

# The Role of UK Business Schools in Driving Innovation and Growth in the Domestic Economy

Richard Thorpe, Leeds University Business School, and Richard Rawlinson, Booz & Company





# **PREFACE**

**by Prof. Angus Laing**, Dean of Business and Economics, Loughborough University, and Chair of the Association of Business Schools

Reigniting growth in the aftermath of the global financial crisis remains the underlying priority for the government. Against the backdrop of significant macroeconomic challenges, microeconomic levers to promote growth and innovation have become increasingly prominent in policy debates. Successive reports from Lord Heseltine and Lord Young have focused attention

on providing the economic infrastructure to support the small to mid-sized business community, and generating the local conditions conducive to rebalancing the economy away from over-dependence on the City. Integral to such an agenda is the recognition of the need to exploit the capabilities of existing institutions rather than engaging, yet again, in the creation of new agencies. Against this backdrop, business schools have the potential to play a very significant role, to act (in the words of Tim Wilson) as local economic 'anchor institutions'.

Despite the unquestionable success of the UK business-school community, it is evident that the full potential of business schools to support innovation and stimulate growth has not been realised. That there are examples of outstanding practice is indisputable. What is equally clear is that engagement of individual business schools with this agenda both at local and national level has been variable. Given the prevailing performance metrics and the competing demands on, or opportunities for, business schools, such variability is not surprising. It has to be acknowledged, nevertheless, that this variable engagement also reflects significant debate within the business-school community as to the role and orientation of business schools. That debate, however, is now playing out against a radically different backdrop from that which business schools have faced over the past decade. The collateral impact of the financial crisis in terms of changes to the undergraduate fee regime, declining corporate spend on management development and changes to research funding, including both the impact agenda and the prioritisation of science, technology, engineering and mathematics research, are necessitating a reconsideration of the function and operation of business schools.

This unfolding debate, in which the Association of Business Schools (ABS) is playing a central role, has, as a result of engaging with policy-makers, both highlighted the potential contribution of business schools to economic recovery and generated new opportunities for business schools within the post-crisis economic and policy environment. In leading that debate, the ABS commissioned the Innovation and Growth Task Force, under the leadership of Richard Rawlinson and Richard Thorpe, to identify best practice in respect of supporting innovation and economic growth within the business-school community and to identify further ways in which business schools could meaningfully support economic recovery. This independent report, which constitutes the primary outcome of the Task Force, provides a robust evidence base to inform both policy in respect of supporting economic growth and practice within the business-school community.

The ABS's commissioning of the Innovation and Growth Task Force is reflective of our member schools' shared belief in the role of business schools within the wider community as key economic players. Our members make significant contributions to their regional economies and the broader national economy beyond the direct generation of export earnings. Encompassing the production of the type and calibre of graduates required by an innovative, knowledge-based economy, the management development support necessary for British business to be competitive on the global stage, and research that spans the spectrum from underpinning new business models to improving operational systems and processes, the business-school community provides important props for the British economy. Yet the report highlights that there is more, much more, that business schools can do to provide support to the business community that will transform the economic fortunes of the country. The ABS welcomes this report and thanks its authors and the members of the Task Force for their significant commitment and contribution to this important project. The ABS is committed to working with the business-school community and key stakeholders to develop an appropriate response to the recommendations of the report. With the willingness of the business schools to embrace these proposals and the support of politicians to provide the appropriate policy frameworks, British business schools can not only consolidate their leading international position but also make a transformational contribution to British economic performance.



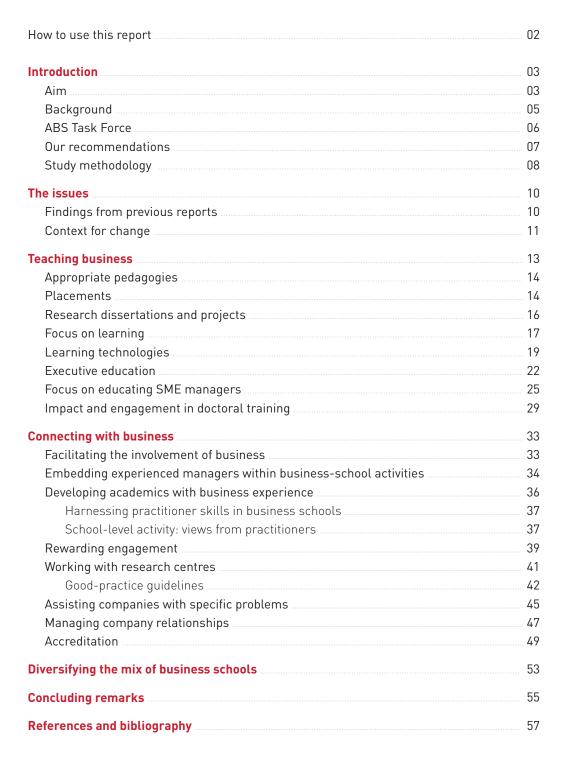
FOREWORD
by The Rt Hon. the Lord Heseltine CH

All our competing economies have in place much better coordination of the numerous companies that go to make up a local economy. First, central government is too remote and too organised on functional lines, at the cost of place-based strategy, and takes little interest in the quality of advice it seeks from our towns and cities. Second, at a local level,

few companies belong to their representative organisations and, indeed, it is difficult to gain access to the lists of companies operating in a local economy.

Other nations join up such activities, with the consequence that there is more integrated activity. There is a wider spread of knowledge, greater shared experience and an understanding of the benefits of community interdependence. It is easier to find out what is going on, and where to turn for help, and to seek advice from someone who has been there. We need a signposted single point of service and advice for companies. The business schools should help to fill the gap.

# CONTENTS



# How to use this report

This report presents the main argument and evidence in the core text.

Three types of boxes supplement the discussion:

#### **▼** RECOMMENDATIONS

The report's recommendations are contained in a section of their own. However, the headline recommendations are repeated throughout the report, in this type of box.



### **CONTEXT**

The issues covered in this report, and many of the related arguments, are not new. They also sit within the context of other work examining the purpose and appropriate practices of business schools. In this report, we examine this context in light of contemporary challenges. Our conclusions stem from previous work as well as from important data collected for this report. In a series of boxes of this type, we summarise important aspects of context, giving them a contemporary twist that in some cases amounts to a call to action.



#### CASE STUDIES

Our main findings and learning points from our case research are in the main text, but supplementary case-study boxes highlight the case stories. Each describes a particular initiative, what it exemplifies and what enabled success. In presenting these cases, we know that the examples will not necessarily translate into situations where the context is different, but use them to illustrate how schools can innovate in their own contexts, to act as inspiration, to demonstrate that success is possible, and to stimulate new ideas and thinking.



#### Aim

This report identifies the opportunities for practical action to increase the impact of British business schools on innovation and growth in the United Kingdom (UK) economy. It provides specific guidance for business schools and universities, for faculty and students, and for the government. Together, the actions proposed can make a significant difference to the contribution that British business schools make to the economy in which they operate.

Over 130 British business schools currently educate over 360,000 students, and employ approximately 13,500 staff to do so. The quality of education they provide makes a significant difference to the skills available for management and entrepreneurship. Relevant and prescient research from business schools can illuminate the successes and failures of business management. When the research is understood, disseminated and translated into better practice, it can make a direct

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contribution to increased business and investment productivity. By connecting their teaching, research and other capabilities to British business, the schools can make an important contribution to the revival and rebalancing of the British economy.

We note at the outset that the work of business schools is global, with a high degree of fluidity in best-practice transfer among countries. For example, UK schools have adapted and adopted practices from their United States (US) peers, and there has been significant knowledge transfer from UK schools to those in Europe, Asia, Africa and the Middle East.

For the business schools, improved engagement with business will complement their success in expanding student numbers and achieving solid academic records. For universities, it is an opportunity to solidify the sustainability of their schools and to maximise the flow of technology and innovation to the wider world. For businesses, it is an opportunity to improve the skills of their management, and the quality of insight and foresight they have about their businesses and opportunities. We see a high-quality, effectively connected management and business education sector as a vital part of a prosperous modern economy.



#### **CONTEXT**

#### **British business schools**

Business schools in the United Kingdom are almost all part of the university sector. They cover a wide range of functions and disciplines relevant to business – including accounting and finance, management science, strategic and operations management, marketing, small business and entrepreneurship, human resource management and organisational behaviour. Sometimes, they develop expertise in specific business sectors such as tourism and hospitality, public sector and health, or entrepreneurship. Some business schools incorporate law and economics. A review by the Economic and Social Research Council (ESRC) indicated that business schools with higher research concentration were more focused on traditional disciplines such as accounting and finance, economics, management science and organisational behaviour. Schools in post-1992 universities featured more applied disciplines.

Although they operate as distinct entities, business schools have a continuing challenge to integrate their activities, particularly when they draw academic staff from social sciences and disciplines such as European languages, rather than from business education itself. The sector needs to recruit between 450 and 500 staff each year, which has been a major challenge. Salaries and incentives are often unattractive to the best talent among those who have been educated in business schools, and for dedicated academics at an early-career stage, there is a shortage of funding to develop their expertise in engaged research scholarship and teaching.

The numbers of staff employed within business schools within the UK are very large. Taken with accounting and finance, business-school staff account for approximately 20% of all staff employed in the social sciences (although this is quite a difficult figure to calculate).

Significant characteristics that mark out the field from other disciplines include the high proportion of temporary staff, and the number of master's degree students enrolled.

#### **CONTEXT**

# **BRITISH BUSINESS SCHOOLS IN FIGURES**

# Performance in Financial Times (FT) rankings

No. in top 50 of FT Global MBA Rankings: 2008 - 11 2013 - 8

No. in top 50 of FT Global Research Rankings: 2008 - 3

2013 - 3

#### Institutions and staff

No. of institutions offering business & management courses: 138

No. of staff in business & banagement: approx. 13,500 full-time equivalent (FTE)

% FTE staff involved in: teaching & research - 77%; teaching only - 16%; research only - 7%

#### **Students**

No. of business & management students: 2001/02 - 246,780 2011/12 - 363,860 (4% compound annual growth rate)

HE qualifications obtained in business & management: 2001/02 - 48,900 (13,010 postgraduate taught) 2011/12 - 140,020 (61,785 postgraduate taught) (4% compound annual growth rate)

% business & management students on undergraduate courses: 2001/02 - 61%

2011/12 - 69%

% business & management students on postgraduate courses: 2001/02 - 39% 2011/12 - 31%

% business & management students that are UK-domiciled: 2001/02 - 81% 2011/12 - 63%

Top sources of non-UK-domiciles: 2009/10: China - 8.4%; India - 4%

# **Business & management** research income by source

1999/2000: total £38m research councils - 17%; other government - 37%; charities - 8%; businesses - 27%; other - 11%

2009/10: total £65m research councils - 31%; other government - 41%; charities - 6%; businesses - 16%; other - 6%

DATA SOURCE: HIGHER EDUCATION STATISTICS AGENCY (HESA) - STUDENT/STAFE/FINANCE RECORDS 1999/00 TO 2011/12. HESA CANNOT ACCEPT RESPONSIBILITY FOR ANY INFERENCES OR CONCLUSIONS DERIVED FROM THE DATA BY THIRD PARTIES

### **Background**

The stimulus for this report came from the Minister for Universities and Science, David Willetts. He raised questions on innovation and engagement in the context of:

- current economic policy imperatives
- long-standing concerns about the education of British managers, and the
  effectiveness with which academic and scientific innovation in the UK has
  translated into practice and commercial success.

David Willetts asked the ABS to commission this report to consolidate existing evidence and draw lessons from current exemplars of impact and innovation in business schools.

The review is timely for business schools and universities, which have enjoyed a period of significant expansion and success, with many having established

themselves internationally, in terms of both accreditation and league-table positions. Based on this, they have been able to attract growing numbers of students, from the UK and worldwide. The total student population has risen to 363,860 (based on the latest figures) spread across 138 institutions and growing at about 4% a year. This success has enabled business schools to make significant financial contributions to their parent universities.

There is more of an issue about the contribution that business schools are making to the success of British business. With approximately 140,000 business and management graduates a year, the business schools are clearly making a substantial contribution – in terms of numbers – to the development of trained talent employed by British business. On the research side, there are many instances of programmes and projects that have effectively delivered knowledge developed to the service of practice and policy.

Despite all this, the schools' impact on business practice and innovation, and the relevance of skills developed, have been widely criticised. With government and others drawing attention to the role of small and medium-sized enterprises (SMEs) in the creation of growth and employment, there has been particular criticism and concern about the business schools' connections with and impact on SMEs. Equally, business-school insight about what types of support and engagement with SMEs works and does not work has not effectively influenced government policy.

There is also growing concern about the sustainability of some aspects of business schools' operations. Schools are experiencing more pressures on tuition fees, more competition from non-UK business schools for international students, and impact from visa changes on the recruitment of overseas students. On the research side, where government funding has risen from 54% to 72% of the total over the past ten years, weaker government finances and a new research excellence framework (REF) are likely to have significant impact. There has been no material increase in funding from industry and commerce. Like many British institutions, British business schools feel a more austere climate.

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### **ABS Task Force**

The ABS asked Richard Thorpe and Richard Rawlinson to co-chair a task force comprising a group of expert academics and researchers:

Nic Beech Jude England Geoff Mulgan Jon Wakeford Joe Clark Mike Jones Andy Neely Robin Wenslev Timothy Clark Luis Juste Sandy Pepper Richard Whittington Ian Clarke Julia King Zoe Radnor Alex Wilson Petra Wilton Simon Collinson Dan LeClair John Rvan Julie Davies Fiona Leslie Ken Starkey Baback Yazani David Doherty Michelle Lowe Murray Steele

The chairs enlisted the help of their colleagues at Leeds: Lee Beniston, Charlotte Coleman and Paul Ellwood. Lee and Charlotte undertook much data collection, and all three contributed to the preparation of the report. We owe them our special thanks.

At an early stage, we reviewed a wide selection of reports that consistently highlight failures to engage with business across the spectrum of business schools' activity. They question:

- the relevance and quality of student education
- the nature of research and its dissemination and impact
- the business schools' role in catalysing connections within the business community, and between other university faculties and business.

These conclusions were consistent with the personal experience of many Task Force members. Given this evidence, the Task Force concluded that its most useful focus would be on solutions, which are less well developed in existing reports.

The Task Force members were aware of many examples of good practice and effective response by British business schools, even in areas highlighted as problematic. We decided to make this the basis for our work:

- What is demonstrated good practice, and how can it be replicated and scaled?
- How can we make good practice into general practice?

We also knew that business schools and their faculty operate within a rooted system of incentives and rewards, many of which are university-determined, and we resolved to identify areas where that system undermines the objectives of innovation and engagement.

We base our conclusions on the existing literature, a variety of investigations that we initiated, and – importantly – on Task Force members' experience. We rely on existing literature on the diffusion of business research to industry, the design of programme content for relevance, and how business-school research connects to businesses' priorities. Our own research and surveys focused on accreditation, academic rewards and careers, differentiation within business schools, and some aspects of the conduct of research. We have tried to showcase demonstrated good practice that could be more widely adopted. We also cover some of the long-standing issues in areas related to our conclusions. They may help explain why apparently straightforward suggestions have been controversial.

Our overall objective was to outline how British business schools can build on meritorious but isolated examples of success to create a reliable, general system that better directs and supports the considerable resources of the business-school sector towards effective engagement, innovation and impact – while they continue to attract students and command academic esteem. This is ambitious, but their substantial success over the past 20 years suggests that British business schools can command the resources, capabilities and dynamism to meet this additional challenge.

#### Our recommendations

There are six areas in particular where we think change is needed:

#### 1 Design practice into courses

Schools can be more ambitious about the extent to which they integrate practice into teaching. There are well-proven course-design options to reduce disconnects between teaching and practice. Schools need to focus on pedagogy, apply established experience, and develop their institutional relationships with businesses in order to deliver this aspect of their teaching programmes. The schools will need to build some capabilities in order to deliver more ambitious levels of business engagement.

#### 2 Bring more practitioner experience into the faculty

Too few faculty members have sufficient practical experience. We need to promote both practical engagement with business among the academically trained, and academic participation among the practically experienced. Important systemic career management, measurement and reward practices will have to change for the necessary goals to be achieved. In the long term, it is critical for schools to develop business-oriented doctoral programmes and junior-faculty development that nurtures the aspirations, knowledge and skills to engage with business.

#### 3 Develop and manage company relationships institutionally

Business schools need to commit time and effort to developing and sustaining company relationships, and to helping companies access business-school capabilities. There are many opportunities in both teaching and research to create relationships. The schools should be moving away from individually funded projects towards multi-touch relationships that might cover placement opportunities, research links and the involvement of company staff in teaching or supporting programmes. It is essential that the schools have dedicated, professional staff, organised to manage all this activity, and supported by time commitment from academic staff. In this context, the facilities of many business schools could be used to attract business-people for events, company meetings and training. When combined with faculty engagement or used to create a nexus between business-people with common interests, the facilities can become tools to develop a mutual capacity for school-business engagement.

#### 4 Improve measurement and assessment of research impact

Business schools are highly sensitive to the standards of accreditation bodies, to rankings in respected surveys of business education, and to the REF of the Higher Education Funding Council for England (HEFCE). The business schools believe that these rankings drive student enrolment, and faculty prestige and career opportunities. To increase the level of engagement from business schools, accrediting bodies will have to seek more robust evidence for a broader range of performance metrics encompassing impact, innovation and engagement for both teaching and research. This will help re-orient senior staff, encouraging engagement in the short term, and make it more likely that junior staff understand the importance of developing the skills to support impact. The measures have become so important to the schools that, unless these change, it is not likely there will be changes in schools' priorities.

### 5 Promote research in larger teams, and centres with multi-dimensional roles

Focusing resources on multidisciplinary teams within business schools, or across schools and faculties, has three key benefits: it promotes multidisciplinary collaboration, which businesses value; it provides scale that mobilises resources for wider dissemination of research to businesses; and it gives businesses clear signposting to navigate to business-school resources.

### 6 Move to more distinctly defined roles for different institutions

With over 130 UK business schools, there is opportunity for more specialisation by institutions and more focus on core academic competencies and the types of business engagement that best fit them. The problem is that the academic incentives and career paths have not supported diverse missions. We identify changes that should encourage institutions to focus more explicitly. Some may connect to the local economy, others internationally; some will commit to particular industry sectors; some will aim to catalyse commercialisation of university-generated technology and others perhaps to innovate in pedagogy and consulting. For some, the research-led, multidisciplinary model will be just right, but it should not be the universal aspiration.

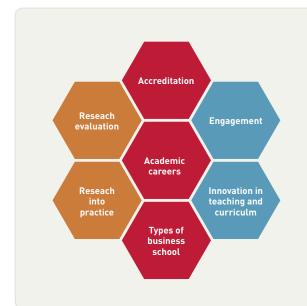
These six areas of action are independently valuable but are mutually reinforcing. The main focus for action is by the schools themselves, and by their faculty members. Changes that the government can make to research evaluation and funding, and to support enhanced academic training, will also be important. Finally, businesses have a major opportunity to benefit from closer engagement with an easier-to-access and refocused business-and-management academic community. As businesses see those benefits, they should be willing to play an increasing role in both delivering business education and supporting research – by providing guidance on key problems, and the access and financial support needed to support practically relevant research.

We see none of our recommendations as contrary to academic goals, or to success in student recruitment. On the contrary, our view is that engaged research can be excellent research, and that schools that engage with business and innovate in pedagogy will better compete for students. We aim to influence and focus the efforts of UK government, business and universities on what they can do to make our business schools more effective across the full range of their missions.

OUR VIEW IS THAT ENGAGED RESEARCH CAN BE EXCELLENT RESEARCH, AND THAT SCHOOLS THAT ENGAGE WITH BUSINESS AND INNOVATE IN PEDAGOGY WILL BETTER COMPETE FOR STUDENTS.

# Study methodology

The Task Force's work was directed towards the six areas shown in the figure below:



The right-hand side of the diagram shows two areas of direct connection with business: engagement with business (e.g. consulting) and teaching students what business needs them to know. On the left-hand side, the diagram highlights two research-related topics: how research is evaluated, and what is done to translate research into practice. The central three hexagons highlight cross-cutting topics: accreditation bodies and the performance measures they prescribe; what capabilities and skills business-school careers require; and the willingness and ability of business schools to specialise, as opposed to supporting both research and teaching across all disciplinary areas, sectors and functions.

We systematically reviewed the academic and grey literature addressing the topics of innovation and engagement; this adequately delineated the problems identified in previous reports. To illustrate good practice, the Task Force helped us identify cases from a variety of universities, describing good practice and the processes behind them. We typically interviewed the initiator of the particular project or activity, some participants and relevant administrative staff. We wanted to identify what needs to be done differently for their success to be replicated and scaled elsewhere. The lessons have been integrated into the report conclusions.

We benefited from various surveys and focus groups:

- The Chartered Management Institute (CMI) and the Association of MBAs (AMBA) each surveyed its members.
- With the help of the Foundation for Management Education (FME) and ESRC, we surveyed all who had participated
  in the FME and the Society for the Advancement of Management Studies (SAMS)/ESRC Management and Business
  Development Fellowship schemes, which attract successful professional and business managers for a second
  career in academia.
- A survey through the ABS covered current deans of UK business schools.
- Another survey canvassed the attitudes and perspectives on engagement of PhD students and early-career researchers who attended a national programme to train for engaged research.
- We undertook focus groups one with first-career PhD students and another with second- and third-career PhD students.

We met at various stages with different stakeholders. We presented at the ABS Deans' conference at the University of Warwick in 2012. British Academy of Management (BAM) Fellows debated the six areas of our conclusions. ABS Russell Group deans offered their perspectives on the nature and role of performance metrics currently driving business-school and staff agendas. We sought views internationally through the Federation of Canadian Business School Deans, Australian Business Deans Council (which commissioned a report into the future of management education), Association to Advance Collegiate Schools of Business (AACSB), and European Foundation for Management Development. We also looked at some specific examples drawn from European schools.

We consulted with the leaders of some key government initiatives on aspects of economic growth and engagement. They included Lord Young, who has been working on supporting entrepreneurs; Lord Heseltine, who has reported on economic growth in *No Stone Unturned: in pursuit of growth*; Professor Sir Tim Wilson, in relation to the Wilson Review; and Professor Sue Cox, who led the Business School/Mid-Sized Businesses (MSB) Task Force on behalf of the Department for Business, Innovation & Skills (BIS).

# THE ISSUES

# Findings from previous reports

We have relied heavily on previous reports to delineate the issues. Systematic literature review identified the following consistent concerns:

- 1 Taught courses and programmes in business schools lack relevance, topicality and application focus. The reports conclude that courses and programmes too often reflect the research interests of academics rather than the real needs of British business. This deficiency becomes reflected in perceptions that graduates' skills have significant gaps in relation to employment requirements. Students need to be able to better link theory and practice. Where programmes have an applied dimension, engagement needs to extend beyond case studies and similar, to more truly capture the essence of an applied field. The reports also emphasise that few graduates seek employment with SMEs; one reason cited is that course content pays insufficient attention to the realities as opposed to conceptualisations of business life. But another influence is the expectation of meeting ambitious aims in respect of promotion prospects and salary.
- 2 Research undertaken within business schools does not easily diffuse into industry. Academic output is typically disseminated solely by means of academic journals. In practice, academic publishing has become an end in itself, rather than a test of rigour and validity preceding dissemination to a wider audience. Even when dissemination to managers, entrepreneurs and policy-makers is attempted, it is done through articles with a strong academic flavour. This does not help practitioners to engage with the findings to help develop practical lessons and wider implications. A number of root causes are suggested, including academics' neglect and lack of skill in practitioner-friendly methods of communication. Failure of dialogue makes it difficult to develop insight into what problems matter to managers. Business schools are not realising their potential to disseminate the insights they have, nor to help others commercialise innovative ideas and technologies. There is a lack of good relationships and networks through which academics can be closer to user communities and connect to otherwise invisible agendas.
- 3 There is a lack of cross-discipline integration or 'multidisciplinarity'. Publications, business schools and the academic community are organised by discipline. Too often, disciplines operate as unconnected single entities; this is in line with academic traditions. However, for businesses of all sizes, problems are highly connected and often multidisciplinary in nature. Knowledge might well reside within a discipline, but practical problem-solving often requires an interdisciplinary approach. Business schools rarely provide the mix of skills to engage, connect and solve business problems. They often have the range of skills needed (particularly in the wider university), but fail to deploy them. Equally, in their teaching, schools do not train managers to solve real-world problems as effectively as they could, because they do not connect disciplines.
- 4 Lack of engagement and connectivity is especially severe in relation to SMEs, which are not seen as the career destination of graduates despite their being capable of providing both attractive employment and rapid development of business knowledge and personal skills. Concerns about lack of connectedness to SMEs are heightened by the importance attributed to SMEs by government as drivers of innovation and growth. The Business School/MSB Task Force reported on how business schools might best support medium-sized companies. It called for business schools to proactively engage and ensure they provided for the needs of this very important sector of the economy.

# **CONTEXT**

#### Main findings from systematic review of the literature

- 1 Universities need to provide more evidence to potential students of the relevance of their taught and research programmes. This includes more explicit links between theory and practice, and the continual development of a contemporary curriculum. There should be more corporate presence on campus and greater focus on interdisciplinarity, and business should be built into programmes.
- 2 Better connectivity is needed, so that industry experts can connect with current research. Faculty systems should be established that facilitate and reward the diffusion of research and help develop appropriate gateways, particularly to SMEs. Better connectivity also includes the opportunity of academic staff undertaking regular placements at all levels in their academic careers.
- 3 Business schools can play an important role within universities in assisting them in their civic role through greater engagement in the local community. Problems cited were the lack of management structures and know-how within universities to facilitate and broker these relationships. More purposeful engagement with alumni is needed, and the capability profile of staff must be addressed in order to assist the diffusion of knowledge.
- 4 Appropriate rewards are needed for staff to engage in activities beneficial to innovation in impact, and for students to gain knowledge to exploit innovation as either entrepreneurs or intrapreneurs. Practice- and teaching-oriented faculty could hold permanent positions.
- 5 Strategic partnerships must be developed to improve collaboration and high-quality relationships with outside organisations. Specific mention was made of local enterprise partnerships (LEPs) to ensure the development and continuation of regional agendas, the sponsorship of business clubs, and the involvement of practitioners in the assessment and peer review of research agendas.

In addition to the long-recognised issues summarised above, the success of business schools in recruiting overseas students has now exposed them more to international competition. The latest available figures, for 2011/12, show that 37% of all FTE business and administrative studies students were from outside the UK, more than double the rest of the HE sector. China and India were important sources of students. In both countries, business education is developing rapidly in size and quality. Since it is clear that the great majority of students coming to the UK for business education want to return to their home countries and apply their skills in a practical way, weaknesses in the quality of teaching and the level of business engagement may come to damage British business schools' ability to maintain student numbers. For British and EU students, higher fees will focus attention on the quality and practical relevance of the education. For many UK universities, business schools are cash contributors to the university as a whole, and often provide the majority of international postgraduate students. If their business schools falter, resources available to the universities will be affected.

### Context for change

Changing the business schools will be more difficult than it may seem. There are at least three significant barriers. First, many of the issues to be addressed are rooted in academic culture and history. Current structures, reward systems and priorities have evolved in the UK academic environment, driven significantly by respect for the US system. (Different foundational and sponsorship choices have been made in other countries – notably in France, where many business schools have been traditionally sponsored by chambers of commerce rather than universities.) A notable influence has been the reliance of schools on a mix of practitioner and professional faculty, and, in the context of university sponsorship, a long-standing academic concern for a high proportion of staff to be academically qualified.

During the great expansion in the size of the business-school sector, there were far too few faculty available who were trained in business-oriented doctoral programmes; the schools imported many faculty from other academic disciplines. The ESRC 2005 demographic review shows management and business as an 'importer discipline' – with psychology, economics, anthropology and sociology as the main 'exporter' disciplines. Scholars moving into business schools tend

to have traditional academic training and values, meeting the universities' concern that staff be academically well qualified, but not necessarily bringing an orientation and experience towards business engagement or practice. Their priority is academic advancement through the general academic route of peer-reviewed academic publishing, without necessarily adopting the additional mission of a business school to engage with practice and disseminate research in ways that promote practical impact.

Second, the complexity and interconnectedness of the issues will also make change more difficult. The schools and others will have many details to sort out and much complexity to manage, but the focus on six key recommendations should be an effective guide to change – for deans, government and business. Our recommendations are interconnected, serving to reinforce each other; together, they are capable of affecting systemic change.

Finally, the success of many universities' business schools may be an obstacle to change in its own right. When there are so many other challenges, why disturb the momentum of a part of the university that succeeds on academic dimensions and makes a valuable financial contribution? The positive aspect of recent success is that, constructively viewed, it can provide momentum and a platform for the business schools to fulfil their potential on all aspects of their mission. This will require a strategic, not a year-to-year view of their institutional development and the management of their capabilities. They may need to mobilise resources for significant development. Whether they can do that will depend on collective leadership catalysing the opportunity for change, development and impact.



# TEACHING BUSINESS

#### **▼** RECOMMENDATIONS

#### 1 Design practice into courses

Schools can be more ambitious about the extent to which they integrate practice into teaching. There are well-proven course-design options to reduce disconnects between teaching and practice. Schools need to focus on pedagogy, apply established experience, and develop their institutional relationships with businesses in order to deliver this aspect of their teaching programmes. The schools will need to build some capabilities in order to deliver more ambitious levels of business engagement.

#### 2 Bring more practitioner experience into the faculty

Too few faculty members have sufficient practical experience. We need to promote both practical engagement with business among the academically trained, and academic participation among the practically experienced. Important systemic career management, measurement and reward practices will have to change for the necessary goals to be achieved. In the long term, it is critical for schools to develop business-oriented doctoral programmes and juniorfaculty development that nurtures the aspirations, knowledge and skills to engage with business.

Our first two recommendations relate primarily to how students are taught. Debates about the best way to teach business students have been a central theme of business education throughout its history. A century ago, the early US schools consciously adopted the case method from legal education. In the 1960s, when the first British business schools were founded, they paid sustained, systematic attention to the development of effective pedagogy for managers.

#### **CONTEXT**

#### Pedagogies at the founding of UK business schools

Tensions between the call to be more useful to business and the call to advance theoretical knowledge were present at the founding of UK business schools during the 1960s. The first British business schools, in London and Manchester, were driven in large part by practising managers, funded by the FME. But the founders' aspirations always went beyond vocational training. Then, as now, there were many providers of purely vocational training. The schools' founding practitioners expected that managers attending programmes within a university business school would develop critical insights on practice and how it could be improved. These insights might come from the disinterested pursuit of knowledge, but the resulting originality would be of practical benefit to business managers.

As a consequence, the early business schools adopted and developed teaching methods that reflected this theory, and they maintained specific focus on understanding how managers learn and develop. Manchester Business School, for example, maintained a research programme on how managers learn, which developed what became known as the 'Manchester method': this exposed managers and other practitioners to real business situations as well as requiring them to work with theoretical concepts. By achieving a balance of practitioner insight and contribution, managers were encouraged to produce actionable knowledge and broader insight.

None of our evidence suggested any reduction in the need for business schools to develop critical insights to improve practice. There seems a comparable demand for students to master theoretical concepts as a step to generate actionable insight. Yet our survey data from the CMI indicates that this is not the contemporary model in use at British business schools.

# Appropriate pedagogies

Interviews for this report emphasised the benefits of mixing formal instruction with work experience, and its impact on employability. The best examples of doing this help students learn by stretching them. Good work placements allow students to tackle a real company or organisational problem with which they are unfamiliar. Such opportunities can include connecting to the public sector, or social-enterprise projects or community projects.

OUR OVERALL CONCLUSION IS THAT BUSINESS SCHOOLS NEED TO FOCUS ON APPLYING EXISTING, PROVEN METHODS OF MIXING PRACTICAL EXPERIENCE AND THEORETICAL INSTRUCTION.

Students who study abroad often report similar 'stretch', although this is more about learning to live and study in a different culture, away from what they know. This international dimension gives them an insight into aspects of cross-cultural

management and the beginnings of an understanding of global business. Although some argue that the year abroad does not develop what some academics would define as 'soft skills', it does develop what might be referred to as professional skills, and flexibility and adaptability.

Many universities seek to develop entrepreneurship in their students. There may be elective modules open to any student across the university, or there may be interconnected modules with pre- or co-requisite requirements. Students can have the opportunity for several months' placement in a business incubator. Such 'entrepreneurial space' enables students to develop their ideas and dreams in more detail, and even create an operating business. Students comment on how much further they had developed than they themselves thought they would.

These kinds of experiences develop students' confidence and enrich their learning. They bring business and management studies closer to the 'lived experience of business' and the learning that occurs through doing. Adding this to academic programmes reportedly creates a differential of at least 5% in terms of student attainment, but one of as much as 25% when work experience is included.

Most of what we identify has already had enough success to become a normal part of a school's repertoire. Our overall conclusion is that business schools need to focus on applying existing, proven methods of mixing practical experience and theoretical instruction. What constrains wider development appears to be the level of commitment of institutions to create good-quality links with companies to make this happen, and the current incentives that seem to dull business schools' inclination to adopt these approaches.

#### **Placements**

Placements offer work experience for periods ranging from a few weeks to a full year, in conjunction with academic courses, but are less closely integrated than experiential learning. They appear to be extremely beneficial to both students and the businesses that host them. They are particularly effective in developing so-called 'soft skills', such as networking, awareness of different career opportunities and personal time management. They help students build their portfolio of experience, and they help organisations create some initial links with the business school.

External funding for placements by businesses cements the commitment of both parties. We found a number of examples where external funding through banks or alumni funds greatly helped the institution to scale its provision so that more students could take advantage of placement opportunities.

#### CASE STUDY

#### Relationship-based pedagogy, School of Management, University of St Andrews

At the postgraduate and executive levels, business education is structured similarly throughout the UK, but at the undergraduate level, Scottish degrees are four-year courses. This allows students to broaden their education by taking modules in science, social science and humanities during their first two years and, for many, the opportunity for a semester's or year's study abroad. Consequently, in their fourth year, the management students have a range of knowledge and cultural experiences. The next stage in development includes an approach similar to the 'Manchester method', benefiting both students and organisations.

The school has developed long-term research relationships with organisations with which there is a good fit, not only in areas of interest but also in values. Some become deeply involved in the education and development of students. One result is the use of live case studies, designed to bring students face to face with the 'messy reality' of organisational situations. Senior managers spend time in the classroom with students and academics, giving a picture of the company then leaving them with an issue that the organisation is currently facing. The students work on that issue, using theory, other cases and academic support. In the Scenario Thinking module, this produces an interim report on which the managers give feedback. In the Creative Industries module, there are visits to the organisation to learn more and test out ideas. At the end, the students produce reports, and present them to the organisations, and they are evaluated on their insights into both practice and theory, which intertwine and are regarded as dynamic. The central question is: how does understanding in one area support innovation in the other?

This process relies on relationships built over time between academics and managers: mutual trust, willingness to engage, generosity of time and a valuing of the other group. It is not easy, but the results can be very effective. Feedback from both sides is consistently highly enthusiastic. For example, students say:

'Working with a real company was fantastic.'

"... taught me to work better in a group."

'It gave me analytical skills I could use in the future.'

'It gave me tools to think outside the box.'

And organisational partners say:

Working with the Management School at St Andrews has provided a very rich set of opportunities for DCA to test out our ideas around who we are, what we do and why we do it. It has enabled us to explore the context of running a cultural business from both a practical and conceptual viewpoint, accessing knowledge, insight and expertise in a mutually supportive and progressive way.'

Clive Gillman, Director of Dundee Contemporary Arts (DCA)

The relationship the Royal Scottish National Orchestra enjoys with the School of Management at St Andrews is one of reciprocity. I personally benefit from working with the students from the Creative Industries module, who are encouraged to contest and provoke established ideas. Accessing academic networks, through the University of St Andrews, has also evolved my own working practices and enabled me to challenge my own views and opinions.' Jane Donald, Marketing and Communications Director, Royal Scottish National Orchestra

#### CASE STUDY

'Agency Life' Internships BA Programmes, Faculty of Business and Law, Manchester Metropolitan University, by David Edmundson-Bird, Principal Lecturer, Department of Marketing, Operations and Digital Business

Manchester Metropolitan University Business School introduced an 'Agency Life' Internship pilot module into marketing, advertising and public-relations degree programmes in 2012/13. 270 second-year students were placed in 50 communications agencies (mainly SMEs) and agency client firms for one day per week for the academic year.

This innovative module was designed to provide students with work experience without the need for an extracurricular internship, as 'Agency Life' was a 30-credit academic module. For SMEs, it provided a channel for knowledge exchange and connection with the business school, and access to work-experience students without having to offer remuneration. This meant that students from a wider range of backgrounds could benefit from the opportunity, and accessed smaller companies who are normally unable to offer paid part-time work experience.

Overall results are successful, although there will be changes to reflect the experience of the pilot year. SMEs expressed delight in meeting young people to whom they would not have previously have had access. One chief executive officer (CEO) commented: 'I enjoyed my experience with the students and I always encourage them ... the students are "helping themselves" towards the finishing line."

Another CEO wrote: 'The student we hosted was great. Took about ten pages of notes, tweeted what she was learning, asked great questions – the women next to her asked me how long she had worked for me, and couldn't believe she was only 19! Many of the small agencies eventually took on students for paid part-time roles, and many students spoke of how the 'Agency Life' experience had reaffirmed their career choice or pointed to a new direction they wanted to pursue. The initiative strengthened links to SMEs and has stimulated further knowledge exchange with the business school.

The two academic members of staff who designed and managed 'Agency Life' capitalised on their personal relationships with local SMEs and were given total freedom to build this module with the support of the head of department.

Our research highlighted the value of even relatively short placements. One case study (from the University of Nottingham) illustrates how, within a single module, large numbers of students can connect to companies and make links between theory and practice. The focus of the module is creativity, and the number of students involved tops 300. The students start with the full class working together, then break into facilitated small groups, and conclude by being mentored by local practitioners on an individual basis. These short placements with a specific focus illustrate how close connection with teams of mentors allows the scalability of this activity to very large numbers. It is important that even short placements are valuable, because these are more likely to be available with SMEs.

Research dissertations and projects

Research projects and dissertations can be effective in connecting students with companies. When designed as the capstone to a taught programme, theory is linked to practice. Traditionally, student projects and dissertations are seen as ways of instilling in students the importance of interdisciplinary working, as they apply the totality of

THE RESEARCH IS CLEAR: WE KNOW THAT MANAGERS LEARN A GREAT DEAL FROM DAY-TO-DAY EVENTS AND ACTIVITIES, WHERE THEY ARE ABLE TO LEARN 'NATURALLY'. THIS KIND OF EXPERIENTIAL LEARNING CAN BE ACCELERATED AND EXTENDED BY STRUCTURING THEIR EXPERIENCES.

their learning to specific problems or opportunities. For companies, hosting students undertaking dissertations and projects is an easy way to engage with business schools, to see how students contribute to solving commercial problems, and to test potential recruits.

# Focus on learning

**Experiential learning:** the research is clear: we know that managers learn a great deal from day-to-day events and activities, where they are able to learn 'naturally'. This kind of experiential learning can be accelerated and extended by structuring their experiences, where possible creating some stretch through challenge, and through stimulating them to reflect on their practice, within the activity or in their assignment work. The Nottingham Business School (at Nottingham Trent University - NTU) and Nottingham University Business School case studies (see boxes) show this process working successfully, in an environment that permits mistakes and offers support. Some of the managerial competencies and skills are very difficult to develop other than through practice, but skilled design can make practice a faster learning context.

ACTION LEARNING TYPICALLY **INVOLVES MANAGERS** WORKING TOGETHER TO SOLVE A REAL AND OFTEN APPARENTLY INTRACTABLE BUSINESS PROBLEM.

For business schools to operationalise this, they need access to work placements, and good business relationships were a feature of the schools in these case studies. Additionally, the company-school relationship underpins the structures essential to monitor and manage the placements for maximum benefit. This support includes tutor visits, business mentors, assessment that encourages reflection, and, increasingly, online virtual-learning environments in which students share and reflect on experiences. Placements are difficult in one-year master's degree programmes, but more easily accommodated in longer programmes.



#### CASE STUDY

### In-company BA Business Management, Nottingham Business School, Nottingham Trent University (NTU)

NTU's Nottingham Business School has developed a three-year course with leading businesses in the region, including Rolls-Royce, Tesco, Macdonald's, Barclays, Toyota, Boots, Procter & Gamble and Experian. Noting that most business schools now offer a year's work experience for undergraduates, NTU recognised that a two-year placement would be unique. The first year of the programme is conventional full-time study at the university. In the second and third years, students move into a company. The placement is supported by intensive modules of study. Assessment includes work completed during the placement.

The demanding programme targets students who are motivated and have already decided on a career in business. Its advantages include the fact that the placement company covers the student's second- and third-year tuition fees and provides a bursary that covers living expenses.

The whole tenor of the programme is action-oriented. Students are given a challenge from the outset, for example setting up and running their own businesses. Real money changes hands, and students declare that they have experienced real responsibility. Within the placement company, the opportunities presented are across all functions, with experience in marketing, human resources and finance all being possible. On exiting the programme, students feel themselves to be ahead of their contemporaries, and 100% secure employment or enrol for further study. The students have most fees paid and less student debt, and the opportunity to fast-track their early career. The programme illustrates mutual benefits for companies, students and business schools.

Action learning typically involves managers working together to solve a real and often apparently intractable business problem. Peer interaction provides the challenge to existing mind-sets and beliefs; success in practice solidifies commitment. The academic's role becomes one of facilitation, and of injecting knowledge into the process in a problemand user-centred manner. The idea is both to change the behaviour of the manager, and to educate them to see change as integral to learning. The approach is particularly useful for individuals without prior academic training who learn more readily from peers than from conventional training or education.

# **CASE STUDY**

### Module on entrepreneurship and business, Nottingham University Business School, by Martin Binks, Dean, and Professor of Entrepreneurial Development

Nottingham University Business School runs a module on entrepreneurship and business. Its focus is primarily on insights into how radical innovation takes place. The module is designed to encourage students to think in ways that will raise the probability that radical solutions to problems will emerge. Recognising that a great deal of knowledge is tacit rather than explicit, and that students need to know how knowledge is gained, the module helps students experience how knowledge is created and translated socially, so they can apply creativity and judgement more effectively.

The learning process is applied to very large numbers of students, 700 to 850 across the university. This includes all the business school's undergraduates, and students from engineering and other faculties. Students are initially split into teams of about 100 before self-selecting into groups of five. Students are given formal tuition in large groups before being mentored through the module (covering ingenuity and creativity, and introducing them to convergent and diverging thinking). They then apply this to problems.

Early on, students are mentored by academics, but later the mentorship role transfers to local business-people, coordinated by a single champion. The large scale of the initiative requires the university to develop long-term relationships with many organisations with which it can engage to provide students with practical problems on a regular basis. The approach has had considerable transferability. It is being used with executive managers, with in-company programmes such as for Boots and the NHS, and with SMEs.

Not only is the programme effective from a teaching and learning point of view, but vast numbers of ideas are generated across all the University of Nottingham's courses. Many turn out to be mundane, but some are considered to be truly inspirational.

This approach is very relevant to ensuring a more effective impact on SMEs. Making it work depends on academics' ability to quickly identify with the interests and characters of managers, and to demonstrate understanding of their operational context. With that, results can be delivered even in the very short timeframes that SME managers often require. Good results and effective action stimulate SME managers to raise their aspirations and connect with appropriate networks and, in time, build their confidence in the broader variety of benefits that a business school can offer

**OUTSIDE BUSINESS** PARTICIPATION IS MOST EFFECTIVE WHEN IT IS PLANNED IN TO PROGRAMME DESIGN.

One example of action learning is the University of Leeds' Postgraduate Certificate in Professional Innovation Management (see box). Innovative curriculum design and teaching are directed at developing management skills in early-career scientists and engineers. There is particular focus on developing knowledge of innovation and commercialisation by combining practice and reflection. The following section gives more examples, and there are others in the report of the Business School/MSB Task Force.

#### CASE STUDY

#### Postgraduate Certificate in Professional Innovation Management, University of Leeds

The focus of this programme is on early-career academic scientists and engineers. Its aim is to develop their business skills and awareness as they work on their first innovation projects. The programme is directly linked to the university's innovation and knowledge centre, funded by the Engineering and Physical Sciences Research Council (EPSRC), Biotechnology and Biological Sciences Research Council (BBSRC) and Technology Strategy Board (TSB). Having commenced in 2012, it is now recruiting a second cohort of students.

The programme is based on action-learning principles, and focuses on the participants' work. Live projects provide the material for students to work on issues and problems as they develop. The programme helps participants to critically reflect on their actions, and to acquire skills and knowledge relevant to the commercialisation of innovation; this includes the university's own practices in relation to intellectual property and knowledge transfer. The programme covers both spin-outs and collaboration across sectors, and with other research groups as commercialisation progresses. The format offers participants seminars on topics of current relevance to their projects, and although there is no pre-set curriculum, knowledge is fed into the sessions as needed. As a consequence, the programme is both action- and learner-centred. In true action-learning tradition, groups of participants, each with its own innovation to consider, work on each other's projects, offering advice and listening to the progress being made as the programme progresses. The action-learning sets that follow the seminars allow students to review the progress made on their projects.

The course leader has considerable experience in innovation within industry and is therefore credible to the students in a way that a business-school academic might not be.

Nearly all of those participating have fixed-term academic contracts, and many are considering moving into the private sector. They value the formal qualification offered, because they believe it will benefit their university or industry job applications. Assessment is based on a 7,000-word submission that describes innovative practices they have introduced within their research laboratory or group/centre.

The programme requires students to spend time away from their day-to-day work and to experiment within their laboratories or workplaces. It therefore needs support from students' managers. For students with a hitherto narrowly scientific education, the experience of working in teams and learning that there is no one correct answer in social sciences has been extremely valuable. Student feedback also emphasises the benefits of critical reflection. It took time for students to become familiar with the process, but they learnt to step back, reflect and analyse a range of organisational situations and ways of improving the work environment. It was of great benefit that the programme directly linked to their current work.

Social influence and context: observation of credible and knowledgeable individuals can stimulate individual development; academics call this the 'social approach to learning'. Outside speakers who bring up-to-date knowledge and relevant professional information help students be more purposeful and employable. Many examples included inviting impressive entrepreneurs or local business managers into the classroom, to inspire students and offer themselves as role models. A typical curriculum using this pedagogy connects students to networks and promotes the development and testing of ideas through informal discussion, coaching, shadowing and sharing experience. Outside business participation is most effective when it is planned in to programme design.

#### Learning technologies

Traditional teaching will remain important in transferring knowledge and information to students. However, the growth of the market for business and management subjects has seen class sizes rise, and a growth in interest in how knowledge and information might be successfully and appropriately transferred to students. We found examples of business schools using technology to aid the teaching of larger numbers. One example involved the loading of material onto laptop computers; this was then used both within the classroom environment and as preparatory reading for discussion during class time. Another example that we identified related to the assessment of students' learning; this involved the use of 'clickers' that enabled teachers of large groups to verify the comprehension of students – participants answer multiplechoice questions, and the instantaneously displayed results validate the aggregate level of understanding.

One way of coping with larger numbers for aspects of the curriculum has been blended learning, while other providers have been able to scale their operation geographically through the use of distance and online learning.

Online learning: there is a lot of interest in online learning and its benefits, such as flexibility in student location and the ability to record and monitor student participation and interactions, which can be used for assessment. However, to our surprise, it was not easy to identify good examples of online learning being employed to scale up classroom activity or to provide new kinds of learning platforms.

The Open University (OU) is a distinctive asset in UK higher education, with a history of providing genuinely open education through distance and blended approaches (see box). With 5,400 business and management students, it is one of the largest UK business schools. Other institutions also use distance learning to deliver programmes and obtain global reach not possible by conventional means. Some institutions have scaled up by partnering with private-sector providers with expertise in both technology and methods of delivery. One of these is the University of Liverpool Management School, which has partnered with Laureate (see box); another (from the US) is Michigan State University, which has partnered with a commercial provider. The University of Liverpool's relationship with Laureate focuses mainly on postgraduate programmes, while Michigan State University targets its online provision mainly at executives and middle managers.

Other private-sector providers and professional bodies inside and outside the UK are developing new services that are interesting in terms of their integration with business. Responding to the rising challenge from in-company accreditation and company universities is seen as important. Many companies already source their expertise from universities. The scope of provision through such means can be very broad, including management development and training (from technical-skills training through to degrees), and partnerships with private e-learning suppliers to package programmes that can be sold worldwide. Harvard Business School told us that it had plans to develop technology-facilitated courses to provide introductory business education for new graduate recruits to large businesses (see box). It is developing specialist capability and a network of suppliers who can provide the technical capabilities.

Initiatives like these tap the expertise of senior faculty to design courses, and then use technology to open new markets internationally, often serving managers who would be unable to attend a full-time or on-campus programme. Such programmes do require additional capabilities beyond those available from existing faculty – as well as the ability to scale up activity, often enabled by using adjunct and retired staff, those on parental or other leave, and other university faculty. But it is notable that the technical expertise needed for high-quality provision thus far has come from third-party for-profit suppliers, and is mostly developed in North America.



# CASE STUDY

### The Open University (OU)

The OU has a mission to be open to learning, ideas and people. Modules are arranged in different ways, with some being more traditional text-book-based courses and online assignments, and others more focused on practice. Because OU students are often new to higher education, they are given contact with extra support staff and extensive resources (face to face and online) to help guide them into academic work. On early programme modules, this is also embedded within their core curriculum during the induction period and their first six to eight weeks.

### **Senior management**

Innovations in teaching are encouraged and celebrated by the Vice Chancellor (VC) and Dean at the OU, and a new centre for innovations in teaching and learning has been established. Management is highly supportive and encouraging of innovation at the Faculty of Business and Law. VC Martin Bean took office in 2009. He was previously the general manager for Microsoft's Worldwide Education Products Group, and had a long-standing career in e-learning. The VC recently told all staff that they should see themselves as facilitators, or 'the guide on the side'. They should be available to help students work through materials. All the staff we spoke to saw this pedagogical approach as crucial.

Additionally, associate lecturers (sometimes referred to as 'tutors') have mainly practitioner backgrounds. Although they do typically have an MBA, they do not necessarily come from traditional academic backgrounds (e.g. via a PhD). These backgrounds, the OU believes, help students to relate to their tutor, and provide lived examples of how materials that students are working on can be applied in practice. As a consequence, many tutors can bring in real-life aspects and help the students with their sense-making and (on some modules) with implementation in their daily work lives.

#### Online and blended course delivery

Students work with materials, upload assignments, carry out asynchronous group work over the internet, and (on some modules) take assignments in person at regional centres. Materials include videos, audio podcasts, articles and library resources, interactive graphs and books. On some modules, students are able to attend short residential courses that supplement their online work. The OU has no fixed campus, but does provide opportunities for face-to-face study, with online alternatives for those who cannot attend. Discussions online are not assessed weekly, but may form one part of the module assessment, when a discussion will be organised around a given theme, and posts and responses will be graded.

In face-to-face settings, around 70 students meet for four days to work on a real-life company case study, for example focusing on a specific 'live' case. They undertake different types of analysis in groups, and then present to the class. In the online setting, electronic tools (such as wikis, fora, and conferencing systems) facilitate the process. Some of this involves synchronous sessions and independent work. Tutors report that students often gain more from the online version because they have more time to think, discuss and reflect on the activities. It also allows a truly global set of students to discuss the case together, and learn from their different cultures and experiences.

#### Spotlight: practice-based modules for undergraduates

Mike Philips runs a core module of 600 students on the BA Business Studies programme, a uniquely practice-centric module. Students look at their own work, whether in paid employment or of another type. The module encourages students to think about what work is and what parts of it they wish to improve. They then build a 'learning contract' or plan of their development around two particular topics - for example, time management or team building. Assignments are designed to be personal and based on their chosen reflective framework. The intent is to be directly implementable in their working lives and to create reflective thinking.



#### CASE STUDY

#### Online learning, University of Liverpool

The University of Liverpool was an early adopter of online learning programmes. They have been established for 11 years, and Liverpool has nearly 2,000 students on the Master of Business Administration (MBA). The postgraduate courses range from master's degree programmes to Doctor of Business Administration (DBA). The programmes are able to focus on small groups and foster discussion among students, but are conducted entirely online. On campus, class sizes are getting larger, but online, classes can remain small; about 16 is the maximum. These small groups are taught with an emphasis on critical thinking, and this is seen as a meta-skill that needs to be developed by managers as part of the programme.

Many academics might feel uncomfortable with technology. But what appears to be important, according to Lisa Anderson, the programme director, is a belief in pedagogy, and enhancing students' experiences, rather than being particularly 'techie'. Instructors are there to help students, participating in discussions, providing feedback on their assignments, and supporting them to engage with the theory they are learning and to apply it to real-life contexts.

#### Small-group teaching

Instructors upload assignments every week, from traditional essays to shorter pieces of work, and use them to spark conversation. Students are assessed on participation. The university has focused on providing quality materials for the programmes, as well as questions to promote discussion. Instructors are trained to foster this discussion and co-learning. The average age of an MBA student is 38/39, older than a typical MBA candidate. The course can be highly flexible, so it attracts individuals with high work and family commitments, because they can dip in and out of their course. While undergraduates might need a high level of pastoral care and face-to-face interaction, these individuals do not, and the drop-out rate is low, although they can take up to six years to finish the course.

#### **Outside providers**

The online learning component at Liverpool is run by Laureate Online Education. The university uses monitors and its own staff to constantly check the standards of every module, and to ensure compliance with university regulations. It believes that outside providers are necessary to provide the staff - from international instructors, through to call centres staffed with student-support managers.

### **Spotlight: DBA**

According to Lisa Anderson, the online DBA at Liverpool is thriving, with a current enrolment of 400 students. On an online programme, staff can be brought in from all around the world, which makes it easier to offer. For students, this programme offers the opportunity to combine high levels of academic work with close attention to their ongoing professional practice and development.

One emerging phenomenon that makes use of a range of new-media communication is the massive open online course (MOOC). These programmes or 'events' are open access. They deliver over the internet and use social media to produce a rich virtual-learning environment for a group of people interested in a topic. Some argue that MOOCs may develop more like a social event, enabling people to come together to talk about an issue in a structured way. MOOCs enable individuals to access information, promoting wide participation and lifelong learning. Courses are not usually accredited, although there may be subsequent opportunities for qualifications. They can provide pre-learning that is followed by more formal campus-based involvement and then continuous professional development. In this context, the role of MOOCs can be to initiate and sustain rounded and long-lasting commitment to professional education. They may turn out to have profound implications in unbundling degree education and creating new avenues to develop and recruit talent.

MOOCs began in North America. Although UK universities appear to be cautious about them, some have joined with the OU's Futurelearn to develop a number of MOOCs. In 2012, Futurelearn (see box) was established as a separate entity by the OU. It appears already to be catalysing collaboration from a range of UK universities.



# CASE STUDY

#### **Futurelearn**

Futurelearn is a semi-arm's-length company established by the OU. Set up in December 2013 (http://futurelearn.com/ feature/futurelearn-launches/), Futurelearn provides free online courses from universities. Collaborations include those with the Universities of Bath, Leicester, Nottingham, Queen's Belfast and Reading. The British Library has also signed an agreement to develop online courses with its resources.

The CEO of Futurelearn is Simon Nelson, who previously worked for the BBC. Futurelearn is distinct from the OU's business school, and has partners in other universities. It is an innovative approach to learning materials that is both collaborative and open, very much in line with the OU's values.

One way in which MOOCs might develop is in the context of continuing professional development (CPD). For example, they could provide initial knowledge that would be a prerequisite for attendance at the second stage of an on-campus CPD course. The final stage would be to use MOOCs to continually update and engage individuals in the area. This would facilitate knowledge transfer and translation between academia and industry.



#### CASE STUDY

#### **Harvard Business School (HBS)**

HBS is trying to build on its participant-centred learning philosophy and take it online. HBS has 20 full-time staff dedicated to online learning, and it plans to increase this number to 40. HBS works with nine third-party operators and is spending \$10m in 2013 on the project. The idea is to get its 200 faculty members to feed this group of staff the content and ideas, which the staff members then realise online. In practice, about 30 faculty members are committed to trying to deliver learning in a new way. Three serve as the steering committee, figuring out how this will work for different markets.

One priority market is the top 500 companies globally, who will hire the top several thousand college graduates. The idea is that HBS Online will deliver the basics of finance, marketing etc. for these new graduates. Another market is in alumni lifelong learning, and a third is having an entrepreneurship portal, where learners pick modules according to need.

#### Executive education

Executive education is one of the direct and effective ways for business schools to connect their knowledge and educational capability to businesses. Some schools are doing so effectively, with interesting programmes designed around the specific needs of companies, often integrated with structured in-career development projects. There are many good

examples of programmes targeted at specific needs that cut across companies, for example the University of Leeds' Manufacturing Leadership programme, and the new programme initiated by UK Trade & Investment (UKTI) to support exporting by medium-sized companies (see boxes).



#### CASE STUDY

#### MSc in Manufacturing Leadership, University of Leeds, by Krsto Pandza, Professor

This programme operated between 2008 and 2013, with an annual intake of 15 to 20. Designed for leaders in technology- and manufacturing-based businesses, and experienced managers who were potential leaders, the programme sought to meet their needs in the face of fast technological change, pressures from global markets, and new needs for sustainable development. The programme combined postgraduate work and leadership development by integrating studies with organisational needs and career development plans. Its overall aim was to equip participants with the knowledge and skills to create forward-looking, innovative and dynamic manufacturing organisations. The uniqueness of the programme was the combination of cutting-edge theory in business and engineering with practical application in the context of personal and organisational development. There was strong academic input, supported by practitioners from leading technology and manufacturing companies, and creative teaching approaches that foster cooperative and experiential learning. The curriculum was based on the integration of four basic elements:

- · conceptual foundations informed by the interface of business and technology
- · critical reflection on the links between theory and practice
- an interdisciplinary mix of core and specialised modules
- · a learning environment designed to promote active participation in the learning process, with a strong emphasis on group and syndicate work.

This programme illustrated innovation in course design through a partnership between two faculties: management and business, and engineering. It was also an example of a programme that addressed the regional agenda of manufacturing. Collaboration – which included co-funding from two outside organisations, the regional Manufacturing Advisory Service and Yorkshire Forward, the Regional Development Agency (RDA) - ensured that the programme met regional needs and agendas, and utilised existing expertise by connecting with companies likely to benefit.

The programme was originally designed as an MBA, but a traditional programme turned out to be a poor fit for the needs of this particular kind of manager. MBA education tends to focus on generic business topics, free of any particular technology context and it was felt that many topics relevant to manufacturing organisations would as a consequence be ignored. In addition, MBAs tend to be predicated on the belief that an engineering education coupled with an MBA education will lead to synergies - whereas, in reality, many advances in technology development are often ignored in the latter. On the other hand, engineering graduates are trained as specialists, and often fail to develop an understanding of the role of technology and engineering competency in shaping strategic development. This MSc programme aimed to offer a unique balance between conceptual knowledge, practical tools and learning through action, focused on contemporary topics relevant to manufacturing and service engineering. The programme operated with a hybrid faculty, combining business-school experts in strategy, innovation, financial management and research methods with engineering experts in design, technology and materials.



### CASE STUDY

# Lean Enterprise Research Centre, Cardiff Business School, by Fiona Davies, Associate Dean, and Sarah Lethbridge, Lean Services Manager

The Lean Enterprise Research Centre at Cardiff Business School is a centre of excellence in lean management. It offers an MSc in Lean Operations and works directly with organisations. For example, an MSc alumnus at Nestlé requested the school to develop a lean learning programme for Nestlé leaders based all over the world. Together with lean specialists from Nestlé, Cardiff Business School academics designed a two-week programme to transfer understanding of how to be a sustainable lean enterprise, through case studies and analysing the elements of a lean implementation. Following a successful pilot, the programme was delivered several times to lean-management leaders in Nestle's European, Asian and American markets. Cardiff also supported Nestle in developing its internal capability to deliver the programme in the future.



#### CASE STUDY

#### **Exporting by medium-sized companies**

In a programme currently recruiting participants, UKTI (using BIS funding) will tap into expertise from six UK business schools to deliver a programme on exporting for medium-sized companies. Over three years, 1,800 companies will participate in a development process and create clear plans for growing their exports. The programme design includes student placements for each of the business schools, and opportunities for the involvement in a knowledge transfer partnership (KTP).

An important issue that many commented on during our discussions was the lack of faculty skills to deliver attractive and effective teaching to experienced executives. One large British company we spoke to had tried to establish an education programme for its executives with the business school of a university with which it had a long-standing and extensive relationship. It had found it very hard to find staff there who were adept, or even interested in participating. It had, in the end, staffed the programme with academics from many different institutions rather than developing its institutional relationship with the school. We believe this illustrates a general skills problem. One result has been the widespread use of associates and non-research staff to deliver executive programmes, which has the reciprocal effect of isolating the research faculty from an important source of engagement and feedback with managers.



### **CASE STUDY**

#### Advanced Management Programme, Ashridge Business School

Ashridge Business School's Advanced Management Programme was redesigned in 2011 to become modular in design so that participants can schedule their learning around their professional commitments, and select the modules in areas where they need most development. They also choose the length of learning, from 16 to 25 days with up to two years to complete. This allows time to keep on top of their jobs, embed the learning back in their work, and keep building on the changes they are making following each module. Participant feedback on the impact has been good.

Teaching executives demands an understanding of context, and skill in leading interactive discussions of theory and practice, at a different level from the demands of teaching in degree courses, and using a different style. Executives are not tolerant of a purely academic perspective or a didactic style. We believe that more can be done to develop the necessary skills in business-school academics. There is a role for teaching, tutoring and structured experience-building for selected junior academics to increase the proportion with these skills. Such training might be provided by business schools that have a concentration of staff capable in his area, or perhaps be sponsored or promoted by the ABS itself.



# CASE STUDY

# Foundation Degree in Retail, Manchester Metropolitan Business School, by Mary Meldrum, **Associate Dean, Enterprise**

Manchester Metropolitan University has an excellent track record of working with companies in many different ways to help them innovate and boost business growth. There is a significant focus on supporting companies through work-based learning programmes. The Foundation Degree in Retail supports store managers from a range of organisations including Tesco, Halfords, Post Office Retail, Asda George, Southern Co-op and Booths in a course that combines academic input with putting it into practice on the shop-floor. McDonald's is a partner in a Foundation Degree in Managing Business Operations and has identified improvement in performance in the branches run by participating managers.

A related capability is for the schools to create and manage in-company programmes for large companies. A number of schools, such as NTU's, have had excellent results from such programmes in terms of integrating work and learning. This will not be appropriate for all schools or companies, but it will be an attractive way for some companies to engage with business schools. Design and delivery of these programmes is an important academic skill, but their management also requires school capabilities in managing institutional relationships. Often, such programmes are or will become components in a multidimensional relationship between company, school and (perhaps) the parent university. The potential for such relationships to foster the creation and development of applied technology is obvious.

There may be opportunities for public-sector service-delivery organisations to benefit from these relationships. There are some differences in orientation and purpose compared to private-sector organisations, but there is a great overlap in terms of servicedelivery challenges. Some business schools will have the opportunity to develop institutional relationships with these organisations. In an ideal world, the government's desire to develop greater engagement by business schools would be reflected in a commitment by government agencies to develop links with one or more appropriate business schools, probably anchored in executive education but possibly extending more broadly. This area might be facilitated by the development of a locally integrated approach to government coordination and spending, as proposed by Lord Heseltine. One can envisage a 'cluster' of activities, in which government departments, business schools and private companies share in developing regional capabilities. This is some way from the current reality, but it might be a direction in which government policy develops.



#### CASE STUDY

### Aspiring Top Leaders Programme, Bristol Business School, University of the West of England, by Carol Jarvis, Associate Professor

Co-created by Bristol Business School and North Bristol NHS Trust, the Aspiring Top Leaders Programme draws its participants from high-potential senior managers in health and social care across the South West region. It includes 12 contact days (in two- and three-day blocks) over ten to 12 months, and a final closing event to showcase and disseminate participants' leadership learning. Now in its third run, each cohort includes some 24 participants from diverse healthcare backgrounds.

Making innovation happen is a key challenge for any organisation, and it is a core priority for the health and social care sector. The programme introduces tools and technologies, such as open innovation workshops, but the real innovation lies in how it works from participants' experience to theory; while Kurt Lewin suggested that 'there's nothing so practical as a good theory', we work from the premise that there's nothing so theoretical as good practice.

Through valuing participants' experience in this way, and though the use of innovation diaries and reflective logs, the programme encourages reflective practice to foster personal and organisational change. One participant noted, six months after the programme: 'I am still absolutely thrilled and spent some time going through my diary from Aspiring Top Leaders, which really, really helped at my interview ... I was able to demonstrate change in practice that has benefited myself and my team, but also resilience, which is a big issue in these roles.'

### Focus on educating SME managers

Although many business schools have engaged with SMEs, the character, lack of funds, concern in relation to expectations and shortage of time of this group of managers suggest that interaction with them needs to be managed in a different way. The Business School/MSB Task Force report highlights many of these problems and opportunities. From the SMEs' perspective, the report highlighted the difficulties that businesses had in knowing exactly what the universities could offer and, when they did, how to approach a school. The lack of tailored programmes, the costs and the perception of bureaucracy all appeared to deter engagement. From the business schools' perspective, the report highlighted difficulties in contacting SMEs, the low level of graduate employment, and a perception that SMEs are less able to accept undergraduate and postgraduate placements. In addition, current business-school reward and promotion criteria often give insufficient recognition to corporate engagement and executive education. This is compounded by a view that businesses with 'bigger names' are more likely to support long-term relationships.

Notwithstanding all this, the Business School/MSB Task Force identified many examples of business schools collaborating in joint programmes to build capacity, and highlighted examples of good practice. One example was the Northern

Leadership Academy (NLA), a partnership of 22 northern higher and further education providers and other partners to engage in developing leadership skills (see box). Although currently less active than when it was supported by the three northern RDAs, this organisation is attempting to reconnect to LEPs. If funding becomes available, the network of providers has the ability to continue development based on established good practice. The illustration of the NLA in the Business School/MSB Task Force report shows how it operated and the lessons learnt. A key point is that connections with SMEs need to be established locally. Rather than each institution replicating the skills required for creating teaching materials and delivering content, collaboration can be advantageous. It particularly helps smaller providers, who benefit from centralised promotion, and development of delivery capability.

The report highlights a number of successes where business schools had successfully attracted SMEs, some sector-focused. The report indicates that some of the more successful attempts resulted from working with an intermediary, for example a private-sector organisation or professional body. The Goldman Sachs 10,000 Small Businesses programme is an example of this (see box). Coordinated by the Saïd Business School, University of Oxford, and originally piloted in Yorkshire with the collaboration of Leeds University Business School and Leeds Ahead, the programme has subsequently been rolled out nationally and involves delivery by Manchester Metropolitan University Business School, Aston Business School and University College London. The scale of this programme is modest and it is delivered on a full-funded basis, with no financial contribution by the SMEs.

In contrast, Lancaster University's Leadership and Development (LEAD) programme, which started in 2004, draws heavily on previous SME-leadership-engagement initiatives within the institution. This programme is an intensive and demanding ten-month programme, to which many participants make sizeable cash contributions. The programme has also extended geographically, and is now run on a fully commercial basis in North West England, South West England and London. LEAD alumni number over 1,600 and, although the model does not rely on public-sector support, this would increase the rate of delivery of what is now a well-proven model (see box).

#### CASE STUDY

#### **LEAD programme, Lancaster University Management School**

The Lancaster LEAD programme is a leadership development programme for SME owner-managers. This ten-month programme recruits highly motivated participants onto a transformational process that leads to direct strategic, management and employment benefits for their businesses.

The programme, situated in Lancaster University Management School's Institute for Entrepreneurship and Enterprise Development, has been developed and critically evaluated over a decade. It has grown from provision within one English region to a model increasingly and widely promoted by other providers nationally, demonstrating the transferability of the integrated learning model it deploys. Further development and roll-out are forecast for the next decade, feeding into the teaching and research of the founding department, while making a substantial contribution to the leadership skills of SMEs.

LEAD contributes to unleashing growth potential in a vital part of the UK economy. There are already over 1,600 alumni of the programme, who have improved their confidence in their role as leaders, particularly their ability to deliver their strategic vision. They have developed a more strategic approach to their businesses, and improved their people-management skills. Survey data show a wide range of positive business outcomes for participants which, when extrapolated across the entire body of LEAD alumni, indicate that the programme has contributed to employment growth of up to 2,200 people annually across participating SMEs. Further planned expansion of the delivery of LEAD will increase that impact.

Aside from the local and regional delivery of the programme, Lancaster University has been proactive in enabling its roll-out nationally. The RDA-funded roll-out in 2009-2011 in the North West region saw it lead a network of 13 regional providers, comprising universities, colleges and commercial consultancies that were prepared to adopt its methodology. That process involved the development of a comprehensive programme manual for training the providers and codification of informal knowledge. Worth a total of £12m (RDA funds of £9.5m and SME contributions of £2.5m), this roll-out saw 1,250 owner-managers participate. At the same time, the Welsh Assembly Government released £8m for national delivery of the programme, involving a Welsh university and a delivery partner trained in the lessons learnt associated with its delivery. Further development of a national footprint is under way, with a London launch planned for autumn 2013, and an approved provider partner to cover the South West of England

In respect to connecting with SMEs, the Business School/MSB Task Force's report calls for ways of identifying businesses within particular sectors and regions, possibly through the work of intermediaries who 'speak the language' of SMEs (e.g. chambers of commerce). It suggests taster events, lectures and masterclasses, to which business managers would be invited – to benefit from networking as well as presentations. As with larger firms, there are opportunities for students to engage in student projects or placements, and mechanisms through which business managers can contribute to programmes in exactly the same way as larger firms. Within all these ideas, there needs to be the scope for activities that improve the abilities of SMEs themselves to engage with business schools.

#### CASE STUDY

#### Northern Leadership Academy (NLA)

The NLA is a collaboration between Lancaster University Management School, Leeds University Business School and the University of Liverpool Management School. It was originally supported as 'The Northern Way' project, funded by the three RDAs (North West Development Agency – NWDA, One North East and Yorkshire Forward). Together, the partners aimed to promote leadership across the North of England, in order to close the productivity gap between North and South.

By educating and developing leaders to operate more successfully within their own organisations, the project team hoped to promote a new culture of dynamism and enterprise that would cascade down to the workforce. The intention was to create 'leader-full' organisations that would make the most of economic opportunities.

Between 2006 and 2009, the NLA delivered:

- a web portal that provided access to high-quality resources to help improve leadership skills and disseminate good practice through sector-specific content
- a programme of projects and pilots tailored to cluster needs
- a dialogue with business representatives, based on field research, and think-tank discussion and debate, on what really works
- · dedicated regional accommodation to encourage companies to move into a different environment where they could begin to work on their business plans and strategies
- · evaluation of programme methodologies, useful to inform policy-makers on best practice.

At the conclusion of the original project and following its evaluation, the original partners reconfigured the focus to concentrate almost exclusively on SMEs. They developed a well-supported network of higher-education institutions and a small number of colleges, which joined together to offer development opportunities for SMEs across the North of England. For example, in the Leadership Journeys programme, the University of Huddersfield Business School, York St John Business School, Wakefield College and Leeds Metropolitan University provided a programme for manufacturing SMEs. The network's provision was based on principles of good practice identified in the original NLA project, together with the latest evaluations and research gathered through the continuation of the NLA's think-tank activity.

The Business School/MSB Task Force's report also highlighted a number of ideas to encourage better engagement with this sector, drawing attention to accessibility, visibility, proactivity and the adoption of a differentiated approach. Opportunities exist for business schools to ensure that they have a clearly identified central point of initial contact within each academic department. The quality of information provided by business schools in a form accessible to businesses seeking help and advice was also highlighted. Fast and responsive websites could make a difference if they clustered together information related to the help that business schools could provide to SMEs.

Perhaps the most important differentiator between small firms and large firms is the approach that the business school should take to learning. The Business School/MSB Task Force's report pulled together what is already known in respect of the development of managers in this sector. The main points to reiterate are as follows:

- Business growth in this sector is often characterised by managers taking a series of discrete developmental steps, each offering new opportunities. Programmes exist for companies that are growing rapidly, for example the Goldman Sachs 10,000 Small Businesses programme and the LEAD programme (developed by Lancaster University and originally funded by the NWDA). These programmes have been successful in developing managers of growing businesses, but they only reach a small percentage of the SME population. For the rest, significant funding may be needed to encourage participation in the first instance, although once value has been demonstrated, even smaller businesses are willing to pay for programmes. The evaluations of these programmes indicate that they have been successful in both job creation (hiring more staff in comparison with a comparator group of companies) and increasing their financial performance. For example, independent evaluation of the LEAD programme in 2012 showed that there were significant improvements in key indicators of performance - 70% reported a profit increase, 65% reported productivity rises, 55% reported turnover growth, and 49% reported an increase in employment.
- Many managers in SMEs lack the time to lift their heads from operational activities, yet we know from research is that there is a need for them to stand back and consider the more strategic aspects of their businesses. As a consequence, appropriate provision will connect with managers' immediate concerns, and use this activity as the basis to promote longer-term thinking. Adult learners need to know why they are learning something and to feel responsible for their own decisions, embedding the knowledge in the context of their own businesses.
- Many SME managers exhibit an inherent flexibility and informality, often because their strategy is defined by the personal commitment of their owners or management teams. As strategy is directly shaped by their owners, and their perceptions and values, the development of firms is far more likely to be influenced by connecting to the interests and ambitions of the owners as opposed to viewing the firms dispassionately, from a distance. Development programmes should begin by focusing on the concerns of the owner, and the interests and concerns of the manager. The success of development programmes increases if they set out to tackle perceived problems and opportunities, i.e. they are problem- and learner-centred.
- Past research and focus on this area (for example, work conducted by the Council for Excellence in Management and Leadership - CEML) indicated there was an urgent need to join the manager or management team in 'their worlds', so as to ensure the training or advice reflected the personal aspirations and ambitions of those in control of the business. The implication of this for business schools wishing to connect with SMEs is to have within their staff individuals who can and will do this.

Drawing together many of the points and issues discussed above, the NLA drew up six principles of good-practice development that courses designed for this sector need to reflect if they are to meet their particular needs and concerns (see box).



#### CASE STUDY

### NLA principles of good-practice development for SMEs

Any programme designed needs to involve:

- 1 engaging with the identity and interests of the manager and management team
- 2 understanding the context in which the firm exists, and building on it
- 3 responding to particular timeframes that are important for the owner-manager to meet
- 4 linking development to existing milestones in the development of the business, e.g. accreditation
- 5 understanding the way that performance measures can be determined for those things that the owner-manager values
- 6 ensuring that the programme offers critical challenge, is designed to be stimulating, and includes entrepreneurial 'stretch'.

# **CASE STUDY**

#### Goldman Sachs 10,000 Small Businesses programme

This programme is an example of partnership, implementing many good-practice approaches to engagement with the SME sector.

A key building block that enables communities to develop is an environment in which entrepreneurs can share risk and grow in confidence, through peer learning and challenge from individuals who work in similar situations. The diversity of participants on this programme helps to change mind-sets and offers new perspectives. The corporate-academic partnership that underpins the delivery and support of the programme offers credibility to the participants and access to considerable resources.

Programmes of this type are often delivered in short but concentrated blocks, balancing content and process. Challenge is often provided through academic input or outside speakers of significance. Reflection and debate on how the issues raised relate to an individuals' own businesses are developed through action-learning sets. Networks develop initially from individual cohorts of students to form powerful learning communities that eventually develop across cohorts, and between the corporate and academic participants. A feature of this programme is individual mentorship.

# Impact and engagement in doctoral training

Doctoral education deserves special attention because it is the training ground for future business-school staff – and, most importantly, the means by which business academics might become business educators and take on some of the challenges presented in this report. As a consequence, its orientation has a long-term multiplicative effect on businessschool capabilities and practice.

In recent years, doctoral education has begun to widen its scope in order to serve more than the traditional purely academic career path. New forms of doctorate – for example, professional and industrial doctorates – have begun to embrace both professional development and issues that could not realistically be covered without the cooperation of industry and commerce. Doctoral training has continued to highlight how more applied designs and approaches can be conducted, in addition to basic foundational research. This means that doctoral students who move into academic careers will benefit from better training about the applied aspects of research. There are a number of programmes that have this kind of orientation.



#### CASE STUDY

# Glendonbrook Centre for Enterprise Education, School of Business and Economics, **Loughborough University**

With funding from Sir Michael Bishop, in 2011 Loughborough University set up the Glendonbrook Centre for Enterprise Education within the School of Business and Economics. The goal of the centre is to ensure that undergraduate and postgraduate students, including PhD students across the entire university, develop the entrepreneurial and innovative skills with which to exploit their knowledge and expertise. The centre works with doctoral students across the university to support the commercialisation of its research.

The centre is staffed by a mix of academics and business professionals, and is supported by two entrepreneurs-inresidence and a network of business mentors. Delivering both core curricular modules and a range of extra-curricular workshops, the centre works on issues ranging from marketing new products and services to intellectual-property management. Working closely with the university's enterprise office and students' union, the centre provides the support and infrastructure required to enable students to realise their entrepreneurial ambitions. The Glendonbrook Centre has recently secured an international seed-corn grant to develop a joint initiative promoting international enterprise education between Loughborough University and Guanghua Business School at Peking University.

Collaborative training awards: these are doctoral studentships in which the student works closely with an organisation. The nature of the input from the organisation varies, and can be anything from jointly setting the research questions to allowing the student access to undertake their research. Collaborative awards used to be known as CASE (collaborative awards in science and engineering) studentships, and have a long pedigree, especially in the sciences. Typically, collaborative-award students collect their data at the organisation that contributes to the studentship. Supervision takes place under doctoral rules, but the industrial partner is normally involved as an adviser. Collaborative awards not only familiarise students with the nature of organisations but also help them to frame research questions that will benefit an organisation. For some projects, bringing about change through the research process forms the basis for data collection and contribution to knowledge. Where this occurs, there are benefits for both the organisation and the student. The thesis still takes a traditional form and is normally addressed to an academic audience, but the company also benefits from the analysis and dissemination of company-specific data. Indeed, the company impact of doctoral-level work can often be significant, as the example of Gerard Duff shows (see box).

#### CASE STUDY

# Balfour Beatty Utility Solutions (BBUSL), by Gerard Duff, PhD student, Leeds University Business School

I agreed with the organisation that the broad focus of my research would be into innovation, and how this is understood and managed within BBUSL. Within this broad area, I needed to find a specific focus for my research. My aim was to work on an issue that, on one hand, could provide new knowledge but, on the other, would also deliver an immediate impact to BBUSL. My first priority was to build relationships and gain a better understanding of the business context.

Creating awareness of my existence within the organisation was my first challenge. Early in my research, BBUSL's marketing department interviewed me for its monthly newsletter and my profile appeared on the company website, which helped communicate my desire to develop research that would impact on the organisation, and the need to collaborate to achieve this. I also shadowed a number of key managers so as to get some familiarity with what they did and how the organisation worked.

From these beginnings, trust began to develop and research possibilities to emerge. Upon the request of a director, I refocused from looking at innovation-team activity to looking more broadly at technical, process and cultural issues related to innovation. I began to relinquish control of the project direction, and became a facilitator as opposed to a driver. This change in methodology and research focus allowed me to delve deeper and engage on a more comprehensive level, with participants often forgetting that I wasn't an employee of the organisation. It provided detailed insights into strategy formulation that will help my PhD and my ability to publish new insights and theory.

There were also direct benefits for the company. BBUSL managers participated in university events, and in masterclasses for innovation. There is the potential to develop a long-term research focus, where I would facilitate both technical and social investigations, perhaps involving other PhD students or undergraduate placements.

Work placements: these have become more common within PhD programmes, in order to develop the employability prospects of students, and broaden their experience and skills. Students funded on ESRC studentship awards are now actively encouraged to take the opportunity to have a placement, and placements available within the public sector are regularly advertised. Despite this, placements are often seen by PhD supervisors as distracting doctoral students from their studies and potentially delaying their completion. The institution is measured on the timeliness of its PhD completion rates, and students' performance increasingly on the publications they can develop from their work.

Knowledge Transfer Partnerships (KTPs): these two-year schemes have a long pedigree, having started in the late 1970s as Teaching Company Schemes. Funded through a variety of sources, including research councils, they aim to link the academic expertise of a recently qualified graduate (in a discipline seen to be useful) to an organisational problem or project that they work on to resolve or improve. The associate (as they are known) works in the organisation, jointly supervised by both a corporate manager and a university academic. The scheme presents the opportunity for the company to work with a university and so develop a longer-term relationship and an understanding of what business schools can offer. Evaluations of completed programmes point to benefits to all parties: the company gains access to high-level expertise and skill, the student gains the

chance to test out their knowledge and help with their transition into employment, and the university gains the opportunity to work closely with contemporary data and build better links with business. In recent years, priority has been given to KTPs in SMEs; where these are successful, a reduced financial contribution is required. However, since the last comprehensive spending review, the number of KTPs available has reduced from 1,200 to 800 live projects per annum across all subjects and disciplines.

Innovations in doctoral education: the number of academics entering the profession is between 450 and 500 per year. Given the shortage of qualified academics, attracting new recruits into the profession and training them appropriately for the different roles and responsibilities they will have is increasingly important. One way to bring people in with a particular skill set is through the completion of a professional doctorate, a practice-oriented degree introduced in the 1990s that has developed rapidly across universities and professions. The discipline with the largest number of professional doctorates is Education (EdD) with Business Administration (DBA) following closely behind. The DBA is typically targeted at practising managers who wish to develop themselves and become better managers by considering an issue in more detail and translating what they learn into practice. Developing skills

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of reflective practice often features as a key quality. Students usually continue to work and conduct their research as insiders, and they contribute to knowledge both in general and in their own professional practice. The degree provides an opportunity for relatively senior managers to conduct high-quality research while embedding their work into their organisation. For the business school, programmes of this type are an opportunity to get close to companies and to influential managers who work with supervisors from the university.

AACSB, one of the accrediting bodies, has drawn together a task force to more closely examine developments in doctoral education; one of its conclusions is that changes in faculty requirements demand a response by business schools to conduct more industry engagement, and more research that bridges the academia–practice divide. This in turn requires changes to doctoral education, on which AACSB's task force made four recommendations:

- 1 The mission and models of doctoral education should expand to serve a broader set of societal needs and a broader set of potential students.
- 2 There is a need for more doctoral graduates, especially in parts of the world where business education is expanding.
- **3** Given that doctoral training is the bedrock of new faculty thinking, the programmes should try to embed the values expected from business-school staff. In particular, staff need to be better at crossing the theory-practice divide, and to mentor staff with appropriate skills to undertake this in the future.
- 4 Cultivating an ecosystem, and networks connecting business schools and industry, will help ideas and exchange to thrive. Some such networks already exist, but the report by the AACSB's task force highlighted new demands, and the need to build a stronger context for doctoral education.

Business-school doctoral education is essential to the long-term health of the business schools. If doctoral students are encouraged and given the skills to work with managers when they are students, they are more likely to do it when they are academics. Their education should have a more practical bias and include time with businesses. Work with businesses, for example in placements, should be encouraged. Junior faculty should be encouraged to take breaks to work in businesses. These practices are different from those relevant to most doctoral students, and different from those in force today, but their long-term benefits would be considerable. Business schools need to manage the development of their future faculty more actively. A significant part of their current capability limitations comes from the heavy recruitment in the past of staff from other faculties, with no business-specific training or experience, and with little understanding of the disciplines in a business school other than the one in which they trained. There is no need to perpetuate this problem indefinitely, but solving it will require support. The cost and commitment of academic training in relation to the financial rewards for staff are perhaps at the moment too great to attract sufficient numbers of talented students with an interest and expertise in the business world.

#### **CONTEXT**

#### Views from a survey on engaged research, and focus-group interviews with doctoral students

#### **Lessons from doctoral students**

A core message was that increasing the impact of doctoral research through engagement with industry was very difficult - due to supervisory pressure to publish, and the requirements for academic employment at post-doctoral level. Both reflect the same issue: reward structures and promotion systems discourage engagement activity, even at the early stage of doctoral research. The exception to this was doctoral students whose projects are inextricably connected with industry, such as those which are industry-funded. These projects are set up with engagement and impact as a focus from the outset.

#### **Training**

Most doctoral students interviewed expressed a desire for impact and engagement training to complement their research training and work, but only a minority received it. Training should focus on: gaining access, how to maintain relationships, and how to make their work applicable and understandable for both industry and academia. A great deal of doctoral training is now being undertaken in multidisciplinary and multi-institution doctoral training centres (DTCs), which provide little training on impact and engagement in academic research. This needs to be addressed urgently if the next generation of scholars is to be more engaged with British business.

#### Approach to doctoral research

Research-ethics assessments often pose a significant barrier to engagement work in PhD projects, often taking a long time to complete and sometimes severely limiting the type of interaction and what kind of data can be collected. This can create tensions in terms of added value: the doctoral student can use the data, but analyses may then not be useful to the company providing it.

Ad-hoc events and series of events provided doctoral students with the opportunity to engage with practitioners. One of the key issues reported was that the post-event management of relationships and network expansion was poor. When this did happen, doctoral students were typically not included in communications, reducing the opportunity to sow the seeds of relationships with industry that could help them undertake engaged research throughout their career. Opportunities for doctoral-student engagement and relationship-building relied upon the supervisor both supporting the work and having industry relationships themselves. Doctoral students recognised the importance of industry relationships for access to research data, and felt that they did not have sufficient access.

#### **Teaching**

There was a strong consensus that teaching was not sufficiently linked to practice. More nuanced teaching that related to industry experiences, such as how interventions are introduced or policy put into practice, would be considerably more useful for fostering engagement work.



#### CASE STUDY

#### **Business schools in France**

Business-school education in France operates in a tripartite system of:

- grandes écoles
- · management and engineering schools
- · universities and institutes.

Grandes écoles are more powerful within the French system than UK business schools are within universities, partly because of their funding and the significant contribution made by the chambers of commerce. The grandes écoles maintain very close contacts with their alumni, and focus considerable resources on networking - often on a global basis. Alumni connect to all aspects of the schools and their undergraduate and postgraduate programmes: they host company visits and internships, and act as ambassadors within their companies and as informal career mentors for students in their transition into employment. Many grandes écoles have set up associations to develop their contacts with business, and to finance aspects of their mission - for example, research-staff appointments. With the advent of accreditation and global rankings, the predominance of teaching in the schools has been overtaken by the need to recruit staff who have been trained to publish in high-quality journals.

# **CONNECTING WITH BUSINESS**



#### **▼** RECOMMENDATIONS

#### 3 Develop and manage company relationships institutionally

Business schools need to commit time and effort to developing and sustaining company relationships, and to helping companies access business-school capabilities. There are many opportunities in both teaching and research to create relationships. The schools should be moving away from individually funded projects towards multi-touch relationships that might cover placement opportunities, research links and the involvement of company staff in teaching or supporting programmes. It is essential that the schools have dedicated, professional staff, organised to manage all this activity, and supported by time commitment from academic staff. In this context, the facilities of many business schools could be used to attract business-people for events, company meetings and training. When combined with faculty engagement or used to create a nexus between business-people with common interests, the facilities can become tools to develop a mutual capacity for school-business engagement.

### Facilitating the involvement of business

A common complaint is that businesses find business schools hard to navigate and unresponsive in their communications. Three areas in particular emerged as important to British business-school engagement with businesses:

- embedding practitioners in business schools in a formal teaching and research role
- catalysing and sustaining relationships, often through research centres
- establishing an effective interface at business schools with which businesses can interact (see box).



#### CASE STUDY

#### Establishing an interface, by Julian Birkinshaw, Professor, Management Innovation Lab (M-Lab)

#### Founding M-Lab

M-Lab began with two core principles. First, we wanted to think about innovation in terms of how businesses work, rather than just in the services or products they sell: the concept of management innovation\*. The small amount of work that existed in this area at the start wasn't taken seriously by industry; much of the research was in academic outlets, divorced from reality and not being communicated to practitioners.

Second, we wanted to change the way academics interacted with business-people. Business-school academics have at least three core ways of interacting with business:

- · studying business through research, often remotely
- teaching programmes for business-people in executive-education classes
- · consulting in an advisory role.

The problem is that these different modes of interaction are usually separate, when - arguably - they shouldn't be and don't need to be. The approach we took with M-Lab was to try and join them.

There was an initial two-year period that involved a lot of active selling from big and small companies to private donors. Eventually, we generated revenues of over £1m and a mailing list of 3,000 to 4,000 subscribers.

#### Developing M-Lab: 'We impart our wisdom to them, while learning from them'

The approach taken was to find companies who would be willing to pay a fee to join M-Lab. These companies would then work both as a consortium and individually to innovate their management methods. This was a partnership-engagement model, with the companies involved in developing the answers as much as we were. It was important to state from the beginning that we didn't have all the answers, but that we would give insights and methodologies, coupled with examples from other industries. We impart our wisdom to them, while learning from them, to co-create new ways of working.

#### **Running M-Lab**

At the core of our partnership-learning model were 'management labs' and 'management experiments'. Our aim was to have partner companies build up a portfolio of experiments and encourage them to attend lab sessions. Management labs ('innovation jams') were workshops attended by 30 to 40 executives from different companies who worked with us and with each other. The aim was to help companies to understand obstacles to development and implementation of new management practice. Workshops also provided an opportunity for companies to search for new principles and exemplars from companies in other sectors that might be useful. Work in the lab helped companies to develop experiments for management innovation; these experiments were then trialled to test their impact on practice and performance in the company. Experiments were reported in a *Lab Reports* magazine that was sent out to all Lab members; we sent out around 20 *Lab Reports* over five years.

#### **Challenges encountered**

One of the biggest challenges was in developing M-Lab as a seamless single entity that faced business and existed within the university institution. This was essential for facilitating interaction and engagement with businesses. However, although not necessarily in a distinct way, the activities within M-Lab involved teaching, research and a type of consulting. This integrated nature of M-Lab meant that the model sat in the grey zone between all these areas. Therefore, it was very difficult to fit M-Lab into the existing organisational structure of the university. A closely linked issue was that we were proposing to do intervention work with the companies, which was classified as consulting. Universities typically do not permit work of a consulting nature under their brand. Ultimately, if all work was classified as research, then we couldn't do any intervention work; if everything was education-based, then we couldn't do any research; and we couldn't do consulting in the traditional sense. However, the principles of M-Lab required us to do all three.

Ultimately, when a company wanted to work in M-Lab, we didn't have the seamless integration we needed. For example, when a company paid us, we needed to work out which area the work fitted into, such as executive education. We then needed to make sure they understood they were essentially paying for a programme, and we needed to charge the set organisational fee for this. Essentially, we received money under the M-Lab contract and model, but because of internal challenges, we couldn't guarantee any outcomes, which was very difficult.

#### Solution

We ensured that the business-facing side of M-Lab appeared as a single entity offering our unique, integrated model for engagement work. The complexities were dealt with within the university; we negotiated a strategy for classifying funds into teaching and research. Consulting-type work was integrated into the 'innovation jams', and some revenues were used to build a research centre. Several partnerships developed through M-Lab are now collaborations within the research centre, such as that with Roche.

\*Birkinshaw, J, Hamel, G and Mol, M J (2008) 'Management Innovation', *Academy of Management Review*, Volume 33, Number 4, pages 825–845.

#### Embedding experienced managers within business-school activities

One of the simplest ways of bringing business experience into business schools is simply to invite business-people to speak at events. There many opportunities: undergraduate and postgraduate teaching, research seminars, and outreach events. Some invitations depend on the personal networks of individual academics, others on the school's orientation to organising practitioners to share their insights. There are examples of building speaker networks, with benefits extending beyond giving talks. They include engaging alumni (see box), and forging links with local chambers of commerce and LEPs.

#### CASE STUDY

#### Engaging alumni at Harvard Business School (HBS)

HBS alumni do tend to keep in touch with the faculty and come back for advice and counsel. This informal contact is of great importance. But there are also some structural connections, of which the most important are the twice-yearly on-campus reunions, which take place every five years for alumni. They are fairly substantial affairs, with two days of faculty-provided content, where new research is presented to an audience of educated and engaged business-people. There is valuable feedback after the sessions. A second structural mechanism is the 106 Alumni Clubs, where there is a programme of faculty visiting and speaking. A third source is case-writing. Many cases come from public sources, but of those that do not, most come from alumni. For example, in the course on entrepreneurship, 39 of 40 sessions have the case protagonist brought to the class. In the second year of the MBA, half of all case sessions have a case protagonist.

HBS maintains cross-disciplinary centres or programmes, for example on US competitiveness, social enterprise and digital competitiveness. Most have an advisory board. There are several international research centres, each of which has 25 to 30 people on its advisory board, mostly alumni. Finally, the 'I-lab' (Harvard Innovation Lab), an on-campus facility, has entrepreneurs-in-residence, mostly alumni.

Recently, HBS has involved alumni on a large scale in research projects, the most notable being the US Competitiveness Project. It assembled a group of 12 faculty, not all from HBS, did some faculty seminars and split the work. In 2009/10, HBS started to engage alumni as part of the programme. It invited to the campus 100 business leaders representative of the economy; 35-40% were alumni. They saw the context, and the faculty got feedback on whether the ideas for action were workable. The papers had to suggest practical things that business (not government) can do. The faculty then revised their papers, which fed into a special edition of the Harvard Business Review. The second step was a survey of HBS alumni. The sample was not scientific, but HBS felt this drawback was outweighed by the opportunity to enlist an influential and informed body of opinion. They sent the survey to 58,000 alumni worldwide and produced 9,750 responses, including 6,585 from the US. 1,500 people said they were doing something relevant, and HBS followed up and talked with them. They also took the research to alumni through events across the US, adding local business engagement; 3,000 people have attended these events. Some alumni clubs are picking up the topic in their own way. A second survey was a longitudinal capture of the same information as in the original survey, plus enquiry about what actions respondents were taking, and their role in influencing government policy. Some of the work on US competitiveness has been converted into working papers, but no one has focused on publishing in academic journals. Success is defined in terms of action. They are replicating the alumni survey around the 50th anniversary of women at HBS, surveying all women plus a group of men. They plan to do something similar around healthcare.

Current priorities for HBS are to get alumni involved earlier, not with a fund-raising angle, but on, for example, career counselling, where demand is very high in the first three to six years. Reunion attendance is steady at 50% for the major reunions, including the more recently initiated first-year reunions.

A more substantial step is to create defined roles for practitioners within schools. At the simplest level, this could involve creating honorary positions such as visiting professorships: practitioners make scheduled contributions to particular modules, offering a lecture or two and contributing to course design and renewal. In some schools (see box), visitor roles have become 'residencies' – in which a highly experienced practitioner contributes to teaching, research and outreach. Lancaster University Management School hosted its first entrepreneur-in-residence under the ESRC Business Placement Award scheme, and now has a total of 21 entrepreneurs-in-residence. This resource contributes in diverse ways across the activities in the school. Following review, one issue raised is whether there would be merit in a forum where those conducting this function across the business-school sector could meet

IN SOME SCHOOLS, VISITOR ROLES HAVE BECOME 'RESIDENCIES' - IN WHICH A HIGHLY EXPERIENCED PRACTITIONER CONTRIBUTES TO TEACHING, RESEARCH AND OUTREACH.

#### CASE STUDY

#### **Entrepreneur-in-residence**

Jamie Urguhart retired from ARM Holdings ten years ago. He was one of the founding team, Chief Operating Officer when the company floated on the NASDAQ and London Stock Exchange, and then Chief Strategy Officer. ARM Holdings is a British multinational semiconductor and software design company with its head office in Cambridge. A market leader in mobile phone chips, it is arguably the most well-known company in 'Silicon Fen'.

Urquhart was approached by the head of the Entrepreneurship Unit to be an entrepreneur-in-residence at the Cambridge Judge Business School. He signed a contract to offer five days of activities every year. This work is pro bono and no one counts the hours. His work is mostly teaching, but others write book reviews, attend dinners or meet with universities internationally. These entrepreneurs-in-residence are based within the region, and not all are grey-haired. Urquhart sees this as giving back to society. The university pays small sums for additional work outside his pro bono hours.

Urguhart also teaches at a week-long Cambridge summer school for budding entrepreneurs, called 'Ignite'. It attracts both corporate-sponsored individuals and those funding themselves - typically young entrepreneurs. His chief role is as a teacher, but he also attends open days to help promote university programmes; the university looks around the world for suitable students and teachers.

### Developing academics with business experience

The mirror image of practitioner roles looking inwards to business-school agendas is to have formal academic roles that are strongly business-facing. One of the key things that business schools can do is to facilitate the difficult transition between a private- or public-sector career to one within a business school. In the UK, there have been a number of systematic attempts to attract individuals with practical experience into academia. Although modest in size and ambition, the most significant was the Management Teaching Fellowship Scheme, which between 1989 and 1994 trained 186 Fellows. Evaluations concluded that the scheme achieved many of its objectives, with many Fellows entering academic posts. 20 years from its inception, many have reached the most senior academic levels. More recently, two programmes have also sought to help practitioners transition to academic careers:

- FME's Fellowship scheme, funded first by the FME and recently in partnership with the ESRC
- SAMS/ESRC Management and Business Development Fellowship scheme, recentlyrun in partnership with the UK Commission for Employment and Skills.

For those entering from industry, the challenge is to take on a completely different culture, including the management of research and publications, which is so important for career advancement and success. Fellowships run over two or three years and help practitioners in the early stages of their academic career to transfer into academia so that they are able to compete with more established academics. Our research for this report included surveys and interviews with Fellows who have participated in these schemes (see box, which focuses on how to operate transitioning programmes themselves).



#### **CONTEXT**

#### FME and SAMS Fellowship schemes in partnership with the ESRC

We undertook a survey across Fellows of both schemes to elucidate their benefits and possible improvements. We had 27 survey responses (a rate of 63%). Respondents had an average of 14 years in industry prior to joining the schemes, and came from wide variety of commercial backgrounds.

By far the most prevalent reason to transition to academia was a combination of interest and desire to research, and in this way to give back to industry. 'Giving back' primarily related to making sense of what they had done in their business careers to date (mainly in leadership and management) in order to help advance the sector.

The main initial barriers to entry to academia were a reduction in salary, their lack of a doctorate, and appointment terms with the same probation hurdles as other academic contracts. Many of the Fellows did not have sufficient academic training to overcome these hurdles:

'The main obstacle was in not fully understanding the rules ... While I had a doctorate, and applied for the position based on a relatively similar salary and grade, I have only recently realised that with the Fellowships being positioned at grade 8, the expectations for probation are raised significantly. So the main challenge has been to reach this standard quickly – which in the long run will probably be worth it. However, in the short term, it can be challenging.'

Many respondents commented on how little the Fellows' industry skills and knowledge were used and integrated. By far the most common way that use was made of these skills was in teaching, but this was made more difficult by Fellows' lack of teaching responsibilities. Integration of their expertise and insight was mainly ad hoc, during lectures and seminars. Students reported that they valued such insight and experience. Poor skill utilisation made integration difficult in a number of cases. The disconnect was two-way: many Fellows found it difficult to understand the skills and expertise value of existing faculty, and existing faculty didn't understand how to make the most of the Fellows' skills.

Most respondents said that, where applicable, PhD induction training was adequate and enabled them to progress with doctoral studies. The biggest exception to this was a severe lack of training on how to write in an academic style, particularly problematic given the emphasis on publishing in Fellows' probationary goals. Some addressed this by collaborating with other faculty, but this was difficult given the gaps between academics and practitioners. There were also considerable issues with faculty and institutional inductions, and with finding suitable mentors. The existing academic faculty did not know how to help transitioning practitioners. Also, in some cases, Fellows found that their mentors and supervisors were not the correct match for their new academic field, but as the Fellowships were not portable, they could not move to institutions offering a better-matched mentor.

It is clear that for more transitions to succeed, there needs to be more tailoring of goals for transitioning practitioners and more clarity on how they can secure permanent positions upon completion of the Fellowship.

#### Harnessing practitioner skills in business schools

Fellows who already held a doctorate did think that their industry experience and skills were utilised, but again in the context of teaching and not research. They taught mainly in master's degree and executive-education courses. For those without doctoral degrees, teaching at these levels was impossible, and this meant their skills were not harnessed, nor the professional-development benefits realised. Some Fellows contributed to student career advice, in some cases leveraging contacts in industry.

Without exception, Fellows reported that the primary metric for career progression was academic publishing. Many respondents argued that this should not be the primary metric for a transitioning Fellow. Schools could create metrics for Fellows that better measure how their skills have been put to use and the resultant impacts:

'I was told from early on in joining the faculty that my only opportunity for promotion was building a publishing portfolio, and these were the university guidelines. Interestingly, in reading the university guidelines in-depth, I found that making a substantial contribution to public policy could replace the publishing requirement ... a senior public official had written to the university thanking it for my contributions to public policy and citing specific examples. I have been summoned to answer questions before Parliament several times and wonder if this has not hindered my career progression ...'

#### School-level activity: views from practitioners

The respondents reported on what they considered particularly good examples of engagement at their business schools and what schools could do better. By far the most commonly reported were student placements and projects, which often involved the Fellows due to their industry networks. Student placements were mainly at postgraduate level, with large multinational corporations; few were with SMEs. Student projects involved all levels of students, from undergraduate to doctoral, but again few were with SMEs. The next-most-common form of business engagement reported was student training, particularly in employability and communication skills, and often involving business facilitators and presenters. Less frequent forms of engagement included public-lecture series and engaging with media. Respondents suggested that their institutions needed to communicate better with businesses, increase industry partnerships for research access, and change incentives for staff to allow them freedom to engage and space from the set regime for publication. One respondent reflected:

My impression was that there was little strategic thinking as to how to engage with industry. That is to say: what is the purpose of engagement with industry? What concrete benefits does this engagement bring to the school, as well as to the wider university? How should we be engaging with industry? What resources do we have that we can leverage or develop to our relationships? Given the culture of putting research as a top priority ... how can we align the incentives of faculty to promote excellence in teaching and consulting (including case-writing)? How can we engage the wider university to build our engagement with industry, building on the brand of the university and the unparalleled alumni network?"



#### CASE STUDY

#### London School of Economics and Political Science (LSE), by Sandy Pepper, Professor of **Management Practice**

#### Introduction

Before coming to LSE as an FME Fellow in 2008, I was a human resources (HR) consultant and partner at PricewaterhouseCoopers (PwC), which I had joined in August 1981 after graduating. In 2006, I did a part-time MSc in Organisational Change at HEC, Paris (taught jointly with the Saïd Business School, Oxford). I enjoyed this so much that in 2007 I persuaded PwC to let me work four days a week so I could do a part-time DBA at the University of Surrey.

#### **Barriers and enablers**

I didn't know quite what to expect when I arrived at LSE, and I became aware that LSE didn't know quite what to expect from me either. For my first term, I audited various courses, was a graduate teaching assistant on one course, and started a 12-month postgraduate certificate in higher education. By the second term, I had been given a class of my own to teach, a project to design a new MSc programme (Management and HR) and responsibility for running student business projects on the MSc Management.

By the start of my second year at LSE, I had been given a more substantial teaching load (around 75% of a full load). I completed my teaching certificate during the year and felt that I was increasingly accepted as a regular member of faculty. By the time I completed my DBA in 2010, I had been in discussion for some time with my head of department about being given a full-time appointment at LSE when I completed my FME Fellowship. This was not a straightforward matter! I was an unusual proposition and there was no obvious career route for me. Eventually, I was made a Senior Fellow, a non-tenure-track position but with the status of a senior lecturer.

In December 2012, LSE established a new school-wide position of 'professor in practice', based on the US concept of 'clinical' professors and London Business School's Professor of Management Practice. I was appointed as the first professor of management practice in the Department of Management.

#### **Impact**

I am now largely accepted as a full member of faculty and have a very full teaching load, along with numerous administrative responsibilities. I am also doing research, have two journal articles (one three-star and one four-star) under my belt, a further article under review, another in preparation, plus numerous conference papers. My objective is to earn my keep as if I was a standard-track faculty member.

I also believe passionately that business and management education and research need to be relevant as well as rigorous. I have maintained contacts with PwC, which has supported some of my research in return for including some of it as 'thought leadership' in various PwC publications. I do a small amount of consulting work, mainly for corporate contacts. I run the MSc Management business project programme (20-25 projects per year), which requires me to maintain an extensive network with external organisations. I have become an academic member of the Chartered Institute of Personnel and Development and take part in a number of its activities. I am also involved in the FME as a member of council.

#### **Lessons learnt**

My path into academia has in fact been relatively smooth, but I have been very fortunate. Mike Jones, Director of the FME, enabled my path and found LSE for me. Without him, and the FME's Fellowship scheme, I doubt the move would have been possible. I had an excellent supervisor at Surrey, Julie Gore, who, as well as steering me through my DBA, also taught me a great deal about the craft of being an academic, including how to get published, which conferences to attend etc. We have collaborated on a number of research papers. I have also had a very supportive head of department at LSE, Saul Estrin, who hired me as something of an experiment, and commented, when my first four-star article was published, that he now felt vindicated. I am aware that he has had to fight a number of internal political battles to keep me on the staff and enable me to be promoted. For all of this, I am very grateful.

### Rewarding engagement

#### **RECOMMENDATIONS**

#### 4 Improve measurement and assessment of research impact

Business schools are highly sensitive to the standards of accreditation bodies, to rankings in respected surveys of business education, and to the REF of HEFCE. The business schools believe that these rankings drive student enrolment, and faculty prestige and career opportunities. To increase the level of engagement from business schools, accrediting bodies will have to seek more robust evidence for a broader range of performance metrics encompassing impact, innovation and engagement for both teaching and research. This will help re-orient senior staff, encouraging engagement in the short term, and make it more likely that junior staff understand the importance of developing the skills to support impact. The measures have become so important to the schools that, unless these change, it is not likely there will be changes in schools' priorities.

A recurring theme in our discussions was the rewards and incentives for business-school staff. On the academic career path, almost all rewards and incentives are geared towards publishing in select top academic journals. This narrows career-path opportunities both for practitioners who transition to academia, and for academics committing to engagement work. Basic incentive theory tells us that if business schools want more academics to engage with business, they need not only to measure impact, but also to incentivise the development of capabilities to undertake the activities that translate academic insight into practical impact. The incentives need to operate at both institutional and individual levels. They need to supplement the recognition and reward for rigorous research, because that remains the appropriate foundation for an academic contribution. For business-school researchers, rigour is necessary but it is not sufficient.

We believe that there are a number of ways in government can help. Government funding has underpinned a number of good-practice examples, but some have been unsustainable because of a lack of funds. The Advanced Institute of Management (AIM) Initiative (see box) is one example of how funding by government can promote the engagement agenda, in this case through a ring-fenced ESRC initiative. Elsewhere in the report, we have indicated how funding by commercial organisations can help bring businesses and a business perspective into the research investment decision. Matching business with funding allocated through research councils or other bodies is a way to demonstrate and sharpen the business applicability and value of the research being conducted. This already happens to some extent with KTPs and the funding of collaborative doctoral awards.

#### CASE STUDY

### Economic and Social Research Council (ESRC) and Advanced Institute of Management (AIM) Initiative: supporting and sustaining engagement between management researchers and management practitioners

Sustaining the health of the discipline is vital to management and business. In 2005, the ESRC commissioned a review that suggested that management and business (along with other practice-based social sciences) be designated with 'priority status' for funding and support. The report made clear that the size of the discipline, coupled with the then demographic profile of its academic staff, would mean that it needed support to sustain itself. Since then, student numbers have increased but there has been an end to many of the initiatives designed to address both capacity-building (bringing in new blood) and engagement (offering Fellowship schemes to attract individuals from industry into the profession).

Also finished is the AIM Initiative, which worked to develop both high-quality research and capacity for engagement. AIM Research, funded by the ESRC, was set up to address issues of competitiveness and to help close the gap between research and the needs of business. One its roles was to act as a showcase for good practice: it facilitated open workshops and activities, for example capacity-building contribution to doctoral colloquia within management and business. The appointment of early- and mid-career Fellows supported an important career path that is no longer funded.

AIM developed several models for research-user engagement, such as engaged scholarship, design science and evidence-based management. Engaged scholarship involved iterating between practice and theory, to derive new insights from both. Advocates of design science view business schools as analogous to engineering or medical schools in their concern to create better businesses. Evidence-based management also draws from medicine in advocating the use of the most rigorously derived evidence to complement practitioner and stakeholder perspectives. With this as context, AIM delivered a national programme focused on development for researchers at all levels, from early-career to senior academics.

Another AIM outcome was a number of high-profile examples of individual researchers who, through the scheme, made important links with business. Bessant, for example, connected with practitioners interested in disruptive innovation, Grattan with those concerned with change, and Birkinshaw with managers interested in business innovation. Joint events attracted practitioners to discuss particular aspects important to their competitiveness.

One question for government is what it might do to facilitate better engagement with business and business schools. This is a two-way process, and many of the moves to increase engagement are made by business schools to business rather than the other way round. One strategic initiative, in which the government made what appeared to be an important connection that has now been lost, was the Sunningdale Institute (see box). This provided a strategic relationship with government, but came to an end with the abolition of the National School of Government. It gave management and business a link to government that was particularly important at a time of national debate surrounding, for example, the changing dynamic and future of work and labour-market participation, and the role of technology and innovation in creating growth. These are all topics where academic knowledge has practical relevance, which the Sunningdale Institute attempted to realise.

#### CASE STUDY

#### The Sunningdale Institute

The Sunningdale Institute was set up by the Cabinet Secretary and was located in the now-defunct National School of Government. The Institute acted as a think-tank for government, comprising its own Fellows, and leading thinkers on management, organisation and governance from the UK, continental Europe and North America, mainly from business schools. Chaired by Professor Cary Cooper of Lancaster University Management School, the Sunningdale Institute offered government a vehicle for knowledge networking and exchange, consultancy, and the discussion and commissioning of learning and development activities. In the words of the then Cabinet Secretary and Head of the Civil Service, Sir Gus O'Donnell, it 'represents an intellectually formidable source of thought leadership ... and brings to the Civil Service ... practical wisdom'.

Examples of projects in which Sunningdale Fellows were involved include: a contribution to a strategic review of the Office of Government Commerce's reform of the Government Procurement Service; a review of intellectual capital and knowledge management in the Ministry of Defence; a report on improving leadership across the public sector; the establishment of a network to advise on effective business models; the setting up of an innovation hub, at the request of the then Department of Innovation, Universities and Skills; an evaluation of a major Civil Service departmental capability review; and a review of how government can improve the way it designs and develops policy.

The aspiration of Sunningdale was certainly ambitious: to re-frame how public-sector reform might itself be reformed, in order to bridge the disconnect between government aspiration and front-line reality. The Fellows' roles in this context was to challenge positively, and help to frame debates in and about policy-making in government in the light of leading-edge management research. The institute strove to create value by developing partnerships with key stakeholders; contributing to the process of policy-making itself and to the structures that inform policy development; creating new learning networks; and, through developing skills and capabilities, ensuring active learning to enhance the pace of innovation in public-service change, at a time of severe constraints on public-sector budgets.

We also found a number of cases where intermediaries and brokers have been effective in translating research into practice. In addition, new mechanisms are emerging that allow academics to place their written work more directly in front of practitioners. In Canada, we came across a prestigious annual award presented to leaders in management education (academics who have combined real-world experience and academic rigour). In this country, the ESRC has instituted a number of 'Celebrating Impact Prizes'. Worth up to £10,000, these prizes have six categories:

- Outstanding Impact in Business
- Outstanding Impact in Public Policy
- Outstanding Impact in Society
- Outstanding Early-Career Impact
- Impact Champion of the Year
- Outstanding International Impact.

The CMI also now runs an annual research competition that recasts academic papers for practitioner audiences.

Celebrating impact in this manner and rewarding it personally with such significant amounts of money aims to change behaviour. Other examples of investments to help translate knowledge into practice include the British Library's Management and Business Studies Portal, which provides access to a substantial amount of grey literature. This is usually in the form of reports, and is often much more accessible to managers. Ten years ago, a proposal was put together by BAM for a new journal that directly served the needs of the management teacher or educational presenter rather than solely academics. This journal, it was thought, would be a vehicle through which management academics could address practice and help develop their capability to show theory-practice relationships to both business and policy-makers. The proposal also suggested senior-management bulletins be sent out bi-monthly with 'journalistic summaries' of articles to update managers on current developments from research, supplemented by practitioner workshops on specific topics, based on the published articles. At that time, the proposal was turned down by publishers as it did not fit the current publishing model. Still, the idea of making research available for practitioners (referred to as 'the double hurdle') through different channels and outlets is still regularly discussed within learned societies.

### Working with research centres

### **RECOMMENDATIONS**

#### 5 Promote research in larger teams, and centres with multi-dimensional roles

Focusing resources on multidisciplinary teams within business schools, or across schools and faculties, has three key benefits: it promotes multidisciplinary collaboration, which businesses value; it provides scale that mobilises resources for wider dissemination of research to businesses; and it gives businesses clear signposting to navigate to businessschool resources.

Research centres are a way in which partnerships with industry can move beyond the single initiative to a more sustained footing. Research-centre exemplars (see box) display a strategic approach that enables them to contribute to a range of both business and academic agendas. This is necessary to maintain the essential rigour of academic research, while enabling a more interdisciplinary approach and generating more resources and specialist expertise for the wider and more effective dissemination of insights.

#### Good-practice guidelines

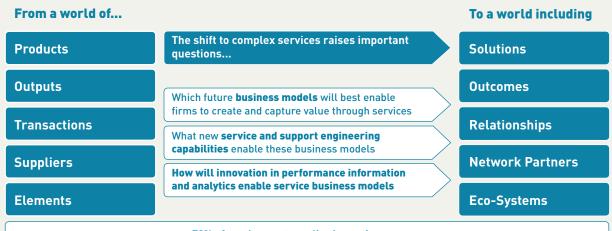
- 1 Research centres better engage with industry if they appear as a single entity with a clear point of contact. Use the multidisciplinarity of a research centre to develop a mission and vision that are relevant to specific areas of industry. This provides opportunities for local, national and international engagement activity, rather than just repeat activity with a specific company.
- 2 Research centres, as part of the wider business school, need to articulate clearly what they can and cannot do for each industry project undertaken. The expectations of industry partners need to be managed at the outset but also as projects develop.
- 3 Research centres need an individual or team dedicated to initiating and managing engaged projects, and to maintaining industry relationships. Specifically, this responsibility should not be the responsibility of centre members already engaged with the clients, such as PhD students.
- 4 Continual and clear communication is vital. There are myriad options from traditional person-to-person contact, to podcasts, newsletters, conferences and regular team meetings.



#### **CASE STUDY**

#### **Cambridge Service Alliance**

The Cambridge Service Alliance at the University of Cambridge is a business-led alliance, founded in September 2010 to focus on new ways to provide, implement and employ complex service systems. There is a focus on helping businesses to make the shift from products to services and solutions through collaborative projects. Academic leadership is provided by the University of Cambridge, drawing on both the Cambridge Judge Business School and the Institute for Manufacturing. Core industrial alliances include BAE Systems, IBM and Caterpillar Inc. Firms sign up for an agreed period of time, which is renewable. The intent is to develop a long-term and mutually beneficial relationship. Once signed up, firms support the research financially and through employee time (around 100 person days per year, per company). For business-school research, time with employees is more valuable than money.



70% of employment now lies in services One third of manufacturing firms globally offer services 55% of US manufacturing firms offer services

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Engagement activities include training programmes and bespoke research projects, in three core themes:

- 1 new business models for complex services
- 2 capabilities for service support
- 3 opportunities for performance and information analytics.

The work covers both blue-sky research and how to put ideas in to practice, a combination that benefits both the business school and companies. The blue-sky research focuses on challenges that the companies will face in two to five years' time; and the work transferring research to practice focuses on challenges that companies are currently facing. This approach seamlessly combines the university research process, which unfolds over long time periods, and the demands of industry projects, which need to be delivered in shorter time scales.

#### **Kev features**

- Non-competing firms ensure that those involved are willing to share with each other.
- · A team is specifically tasked to build and sustain relationships.
- Emphasis is on making sure that the firms get value from the research consortium.
- Dual short- and long-term approaches combine the university research process with the requirements of industry.



#### CASE STUDY

### Centre for Management Buy-Out Research (CMBOR), Imperial College Business School, by Mike Wright, Professor

CMBOR has been in operation since 1986, and focuses on the social, economic and financial impact of private-equity investments. It has received wide recognition for its research excellence, both in industry and in academia. At the heart of CMBOR is a real-time database of over 30,000 private-equity transactions across Europe. This database is central to the industry-academia partnership model. It not only facilitates high levels of sustained engagement with industry, but also forms the foundations of high-quality academic publications. CMBOR has received significant media attention, having logged 867 items of press and media coverage since January 2008 in outlets such as the Financial Times, Wall Street Journal, The Economist, The Sunday Times and Daily Telegraph.

#### **Engagement with business**

The database is used to produce a range of regular and bespoke outputs for industry, including quarterly reviews, bespoke company research and consultancy reports, and trend/sector reports. The sale of industry outputs helps to generate media attention for CMBOR, and facilitates sustained engagement with industry. It enables CMBOR to employ researchers to maintain the database and to support engagement activities. Sponsorship has also been important.

As examples of the impact generated through its engaged research, CMBOR has:

- · provided independent evidence of the impact on employee relations to support the private-equity industry association's efforts to influence European Parliament legislation
- enabled the private-equity industry association to allay concerns, and the Institute of Chartered Accountants in England & Wales to disseminate independent information to policy-makers and media about the effects of private equity on firms' performance
- · raised sponsor profiles and inputted into decisions about developing their strategies
- · supported BIS in promoting non-bank finance and the Bank of England's stability unit
- · provided inputs to the US Government Accountability Office's thinking on the impact of private equity.

#### Challenges to engagement work

During the initial stages and formation of CMBOR, it was difficult to show the academic relevance of outputs, which affected the level of support from the faculty, school and university. Further, the full economic costing model adopted by the university also became a barrier to sustaining engagement work, because sponsors were prepared to pay only incremental costs. Money generated externally was also affected by accounting timing regulations; if not spent within a certain time, it was claimed by the university. This made it very difficult to build up a sum of money that could provide continual support for CMBOR and help it to finance and retain specialist staff. CMBOR has also found the measurements used in research impact assessments a challenge. For example, its extensive press coverage does not count for much. Companies are reluctant to provide testimonials that have much substance.

CMBOR believes its most effective response has been to cultivate long-term relationships with companies. To achieve this, it was important to:

- establish contract terms and ground rules, particularly so that data collected can be used for academic outputs
- establish what type of work can be done with whom, such as with other non-sponsors, to help develop a diverse funding base
- · embed engagement activities at multiple levels of the commercial organisation, even if this begins with a single point of contact, so providing more sustainability to the partnership
- align with a sponsor's strategic vision, mind-set and culture in order to be relevant to their work
- · develop relationships with the media and press to promote CMBOR's work.

#### CASE STUDY

#### Social Informatics Cluster, University of Edinburgh Business School, by Neil Pollock, Professor of Innovation and Social Informatics, and Head of Entrepreneurship and Innovation Group

The Social Informatics Cluster at Edinburgh emerged out of an over-20-year collaboration between social scientists, computer scientists and business-school academics. There was a growing awareness amongst Edinburgh scholars, based on more than two decades of research on new workplace information and communication technologies (ICTs), that considerable innovative effort may be needed to get technologies to work and prove useful in particular user circumstances. The core idea of this research centre is to apply interdisciplinary thinking and to work in collaboration with practitioner organisations in order to help break down the boundary between the production and use of technologies.

The software user group has been recognised as an important coupling mechanism between ICT vendors and their customers, acting as an important source of user-led innovation for both ICT vendors and users. However, our research has highlighted some barriers that can impede the growth and wider transfer of user-led innovation and knowledge.

Understanding these barriers has required novel and interdisciplinary approaches. Studying innovation in and across large modern organisations is increasingly a 'team task' and not something that can be done alone by the lone business-school scholar. Whilst the disciplinary specialisation common to business schools may be effective in producing detailed analyses of particular dimensions of innovation, there is the need to broaden out the scope of research to understand the key problems in organisational computing. This has become a key interest for researchers in social informatics but not necessarily for those from business schools, who come to the topic with traditional single disciplinary training, and tend to address technology implementation in relatively conventional and narrow terms.

Rafols et al (2012)\* provide evidence of how collaborative research groupings at the Universities of Manchester, Sussex and (especially) Edinburgh have been highly effective in this regard because they are more interdisciplinary in their research than more traditional UK business schools. Collaborative centres, such as the Social Informatics Cluster at Edinburgh, and the Manchester Institute for Innovation Research, provide specialist support in research and dissemination, and a better context for researcher career development. They promote a research culture that not only fosters internal engagements between the business school and other disciplines but also links with external knowledge networks.

We have developed excellent links with some of the largest and most active software vendors and software users groups. For instance, we have been tracking the UK Oracle User Group (UKOUG) for several years. (UKOUG is a not-for-profit organisation with over 11,000 user members from around the UK.) We have its workings with the communities attached to other vendors (including the SAP [systems, applications and products] User Group and the group belonging to the small British software developer Occam Systems). Our interactions with UKOUG and these others have allowed Edinburgh scholars to collaborate with industry players to mitigate some key obstacles to the development and diffusion of user-led innovation.

\*Rafols, I, Leydesdorff, L, O'Hare, A, Nightingale, P and Stirling, A (2012) 'How journal rankings can suppress interdisciplinary research: a comparison between innovation studies and business & management', Research Policy.

#### **CONTEXT**

#### Survey of managers who have undertaken an MBA

In partnership with AMBA, our Task Force sent out a survey to all AMBA members with a focus on understanding their role in promoting the relationship between UK business schools and businesses. We received a total of 142 responses across a diverse range of industry sectors, from members operating at varying levels of their organisations.

By far the most commonly reported form of engagement with business schools was through alumni events. The secondmost-common interaction was through participation in research projects. But overall, the responses indicated a lack of alumni-relationship development by UK business schools. Fewer than 10% of respondents reported that they had personally established a relationship with a business school. Of those who had, 86% did so initially through an individual contact such as a professor, with only 14% doing so directly with the institution. Once initial contact had been made and a relationship developed, institutional involvement increased in respondents to 76%, while 36% also began to engage at a faculty level.

The MBA graduates surveyed perceived business schools as too academic, not selling their capabilities sufficiently, and not supporting entrepreneurs. With 63% of respondents agreeing with the latter statement, this was by far the most-reported barrier. On the other hand, 65% of respondents thought there was potential for businesses to make more use of business-school expertise. There is a clear-but-unfulfilled demand to access the expertise within UK business schools. Respondents' top suggestion was to ask businesses to host student internships/work experience.

### Assisting companies with specific problems

Many examples of business schools assisting companies with specific problems related to commercialising technology from universities. Many universities have realised the potential for their business schools to assist other academic departments to commercialise technological innovation. The practice appears widespread and widely welcomed. We did not identify any major opportunities to expand or accelerate what is now established practice. One example of a contribution of business schools to technology start-ups is a programme run by the University of Nottingham Institute for Enterprise and Innovation (UNIEI) – see box.



#### CASE STUDY

#### Heriot-Watt University, School of Management & Languages and Caledonian Alloys, by James Ritchie, Professor, and Head of Mechanical Engineering, and Nigel Shaw, Senior Lecturer

A bespoke web-based transport management system was developed for Caledonian Alloys, a world-leading company providing recycling of cobalt- and nickel-based superalloy and titanium alloy headquartered in Scotland. The system developed provides visibility, performance measurement and cost-monitoring of ocean- and road-transport suppliers. This project combined engineering development with management-school implementation expertise. Caledonian is now recognised as world class in transport management, far exceeding the initial project aims. Benefits were obtained across all their global processing sites, increasing turnover by around £8m. Profit increases of around £500k, and transport rates and inventory reductions worth £800k, were obtained in the last five years.

This work was funded through the KTP, and won the 2010 KTP Scotland Award and the Royal Academy of Engineering UK 'Engineering Excellence' Award.



#### CASE STUDY

#### University of Nottingham Institute for Enterprise and Innovation (UNIEI)

The Biotechnology Young Entrepreneurs Scheme is a business-plan competition that augments the aspirations and entrepreneurial capabilities of participating academics. The content and pedagogy of the competition are built upon research into academic entrepreneurship led by UNIEI, and it is delivered with research councils and industry. Following the deployment of novel research within the competition, 2,550 researchers have taken part in the scheme and subsequently realised significant personal and societal benefits. An independent report found that the scheme enhanced their entrepreneurial skills, augmented their career aspirations, and increased their engagement in the process of commercialising academic research.

Many business-school academics consult with companies, and this is envisaged in most of their contracts. We think this is to be encouraged, because the businesses benefit from academic expertise, and the academics from applying their ideas. It is much more valuable to the academics if the engagements are focused on problem-solving, rather than on executive education.

There are a number of related issues that might be addressed by some greater institutional engagement with academics' consulting activities. First, effectively solving businesses' problems often requires a multidisciplinary approach; the individual academic usually cannot bring this. This is not an issue for clients who are looking to add a particular expertise to an already multidisciplinary company team, but for others it is a challenge to put together such a team of academics and then have them work together. Second, lack of institutional activity in developing consulting work means that this tends to be concentrated in more experienced faculty who have widely recognised expertise. To a significant extent, this is inevitable and desirable, but there could be opportunities to help more academics start consulting at an earlier stage in their career. A final issue is the development of consulting skills, such as project structuring and communications. Solving a company problem and presenting results to managers is different from conducting an academic research project and communicating the results to other academics. The different skills can be learnt, and the question is how most effectively to pass them on.

These issues suggest the value of business schools engaging to support the development of academics' consulting. There is no clear model for doing this, but one approach is to group academics in centres focused on particular topics or regions, such as manufacturing or China. An alternative is for schools to provide a clear access point for academics, facilitating training in consulting skills as part of academic career development and helping to match academics to work together on problems. We see the schools as most likely to take a role as facilitating the development of academics' skills, rather than engaging extensively as principals in consulting activities. That would create some institutional conflicts of mission and issues of liability, brand protection and management. But we think there is scope for schools to go beyond benign detachment to more active and institutional encouragement of academics' consulting activities.



#### CASE STUDY

#### Innovation voucher scheme, Aston Business School

The innovation voucher scheme at Aston Business School ran initially from 2007 to 2010, and has recently been rolled out nationally. The scheme offered SMEs the opportunity to apply for innovation vouchers to work with academics on a specific project. Academics were selected from the 13 universities in the region. 672 vouchers, each with a value of £3,000, were awarded during this period. Funding from a combination of sources – such as ESRC, EPSRC, TSB and European Regional Development Fund – amounted to £2.7m. The net economic impact of the scheme was estimated to be 85 jobs.

#### Key elements of the scheme

SMEs were encouraged to apply for the scheme through the website, and through existing academic-industry relationships. Vouchers were awarded by selecting SMEs against specific criteria. Larger SMEs often have several micro-businesses working for them as part of a cluster. Targeting these clusters offered two advantages: uptake of the voucher scheme by SMEs that had not worked with universities before, and increased impact of work from the scheme as it aided the whole cluster.

Brokering software was used to make an initial selection of at least three academics for each voucher, and then an advice centre helped the SME choose the best academics for their needs and project. The team at Aston Business School set up both the software and the advice centre, which handled the interface between the universities and SMEs, and helped sustain the relationships. Brokerage was facilitated by staff who understood both academia and industry so that SME problems could be accurately outlined and academics could ask the right questions.

The work relating to the vouchers needed to be designed and implemented within three months. Its quality was guaranteed and verified at the end of each project. At the beginning of the scheme, Aston University and its business school supported the project by dedicating a team member for two days per week to developing and managing the scheme.

Additional events supported by the scheme strengthened and sustained SME-university and SME-SME relationships. For example, there were SME-SME breakfast networking events, at which the university acted as a broker, and innovation road trips to visit SMEs and promote the scheme. There was ample opportunity to build in additional benefits, such as student placements.

There have been some government-supported schemes that have involved academics consulting with companies on their specific problems. The evaluations and feedback on these schemes have been positive. We welcome the proposals by Lord Young to extend this approach to supporting enterprise. We think it is effective for the companies, makes good use of public money in stimulating growth and capabilities development, and offers a very positive opportunity for business schools, particularly those focused on smaller businesses and the local economy.

THE MOST IMPORTANT STEP FOR BUSINESS SCHOOLS IS TO MAINTAIN DEDICATED CAPABILITIES TO SUSTAIN CONTACT WITH BUSINESSES.

### Managing company relationships

The most important step for business schools is to maintain dedicated capabilities to sustain contact with businesses. Developing these relationships is a regular administrative function. It must enlist the participation of academics, but it is not something that academics can be relied upon to do regularly and systematically. Moreover, it is important that relationships develop at the institutional level, not just with individual academics, desirable though that is. Institutional relationships promote continuity, interdisciplinary engagement and help for more junior members of faculty, who have not yet built the personal reputation that attracts business interest. For businesses, which mostly operate as corporate entities, this is natural, but it is not standard practice in academia.



#### CASE STUDY

### Hertfordshire Business School MBDA Programme, by Jerry Forrester, Dean, and Andrew Francis, **Head of Department, Marketing and Enterprise**

MBDA UK is a leading player in the defence industry, employing 3,000 people across five sites in the UK. It experienced major difficulties in recruiting good-quality business trainees, with 75% failing to complete their training. MBDA wanted its trainees to benefit from a high-quality business education that was flexible, wide-ranging and capable of developing its future leaders. It needed to cope with the demands of full-time employment and provide training in a diverse range of business areas, including language tuition.

The University of Hertfordshire (UH) works with organisations on an integrated and collaborative basis and, working with MBDA, was able to devise a programme that enabled MBDA trainees to combine full-time employment and study. The philosophy was that business trainees would study alongside UH's full-time students. This required considerable organisation and advanced planning. To date, 30 business trainees have graduated from Hertfordshire Business School, with a further 12 part of the way through their studies, four graduating in June 2013.

MBDA student performance has been excellent, with upper-second and first-class degrees commonplace amongst the graduating MBDA trainees, and zero drop-out. MBDA staff retention of trainees following graduation stands at 96%, and the diversity of age and gender within MBDA UK has improved. UH has enjoyed a regular income; created an enhanced learning experience for UH full-time students as a result of MBDA trainees bringing their workplace experience to the classroom; and generated involvement by MBDA in a range of other UH initiatives. MBDA employees are on the university's advisory boards, supporting schools, and staff have acted as panel members on numerous programme review events. Recently, MBDA staff have offered advice on how UH should proceed with the development of corporate degrees and the provision of professional training. The longevity of the relationship testifies to the effectiveness of the collaboration, and the partnership was awarded a National Training Award in 2010.

Maintaining an appropriate web presence helps. Currently, most British business-school websites are clearly aimed at undergraduate and postgraduate students (and their parents). They do not highlight the skills and interests of academic staff in ways that help business visitors seeking opportunities for partnership or executive education. Not much is done to showcase past corporate work and the benefits it has delivered. The websites mainly offer lists of publications and details about programme teaching. Business schools need to develop networks that include the target businesses. They can be promoted by university events, and academics can attend industry events, at which they can build on the research activity that underpins reputation in particular areas and sectors.

#### CASE STUDY

#### Catalysing connections with SMEs: a business-network approach, Kent Business School (KBS), by David Williamson, Director of External Services

The Business Team works as part of KBS's Business Directorate (External Services Directorate) and is responsible for a range of engagement and impact activities, including work with SMEs. The team is supported directly by the school and reports to its head. A number of programmes align with this activity, such as the Business Improvement for Growth (BIG) programme, Student Enterprise Network, Pitch it! scheme, Kent Executive MBA, and student placements and business projects.

The BIG programme is based upon research with smaller businesses though the business school's Centre for Employment, Competitiveness and Growth, which conducts a bi-annual performance measurement and analysis process with a representative sample of private-sector enterprises, particularly SMEs. From this, the BIG programme was developed, aimed at small cohorts of ambitious owner-managers. It is now in its second year. The school also has a number of other applied-research centres, such as the Centre for Value Chain Research, which runs successful in-company student projects such as the Student Implant Scheme.

As a gateway into the school, the Business Executives Forum provides a particularly good example of how sustainable connections with business might be developed and maintained. The network accommodates businesses of all sizes but is particularly successful in catalysing connections with SMEs. Currently, the Business Forum attracts decision-makers in organisations, and is aimed at management professionals in differing sectors, including SMEs. In developing the Business Executives Forum, the Business Team first reflected upon known challenges with a similar previous network known as the SME Knowledge Network (which originated at Bradford School of Management in 2001, and has since been run elsewhere, such as at the University of Leeds Business School). David Williamson, Director of External Services at KBS, established the SME Knowledge Network (SMEKN) at Bradford School of Management and, at its peak in 2001–2005, it regularly attracted 100+ regional SMEs to connect monthly with academic colleagues and each other. It still runs and is the longest-established HEI-SME business network in the North of England.

Three key challenges in Kent have been: how efficiently to engage with large numbers of businesses, particularly SME's; how to maintain long-term relationships with SMEs; and how to ensure their relationships have impact on the SMEs. Some of the solutions they identified were to:

- speak in 'business language' with examples applicable to SMEs (rather than referring to corporates and global brands, which small-business owners do not find relevant)
- provide the solutions that other business-support organisations are less able to i.e. research-led applications that create real added value
- work with the SMEs that want to work with you and grow the numbers gradually
- · bring groups of SMEs together to learn from each other and from other business sizes and sectors; a business school is an ideal third-party facilitator for this
- · avoid too many sub-brands and networks as they become confusing
- use an integrated internal team, taking a shared, client-focused approach.

### **CONTEXT**

# Collaboration – supporting growth in the UK's mid-sized businesses (MSBs), by Business School/MSB Task Force

The Business School/MSB Task Force is pleased to recommend our report on engagement between business schools and MSBs. These businesses, of which there are approximately 10,000 in the UK, are specifically mentioned in the government's *Growth Review*. They account for around one-fifth of private-sector employment and turnover, but represent only 0.2% of UK firms. Distributed across all regions of the UK, they are represented in a range of sectors, are often well established and successful, and include a number of well-known family businesses.

Our challenge was to advise on how such businesses could better engage with business schools in their respective regions to become even more successful. It was clear from our research that there are some excellent examples of good practice in reaching out to MSBs but, equally, that there is still much more that business schools and MSBs could do in support of this mission.

Although evidence supports the importance of management training and education in fostering economic success, there is a scarcity of managers with the right skills, which in turn places a constraint on the improvement of management practices. This is especially the case for smaller firms.

While the UK has made good progress in business-university collaboration during the last decade, it has been recognised that business schools could do more, for example by fostering leadership and management skills. Business schools are well positioned to make business engagement an intrinsic part of their work, ensuring there is a 'customer' behind every piece of work they undertake.

# **Recommendations for encouraging better engagement between business schools and MSBs**Business schools should ensure access and visibility by:

- clearly identifying an initial point of contact for businesses
- making sure this contact knows who to speak to within each academic department
- ensuring websites are well designed, responsive and user- and business-friendly, in plain English
- exploiting social media to build and enhance relationships with businesses.

Furthermore, business schools should develop an MSB engagement plan that fits the context of the school's strategic plan and mission. Initiatives you may wish to include in the plan are open events, taster sessions and lecture series. Annual business conferences, regionally and nationally, are also a good way to share innovation and knowledge, and to strengthen capability and competitiveness. Moreover, ensure you have MSB representation on your advisory board. Use it to connect to other MSBs and expand your network. Consider using intermediaries to further facilitate links to MSBs.

Finally, work with MSBs and their representative organisations to ensure provision meets the specific needs of MSBs and where possible, responds to the particular timeframes/milestones that are important to the business. It is also important to actively seek out MSBs to come and talk to students as part of a planned programme. Build up your own MSB research base and use it to inform your programmes/plans and pilot projects. Appoint visiting professors from MSBs and consider developing an entrepreneur-in-residence programme. Another strategy might be to review evaluation strategies within study programmes to consider how the student-assessment process can have financial and operational benefits for the sponsoring firm.

#### Accreditation

One of the incentives for business schools to re-orient activity towards practice is through the role that might be played by accreditation systems that serve to signal standards of international quality.

The European Foundation for Management Development (EFMD) developed its accreditation system and criteria 15 years ago, with a project team consisting of business-school deans. Since its inception, the expectations placed on schools have been rising. For many schools, retention of this 'kite mark' requires them to demonstrate the international nature of their activity, and the strength of their corporate connections.

In this respect, the standards support an agenda for engagement and a genuine connection to the corporate marketplace, achieved either through executive education or research engagement. The European Quality Improvement System (EQUIS) standards also support differentiation of mission, recognising that business schools can come in many different forms. In terms of research, its criteria cover not just research publications in journals but also consultancy purposes, and are disseminated through a variety of channels to user groups and communities. Consistency between schools is not expected, but it is necessary for views to be aligned on what constitutes management education and the role of the business school in this; within this requirement, a great deal of diversity is possible. Given the strengthening of the standards, deans' attention to aspects of engagement ought to be reinforced through a good understanding of the application of the EQUIS standards.

### **CONTEXT**

#### Association to Advance Collegiate Schools of Business (AACSB)

Any AACSB International member institution offering undergraduate and/or graduate degrees in business may apply for AACSB business accreditation. The accreditation process includes rigorous self-evaluation and peer-review elements. The process begins with an eligibility application, after which a school enters the pre-accreditation phase. If it meets the accreditation standards and completes requirements, it will receive initial accreditation. It must then enter the 'maintenance of accreditation' process every five years.

#### Strategic management standards

The AACSB accreditation-review process is linked to a school's mission, which the latter must articulate as a guide to its view of its evolution, infrastructure, and use of resources. The accreditation process verifies that a school focuses its resources and efforts towards the mission defined in its mission statement.

#### **Participants' standards**

A direct link exists between a school's mission, the characteristics of students served by the educational programmes, the composition and qualifications of the faculty members providing the programmes, and the overall quality of the school. The standards in this area focus on maintaining a mix of both student and faculty that achieves high quality in the activities that support the school's mission.

#### Assurance of learning standards

Student learning is considered to be the central activity of higher education. Definition of learning expectations and assurance that graduates achieve them are key for any academic programme. Members of the business community, students, and faculty members all contribute valuable perspectives on the needs of graduates. Learning goals should be set and revised at a level that encourages continuous improvement in educational programmes.

#### **European Foundation for Management Development (EFMD)**

The fundamental objective of EQUIS, linked to the mission of EFMD, is to raise the standard of management education worldwide.

EQUIS assesses institutions as a whole – not just degree programmes but all activities and sub-units of the institution, including research, e-learning units, executive-education provision and community outreach. Institutions must be primarily devoted to management education. EQUIS covers all programmes from first degrees up to doctorates, and looks for a balance between high academic quality and the professional relevance provided by close interaction with the corporate world. Strong interface with the world of business is, therefore, as much a requirement as strong research potential. EQUIS attaches particular importance to the creation of an effective learning environment that favours the development of students' managerial and entrepreneurial skills, and fosters their sense of global responsibility. It also looks for innovation in all respects, including programme design and pedagogy.

Institutions that are accredited by EQUIS must demonstrate not only high quality in all dimensions of their activities, but also internationalisation. With companies recruiting worldwide, many students are choosing to get their education outside their home countries, and with schools building alliances across borders and continents, there is a rapidly growing need for them to be able to identify those institutions in other countries that deliver high-quality education in international management.

The AACSB first adopted a system of accreditation standards in 1919; since then, the standards have undergone continued revision to ensure the accredited schools deliver quality to their core stakeholders – students and employers. In 2010, the AACSB's accreditation standards and processes were revised, and – after a two-year period of consultation with the management-education community and employer organisations (national and international) – the standards have been further developed. The standards now explicitly address aspects of innovation, impact, and engagement, seen as important elements of contemporary business-school practice. The AACSB suggests that these standards meet the demands of a new era for management education, and following the changes. The new standards explicitly drive impact, innovation, and engagement with students, employers and the communities they serve.

BUSINESS SCHOOLS SHOULD INTERPRET WIDELY THE DEGREES OF FREEDOM THAT EXISTING STANDARDS GIVE THEM, TO PURSUE EXCELLENCE IN DIFFERENT WAYS

Business schools are distinctively diverse in the academic world. They are multidisciplinary, because business problems can often usefully be approached from a variety of disciplines and dimensions, ideally in concert. The business world itself is highly diverse in terms of the nature of the organisations and the businesses they conduct. Even beyond that, there are applications to many non-commercial organisations. The business schools have already developed a wide range of different types of students and different ways of engaging with them, and more no doubt will develop, typically supplementing but not fully replacing what already exists. One of our recommendations is to recognise and increase the diversity of institutions, so doing better justice to the different ways in which business schools can succeed.

It follows, we believe, that business schools should interpret widely the degrees of freedom that existing standards give them, to pursue excellence in different ways. For their part, the accrediting institutions have to keep an eagle eye that their standards do not in reality or perception create a homogenising tendency. It is hard to see how a single set of metrics, uniformly applied, can encourage the diversity needed. This is a particular risk with an emphasis on quantitative metrics. This homogenisation would, in fact, be a forcing mechanism for mediocrity. A better path for the sector is for individual schools to seek excellence in different ways, and collectively to cover the wide range of different contributions that the sector can make to education and the economy.

# AACSB INTERNATIONAL BUSINESS ACCREDITATION STANDARDS COMPARISON—2013 & 2003

#### Innovation ◆Impact ◆ Engagement

2013 STANDARDS

#### STRATEGIC MANAGEMENT AND INNOVATION

Standard 1: Mission, Impact, and	
nnovation	

Standard 2: Intellectual Contributions and Alignment with Mission

3

4

6

Standard 3: Financial Strategies and Allocation of Resources

# PARTICIPANTS—STUDENTS, FACULTY, AND PROFESSIONAL STAFF

Standard 4: Student Admissions, Progression, and Career Development

Standard 5: Faculty Sufficiency and Deployment 5

Standard 6: Faculty Management and Support

Standard 7: Professional Staff Sufficiency and Deployment

#### LEARNING AND TEACHING

Standard 8: Curricula Management	
and Assurance of Learning	0

Standard 9: Curriculum Content 9

Standard 10: Student Faculty
Interactions

Standard 11: Degree Program Educational Level, Structure, and Equivalence

Standard 12: Teaching Effectiveness 12

#### ACADEMIC AND PROFESSIONAL ENGAGEMENT

Standard 13: Student Academic and Professional Engagement	
Standard 14: Executive Education	14

Standard 15: Faculty Qualifications and Engagement 15



www.aacsb.edu/accreditation/2013standards

#### 2003 STANDARDS

#### STRATEGIC MANAGEMENT

Standard 1: Mission Statement

2 Standard 2: Intellectual Contributions

Standard 3: Student Mission

Standard 4: Continuous Improvement Objectives

3 Standard 5: Financial Strategies

#### PARTICIPANTS

4 Standard 6: Student Admission

4 Standard 7: Student Retention

7 Standard 8: Staff Sufficiency— Student Support

5 10 Standard 9: Faculty Sufficiency

15 Standard 10: Faculty Qualifications

6 Standard 11: Faculty Management and Support

8 12 Standard 12: Aggregate Faculty and Staff Educational Responsibility

10 12 13 Standard 13: Individual Faculty Educational Responsibility

10 13 Standard 14: Student Educational Responsibility

#### ASSURANCE OF LEARNING

8 9 Standard 15: Management of Curricula

8 9 Standard 16: Undergraduate Learning Goals

Standard 17: Undergraduate Educational Level

Standard 18: Master's Level General Management Learning Goals

8 9 Standard 19: Specialized Master's Degree Learning Goals

Standard 20: Master's Educational Level

8 9 Standard 21: Doctoral Learning Goals

## DIVERSIFYING THE MIX OF BUSINESS SCHOOLS

#### **▼** RECOMMENDATIONS

#### 6 Move to more distinctly defined roles for different institutions

With over 130 UK business schools, there is opportunity for more specialisation by institutions and more focus on core academic competencies and the types of business engagement that best fit them. The problem is that the academic incentives and career paths have not supported diverse missions. We identify changes that should encourage institutions to focus more explicitly. Some may connect to the local economy, others internationally; some will commit to particular industry sectors; and some will aim to catalyse commercialisation of university-generated technology and others perhaps to innovate in pedagogy and consulting. For some, the research-led, multidisciplinary model will be just right, but it should not be the universal aspiration.

Business and management is a large and diverse field. It includes elements from many disciplines, and contributes to a wide range of organisations - high- and low-tech, large and small, multinational and local, and in the private, public and not-for-profit sectors. Wide-ranging capabilities are required to make a success of the research, teaching and engagement missions, across the full range of topic areas and organisations. This report has identified a number of widespread capability deficiencies, and suggested that schools as a whole are not meeting their potential for impact and engagement. It is unrealistic simply to ask more schools to do more across all these areas. On the contrary, we think that for many of the 138 institutions now teaching management and business, specialisation is necessary and will free resources for investment in the capabilities needed for better engagement.

Perceived institutional incentives have motivated business schools to pursue a common development path. International accreditation bodies have stressed the importance they attach to corporate engagement. Currently, universities have tended to emphasise the combined mix of teaching and research, rather than supporting specialisation on one or other dimension. Such incentives are not inevitable, and there could be more explicit incentives for specialisation. For example, accreditation bodies could look only for high scores and accept they will be achieved only in certain areas. The REF bodies could look at the institutional coherence of research. The universities could look at their schools' position in the environment for business education and the local context. All this might better support excellence and engagement.

Some of the areas around which distinctiveness could be developed include the following (which are not mutually exclusive):

- · Local connection: for many schools, focusing on businesses and the capability-development issues distinct to their local geographic area makes sense. Lord Young envisages business schools being a delivery vehicle for capability-building with smaller enterprises, and Lord Heseltine sees them playing a significant role in developing the regional investment agenda, and competing for and channelling government spending. Such roles are very consistent with local focus.
- Dedication to industry: some industries have a scale and specialisation that warrants focus by some schools. Bestdemonstrated practice is about the creation of centres within a school rather than the dedication of the entire school to a narrow range of industries. An example would be the strength of Cass Business School (London) in financial services, and the development of its Centre for Professional Service Firms. Here, location and industry focus come together.

- International network: with the global growth in business education, some schools have the experience, reputation and capabilities to develop international campuses. This path should be recognised and encouraged by the accreditation agencies and parent universities, but requires focus and specialisation on the needs of that strategy.
- Catalyst for science-based innovation: schools that are part of universities with strong, innovative technology faculties have opportunities to specialise in technological innovation and commercialisation. Imperial College (London) is just one notable example. This specialisation would imply developing specific academic areas of research and particular aspects of business engagement.
- INSTEAD OF ALL CHASING
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  STUDENTS AND COMPANIES,
  THE MORE THEY DEFINE
  AREAS OF FOCUS, THE
  BETTER THE RANGE OF
  OPPORTUNITIES THEY ARE
  LIKELY TO DEVELOP.
- Broader university engagement: there are opportunities to connect with other faculties in the social sciences, economics, psychology, history and so forth almost without limit. Business schools at the Universities of Oxford and Cambridge are well aware of the potential here, and have used this as a source of distinctiveness and external profile. Such cross-university connections can be focused around topic areas like sustainability. In many universities, there are good examples of other departments effectively linking theory and practice, and engaging with relevant external constituencies. We are aware of examples in chemistry, earth sciences, education, psychology, medicine and health, and there are no doubt many more. Some universities have strong alumni connections and strategic partnerships with major businesses and outside organisations. All this indicates the opportunity for some business schools to turn towards their parent universities as central to their engagement strategies.
- Innovation in pedagogy and consulting: given the potential for technological change in pedagogy, and the importance of pedagogy developing in teaching managers, there is an opportunity for some schools to focus on advanced and innovative pedagogy. The OU has a special and continuing role in doing just this, but this focus has also contributed to the development of other schools, such as at the University of Liverpool.

These categories are not mutually exclusive.

Growing specialisation would be valuable for the breadth of impact and engagement. Through specialisation, institutions can collectively cover a wider range of opportunities. Instead of all chasing the same sorts of students and companies, the more they define areas of focus, the better the range of opportunities they are likely to develop.

Some schools will have the resources, capabilities and aspiration to cover a wider range of topics and areas of engagement. This makes sense for some but not all, and could be seen as a specialisation in itself: such schools have a distinct opportunity to move learning and expertise from one area to another and to work on the interconnections between topics and business areas; they should make good, distinctive use of their breadth. But for others, a narrow mission will be more successful, and they should not feel that this is an inferior or less valuable choice.

We expect that most students in business schools will still want a broad business education. Of course, this creates a challenge for schools that are focusing their research and business engagement. There are a number of possible solutions, including using non-research-oriented staff to teach parts of the curriculum outside the main research-and-engagement focus of the school, and sharing selected capabilities or resources with complementary schools. As technology and experience of electronic learning delivery develop, and as schools become more experienced and capable at incorporating electronically developed learning with conventional approaches, many envisage online learning being used increasingly effectively as a component of courses. It may be feasible for schools to minimise their own investment in teaching some areas of the curriculum by incorporating course elements developed by others.

## **CONCLUDING REMARKS**

Two themes run through all our recommendations:

- the need to change the mix of incentives for business schools and their staff, in order to be better recognised and rewarded for the activities that directly impact on business
- the need to build capabilities at the individual and school level to meet the demands of greater engagement in teaching and research, and better support for innovation and SMEs.

We have explained that, in the current context, the institutional incentives for schools to concentrate on the activities that have most impact on British businesses are not strong enough. There are financial incentives to attract students, often in large numbers, and often from overseas, who can be taught in large, formal classes. The result is that student fee income from these sources underpins the economic stability of the schools and contributes financially to their partner universities.

Second, concentrating on academic research evaluated in conventional academic ways has numerous benefits for both schools and individuals. It is believed to be a key factor in school accreditation and in attracting students, particularly internationally. It contributes to the esteem and standing of the schools within their parent academic institutions, which is important for the schools and for their academics, many of whom trained in other academic disciplines. For individual faculty members, their academic publication record is vital to their career development, and is a portable asset. By contrast, many of the activities that engage with business have much less clear and less tangible benefits to individual academics. Given the incentives, the results in terms of prioritisation and activity mix are not surprising.

Changing these incentives will require action by those outside the business schools, and persistent effort over time. We hope that this report will be one voice calling for change, but it will take many voices to achieve it. UK government can play a significant role, as it influences the REF criteria and the funding mechanisms for universities. We think REF impact weighting for business and management should be much higher than for many other disciplines, because the value and potential for productive engagement outside academia is so great. We recommend greater use of matched-funding grants and innovative forms of school-industry research partnerships, to encourage focus on developing research with the private sector. The accreditation bodies and the published rankings of business schools reflect what are generally accepted standards. Collectively, UK business schools, their leaders, and representatives in bodies such as the ABS can exercise some influence to shape these criteria. This needs collective rather than individual action, and we recommend the ABS to make this a consistent priority.

The most important contribution from government is likely to be as part of its efforts to stimulate and support SME development, and to promote local business—government coordination and cluster development. In both these efforts, providing financial incentives will be vital, whether by directing funds through regional and local bodies with which some business schools should develop close relationships, or by the vital support of SMEs' initial interest in engaging with business schools. There could also be an important role in funding the development of business doctoral education that is needed. For all this, business schools and faculty should have clear incentives to generate support and revenue directly from industry and commerce.

Individual business schools can have some impact on individual incentives, of which the most important are hiring and promotion criteria. Of course, these reflect the incentives for schools as a whole, but as these change, schools will need to

look harder and weigh up the contributions of faculty members in bringing practical learning to the classroom, and connecting knowledge to business. For business schools, these should be valid and significant criteria for promotion, recognition and reward.

Academic promotion criteria are, in the current university system, set on a university-wide basis. This means that changes to promotion criteria and incentives have to be understood and accepted by the broader university. Our recommendations imply the need for greater acceptance that the business schools' need for engagement translates into the need for a different mix of promotion criteria and incentives. There is no question that research excellence is important. The point is that it is not the only thing that is important. For a business school, institutional excellence demands engagement with practice as well. A major effort is needed to develop academics who can engage with business, but success may also demand individual faculty specialisation, so an institution can address its full range of mandates.

The change is about capabilities as well as incentives. There is no point in incentives that motivate business schools and academics to try to do things for which they are poorly skilled, but there is a lot of value in aligning incentives with the development of new capabilities.

For the schools, key capabilities include the institutional development of relationships with companies, across a wide spectrum of activities. This needs appropriately focused organisation and resources, supported by teaching and research staff. We also think that organising in centres helps develop cross-dis-

research staff. We also think that organising in centres helps develop cross-disciplinary working, and provides a better match with companies' needs, and clearer points of access to schools' capabilities. Working in this form can be considered a capability; more schools need to develop it. There are some excellent examples that they can learn from.

The more challenging capability-development task is with academic staff. We have found deficiencies in the skills needed for effective engagement with companies. These include lack of knowledge of the commercial and organisational context, and sometimes of the practical application of academic knowledge. Again, there are many good examples, but at the moment there are too few academic staff with a full balance of understanding of commercial context, and with the skills to effectively conduct executive-education programmes that will satisfy experienced managers. Remedial action can be taken by individual schools in challenging and supporting their staff to develop the skills needed and in recruiting staff from outside academia who can contribute. The challenge is to do this while maintaining the rigour and incisiveness of the

research they conduct. They also need to support the effective dissemination of research to the business community.

In the longer term, changes in doctoral education to emphasise the development of skills to work with companies are possible and desirable. Schools can make active efforts to improve the skill mix in their staff, and individual academics will have to learn the necessary skills. Of course, creating incentives is essential to motivating the learning, but this needs to be complemented by appropriate guidance, especially to early-career academics, about what is necessary, and support for their efforts to develop it.

As we noted at this beginning of the report, all this will require a strategic, not a year-to-year view, of institutional development and the management of capabilities. Business schools need to mobilise resources for significant development. Whether they can do that will depend on collective leadership catalysing the opportunity for change, development and impact. In supporting this change, there is an important role for businesses themselves. They are an important source of input on individual schools' priorities and development. Their help is needed to support capabilities development – by schools, in the form of programmes that integrate theory and practice, and by individual academics, as they learn to locate their research around the problems that matter to business, and communicate their findings in ways that reach all their potential audiences.

**BUSINESS SCHOOLS NEED** TO MOBILISE RESOURCES FOR SIGNIFICANT DEVELOPMENT. WHETHER THEY CAN DO THAT WILL DEPEND ON COLLECTIVE LEADERSHIP CATALYSING THE OPPORTUNITY FOR CHANGE, DEVELOPMENT AND IMPACT. IN SUPPORTING THIS CHANGE, THERE IS AN IMPORTANT ROLE FOR BUSINESSES THEMSELVES. THEY ARE AN IMPORTANT SOURCE OF INPUT ON INDIVIDUAL SCHOOLS' PRIORITIES AND DEVELOPMENT.

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Notes	



#### Our mission

The ABS is the voice for the UK's business schools and independent management colleges. It was established to promote the excellence of business and management education in the UK, and to improve the quality and effectiveness of managers in the UK and internationally. The ABS (including its subsidiary companies and charities) exists to support its members, providing a central vehicle to help members promote their common interests in business and management education, respond efficiently to key policy issues, develop institutional capacity, and share best methods and practice.

We work with over 130 UK business schools and partners around the globe.

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