCE, 2005). Even given the number of faculty coming into business schools without PhDs this figure represents a substantial shortfall in the labour market. Some deans have also expressed concern that the number of UK based PhDs being trained is likely to decline further in the future as the effects of the RAE, which has channelled funds away from the many '3a' schools, begins to be felt in terms of a drop of the number of PhDs trained. The same point can be applied to funding for masters degrees, the traditional proving ground of future PhDs.

Although ABS attendees reported very mixed experiences of their recent attempts to recruit staff with PhDs, there was certainly a consensus of opinion that a distinct shortage did exist in the more 'technical' areas (such as accounting, economics and finance) and in areas requiring specific accreditation, such as academics with Chartered Institute of Personnel and Development (CIPD) for Human Resource Management (HRM) teaching. It was also noted that schools were having to compete for 'quality' staff (i.e. those staff with a PhD and clear potential to do well in RAE terms). The fundamental imbalance between supply and demand clearly affects the whole labour market, putting rival employers in competition with one another and placing those individuals with the appropriate qualifications and published outputs in a strong bargaining position. Those schools 'lower down' the rankings, it was suggested, tended to suffer worst in this competition, in as much as they were always at risk of loosing good staff to Universities further up the rankings. On the other hand, as pay and conditions continue to decline in relative terms, research intensive UK universities are themselves in danger of loosing their staff to better pay in destinations like the US (Pearce, 2005) and Canada and arguably the private sector. As we shall suggest in the final section, for a variety of reasons, competition from outside the University sector may prove an increasing challenge to retention.

The shortage of people graduating with PhDs from UK business schools has had at least two consequences in terms of the types of faculty now being recruited. First, schools are becoming increasingly reliant on recruiting PhDs from overseas (overseas PhDs now account for 17% of the total rather than less than 10% three years ago (Francis, 2005)). Such staff may or may not envisage a long term career in the UK. It was suggested that more should be done to recruit and retain talent from Eastern Europe and countries like Greece. A second trend is that the majority of new faculty currently being recruited in many schools are people with a background in professional management rather than a traditional academic training (Francis, 2005). This in itself may be no bad thing, but it does raise the issue of how best to integrate such staff into the academic culture of university life, and how to help them identify a role for themselves with a clear career path. To facilitate the entry of staff into schools, several 'innovations' were mentioned: Copenhagen Business School's Learning Lab that teaches guest lecturers how to teach; the International Teachers Programme, currently at IMD; DBA degrees; Knowledge Transfer Partnerships and regional Post Graduate Certificates in Teaching and Learning.

A further challenge for business school deans is to align the performance system used to reward staff with the mission of the school. Concerns were expressed as to whether all desirable activities were being incentivised and rewarded appropriately (e.g. are there sufficient incentives for staff who excel in teaching or 'outreach' activities). In addition, more diversity was thought to be needed in terms of career structures and job titles (e.g. Professor of Management Practice) to reflect the diverse missions and activities that schools have and undertake.

Formal approaches to career development of younger academics were also thought necessary. These included; the creation of bursaries that funded activities that led to high levels of performance in teaching or research; more transparent promotion criteria and reduced teaching loads and increased funding for research. Some also suggested that the careers of more senior faculty members should also be managed more actively, with peer review of faculty (including professors) being a regular activity.

The challenge for individual business school deans

The shortage of recently trained high quality academics looking to embark on a career in academia clearly poses a range of problems for the sector as a whole. For individual institutions, several questions emerge:

1. What skills' profile will be important in meeting the needs of the schools' strategic objectives?
2. How can a sustainable flow of new academics be developed both during and after doctoral programmes?
3. How can mid-career practitioners entering schools be socialised into scholarly values and practices?

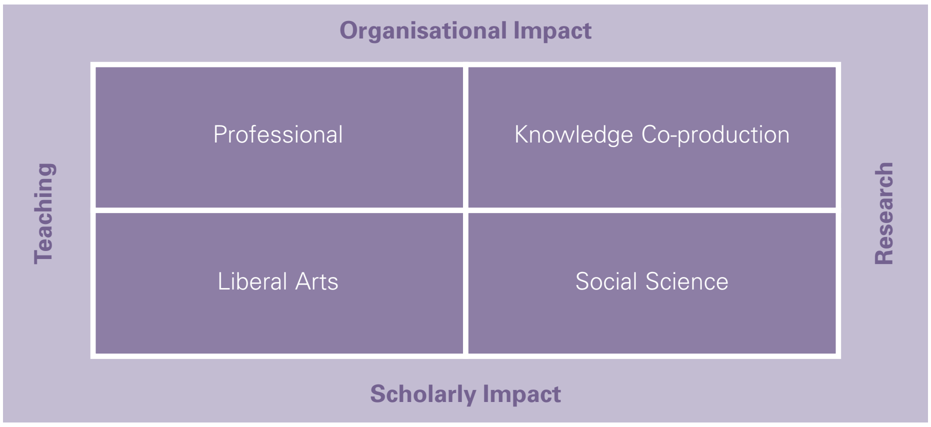
Deans were very aware of the tensions that exist when seeking to address these issues. Questions were raised, for example, as to the possibility of creating a culture defined by high volumes of RAE submittable research, while simultaneously delivering programmes and activities that meet the demands of corporate clients and fee paying students. It was questioned whether business schools could continue to be one-stop shops for all potential activities and if specialisation might by a better strategy. Another tension concerns the extent to which lecturers can encourage critical thinking and reflection on the role of business in society, whilst meeting the demands of employers who want graduates that can become high performing managers in commercial organisations. Indeed, is the current model of the lone business school academic – researching, teaching, administrating programmes and working with corporate clients – sustainable? Will business schools need to embrace higher levels of diversity in their faculty, the industrialisation of some of their activities and more collaboration with other schools? We will not be able to address all of these questions in this report – but we will attempt to bring some clarity to the debate by analysing the findings from our discussion with business school deans through using a framework that seeks to define the different activities of business schools.

What the discussions with business school heads reveal very clearly is the heterogeneous range of activities in which schools (and therefore their staff) are involved. Diversity within schools, it must be stressed, is just as important as the differences between them. Academics from all disciplines have traditionally divided their time between research activities, generating published outputs aimed at an academic community, and teaching related activities – for undergraduate or postgraduate students. In addition to these two constituency groups, business schools have also been expected to appeal to a third – the practitioner community of business leaders and professional managers. Such 'outreach' or 'third stream' activities are by no means unique to business schools, but they are perhaps a more important measure of how business schools are judged than would be the case for many other academic departments or disciplines. If we are to fully appreciate the challenge facing schools as they seek to recruit, retain and develop their faculty, it is essential that we recognise the diverse range of activities in which business schools are engaged and therefore the diversity of knowledge and skills that are required of faculty themselves. It is also important that we understand these issues not just from the perspective of business school deans, but from the view of individual faculty themselves.

Models of business school activity

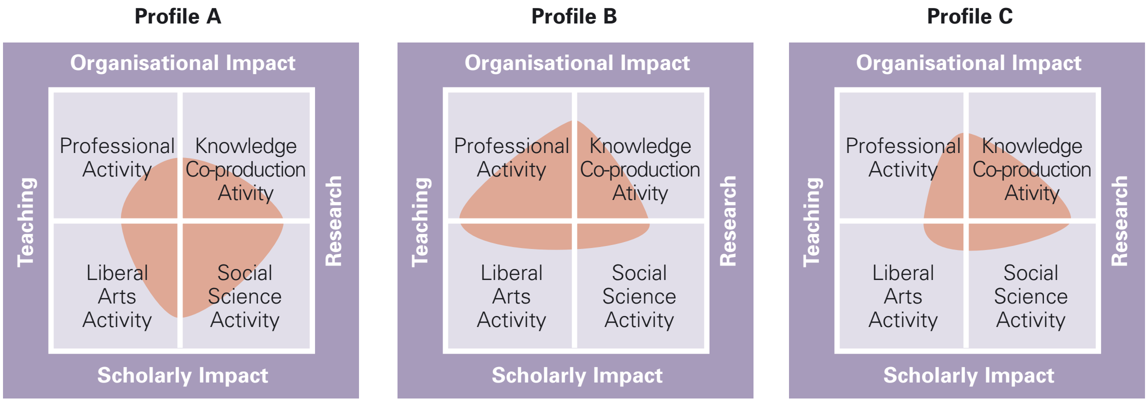
In terms of strategic focus, business school activity can be thought about in terms of the particular balance struck between teaching and research on the one hand, and the balance between organisational impact and scholarly impact on the other. This suggests four types of activities that schools can focus on, which are presented in Figure 1 (based on work originally by Starkey and Tiratsoo, 2005). These activities are not mutually exclusive, but rather, show the diversity of activity that can take place within a school and across the UK business school sector.

Figure 1: Models and orientations of business activity



The precise features of the 'professional', 'knowledge co-production', 'social science' and 'liberal arts' activities undertaken by schools are more fully explained in a previous report and detailed more fully in the appendices (Ivory et al., 2006). The important point that requires emphasis here is simply that any individual business school is most unlikely to fit neatly into one of these categories. This chart does not serve as a basis for categorising schools, but as a basis for categorising business school activities. Most schools will undertake some activities in all of these areas, but the precise balance or focus of those activities will vary significantly from one school to another, as the sample profiles of hypothetical business schools in Figure 2 (page 8) illustrate.

Figure 2: Examples of the possible profiles of business school activity



Few schools will be able to excel in all of these areas of activity and the practice associated with them (see Figure 2). Therefore, the strategic choice facing deans and School Advisory Boards is, which areas should take priority? In which types of activity does a school most want to build a reputation? Where should it direct its resources? What implications does this have for faculty recruitment, development and retention? It is to the last of these questions that the remainder of this report will now turn.

Matching faculty skills and aspirations with business school strategies

Business school staff, like business schools themselves, vary enormously in terms of their skills and their aspirations (i.e. their own strategic focus with regard to their careers, work-life balance and so forth). How these skills and aspirations map onto the requirements of particular business schools in terms of bias toward particular sets of activity (i.e. professional, knowledge co-production, liberal arts and social science) will be a key factor in the ability of the schools to recruit, retain and develop their staff.

People with a demonstrable record of excellence in all of these areas are rare. Moreover, schools cannot expect to recruit staff who will make major contributions to each of these areas of activity. If such people are recruited, schools may well find it difficult to keep hold of them. Such individuals are likely to be highly sought after in a competitive labour market, and able to command premium salaries. Yet while schools cannot expect all staff to contribute equally to all areas of activity, nor can they easily allow staff to concentrate entirely on just one area of activity. Even the most successful contributors to the 'social science' or 'knowledge co-production' areas will usually be expected to undertake some teaching, while the most effective teachers might well be expected to face undergraduate or MSc students one day, and management executives the next. Balancing the needs of the school with the interests and expertise of individual staff presents a formidable challenge.

The social science domain

The school perspective

The key problem facing schools wishing to recruit staff able to make a strong contribution in this area is the shortage of appropriately qualified applicants. While the elite academic institutions may have little difficulty attracting applications from candidates with PhDs and a demonstrated record of research output (or the clear potential to produce such an output), the majority of university business schools appear to be finding it increasingly difficult – particularly in subject areas like accounting and finance. One option is to recruit faculty from overseas, although, as already suggested, this may pose challenges in terms of socialisation and long-term retention, especially as international faculty may be more mobile. One issue that emerged through discussion is that senior faculty recruited from overseas frequently find the UK focus on measurable standards and quality control somewhat burdensome; one respondent noted that “although unfettered academic freedom is not attainable anywhere, a pull factor will be the opportunity to manage teaching without much external interference”. Another noted that as a senior member of staff in an overseas University “you have much more autonomy… what you teach and how you do it is much more flexible and under your control – there are no resource packs, exam boards, teaching committees, external examiners and all these hindrances”. Managing the expectations of this distinctive category is important, particularly as international faculty may be more mobile than staff and likely to return home if they perceive that their career aspirations may not be readily achievable here. We return to this point in the conclusion section.

A second problem is the relative shortage of newly qualified PhDs. This is compounded by concerns about the quality of the candidates holding such degrees. It was also suggested that business school produced PhDs may themselves not be the best vehicle for delivering staff capable of delivering the high-quality research outputs. There is a question mark, in other words, over the academic rigour (in the social science model) of the PhDs presently coming out of business schools. As was also noted, a PhD may indicate that a person is able to undertake research, but does it predict whether they have the potential to publish in top ranking journals? As one ABS delegate put it: “too many PhDs want to play for Chelsea: but they’re never going to make it”. To continue the football analogy for a moment, it seems that in the competition for staff able to contribute to ‘social science’ activity, those lower down the league tables are in a particularly difficult position, with the best talent attracted to the ‘premiership’ institutions. For the schools at the top end of the league tables, however, the problems are just as real: they may be able to attract a high proportion of staff with a strong research and publication record, but they still have to retain and develop them. In order to do this, they need to understand what motivates individual faculty.

The individual perspective

Not all staff in higher education see themselves as being engaged primarily in social science type activity. But for those who are active in this area, research outputs are likely to be regarded as the single biggest driver of career development. Since publications provide an opportunity for individual academics to put their work (and, crucially, their name) into the public domain, research is the one area of academic activity where the contribution of individual staff to the reputation of a university can be easily identified and measured. It is through research that academics gain their status and reputation, and while their success is not usually measured in terms of earning power, it is unlikely to escape their attention that research ‘stars’ are typically able to command higher salaries than teaching only staff. For any ambitious scholar embarking on an academic career, research publications provide the benchmark on which they would expect to be judged. Many academics may also feel that their own professional reputation will be affected not just by their publication record or personal title (lecturer, reader, professor) but also by the institution at which they work. The individual researcher may want to work at a highly prestigious institution not just because there is other high quality research being done there, but because their own research will be given greater credibility by association with that institution’s name.

Most schools, therefore, face something of a double-edged sword when seeking to recruit and develop staff able to contribute strongly to social science activity. On the one hand, the most talented researchers clearly need to be given the time and encouragement to pursue their research, otherwise their potential to contribute in this area will be wasted. On the other hand, if a school is successfully able to nurture its most promising researchers, it may well find that it is rewarded by seeing those staff move away at the first opportunity to a more ‘prestigious’ institution and/or a higher paid position elsewhere. (Whereas lower league football clubs at least benefit financially when selling their best players to premiership clubs, lower league universities see no such reward for their investment in staff).

This problem is likely to be most acute in areas with the greatest shortages of skilled staff, and as long as such shortages remain, it is difficult to see how the issue can be resolved. Schools seeking to develop faculty in the social sciences area, however, at least need to be alert to the ambitions and motivations of their staff, and prepared to provide a package of benefits that are competitive.

The liberal arts domain

The school perspective

In the categorisation of business school activity being employed here, the liberal arts domain refers to what might be called traditional academic teaching. Namely, the process of taking academic concepts and theories, and discussing with students how these help us to explain and understand the world in which we live and work. For most business schools, the provision of academic teaching to undergraduate and postgraduate students is a major area of activity, but what type of staff are best equipped to undertake this role? Are staff recruited primarily on the basis of their ability to teach, or is teaching essentially a secondary (albeit important and necessary) activity to be undertaken by research active staff?

For schools intent on prioritising social science activity, the latter scenario may well be all too familiar. As most students are aware, excellent scholars do not necessarily make good teachers. If a PhD is sometimes an inadequate indicator of research quality, it is no indicator at all of teaching ability (as several contributors to the ABS discussions were at pains to point out). If teaching is to be carried out by staff whose primary talents and motivations lie in research, what can be done to ensure that standards of teaching quality are high enough to satisfy the demands of fee-paying students? Most universities now expect new staff to complete a postgraduate teaching certificate, although some business school heads expressed concern about the depth and rigour of such qualifications. Just as important as the training, perhaps, are the attitudes or perceptions of staff about it. For some, staff training in aspects of teaching and learning is a burden that has to be overcome, or an 'obstacle' to getting on with research. In some respects this instrumental attitude is encouraged by Universities who make it clear that research is the dominant criteria by which they are judged – even if this is not the dominant focus of the school itself. Problematically, neglect of teaching quality is likely to be quickly detected by student 'consumers' and reflected in surveys and even informal 'on-line' forums. At the same time, the perception amongst staff is that students are themselves increasingly instrumental, with a lack of interest in the subjects they are taught. These un-engaging students may well be playing their own part in fuelling a retreat from teaching into research – however committed those staff may have been to teaching.

For schools that may regard themselves primarily as teaching rather than research-led institutions, the challenge is how to recruit and develop staff who are 'research-aware' if not 'research-active'. A PhD may not be an essential qualification for such staff, but some level of engagement with research activity, and an approach to teaching and student learning that is underpinned by 'scholarly values' could be regarded as crucial. Again, this needs to be reflected in the staff development/appraisal and mentoring systems within individual schools.

The individual perspective

For staff who are active in research and able to publish in well established journals, what motive is there to spend time and effort improving their teaching? Research outputs are real academic currency. They will help to further one's career within an institution, and their value is also recognised, and sought after, by other universities. An individual's teaching quality, on the other hand, is much more difficult to measure. Certain staff may develop a reputation for teaching excellence over a number of years in a particular institution, but their contribution will be less easily identified or recognised externally. It is also more difficult to reward – particularly as excellent teaching is not necessarily the same as 'visible' curriculum development or involvement in a high-profile teaching and learning research project. The hard financial value of four top rated journal articles is easily calculated and understood (both by researchers themselves and their employers), the value of a good teacher is rather more difficult to pin down.

If staff are to be motivated to be good teachers, there clearly need to be incentives. For those intent on developing a research career, minimum standards of teaching quality need to be set and enforced (which most institutions now do). For staff more focussed on teaching in itself, clearer careers paths may need to be developed that allow the best teachers to be appropriately rewarded for their efforts.

The professional domain

The school perspective

Schools with a focus on professional activities require staff that can deliver executive training and teach MBAs. Staff will almost certainly be expected to develop executive programmes through selling them direct, as tailored offerings, into large organisations. They will need to be able to manage programme delivery so that it is of the highest quality possible. The skills to achieve these objectives will rest on the ability teach to this sort of audience to high professional standards and, less tangibly, upon their personal 'credibility' in the eyes of non-university managers.

Arguably, most professionally oriented schools will also need to engage in some scholarly activity not only to maintain their 'absorptive capacity' with respect to social science knowledge, but also to enable them to produce sufficient publications to maintain their profile and reputation and in terms of teaching in the context of a university. For business schools undertaking these professional activities (particularly for senior level executives) academic credibility is essential. This is what sets them apart from other training agencies or 'trade schools', and the distinction needs to be maintained (Bennis and O'Toole, 2005).

The individual perspective

Staff excelling in this area will not necessarily be traditional researchers – they should be "research aware rather than research active" (as one ABS delegate put it), that is to say, they will be able to translate the latest and best academic research into teachable material, but not necessarily produce it themselves. Although this sort of work may require them to hold a PhD, many of the staff excelling in this area will be 'mid-career' recruits drawn from experienced managers and executives of large organisations who are looking for a change in career. If such staff want to take a full part in the life of the school, they will need to become versed in scholarly values. Useful training models can be found in the CBS Learning Lab and IMD's International Teachers Programme. Encouraging these staff to research will involve mentoring and tailored staff development programmes. Many business schools also encourage staff to take up a PhD, a DBA or an Executive Doctorate PhD, often by publication. This process, however, should be one of integration, not an assimilation that will bury or undermine their existing skills. Some of these staff will, on the other hand, go on to become first class social-science researchers and should be encouraged to do so.

Attracting mid-career faculty can also prove difficult. Some will have 'made their money' and will be looking to 'give something back', however, others will be looking for a career change and will not be impressed by the relatively low salary levels offered by universities. Offering part-time roles may suit some and offset the lower salary. Offering part time flexible roles will increase the flexibility of the school's resource base. Retention will depend on the ability of departments to create career ladders that reflect the skills of these sorts of staff. Their career track will not necessarily fit the typical 'social science' reward metrics that dominate universities. New titles like Professor of Management Practice will be required to recognise success. Schools with this focus also need to ensure that job roles are not over-burdened by high teaching loads and that there is some time for research/consultancy activities.

There may also be potential to develop social-science staff to fulfil this sort of role. Executive teaching can prove attractive to faculty who have sought to process their research into practitioner-focused as well as journal focused knowledge. Some schools encourage this activity by offering additional income to those existing staff willing to turn their hand to developing and delivering executive teaching courses. This sort of work is also closely linked to knowledge co-production research activities – in which research results are often already tailored to practitioner needs.

The knowledge co-production domain

The school perspective

Knowledge co-production activities require staff with a focus on research that is customer/practitioner focused. The danger facing schools seeking to prioritise this type of activity is that their main competitors are often not other academic institutions but professional consultancy firms. In order to compete in this market, schools may face pressure to move away from a focus on academic scholarship. The focus of activities will typically be on report and bid-writing with less time allotted to RAE submitable outputs. A danger facing schools with this focus is that they may suffer, as business schools often do, from a lack of academic credibility even within their own institutions, even though their work may have important policy impacts. This will potentially frustrate academics with social science training and aspirations, though it may be attractive for academics seeking to engage with practitioners.

The individual perspective

Many of the staff employed to undertake knowledge co-production type work will have been trained as PhDs, as a result they may well aspire to producing more RAE submitable outputs than they are able to in this context. Retention of staff in schools with a strong focus on knowledge co-production work may also prove difficult because of the contract-basis of much employment. This type of employment is also insecure and this in itself can create a pressure to find alternative employment; knowledge co-production work is, for many PhDs (and those undertaking them) a stepping stone to social science work in a more traditional setting. More senior staff may also feel pressure from the continuing need to find new funding to secure their and their research team's contracts. On the other hand, staff in schools with this focus will enjoy great autonomy to do research with little necessity to engage with faculty committees, teaching or administration. Successful staff in this sector will continue to enjoy high levels of freedom along with relatively secure employment tenure, although they will often, in return, be expected to play a greater role in the management of the school.

Summary

In engaging with issues of recruitment, retention and development, business schools must recognise their own diverse profiles in terms of professional, knowledge co-production, liberal arts and social science activity and, in so doing, match the requirements of each of these to the mixes of skills that they actually require. For most schools, the challenge is to recruit, motivate and retain staff with knowledge and expertise that is aligned with its broader strategic focus, a point that was clearly articulated by the business school deans. The nature of the challenge, however, varies according to the particular strategic path that any individual school has chosen to follow. A brief summary of the different issues/challenges regarding the recruitment and retention of staff in different areas of business school activity is provided in Figure 4.

Figure 4: The challenges of recruiting and developing staff with different skills

Professional	**Knowledge Co-production**
1 Who to recruit: academics or experienced practitioners? 2 How to integrate practitioners and instil 'scholarly values'? 3 How to find/develop academics to apply themselves to this area?	1 What is incentive for staff to do applied research of this type? Is it considered 2nd rate by RAE? 2 Problems faced by firms may not require 'cutting edge' solutions. 3 What can academics offer that consultants cannot?
1 Is a PhD a good indicator of teaching quality? 2 Do staff get enough training? Is the PGCert rigorous enough? 3 For staff, teaching quality not so easily quantified. It is not such a marketable commodity. 4 Is it really rewarded?	1 Are there enough PhDs? 2 Is PhD a good indicator of research potential? 3 Are staff given the right mentoring? 4 How to retain good people? 5 For staff, research is basis of academic reputation. It is also the most marketable commodity.
Liberal Arts	**Social Science**

However, there is also a delicate balance to be struck here between focusing on recruiting people with the skills that are primarily required (these may be largely teaching-focused, for example) and creating an environment that matches the aspirations of the staff they need for a range of activities. Ultimately all business schools are required to operate in a range of activities (including teaching and research of different kinds) in order to maintain their position in the league tables. Problematically, it is all too easy to create an employment context not conducive to aspirant high-quality research focused staff. As the following respondent[1] makes clear:

> *"I got a senior lectureship at Teaching Intensive University which I accepted and then turned down. Taking a lectureship at Research Intensive University reduced the job pool for me by 50% and my income by 25%"… The reasons for this were quite clear… "This would be a 450 hours a year teaching as opposed to 97 hours. As I said before a sense of autonomy is important to me, it is really really important to me. If I am teaching 450 hours a year I am just a machine. I have no latitude. I have no space. I have no time to think".*

Emerging challenges for the future

During the course of our discussions with the deans and in our subsequent conversations, two particularly interesting and important challenges were raised. The first concerned the changing nature of psychological contracts at work (Rousseau, 1995), while the second centred on the emergence of new centres for knowledge production.

It has long been recognised that psychological contracts between employers and employees underpin the loyalty that individuals feel towards their employers. Implicitly [and in some cases explicitly] the psychological contract between Universities and their staff has centred around academic freedom – University faculty are rarely tightly managed and individual academics are usually granted significant freedoms to pursue research and projects that interest them. In recent years, however, greater numbers of faculty have been complaining about the creeping managerialism of universities. In turn, University managers lay the blame at the door of external agencies – HEFCE for the Research Assessment Exercise and QAA for teaching quality audits. In the context of business schools these external pressures are further enhanced, both by the professional accreditation bodies (AACSB, AMBA and EQUIS), and by the proliferation of business school league tables (Economist, Forbes and FT). The result is that many universities and the business schools within them feel pressure to adopt ever more formal management practices, despite the widespread recognition that one of the key factors driving the success of UK universities on the world stage is the fact that junior staff are "left alone to get on with their work" (Baroness O'Neil, President of the British Academy, Times Higher, 7th October 2006).

[1] This new lecturer had undertaken a PhD after mothballing her dot-com company. "It was a lifestyle choice – it is very much about self-determination. Academia allows me to have the space, to have a certain level of autonomy… that very few commercially directed jobs allow".

The direct effects of the changing nature of life in universities and business schools can be the loss of important staff. One ex-faculty member in their early 40s and ‘close to a chair’, identified the main factor prompting their departure (to a third sector consultancy organisation) as the “unbelievable bureaucracy and initiative-itus” of the university sector The respondent claimed to have “stopped believing in what the university was doing”. As they had moved up through the university’s governance structures they had encountered the increasing audit culture of “QAA or what have you” and the need to “jump to statistically insignificant student surveys… I simply lost the commitment to the University sector, it has become so political it’s a farce”.

This growing tension in universities should be contrasted with alternative employment opportunities elsewhere. In the private sector there is a perceived emerging willingness to adopt flexible working practices, with staff increasingly being given more ‘freedom’ and flexibility to determine how, when and where they do their work. This is certainly true of the emerging ‘third sector’ of non-profit making organisations where the focus is upon quality of life and participation. High profile publications, such as The Sunday Times listing of ‘100 best companies to work for’ further reinforces this trend, highlighting best practice in organisations outside academia and helping communicate to those who aspire to challenging careers the opportunities that are available.

At the same time, there is evidence that business schools overseas offer better terms and conditions, if not to new starters, certainly to those who have successfully established themselves as academics in line with the criteria laid down by the institutions to which they belong. Professors in Germany and the Netherlands, for example, have much higher autonomy than those in the UK, while in the States and other countries modelled on the US tradition, salaries are much higher and taxes account for a much smaller proportion of overall salary. Although this only effects highly successful mid- and late career staff, business schools in the UK need to seriously consider what steps can be taken to improve the package they are offering staff – including the management culture dominating life in schools. This may involve protecting staff from the excesses of ‘managerialism’ – an aspect of academic life that is unlikely to be seen as attractive either by new recruits or those joining institutions from overseas.

It is not just the private sector and business schools overseas that pose a threat to the UK. The second challenge for UK business schools is a competitive one arising from the emergence of knowledge production centres in emerging economies. This offers both a threat and an opportunity. The threat is embodied in the rate at which new centres of knowledge production are emerging – most notably in China and India. With a workforce of 800 million people (50% of whom are now employed in manufacturing and services) and an industrial growth rate of 30%, China’s rate of industrialisation is massive. New Chinese scientists and engineers are graduating at a rate 800,000p.a. Given these trends the challenge for the UK, which has often relied on international students, is how will the country compete with the rapidly growing knowledge capabilities in China and India.

One suggestion made by some of the deans was that the UK should not try to compete, but instead should collaborate, possibly by outsourcing some of traditional business school activities. Where this process is effectively managed, it may ease the administrative burden on business school academics and simultaneously create opportunities for further autonomy and empowerment in their roles. Indeed some schools are already doing this. They have overseas courses, delivered by overseas faculty. Some have even outsourced the production of teaching materials for distance learning programmes.

We raise these two issues – the changing nature of the psychological contract and the emergence of new centres of knowledge production, not to offer solutions, but to highlight the shifting and challenging nature of the environment within which business schools operate. Clearly, deans need not only to think about whether they have the right balance of activities within their schools, and the faculty with the skills to support these activities, but also about how they will position their schools and their faculty to respond to these emerging trends and challenges.

Implications for deans

Many of the challenges deans face are not too dissimilar from those of senior managers in organisations outside academia. Deans, like CEO's, need strategies for managing the growing expectations of employees as well as customer groups (fee-paying students); furthermore, like their industry counterparts, they are required to instigate stringent quality control measures (e.g EQUIS or CIPD accreditation) to attract and retain the customer groups whose needs they serve. Similarly, league tables highlight not just the relative performance of business schools but, increasingly, how organisations in the business world are perceived – frequently as vibrant, stimulating environments, where employee well-being is a priority (e.g. the Sunday Times, 2006). Although some perceptions may be distorted, such indicators highlight similarities and differences across sectors, and raise opportunities for deans and other senior figures in business schools to focus on practices outside the academic sector, and reflect critically on existing recruitment and retention strategies.

The trend in many organisations outside business schools towards empowering employees, for example, strikes an odd chord given that many business school academics (especially those from overseas) appear to believe that they have less freedom than they believe necessary for success. While wider industry appears to be more concerned than previously about designing jobs to reflect their motivating potential (e.g. Hackman and Oldham, 1976), the academic world seems in danger of putting such ideas aside. In the longer term, this may be a cause for concern, since people are frequently drawn to the academic world because of the opportunities it presents for autonomy and self-determination, rather than financial reward. Business school deans may consider how they can go some way towards reversing this trend. Outsourcing routine activity to reputable sources outside the UK is one option; another might be to further develop the skills and capabilities of support staff to ease the administrative burden on academics whilst simultaneously pursuing their own career interests.

Clearly, an important challenge for deans will be to identify the strategic priorities of their school. This will involve achieving alignment between staff capabilities and predominant school activities, and deciding whether there is an orientation towards social science, liberal arts, the professional agenda, knowledge co-production, or indeed commitment to excellence in some or all of these activities. Recognising and communicating to employees and other stakeholders where a school's particular strengths lie will be important to attract and retain faculty capable of delivering in line with strategic priorities. However, articulating a vision will not, on its own, be sufficient. Here, it may be worth reflecting once again on the world outside academia, and the wealth of research (e.g. Bae and Lawler, 2000) that highlights the importance of synergistic and mutually supportive HR practices providing opportunities for employee learning and development, for involvement and participation, appropriate reward in line with effort and structural arrangements that devolve decision-making to individuals and teams. Each school will devise practices that are in line with the strategic priorities that it holds; however, as the so-called 'Bath Studies' (Purcell et al., 2004) have shown, 'front line' managers and supervisors play a crucial role in determining whether or not employees recognise and work towards the achievement of strategic goals. Business school deans therefore should identify and provide appropriate reward for faculty who are capable and committed to mentoring and supporting more junior employees. The precise style and content of such arrangements will vary according to the needs of particular schools. For schools concerned about knowledge co-production, for example, more experienced faculty could guide those who are new to the area on how to network within industry and what research questions could usefully be pursued to mutual benefit. For the liberal arts, new faculty will need to learn about how to communicate research in order to motivate and enthuse students, and how to identify the relevant academic theories in order to deal with pressing business issues. Quality staff are much more likely both to be attracted to join institutions where such opportunities for learning exist and to remain motivated and committed to using their capabilities productively in such a context.

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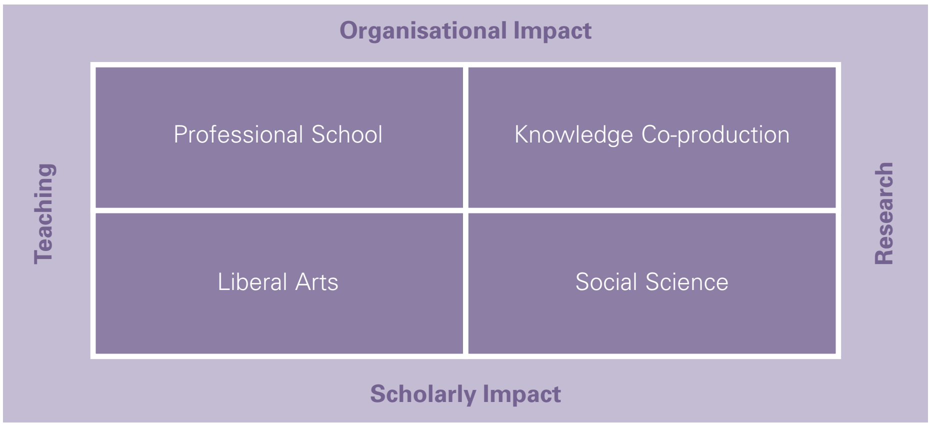
Appendix A: Differentiation amongst business schools

There is a great deal of variety among business schools, both in terms of their strategic focus and their capabilities. This variety stems firstly from competing historically-rooted strategic visions of what a business school should be [crudely speaking, whether they should be 'academic' or practitioner-serving organs and is maintained both by their dependence upon specific mixes of incomes from different types of teaching (executive education, Masters and Undergraduate) and research (research council, business consultancy, regional and national government)]. In terms of strategic focus, business school activity can also be thought about in terms of the particular balance struck between teaching and research on the one hand, and on the other, the balance between organisational impact and scholarly impact. This suggests four types of activities that schools can focus on, which are presented in Figure A1. These activities are not mutually exclusive, but rather, show the diversity of activity that can take place within a school and across the UK business school sector.

Figure A1: Models and orientations of business activity



The first model is an orthodox ***social science*** approach, which has as its primary focus contribution to knowledge. The principle stakeholder for this type of activity would be other academics in business schools and other university constituencies. Excellence in this type of activity can be measured by the RAE as it is currently constructed. This requires faculty with doctoral level degrees who are primarily recruited and assessed on their research performance and potential. In this model, inter-organisational relationships will primarily be with other social science orientated business schools, other relevant departments in universities (e.g. psychology, sociology, and engineering) and both professional and knowledge co-production types of schools.

The second model is closely related to the first, and is that of business school activity as one that creates and follows a ***liberal arts agenda***. In this model the word 'liberal' refers to the fundamentals of knowledge, self-knowledge, wisdom and leadership, and art, to the practice and application of these factors. The aim of such activity would be to ensure that managers and leaders are not just technically competent, but also have the ability to think critically about a) the world in which they act, and b) themselves as actors within it. Moreover, it aims to address wider debates concerning the role of business in society: commercialisation and the role of branding/advertising in the shaping of consumer society; multinationals and the ongoing process of globalisation; the influence of 'management speak' on everyday language; the importance of business history in our understanding of long term social and economic change. This concept is presented here as a teaching and learning activity, with the research aspects falling within the social science sphere. This activity would address some of the shortcomings of MBA programmes discussed in earlier sections of this report, and add a reflective and ethical dimension to schools. Given that the purpose of such an activity would be the facilitation of self-development and critical thinking in managers, the faculty of such an institution would need skills and capabilities quite different from those provided on a traditional PhD programme, particularly with respect to the personal development goals of such a school.

The third model is the ***professional activity***, an activity that has as its primary focus the improvement of management practice, and in many ways is similar to schools of medicine, dentistry and law (Benis and O'Toole, 2005). The principle stakeholders for this type of activity are individual managers, employers and governments who see the improvement of management as a key enabler of economic growth and social inclusion. It is an environment where teaching excellence is the principle measure of performance, as judged by teaching quality assessments and the marketplace for undergraduate degrees, specialised MScs and MBAs and executive education. Schools adopting this type of activity will have extensive links to national professional organisations, such as the Chartered Institutes of Management, Marketing, and Personnel and Development, and develop life-long developmental relationships with alumni.

The final model of activity for business schools of the future is when it is an actor in the ***knowledge co-production***. This is when they focus on the development of management knowledge, and the commercialisation of scientific and technological discoveries from the wider academic community in which they are located. The principle stakeholders for this type of activity are the organisations that a school relates to as part of its role in knowledge value chains. Upstream this would be social science type business schools and other university departments, and downstream, organisations such as management consultancies, internal training departments of large corporations and government departments. This approach would involve the production of what have been described as "field tested and grounded technological rules" (van Arken, 2005). The challenge with this and the previous model is whether orthodox PhD trained academics have all of the necessary skills, especially in areas such as entrepreneurship and finance.

The challenge for business schools is whether or not they can excel across all these activities and this will depend upon the sort of faculty they are able to attract and retain (or develop). Specifically, do schools possess, or can they attract or develop, faculty that will allow them to make sustained and significant contributions to the production of management knowledge for both academic and practitioner communities, and undertake teaching and learning activities for both traditional degree programmes and professional ones? Or, on the other hand, do they need to focus and specialise on a profile that prioritises some activities over the others?

Appendix B: Questions raised during the ABS discussion

Business school faculty – issues of recruitment, retention and development

1. To what extent does the present pattern of recruitment, with a minority recruited from doctoral programmes and the majority recruited as career practitioners from outside the sector, reflect the preferences of business schools for the type of staff required, or is it the result of a shortage of PhDs on the labour market?

2. If there is a shortage of PhD graduates coming on to the labour market what should be done about this? Does this shortage affect some disciplines more than others? If so which and how should your recommendations be tailored by discipline?

3. What more, if anything, should be done to aid the development of new young academic staff direct from PhD programmes so that they can become effective teachers of business and management and, if relevant, effective in knowledge transfer?

4. What more, if anything, should be done to aid the development of mid-career practitioners coming into academic jobs in business schools so that they can take an appropriately scholarly view of their academic role, teach, engage in knowledge transfer, and, if appropriate, conduct research?

5. How can we increase the overall number of research active staff in the sector?

6. Are there issues of the career management of faculty that need to be addressed?

7. What development work in topics 3 to 6 above might be done regionally or nationally, rather than by the individual business school, and, if so, by whom?

8. To what extent would it be helpful to follow the example of the medical and health professionals in laying down standards for what should be expected in the formation of those engaged in the education and training of managers and business professionals?

Notes

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