Management Education and Research in the 1990s: an American Perspective*

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《Contents》

I. Challenges Facing Contemporary American Corporations

As we enter the 1990s and approach the 21st century, North American managers—and perhaps managers in other parts of the world—face certain changes and challenges that significantly affect the ability of their companies to function effectively in the increasingly competitive international business environment. It has often been said that the only constant in life is change, and nowhere is this more true than in the workplace. As one recent survey of American corporations concluded, "Over the past decade, the U.S. corporation has been battered by foreign competition, its own out-of-date technology and out-of-touch management and, more recently, a flood of mergers and acquisitions. The result has been widespread streamlining of the white-collar ranks and recognition that the old way of doing business is no longer possible or desirable."[1] As the twenty-first century approaches, companies face a variety of challenges that will have a profound impact on organizational dynamics and performance. In fact, in many ways, the manner in which

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1) Cited in *U.S. News and World Report*, January 16, 1989, p. 42.

companies attempt to meet these challenges may determine who will survive and prosper into the next century and who will not. Among these challenges are the following:

1. **The challenge of international competition.** Until the 1970s and 1980s, many American firms had little in the way of serious international competition. As a result, there was little incentive to innovate and remain efficient and competitive. Many companies became lazy and lost touch with their customers. This situation changed abruptly as companies in Asia and Western Europe developed both more sophisticated products and marketing systems and gained significant market shares in home electronics, automobiles, medical equipment, telecommunications, shipbuilding, and so forth. As a result, American companies lost considerable clout—and profitability.

If we examine corporate behavior during the 1980s, it is not difficult to see some of the reasons for the demise. In a word, many North American firms lost their industrial competitiveness; that is, they lost their capacity to compete effectively in global markets. Consider the following examples:[2)]

—During the last decade, Japan experienced a 5.5 percent annual growth rate in manufacturing productivity. This is a measure of how efficient industries are becoming. Great Britain, France, and Italy all had around close to 4 percent increases. At the same time, however, the U.S. barely had a 3 percent annual increase (and Canada had a 1.5 percent increase).

—During the same period, Japan and Europe both increased their annual expenditures for factory automation by an average of 17 percent, while the U.S. increased its expenditures by about 12 percent.

—Finally, the number of products that were developed in the U.S. but are now primarily manufactured overseas has increased dramatically. For example, the U.S. now manufactures just 1% of its phonographs and stereos compared to 90% just twenty years ago; 7% of its color televisions compared to 90%

2) O. Port. "The Productivity Paradox." *Business Week*, June 6, 1988, pp. 100-114.

twenty years ago; and 20% of our machine tools compared to 99% twenty years ago. And so on. Simply put, there has been a significant decline in our manufacturing sector. And while many American companies have made significant headway during the past several years, the average firm and industry often lags far behind.

However we look at it, the challenge of industrial competitiveness remains to be met. North American companies are simply not investing the money, time, or effort to catch up with or surpass the competition and, as a result, our industrial growth rate—and standard of living—remains lower than many would like.

2. **The challenge of new technologies.** While it is common to think of "high tech" as applying only to the aerospace or telecommunications industries, advanced technologies can be found throughout most industries. Consider, for instance, the automobile industry. Auto manufacturing uses advanced technologies in automotive design, purchasing, manufacturing, control systems, and even marketing. In fact, it is difficult to identify an industry that has not been significantly affected by changing technologies.

Another example of the explosion in new technologies is microcomputing. Both hardware and software change so rapidly that it is difficult for many companies to keep up. In personal computers (PCs), the 286 chips are being replaced with 386 and 486 chips, each faster than its predecessor. We see increases in both Random Access Memory (RAM) and fixed-disk (hard disk) storage capabilities. Dot matrix printers are being replaced with laser—and color laser—printers. CGA color monitors are being replaced with EGA and VGA color, each with increased resolution. Software is increasingly complex and increasingly user-friendly. And the use of PC networks has increased eight-fold from 1986 to 1990. [3] More and more companies are using computer-based communications, such as E—mail, fax machines, cellular phones, and so

3) W. Bulkely. "Fighting Back Against Data Overload." *Wall Street Journal*, October 20, 1989, p. B-1.

forth. As a result, the way in which employees and managers communicate and make decisions is changing dramatically.

Technological changes can also be seen in the increased use of robotics, expert systems, and computer-integrated-manufacturing systems that have changed the way many products are manufactured today. Such changes affect not only production efficiency and product quality, but also the nature of an employee's job. In many industries, first-line supervisors are disappearing and being replaced by self-managing work teams who assume responsibility for production scheduling, quality control, and even performance appraisals. All of these technological changes require managers who are capable of effectively implementing technological change in the workplace, managers who can adapt to the technological imperative while still maintaining and developing the organization's human resources.

3. **The challenge of increased quality.** The challenge of industrial competitiveness incorporates several interrelated factors, including selecting an appropriate product mix, manufacturing efficiency, effective cost controls, investment in research and development, and so forth. Not to be ignored in this pursuit is the quest for increased quality control of the products and services offered in the marketplace. It has long been argued that quality is a major reason for the success of many Japanese products in North America. Simply put, if North America is to compete, renewed efforts must be devoted to enhanced quality assurance. This too is a management challenge. How can managers get employees to care about the products they produce or the services they offer?

Moreover, quality control also includes several organizational issues. For instance, how can managers get various parties who are traditionally independently associated with a product to work together to build a better product? That is, how can they get the design staff, manufacturing engineers, workers, suppliers—and even potential customers-to come together and cooperate on developing and manufacturing a superior product? This challenge must also be met in the 1990s.

4. **The challenge of employee motivation and commitment.** A major hurdle in the pursuit of industrial competitiveness is the traditional North American adversarial relationship between management and workers. Whether a company is unionized or not, we frequently see situations where the average employee simply sees no reason to increase output or to improve the quality of existing outputs. Frequently, the company's reward system restricts rather than increases performance. At other times, rewards encourage employees to increase quantity at the expense of quality. Furthermore, companies often view workers as a variable expense (in contrast to several Asian countries where most employees are viewed as a fixed expense) and lay them off when they are not needed for short-run activities. As a result, many employees see little reason to be committed or loyal to their employer. Turnover and absenteeism rates are often unreasonably high, further eroding performance efficiency and effectiveness.

If companies are to succeed in an increasingly turbulent environment, managers must discover better ways to develop and motivate employees. A company's human resources often represent its biggest single asset and failing to properly nurture this asset leads to a suboptimal return on an organization's resources. Part of this problem is knowing what employees want from a job or company. A recent survery found that typical employees in the United States valued the following characteristics in a job (in rank order): 1) a good salary, 2) job security, 3) appreciation for a job well done, and 4) an opportunity to use their abilities and talents.[4] However, we must remember that different employees may value different outcomes. As a result, managers must be sensitive to these differences and must learn how to motivate individuals at different levels of the organization. They must learn how to create a high-commitment workforce that is dedicated to corporate achievement and the proper use of incentive systems can play a role in this endeavor.

4) "What Workers Want From Their Jobs." *Business Week*, July 8, 1985.

This problem is made all the more difficult by the changing nature of occupations in the West. As shown in a recent study, the year 2000 will see a sharp increase in the number of technician jobs, as well as service and sales workers. Growth can also be expected in engineering and managerial positions.[5] These changes require a new look at how such employees are motivated. For example, do we motivate an engineer the same way we motivate a sales representative? How do we motivate senior executives as opposed to junior managers? Managers have at their disposal several ways in which to increase employee motivation and performance, and an effective manager learns how and when to use each approach.

5. **The challenge of managing a diverse workforce.** Historically, the American economy has been dominated by white males. They have consistently filled the vast majority of the managerial ranks and many of the more important blue collar jobs, such as skilled craftspeople. Traditionally, women filled the lower-paying clerical positions and often left the workforce to raise their families. Minorities of both genders found considerable barriers to entering the labor market at the higher (and higher-paying) levels. Now, things are changing and the pace of this change is accelerating. Among the other changes, the twenty-first century will also bring major changes in terms of workforce demographics. We will see changes in gender, race, and age.

For example, the year 2000 will see a drop in the percentage of white American-born male workers from its current 47 percent to only 15 percent.[6] The percentage of white American-born females in the workforce will increase slightly from 36 percent to 42 percent, while the percentages for non-whites and immigrants of both genders will increase. In general, there will be more women in positions of responsibility in both the public and private sectors, and more opportunities for minorities. Some predict that the coming labor

5) Nancy Perry. "The New Improved Vocational School." *Fortune*, June 19, 1989, pp. 127-138.
6) B. Nussbaum. "Needed: Human Capital." *Business Week*, September 19, 1988, pp. 100-103.

shortage will cause many companies to try to retain older workers for longer periods of time beyond the traditional retirement age. Such changes bring both opportunities and potential problems of adjustment for companies if not managed intelligently.

6. **The challenge of ethical behavior.** Finally, the future brings a renewed emphasis on maintaining high standards of ethical behavior in business transactions and in the workplace. Many executives and social scientists see unethical behavior as a cancer working on the fabric of society both in business and in the larger society. Many are concerned that we face a crisis of ethics in the West that is undermining our competitive strength. This crisis involves business people, government officials, customers, and employees. Especially worrisome is unethical behavior among employees at all levels of the organization. For example, a recent study found that among retail thefts, employees accounted for a higher percentage of crimes against the stores than did customers.[7] The study estimated that one in every fifteen employees steals from his or her employer.

In addition, we hear about illegal and unethical behavior on Wall Street, pension scandals where disreputable executives gamble on risky business ventures with employees retirement funds, companies that expose their workers to hazardous working conditions, and blatant favoritism in hiring and promotion practices. While such practices occur throughout the world, their presence nonetheless serves to remind us of the challenge we face.

This challenge is especially difficult because much of the area we call ethical behavior lies in a "grey zone" where clear-cut "right versus wrong" answers may not always exist. For example, if you were a sales representative for an American company abroad and your foreign competitors used bribes to get the business, what would you do? In the U.S. such behavior is illegal, yet it is perfectly acceptable in other countries. What is ethical here? Similarly, in

7) S. Silverstein. "One In 15 Employees in Study Caught Stealing." *Los Angeles Times*, December 2, 1989, p. D-1.

many countries, women are systematically discriminated against in the workplace; it is felt that their place is in the home. In the U.S., again this practice is illegal. If you ran an American company in one of these countries, would you hire women in important positions? If you do, your company may be isolated in the larger business community and you may lose business. If you do not, you may be violating what most Americans believe to be fair business practices.

II. Are American Business Schools Meeting the Challenge?

Here, then, are six major challenges facing Western companies. If this list of challenges represents an accurate portrait of what contemporary American corporations will face in the coming decade, the question is logically raised whether American business schools and their faculties are helping business meet these challenges. That is, how do our business education programs, our business graduates, and our business research agendas relate to the needs of our primary constituency? This question is a controversial one in my country and it is clear that no consensus exists concerning a potential answer. At the risk of further confusing the issue, I should like to offer my own opinions about the current and future status of business education and research in the U.S. In doing so, I shall be drawing upon the recent extensive study of American business schools conducted by Professors Lyman W. Porter and Lawrence E. McKibbin.[8] This study collected data from business school faculty, professors, students, and company executives in analyzing the current status of American business schools and the data contained in this study served as a helpful guide as I attempted to organize my thoughts for this paper. I should like to group my observations into three sections: 1) problems in American business education; 2) problems with American business graduates; and 3)

8) L.W. Porter and L.E. McKibbin. *Management Education and Development: Drift or Thrust into the 21st Century?* New York: McGraw-Hill, 1988.

problems with American business research. While I believe that our universities and business schools have contributed a great deal in a positive way, I would like to focus my attention on areas where I believe we can do better. Universities, like corporations, must seek continual improvement if they are to remain a useful resource for the larger society. Following this rather critical view, I will offer some concluding comments concerning ways we might improve the situation and make a more substantive contribution toward meeting the challenges facing modern corporations today.

Problems in American Business Education

First, let us examine some issues relating to the nature and quality of American business education. Here, attention is focused on the curriculum that constitutes a degree in business administration. Based on the extensive data collected in the Porter-McKibbin study, several concerns emerge among both faculty and business leaders with respect to business school curriculum. These include the following:

1. **Insufficient emphasis on developing vision and creativity.** There is a rather consistent concern that most American business schools focus on problem solving instead of problem finding, on applying existing or standard solutions instead of creating novel ones, and on making safe decisions instead of decisions of moderate risk. In short, there is insufficient attention to generating "vision" and creativity in our students. We seek safe courses of action and short-term solutions to long-term and complex problems.

2. **Little integration across disciplines.** There is concern among educators that current business training often fails to provide sufficient emphasis on integration across the functional areas. That is, while we teach our students about marketing, finance, statistics, and so forth, little serious effort is made to show the student how these topics are interrelated. Each discipline abrogates its responsibility, choosing instead to provide a detailed examination of its own sub-specialty. As a result, we leave it to the student-as a young manager-to figure this out.

3. **Overemphasis on quantitative techniques.** Many feel that too much emphasis is currently being placed on quantitative analytical techniques at the expense of qualitative/intuitive techniques. This is not to imply that such techniques are not useful; clearly these techniques are essential for a well-rounded business education. Rather, the concern here is two-fold: first, that perhaps too large a percentage of the curriculum is devoted to this area and, second, that in some cases students are led to believe that most every business decision is amenable to a quantitative solution. I tell my students back home that when they have finished their quantitative analyses, they have not necessarily finished their analyses.

4. **Too little attention to developing interpersonal and leadership skills.** According to survey results among managers and executives, business schools need to enhance their emphasis on training students' interpersonal and leadership skills. We are supposedly training the managers of the future but, in fact, we spend little time on this endeavor. In fact, Porter and McKibbin actually found a decline in the focus on teaching management skills over the past 25 years.[9]

5. **Too little attention to developing communication skills.** Similarly, more emphasis is needed with respect to the teaching of communication skills. This applies to both written and oral communication. From an organization's standpoint, poor communication and information flow strikes at the heart of effective planning, operations, and control. As such, this appears to be an important criticism.

6. **Too little attention to the external environment.** American business schools have been criticized for ignoring or downplaying critical dimensions of the social, legal, and political environment as they relate to business practices. These contextual factors represent imporant influences on organizational survival and effectiveness and, as such, should be given greater emphasis.

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9) *Ibid.*, p. 65.

7. Insufficient attention to international dimensions of business. There appears to be almost universal agreement that business schools must do far more in terms of educating students about the international dimensions of business. Recent events around the globe provide convincing evidence about the importance of this dimension. Greater knowledge of the global context is imperative for rational planning and decision-making. Despite this fact, American business schools and their faculties continue to ignore or minimize their coverage here.

8. Insufficient attention to developing basic entrepreneurial skills. In view of the increasing complexities of the global environment, we would expect that business schools would focus significant attention on training students in entrepreneurship: in seeking new products, starting new ventures, and reinvigorating old enterprises. Instead, when we closely examine most business school curricula, we find little or nothing about this important topic. It is not surprising, therefore, to find American businesses often lacking in new product development and other areas that determine the competitive edge.

9. Limited attention to instilling business ethics. Finally, many feel that American business schools can do more to instill more socially—responsible behavior in their students. We have had far too many business scandals in recent years. In my country, we refer to this as the "ethics crisis." While this may be an exaggeration, the fact remains that more emphasis on training in ethical behavior would be of benefit.

Problems with American Business Graduates

If American business schools are indeed justly criticized in the above areas, it is not surprising that our students and graduates are sometimes found wanting. In fact, in interviews with both executives and personnel directors of large and small firms, business graduates are often criticized on four counts. While this is not to imply that all graduates exhibit some or all of these characteristics, the reservations companies have about some of our graduates should be acknowledged.

1. Overly high expectations. Many students of American business schools graduate with excessively high expectations concerning such issues as their career progression and salary. We often joke that MBAs think they are ready to become vice presidents as soon as they graduate. Unfortunately, this joke is sometimes not too far from the truth. Many graduates assume that their diploma entitles them to a high salary and immediate responsibility-before they have proven themselves and before they have made significant contributions to the organization.

2. **Lack of corporate loyalty.** This leads me to my the second criticism that is often made of American business graduates: a lack of loyalty to their employer in many cases. Elsewhere I have suggested that a major difference between Korean society and American society is that Koreans often tend to stress responsibilities and obligations over personal rights, while Americans tended to stress rights over responsibilities.[10] This description seems germane to the topic at hand. As one top executive recently noted, "They [business graduates] tend to be more loyal to their personal careers that to any company."[11] This absence of corporate loyalty-a phenomenon now apparently surfacing in Korea-jeopardizes the ability of contemporary corporations to muster all of their human resources into a cohesive and dedicated entity for the pursuit of corporate goals and industrial competiveness.

3. **Poor communication and interpersonal skills.** Third, many recent business graduates have been described by corporate leaders as lacking communication and interpersonal skills. This is not surprising in view of the decreased emphasis on these crucial skills in many leading business schools, but it is nonetheless disappointing and worrisome to corporate leaders who are responsible for running today's organizations.

4. **Lack of leadership and drive.** Finally, many corporate leaders report that recent business graduates often lack the leadership skills and drive necessary

10) R.M. Steers, Y.K. Shin, and G.R. Ungson. *Chaebol: Korea's New Industrial Might.* New York: Harper and Row, 1989.

11) Porter and McKibbin, *ibid.*, p.99.

for them to become corporate leaders of tomorrow. All too often, they focus on short-term actions that are taken with "safe" arenas. They are often unwilling to take calculated risks or to initiate activities that require a broad or long-range focus. In short, they lack the requisite vision that so often characterizes successful business leaders.

Problems with American Business Research

Finally, we come to the third area of concern with respect to business education and research in the United States; namely, business research. While much of the recent research is laudatory and has made truly substantive contributions to furthering our understanding of business practices, I should like to raise three concerns that I find somewhat troubling.

1. **Overemphasis on quantity over quality.** First, we see a tendency to stress quantity over quality. We see an alarming increase in the number of research journals, yet the amount of substantive learning is not increasing proportionately. We see a tendency to push for maximum publications, with little concern for the importance or significance of the results. And we see the increasing use of highly sophisticated tools of quantitative analysis, but the results often lead to little real understanding of the actual phenomena under study. One might even be so bold as to suggest that we are publishing more but actually learning less. We seem to write more, but think and observe less. I find this most disconcerting as a researcher.

2. **Questionable relevancy of research topics.** Related to this is the issue of relevancy. As Porter and Mckibbin point out in their study, "Research being turned out by business schools is largely trivial and irrelevant. It does not address very well or at all the most important problems and issues faced by business."[12] In other words, our research is not helping our primary constituency: the business community. If we continue to publish a plethora of trivial and insignificant articles-however well done technically-how do we gain

12) *Ibid.*, p. 168.

or maintain the respect and support of the business community?

3. **Misplaced audience for output and publications.** And third, it has been suggested that a rather large proportion of our research is written for internal consumption. That is, we write articles to and for each other as academics, and not to help solve any real business problems. As Behrman and Levin argue, "Most academic business journals have become in-house organs rather than a means of communicating with those involved in management procedures and business leadership. Managers must get their help from other quarters."[13] This tendency has rendered us as relatively ineffective change agents in the business world. If the primary focus of our research and writing is to impress each other and advance our careers, how then does society benefit? And, perhaps equally important, how then do we justify the trust the public has placed in us as scholars? Clearly something has to change.

III. Suggestions for the Future

While I believe there are many positive things to be said about American business education and research, I have spent considerable time here today focusing on the negative-that is, what is wrong with American business education. I have also tried to demonstrate through example that much of what American business schools do is of questionable value in helping contemporary business managers meet the major challenges facing them. This critical thrust was intential. While it may be more reassuring to focus on the positive, it may be more instructive and more productive to focus on areas where we can learn to do things better. Such is the purpose of my speech.

Based on the analysis presented here, what suggestions can we offer to improve business education and research in the future? First of all, I believe many suggestions follow rather directly from my comments above. For example,

13) J. Behrman and R. Levin. "Are Business Schools Doing Their Job?" *Harvard Business Review*, January-February 1984, pp. 140~147.

we can direct more energies in our educational programs to teaching business students to think internationally and to recognize the importance of ethical conduct in the course of business. In addition, we can focus more attention on developing interpersonal, communication, and leadership skills in our students. In selecting students for business studies, we can perhaps do a better job of accepting for admission those students with proven aptitudes for business. These aptitudes apparently go well beyond grade point average or aptitude test scores to include a variety of personal characteristics, such as as dedication and loyalty, commitment to the group over the individual, and entrepreneurial skills. And, finally, in approaching research, we can conclude from the above comments that perhaps we should be a little more careful in the selection of our research topics and methodologies so they have more relevance to the business community and its problems. Theory for the sake of theory seems to be of little value in a constantly changing world.

Beyond this, however, let me close by offering four specific suggestions aimed at improving education and research in business administration. These suggestions reflect my personal own biases concerning what is needed if business schools are to enhance their role in developing future business leaders and contribute in a meaningful way to helping meet the challenges we discussed above.

—The need for more cross-disciplinary educational and research efforts. That is, in my judgement, business schools need to rededicate themselves to teaching *business*, not finance or marketing or management. While these disciplines are important, more emphasis is needed on training students to think in an integrated and comprehensive fashion about their work and, in this endeavor, we can play a more central role. Moreover, increased emphasis should be placed on encouraging cross-disciplinary research. A good example of this can be seen at the University of California, Irvine, where the dean of the business school has strongly encouraged and supported an on-going interdisciplinary research effort that encourages collaborative research among its best researchoriented faculty from the various disciplines. Perhaps other schools could learn from this example.

—The need for renewed emphasis on problem-finding. Management is often incorrectly defined as problem-solving. While solutions to pressing problems and dilemmas are clearly a key aspect of the managerial role, perhaps equal attention should be devoted to identifying and delineating what the problem set is in the first place. Solving the wrong problem-or solving a minor problem instead of the primary one-essentially serves to guarantee organizational inefficiencies that can threaten the very existence of the organization. As such, business schools can play a decisive role here by insuring in both teaching and research that at least some attention is devoted to understanding the nature and magnitude of the problem set facing contemporary organizations.

—The need for clarification concerning the intended audience for our research and publications. As noted above, I am deeply concerned that far too much of our research efforts are devoted toward impressing our colleagues and furthering our own careers. While careers are important, we as academics hold a public trust that requires us to give something back to society. For us, this "something" is the publication of materials that can be useful to our business constituency. This is not to imply that we should serve as a tool of business; this is obviously misguided loyalty. Rather, I believe that more of our research efforts should be devoted to helping solve the major problems affecting managers and their organizations. Thus, as we approach our research projects, perhaps we should pause to question whether our efforts meet a market test. Or, simply put, is anyone really interested in the product of our labors? If not, perhaps our energies should be devoted elsewhere.

—The need more multicultural or multinational research projects. Finally, in view of the increasingly complex and intertwined nature of today's business environment—especially its multinational character—I believe the time has come to stress the need for more research projects that are conducted by multinational research teams, instead of national ones. In this way, schoolars will have diverse points of view represented from the inception of the project and can take advantage of this diversity in interpreting study results. While such efforts are expensive and often cumbersome, they nevertheless hold great promise for yielding significant results that are of interest to the world community of scholars, instead of just one subset of scholars in one nation. Moreover, the amount of learning that transpires from a truly divergent research group should more that compensate for the difficulties involved.

In closing, let me thank you for your patience in listening to my points of view on this issue. Let me say that I believe the future is bright both for business education and research so long as we as faculty are willing to continually adapt and experiment and change so that we are helping to lead world events instead of follow them. Thank you.