



# **Business School Responses to the Global Crisis**

**Global Crisis and Management Education:  
Challenges and Opportunities**

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&  
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# The Changing World

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- **Globalization**
- **Technological progress**
- **Structural changes**
- **Sectoral changes**
- **Institutional changes**
- **Demographic changes**
- **Sociological changes**
- **Psychological changes**



# Current Crisis

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- **Financial?**
- **Economic?**
- **Social?**
- **Ethical / Moral?**



## **... Evolving Dilemmas ...**

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- **Dilemma of Growth**
  - **Materialism versus Quality of Life**
- **Dilemma of Power**
  - **Control versus Freedom**
- **Dilemma of Profit**
  - **Self-Interest versus Community**



# Are Business Schools Ready for Change?

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- **The “Challenge Myopia”**
- **Self-complacency**
- **Quasi-monopolistic position**
- **Tradition and inertia driven culture**
- **Growing mediocrity**
- **Risk aversion**



# The Business of Business Education

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## *Business Approach:*

**Vision**

**Mission**

**Strategy**

**Innovation**

**Risk**

## *Key aspects:*

**Programs**

**Process**

**Actors**

**Organizational &**

**Institutional**

**Rewards**



# CEEMAN History

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- **Learning from others**
- **Learning from each other**
- **Sharing with others**



# Survey Background

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- Exactly one year ago, the Global Crisis hits
- A few of the (now) well-known facts
  - Lehman Brothers is allowed to fail
  - US government steps-in to support banks on the verge of default; enacts a \$750+ billion national stimulus plan
  - British and German governments put into effect their own plans to prevent economic contagion
  - Icelandic banking system faces near total collapse
  - Latvia & Hungary undergo significant economic stress



# CEEMAN Annual Meeting Tirana

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- 16<sup>th</sup> conference theme developed: Local Responses to the Global Crisis
- A survey of how business schools are responding to the crisis first proposed
- CEEMAN agrees to sponsor and develop survey



# Survey Timeline

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- December, 2008: First draft prepared for review in New York
  - Coincides with PRME's first global conference at United Nations
- May, 2009: Working meeting to refine survey (Beograd)
- June, 2009: Revised survey submitted for expert review and comment
  - Derek Abell, Jim Ellert, Danica Purg, Arnold Walravens
- July, 2009: Final version posted on [surveymonkey.com](http://surveymonkey.com)



# A Sponsor's Advertisement

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- The survey is still open.
- You can still add what your school is doing
- <http://www.surveymonkey.com/crisis>





# Groups Asked to Participate

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- CEEMAN members
- IMTA Alumni
- CEEMAN Exchange Members
- Other CEEMAN contacts



# Global Interest

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- Australia
- Middle East
- Central Asia
- South America



# Survey Overview

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## Six major components

1. General attitudes toward the crisis
2. Curricular changes prompted by the crisis
3. Enrollment trends
  - Previous two years, crisis response, one year forecast
4. Faculty hiring trends
5. Institutional vitality measures
  - Changes in competition, tuition, cash flow, marketing, research funding
6. Respondent demographics



# Harvard Study

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- CEEMAN Survey replicates four questions:
  - Business courses are too biased toward the impact on the bottom line.
  - Professors rely too much on simplifying assumptions to drive their research and teaching.
  - Business schools share a large part of the blame for the current crisis.
  - The free market system is mostly to blame for the current crisis.



# **Who responded?**

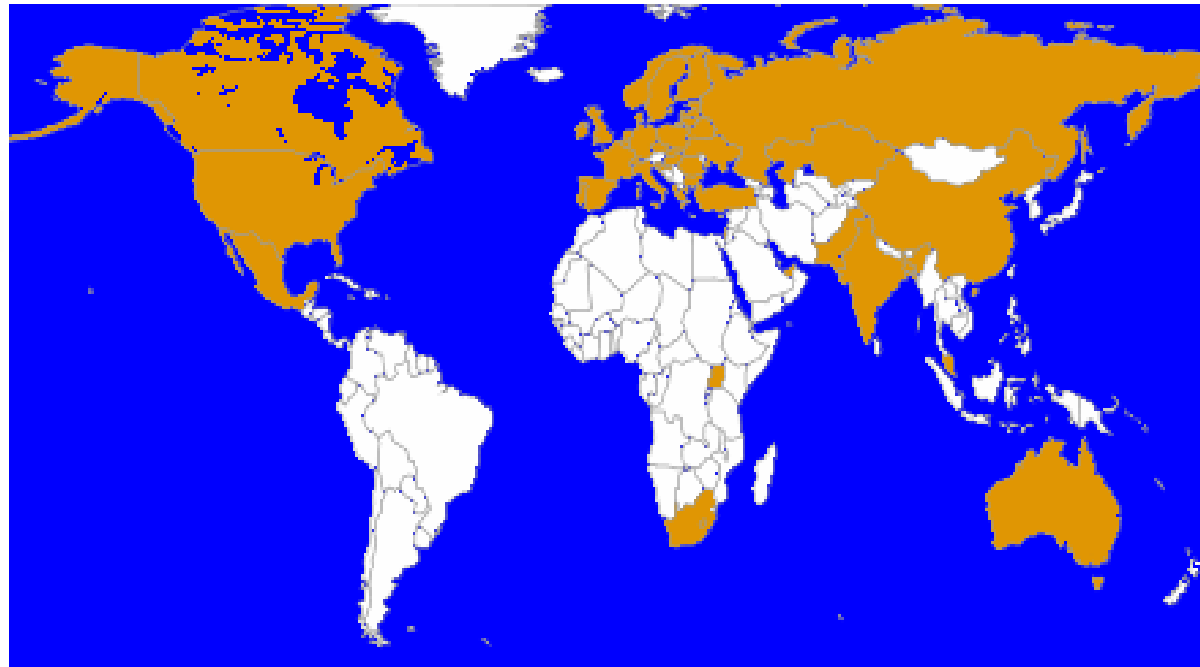
Respondent Profiles

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# Survey Responses

- 179 respondents
- 47 different countries





# Central & Eastern Europe (n=26)

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- Albania
- Bulgaria
- Croatia
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Romania
- Slovak Rep
- Slovenia



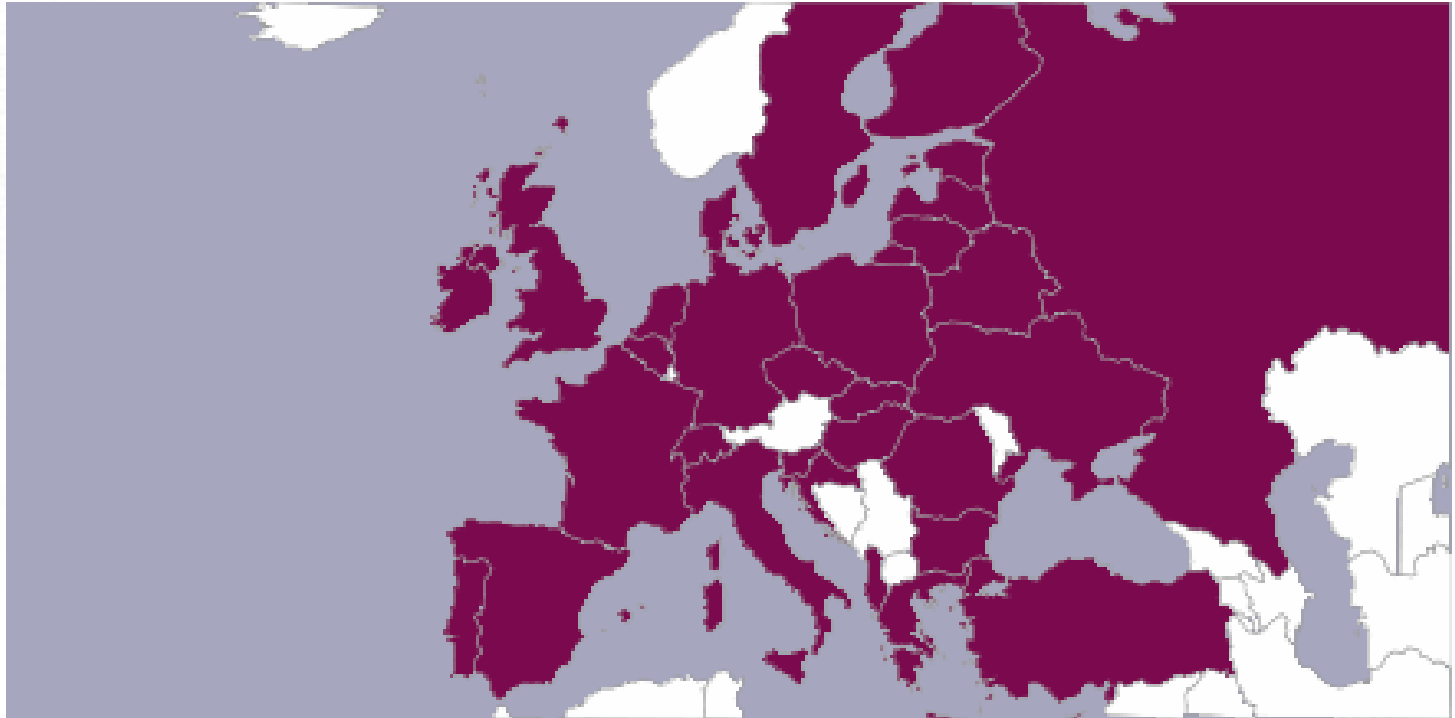
## Western Europe (n=37)

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- Belgium
- Denmark
- Finland
- France
- Germany
- Ireland
- Italy
- Portugal
- Spain
- Sweden
- Switzerland
- UK



# European Responses





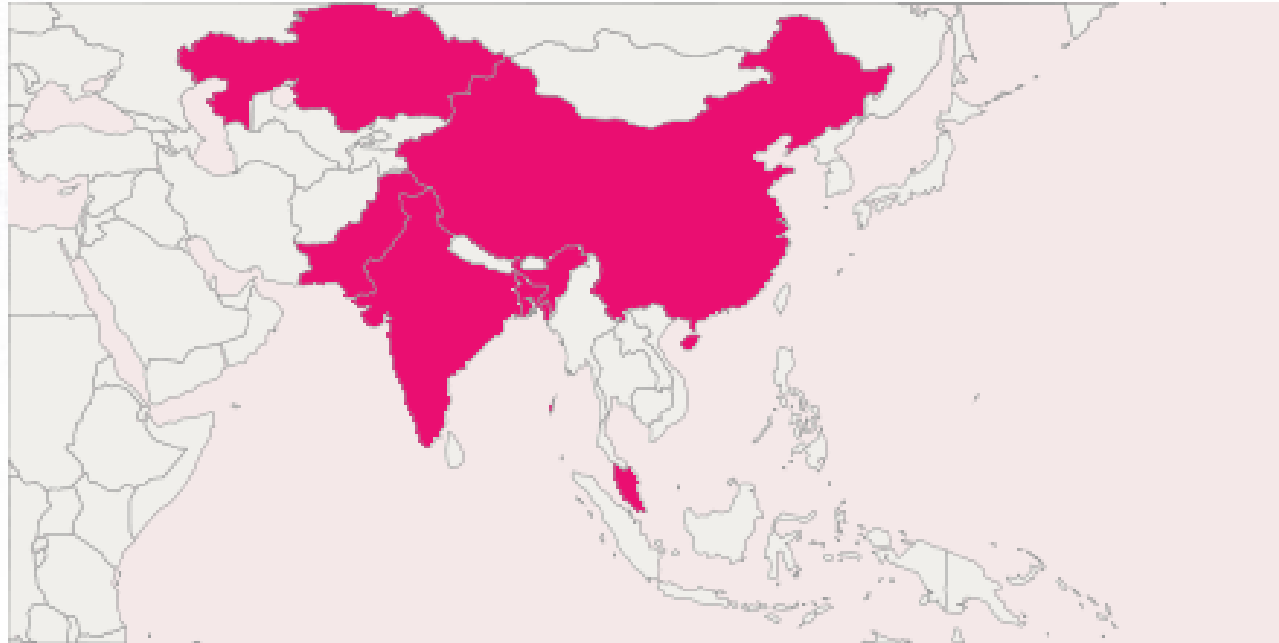
# Asia (n=10)

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- China
- India
- Bangladesh
- Kazakhstan
- Malaysia
- Pakistan
- Singapore



# Asian Responses



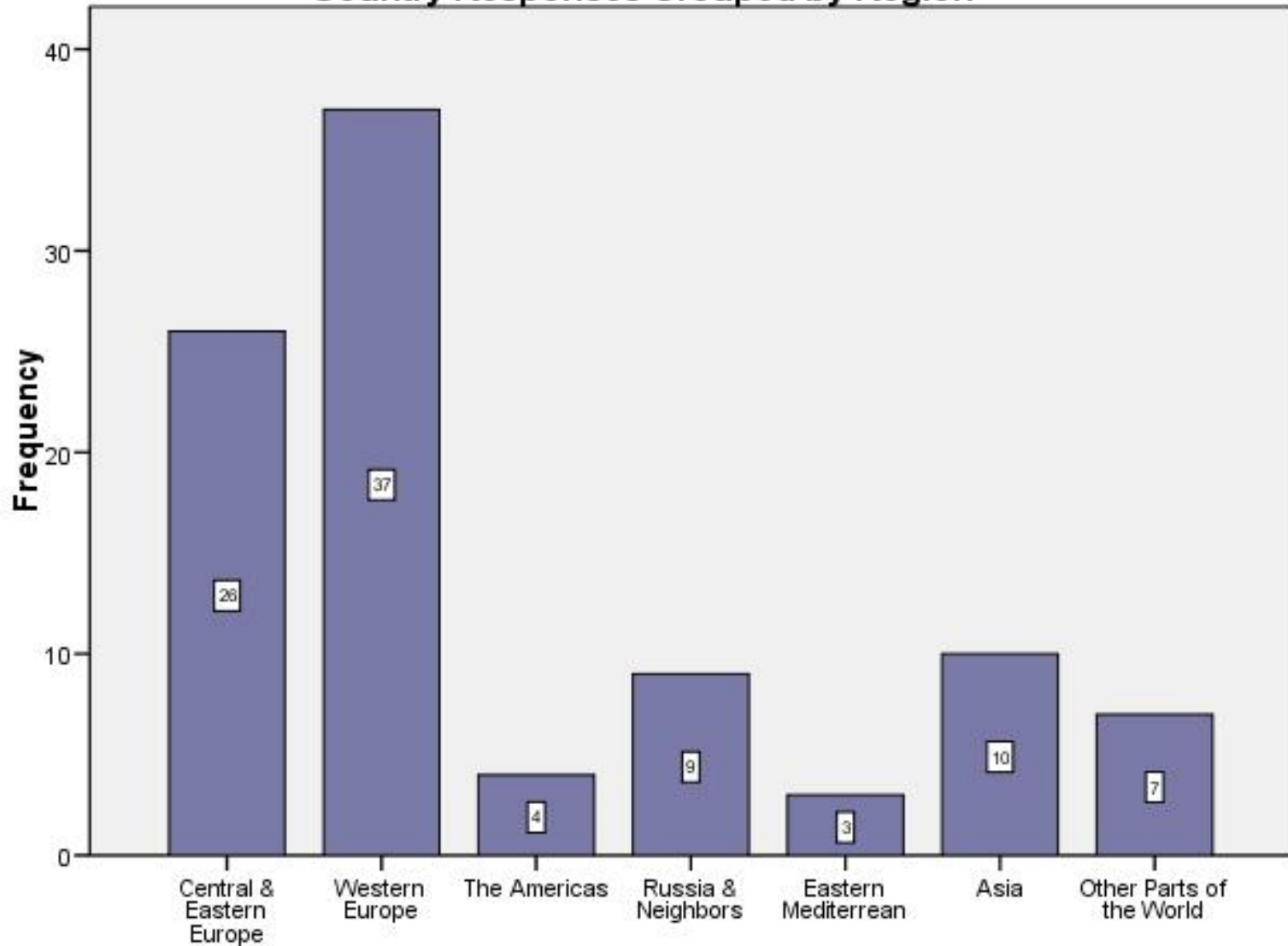


# Other Parts of the World

- **Russia & Neighbors (n=9)**
  - Russia
  - Ukraine
  - Belarus
- **The Americas (n=3)**
  - United States
  - Canada
  - Mexico
- **Eastern Mediterranean (n=4)**
  - Turkey
  - Cyprus
  - Israel
  - Lebanon
- **Other Countries (n=7)**
  - Australia
  - South Africa
  - Uganda
  - UAE



Country Responses Grouped by Region





# Business School Size

|  | Mean | Median | Smallest School | Largest School |
|--|------|--------|-----------------|----------------|
| <b>Undergraduate</b> total enrollment (n = 79) | 1730 | 800    | 30              | 15000          |
| <b>MBA</b> total Enrollment (n=76)             | 246  | 100    | 10              | 4000           |
| <b>EMBA</b> total Enrollment (n=57)            | 127  | 50     | 5               | 1200           |



# Student Population

|  |     |
|--|-----|
| <b>Predominantly national with some international students</b> | 75  |
| <b>Predominantly international with some national students</b> | 20  |
| <b>Completely national</b>                                     | 9   |
| <b>Completely international</b>                                | 6   |
| TOTAL  | 110 |



# School Accreditation

|                        |    |
|------------------------|----|
| National accreditation | 70 |
| AMBA                   | 9  |
| Equis                  | 5  |
| AACSB                  | 1  |
| IQA                    | 1  |
| TOTAL                  | 86 |



# Respondent Job Duties

|   |     |
|---|-----|
| Faculty with some administrative duties | 53  |
| Faculty with no administrative duties   | 23  |
| Administrator with some teaching duties | 18  |
| Administrator with no teaching duties   | 11  |
| TOTAL                                   | 105 |



# Respondent Disciplines (n = 101)

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- |                |    |              |   |
|----------------|----|--------------|---|
| • Management   | 19 | • Accounting | 6 |
| • Marketing    | 17 | • Economics  | 6 |
| • Strategy     | 14 | • Ethics/CSR | 5 |
| • Org Behavior | 12 | • Ops Mgmt2  |   |
| • Finance      | 11 | • Law        | 1 |
| • Leadership   | 7  | • Statistics | 1 |



# CEEMAN Member

|                    |     |
|--------------------|-----|
| Yes                | 43  |
| No                 | 39  |
| Not sure/can't say | 31  |
| TOTAL              | 113 |



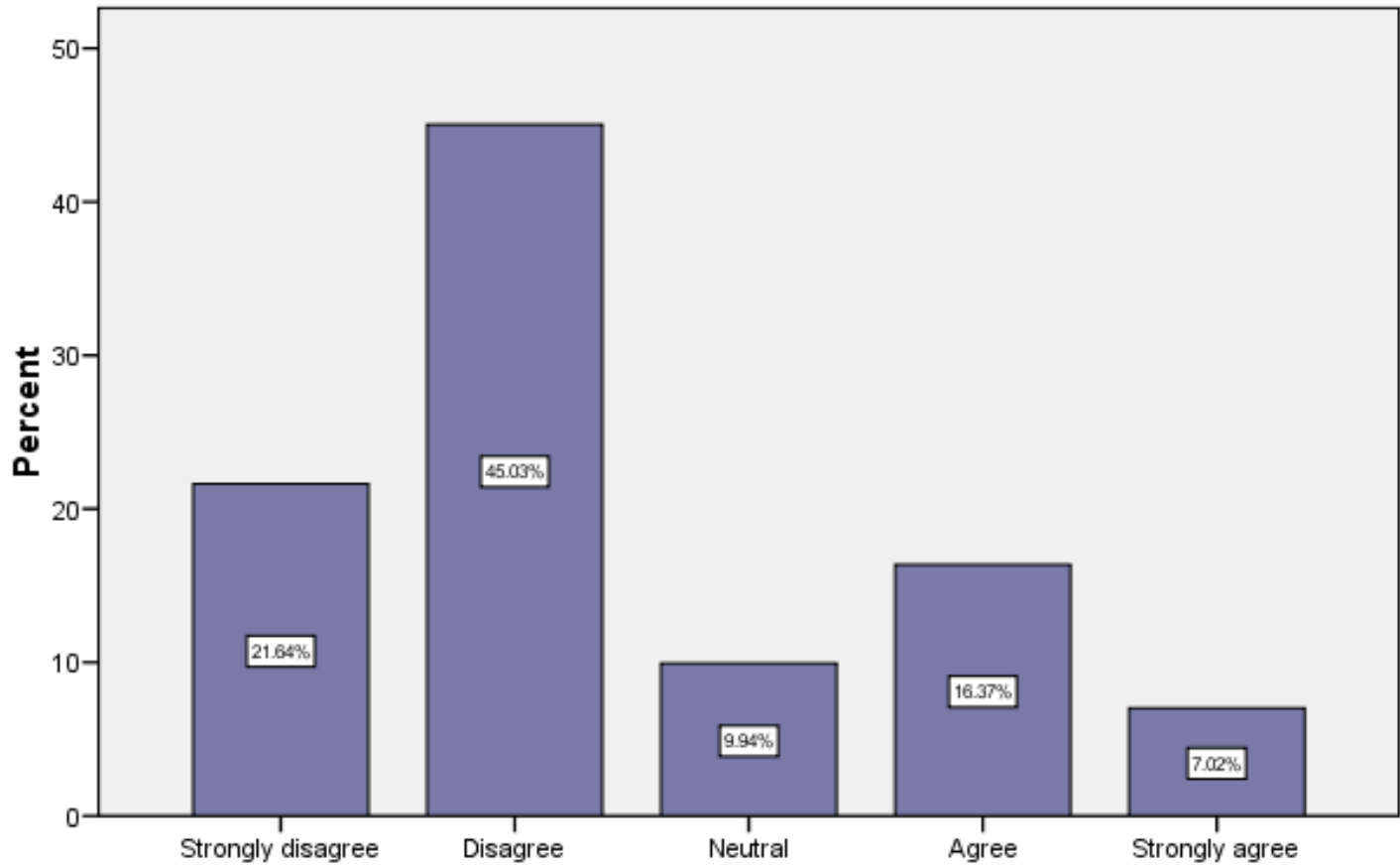
# **What are your attitudes toward the crisis?**

Duration  
“Cause”

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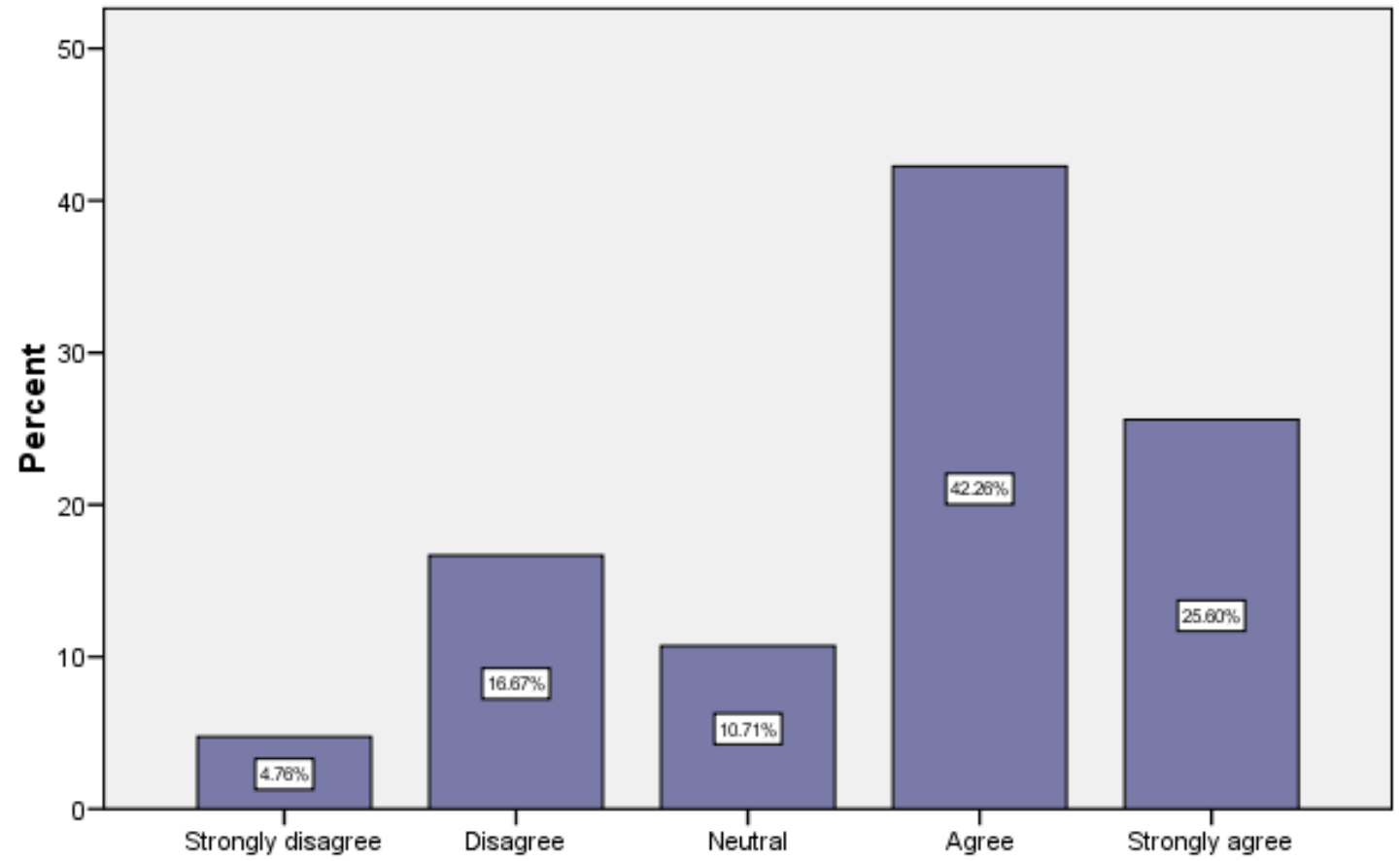
I think this is a short-term global crisis.



n = 171



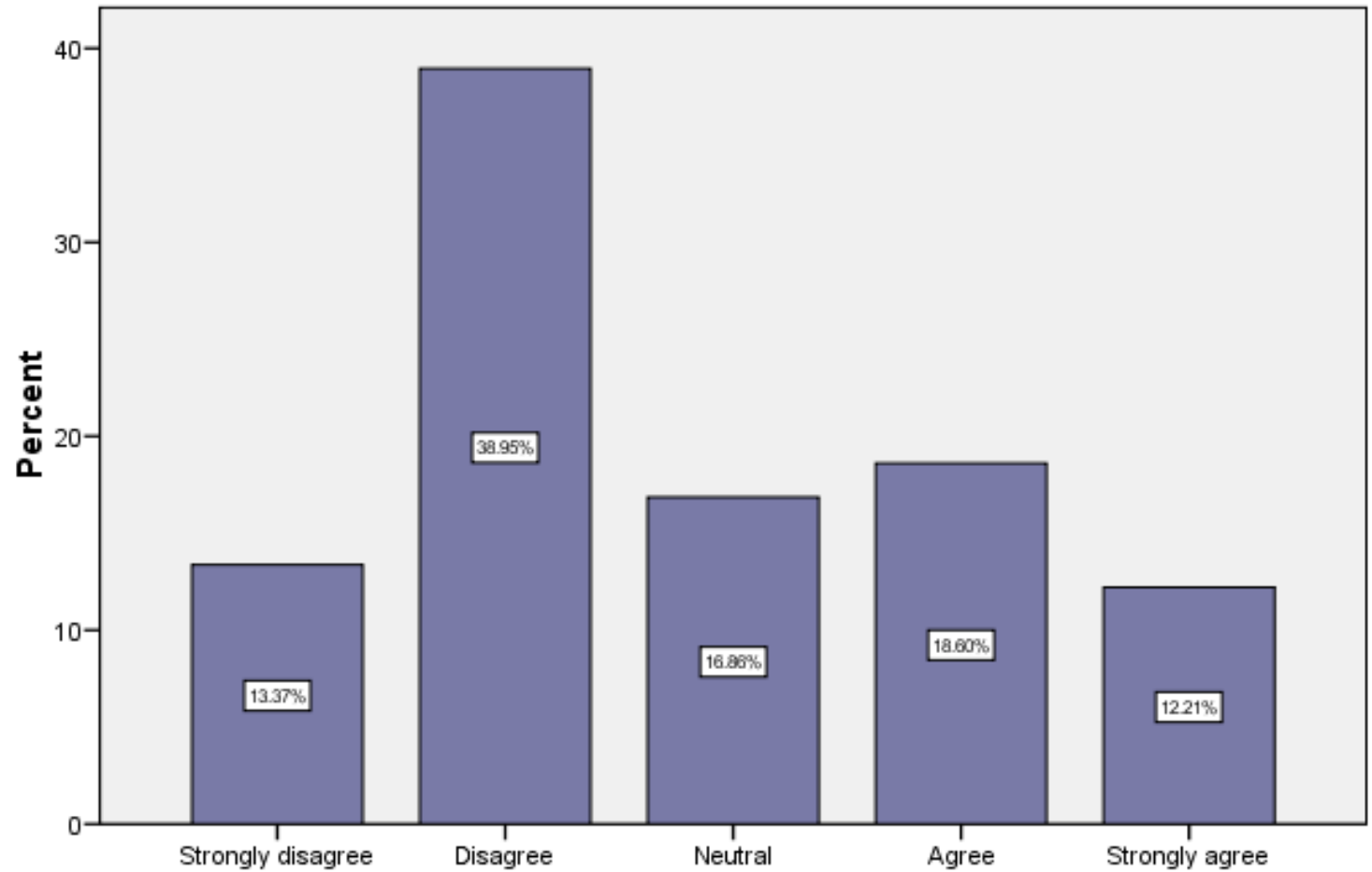
I think this is a long-term global crisis.



n = 168



The effect(s) of this global crisis is/are worse in my home country than in other countries.



n = 172

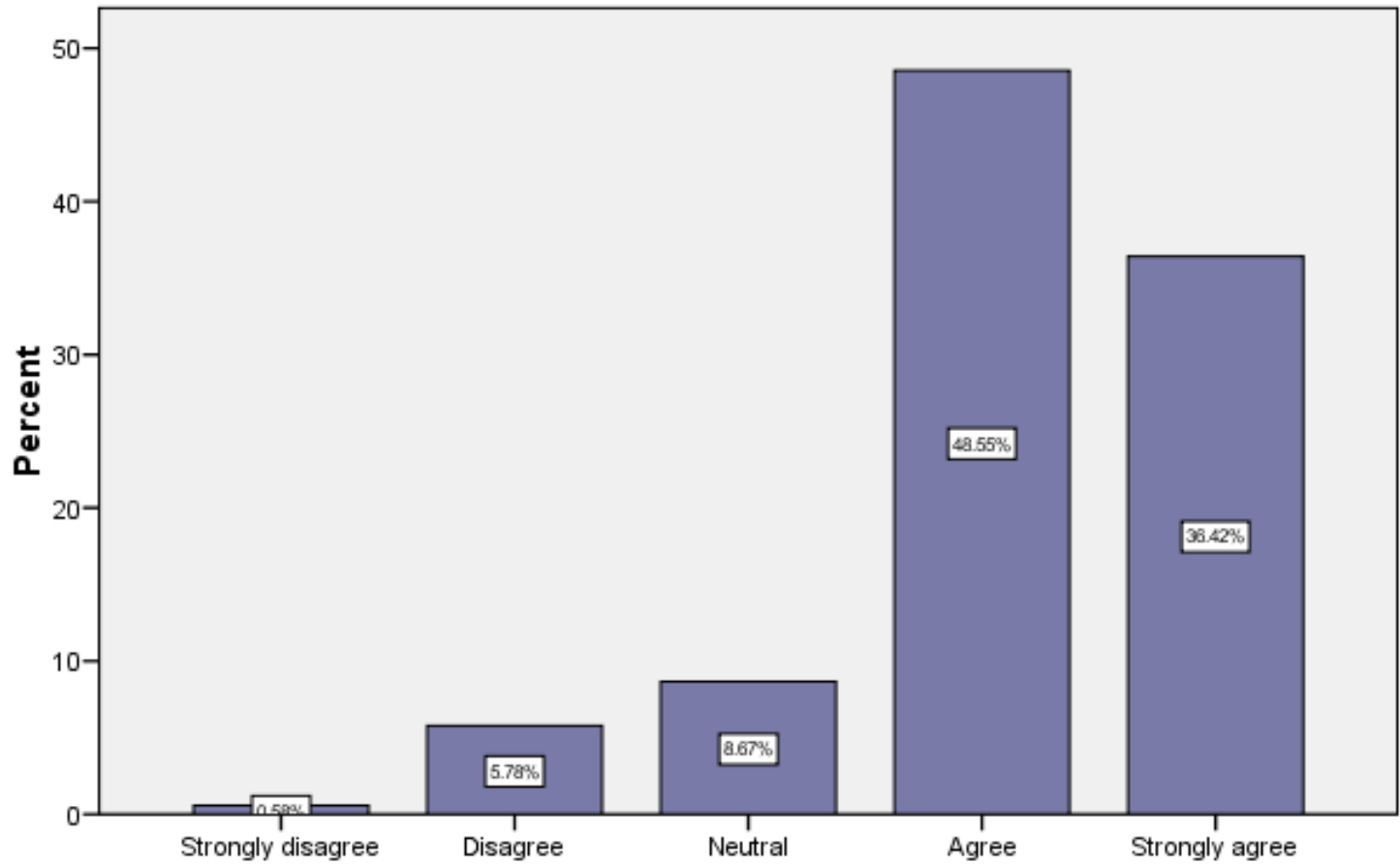


# Crisis is Worse in My Home Country (Agree + **Strongly Agree**)

- **Croatia**
- Denmark
- Estonia
- Germany
- Hungary
- **Ireland**
- **Italy**
- **Latvia**
- Lithuania
- **Mexico**
- Pakistan
- Russia
- Slovak Republic
- South Africa
- **Spain**
- Sweden
- **United Kingdom**
- **Ukraine**



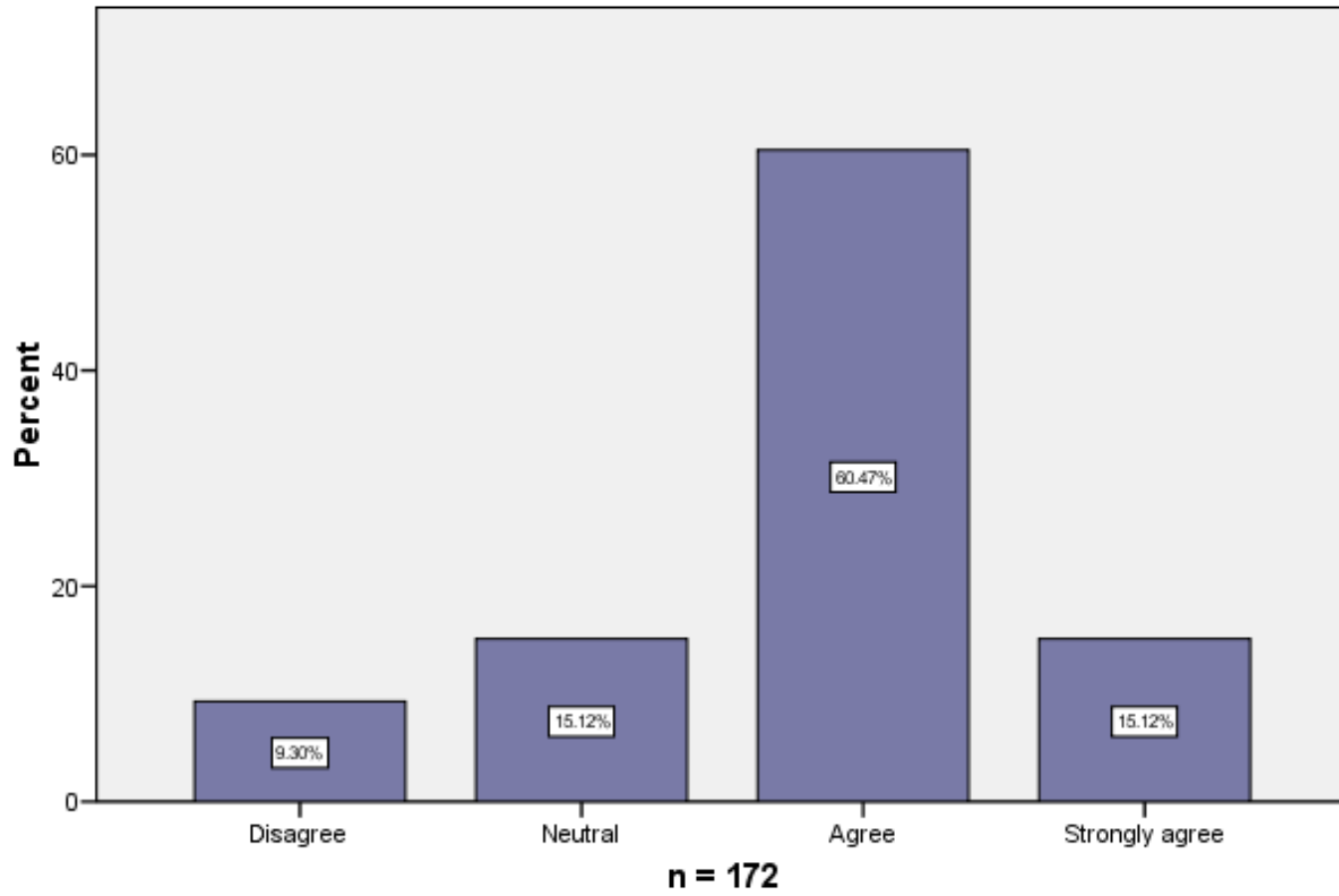
## Issues related to finance are at the core of the global crisis.



n = 173

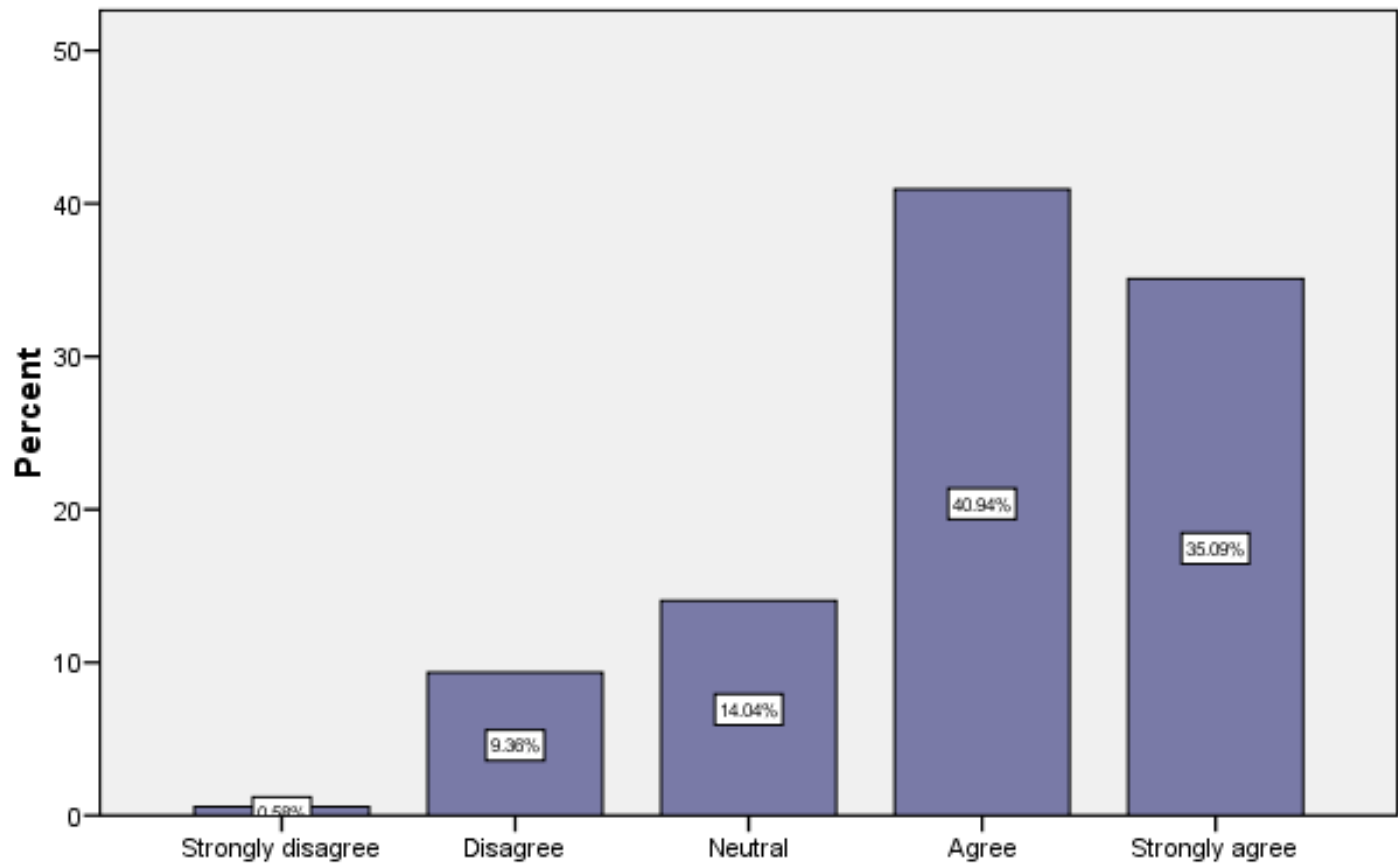


Issues related to economics are at the core of the global crisis.





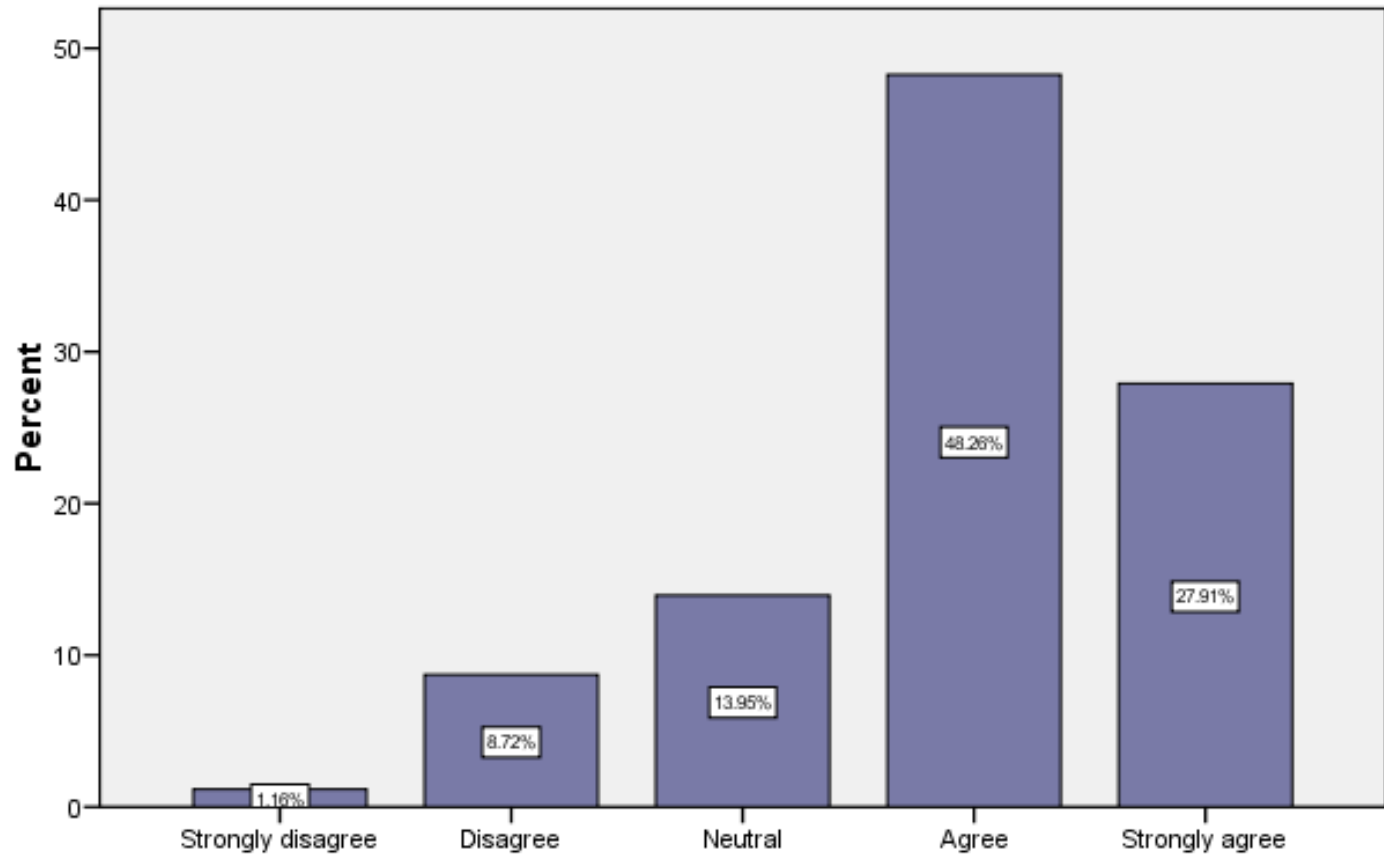
## Issues related to corporate accountability are at the core of the global crisis



n = 171



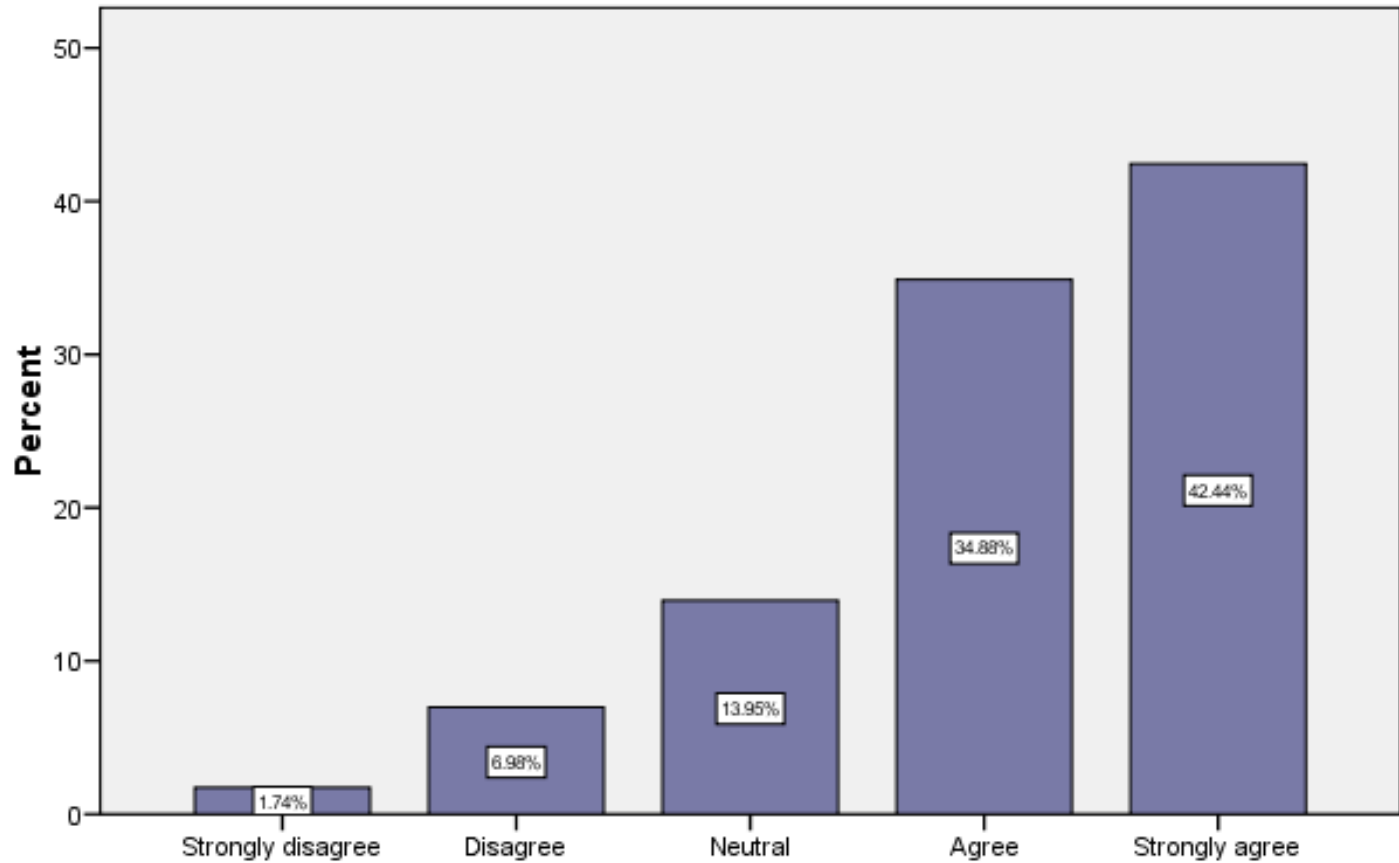
## Issues related to corporate leadership are at the core of the global crisis



n = 172



**Issues related to ethics and ethical decision making are at the core of the global crisis.**



n = 172



# Additional Thoughts on the Crisis

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- The crisis shows the severe limitations of purely free market systems; that is to say, the excesses which occur when free markets are not subject to appropriate levels of regulation and when individuals are consumed by material greed at the expense of any other moral values
- It is not the free market system, per se that is to blame but more an inability, or unwillingness, of the system to adequately punish those who have misled, either intentionally or unintentionally, the marketplace.



# Additional Thoughts on the Crisis

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- The shift to an innovation economy based on knowledge and creativity is taking place; currently, thus is bringing structural changes in economy.
- It is a crisis of trust induced by diversity of personal ethics. In a globalized world, individuals with alien ethics break the integrity of national [regulatory] systems that rely heavily on certain ethical mainstream.
- The increase of income inequalities are at the core of the global crisis



# Additional Thoughts on the Crisis

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- The crisis proves that the free market system works: Stupidity in financial systems and in decision making does not work in the long run.



# One More Comment

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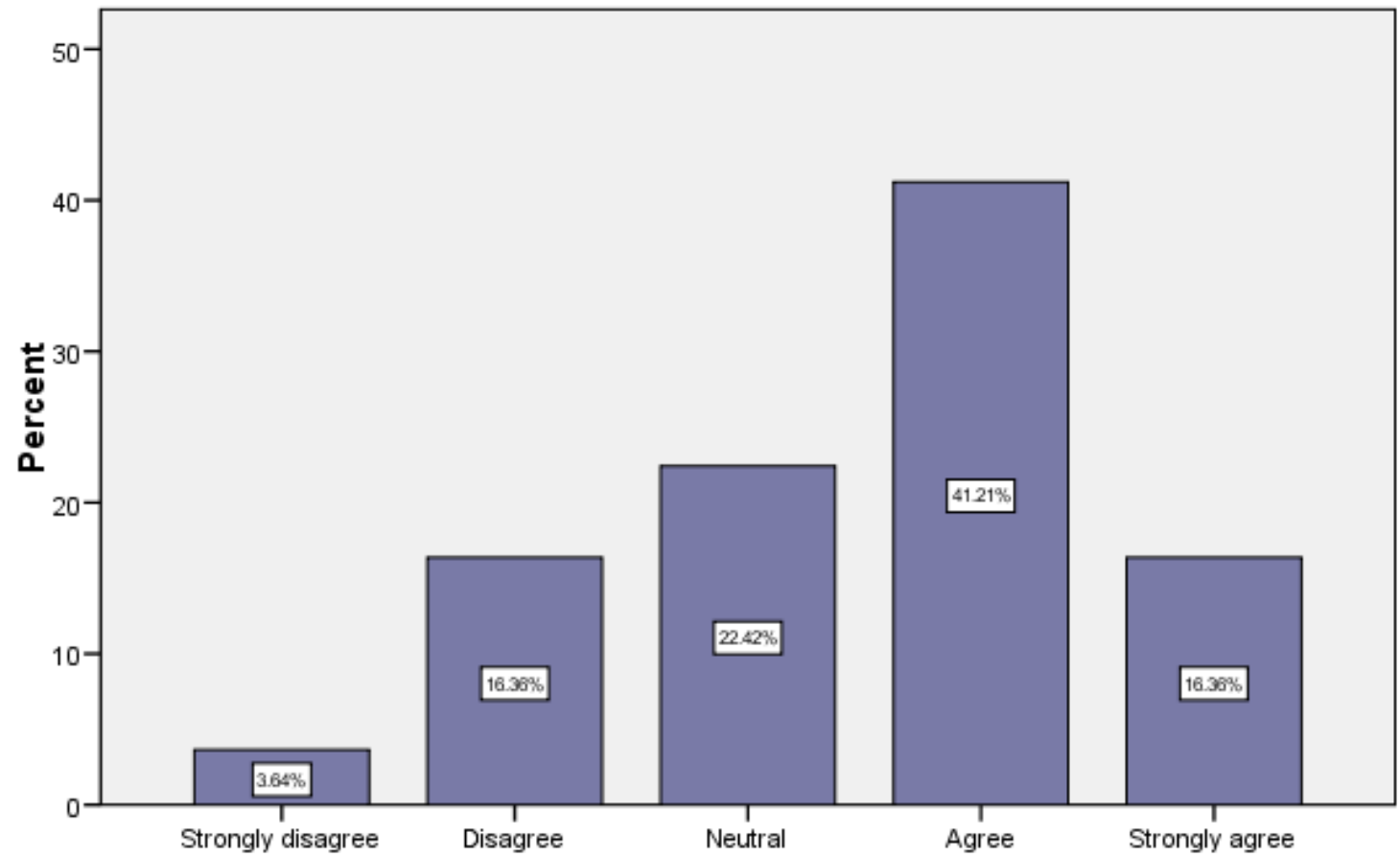
- Academic paradigms are also to blame, especially Capital Asset Pricing Model (CAPM), the Efficient Market Hypothesis (EMH) and Fair Value Accounting (FVA), all of which are subverted by the way this crisis developed.



# **How Well are Business School's Doing?**



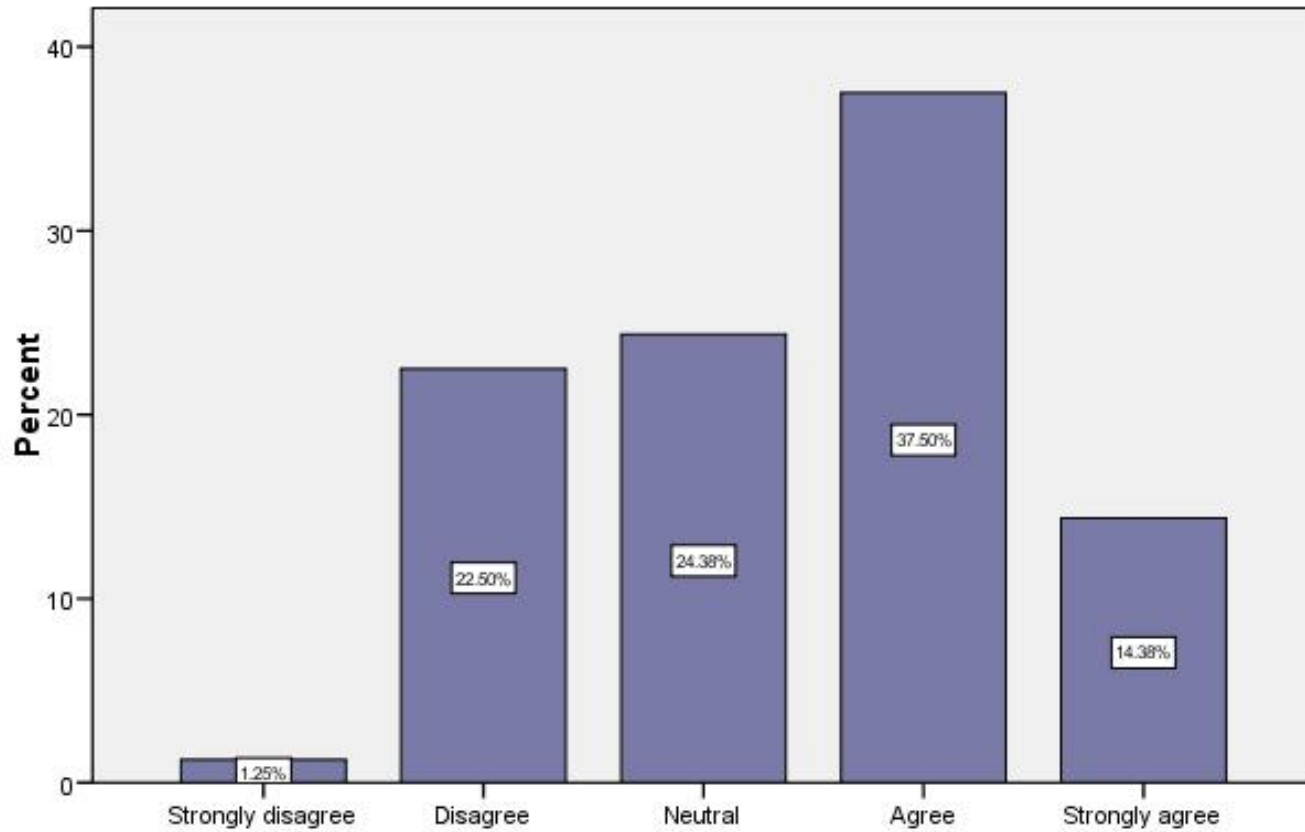
## Professors rely too much on simplifying assumptions to drive their research and teaching.



n = 165

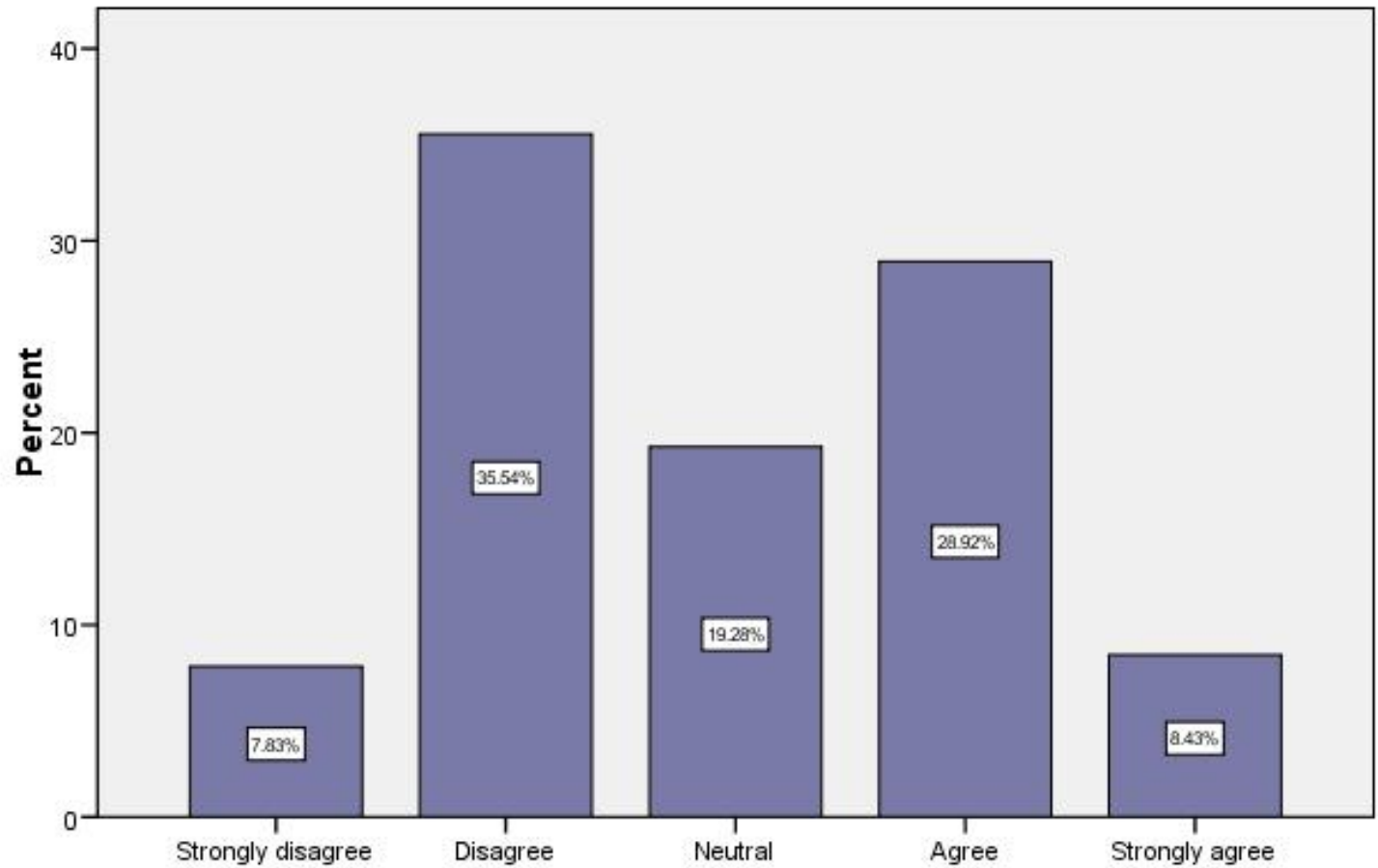


## Business courses are too biased toward the impact on the bottom line.





## Business schools share a large part of the blame for the current crisis





# B-School “Blame” X Discipline

|                         | Business schools share a large part of the blame for the current crisis |          |         |       |                | Total             |
|-------------------------|---|----------|---------|-------|----------------|-------------------|
|                         | Strongly disagree   | Disagree | Neutral | Agree | Strongly agree | Strongly disagree |
| Accounting              | 0   | 4        | 0       | 1     | 1              | 6                 |
| Economics               | 2   | 1        | 2       | 1     | 0              | 6                 |
| Ethics/CSR              | 0   | 1        | 0       | 2     | 2              | 5                 |
| Finance                 | 2   | 3        | 5       | 1     | 0              | 11                |
| Law                     | 0   | 0        | 1       | 0     | 0              | 1                 |
| Leadership              | 1   | 4        | 0       | 1     | 1              | 7                 |
| Operations Management   | 0   | 1        | 0       | 1     | 0              | 2                 |
| Organizational Behavior | 0   | 2        | 3       | 5     | 2              | 12                |
| Management              | 0   | 7        | 2       | 9     | 1              | 19                |
| Marketing               | 1   | 9        | 2       | 4     | 1              | 17                |
| Strategy                | 3   | 1        | 4       | 4     | 2              | 14                |
| Statistics              | 0   | 1        | 0       | 0     | 0              | 1                 |
| <b>Total</b>            | 9   | 34       | 19      | 29    | 10             | 101               |



**Have schools experienced external pressures for change?**



# Pressure

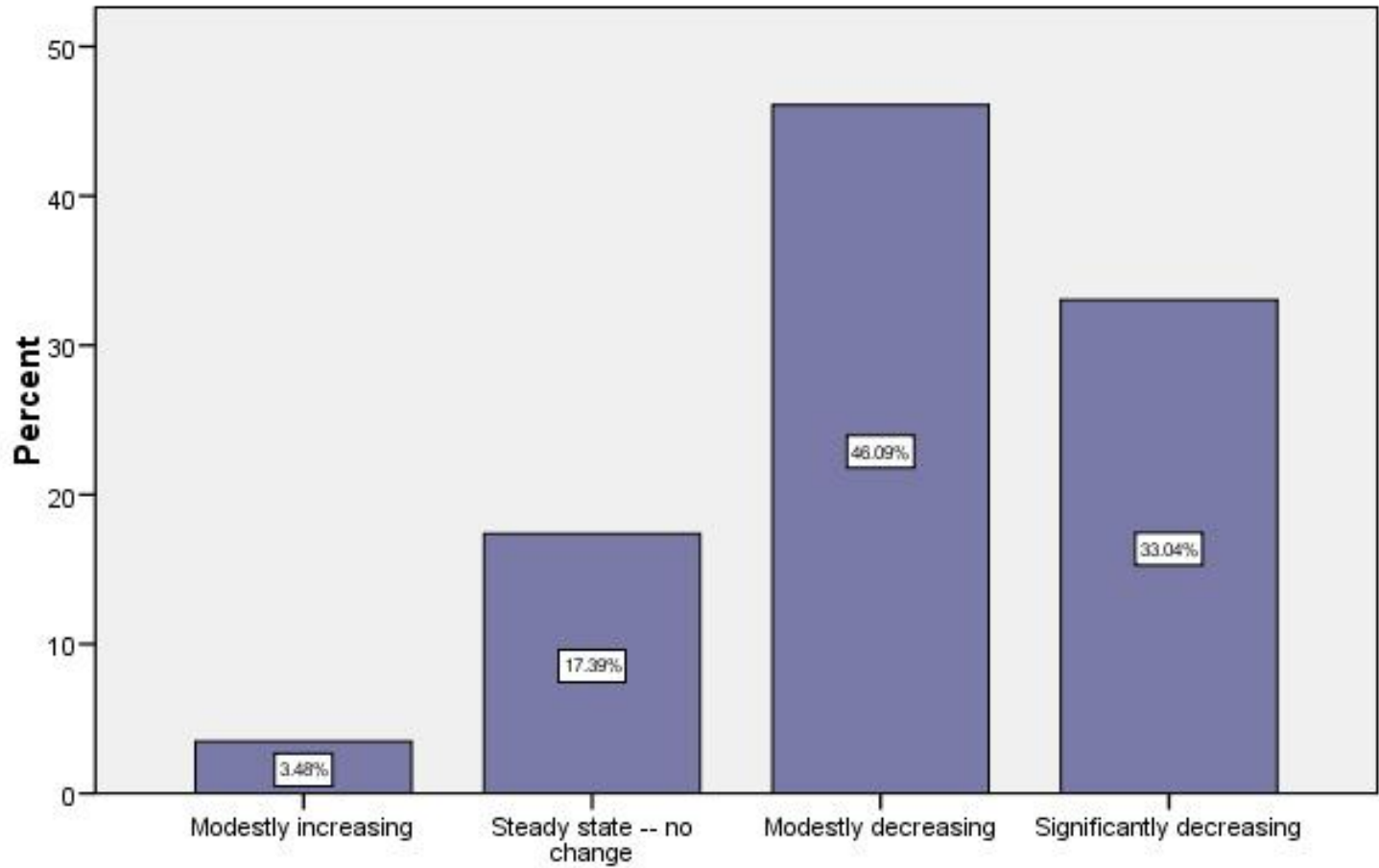
|   | Yes | No  |
|---|-----|-----|
| Increased government pressure for curriculum change                       | 9   | 137 |
| Increased pressure from civil society organizations for curriculum change | 25  | 123 |
| Increased pressure from professional organizations for curriculum change  | 30  | 117 |
| Increase in negative publicity in popular press                           | 43  | 101 |



# **What's Your Perception of Competition?**

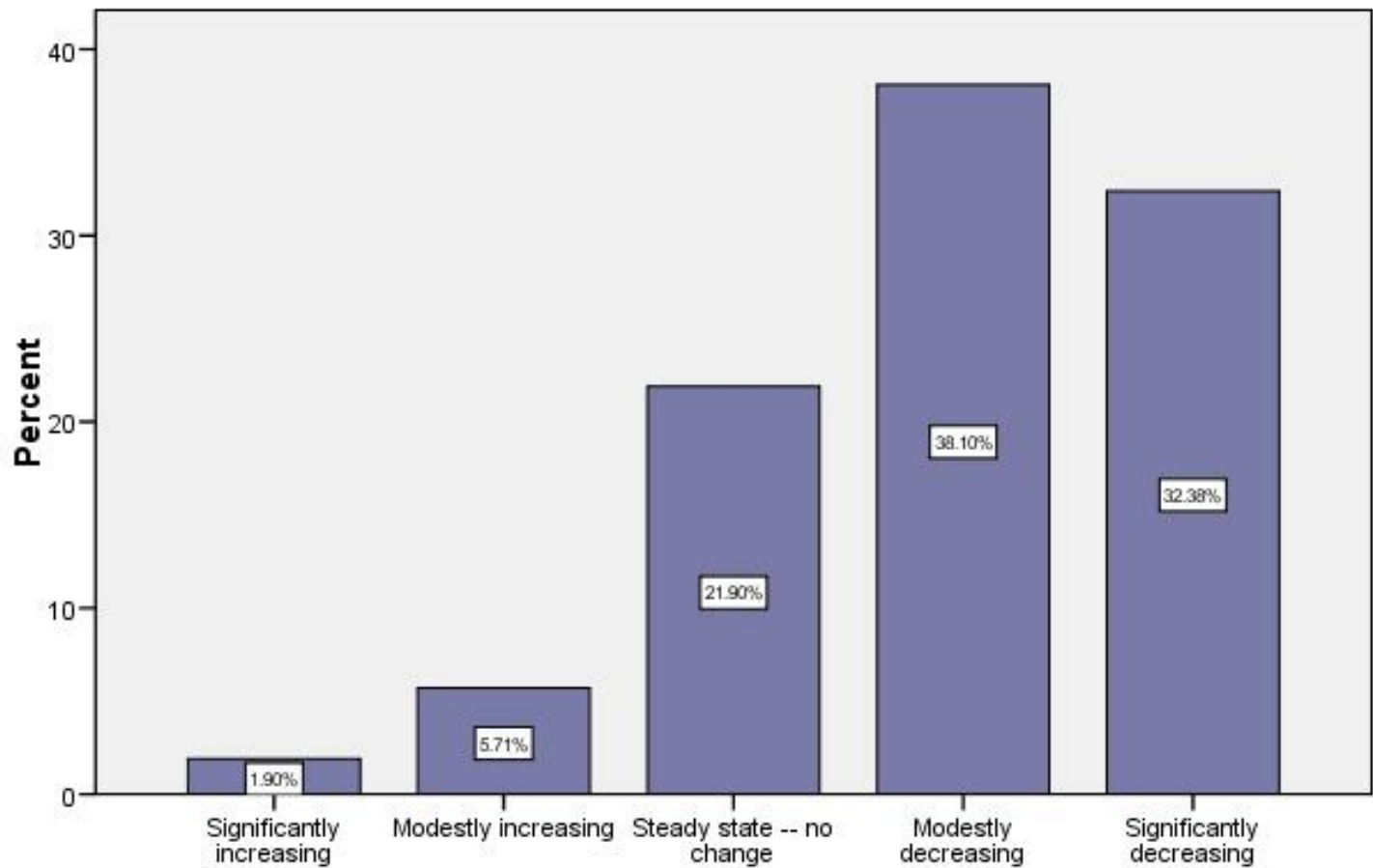


## Level of competition between business schools within my home country for past two years



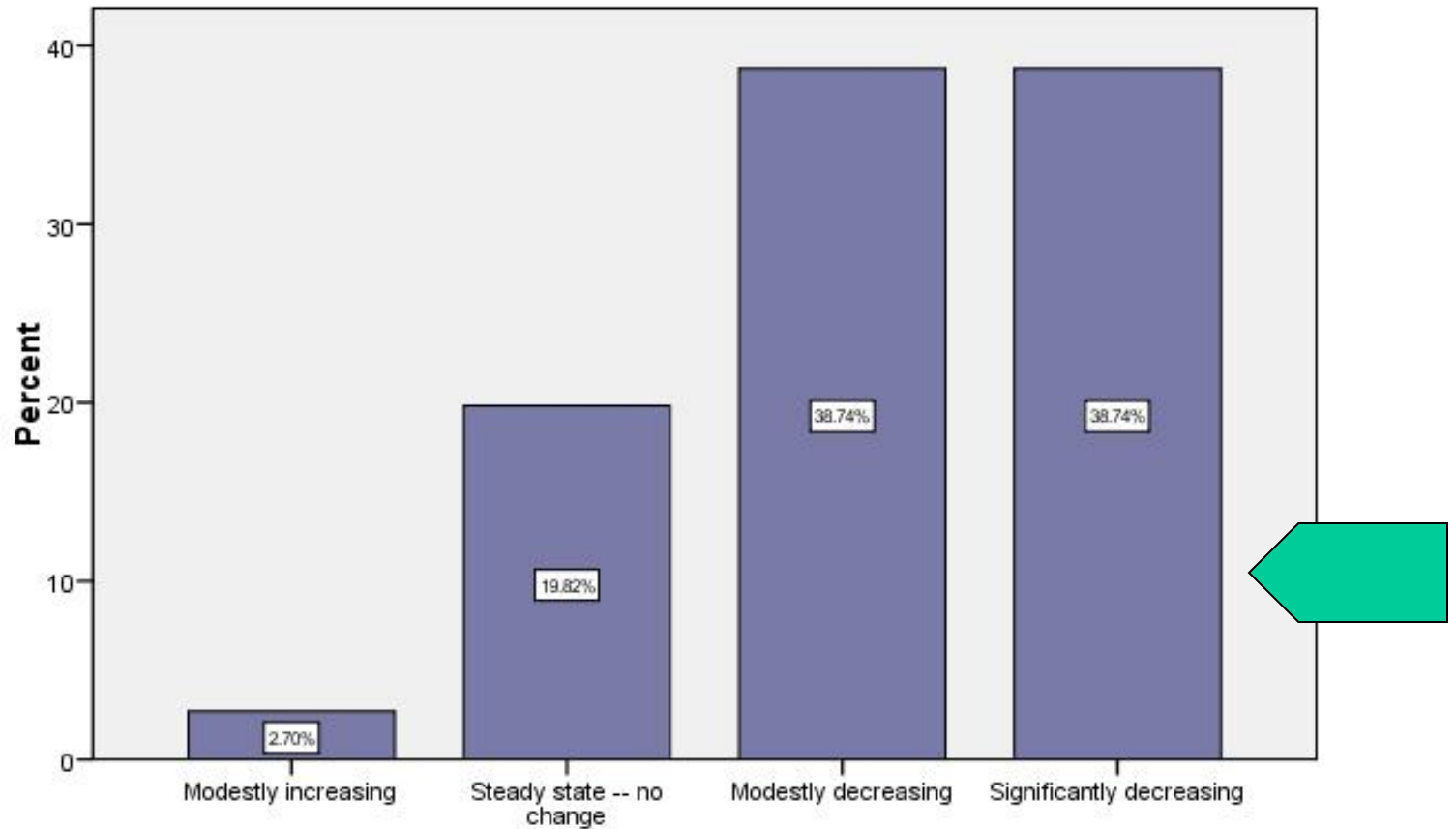


## Change in competition between business schools within my home country due to crisis



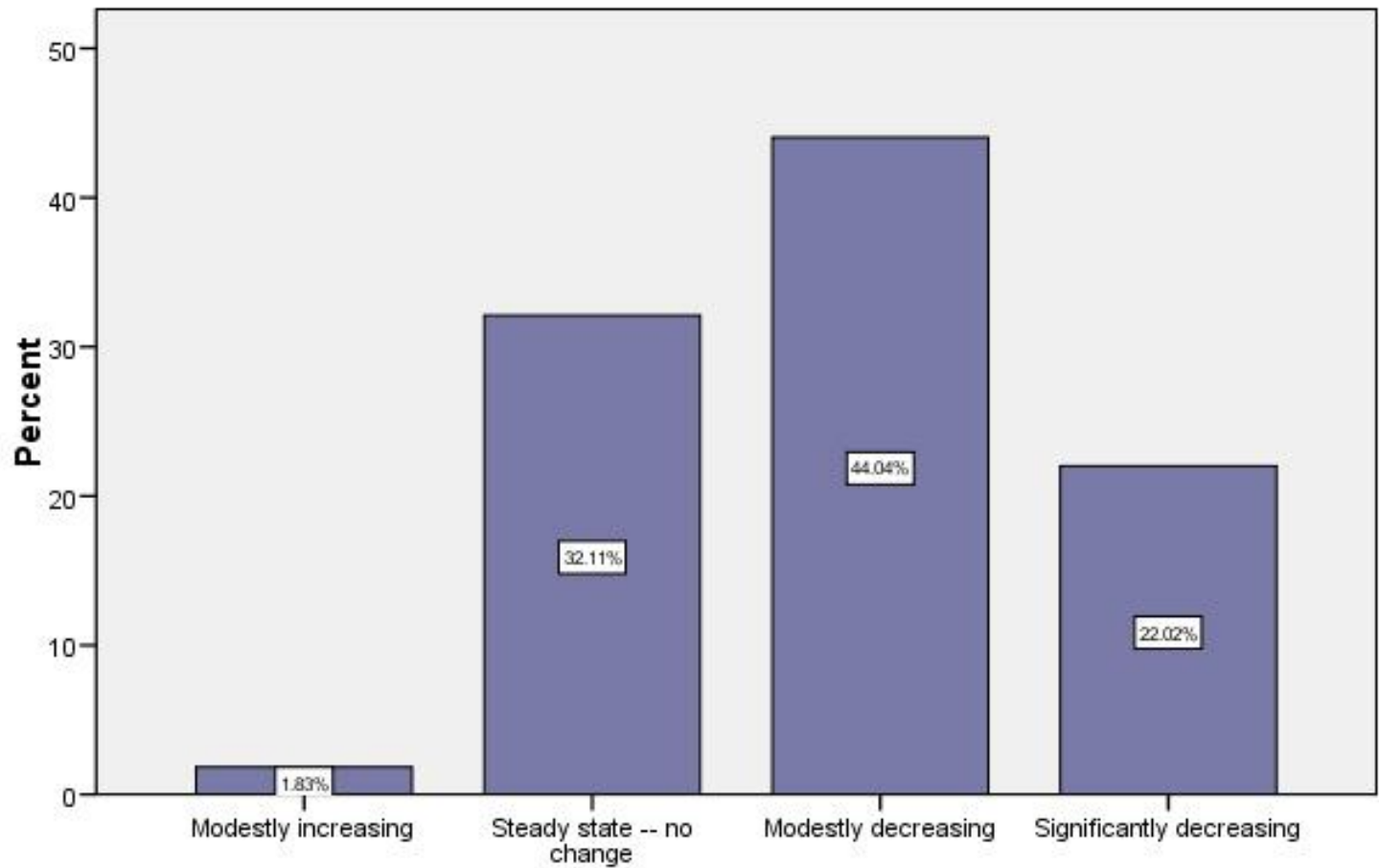


## Forecast change in competition between business schools within my home country



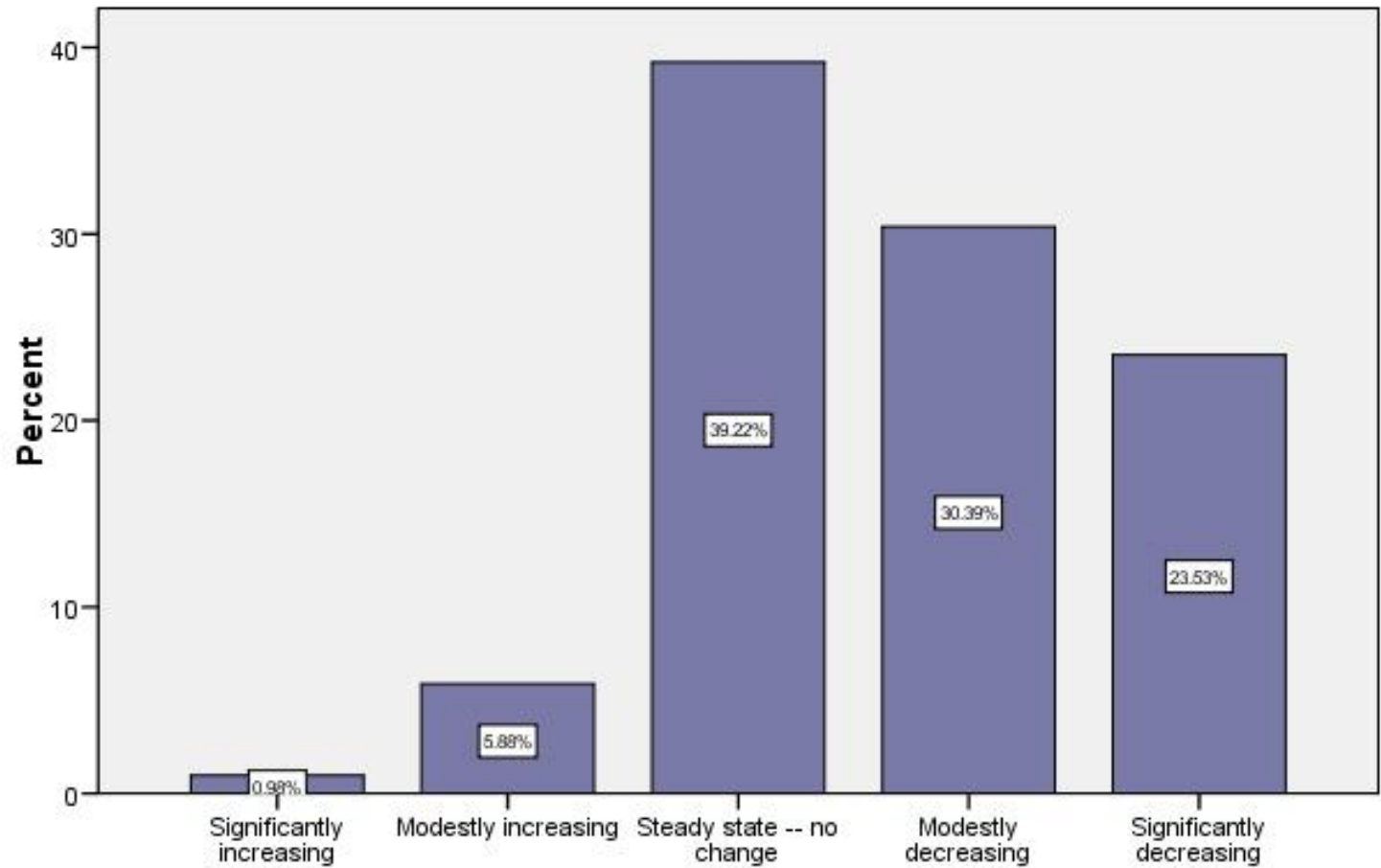


## Level of competition between my business school and international business schools for past two years



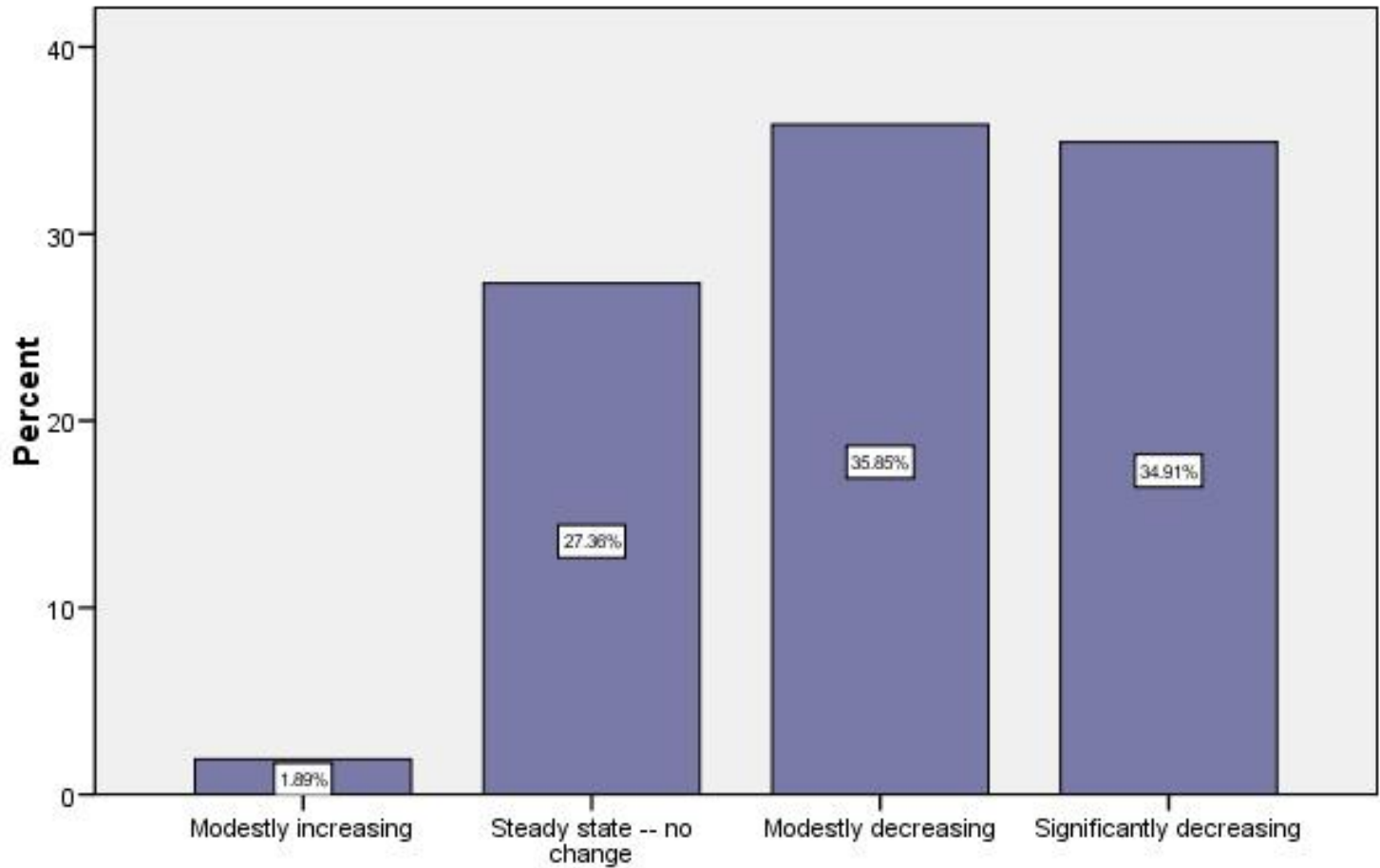


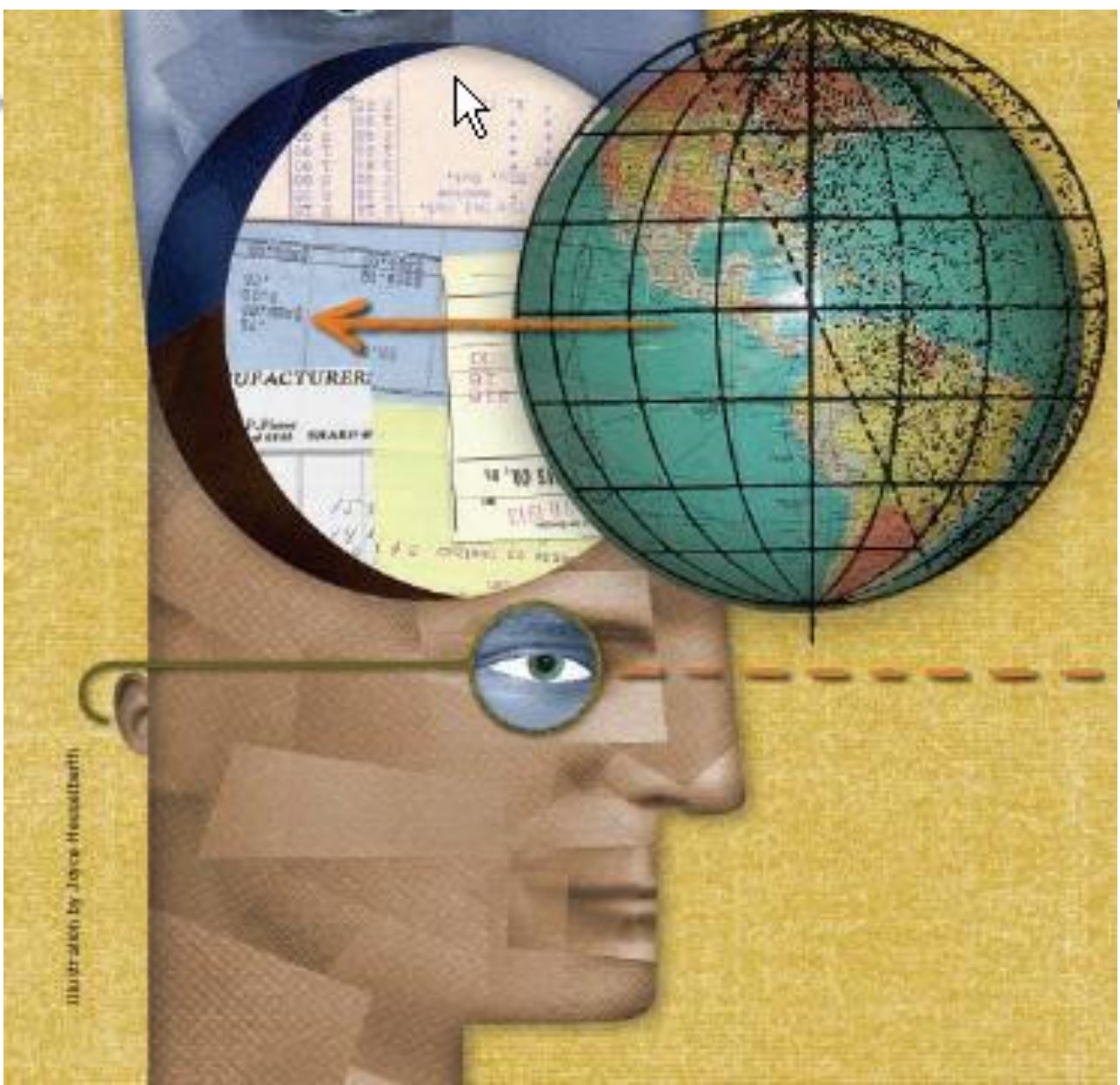
## Change in competition between my business school and international business schools due to crisis





## Forecast competition between my business school and international business schools





Illustrated by Joyce HealdSmith