



Tracing Their Pathways: Business Education or Education Business

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Abstract

This paper explored how North American business schools have transformed a business education into an education business. First, business schools secured a legitimate role as a discipline in higher education through substantial efforts, which included adding liberal arts courses to programs, increasing the use of scientific rigor, increasing the amount of research conducted, and by adding doctoral education. The academic literature showed that the commercialization of business education was largely propelled by the use of contemporary marketing techniques especially for MBA programs. This allowed business schools to morph into a legitimate business selling the MBA credential. However, many business schools have become complacent when it comes to improving their program offerings. This is because many business schools have achieved an enjoyable position in the higher education system and in the higher education marketplace. Therefore, rising concerns have emerged that business schools will increasingly continue to engage in commercial behavior for the purpose of elevating student enrollments. Additionally, it is worrisome that business schools are expected to exert less effort in the future to improve current product offerings for the benefit of students. In light of these trends, it is time to formulate business ethics for business schools as businesses. However, this must be accomplished in a way that balances traditional academic values with the commercial behavior of treating education as a business product.

Keywords: business school, business ethics, commercialization of business education, higher education, marketing, MBA

1 Introduction

Early on, due to a lack of theoretical literature and a concise position of job-related norms, university-based business education was criticized by many academics as to its legitimate role in the university setting. Through substantial reconstruction efforts and curriculum adjustments, such as the inclusion of liberal arts studies, the adoption of scientific methods in business research, and the establishment of graduate and Ph.D. programs, business education eventually achieved an overall position as a discipline in academy. The literature shows that the commercialization of business education and the entrance of business schools into a global market were propelled by contemporary marketing techniques such as branding, ranking, packaging, and customer service. Business schools' commercial focus on their programs has compelled them to view themselves as competitors in the marketplace. Inevitably, business schools commercialize their programs, and in particular the MBA, and create fragmentation in the market by selling a specialized career-orientated notion of the business degree to students. The MBA business is an industry promoting

itself as an investment opportunity for customers, who are students. These customers believe the MBA credential will help them to secure their future earning abilities.

2 The Origins of Business Education

North American Universities began with an orientation that emphasized the classics and traditional liberal arts during the eighteenth century (Newman, 1852). Then, in the late nineteenth and early twentieth century they evolved by offering increasingly sophisticated training in the professions, the social sciences, and the humanities. The traditional view of universities is that they offer an important service and contribute to the public good of society (Flexner, 1930). As the number of managerial jobs continued to increase in the 1920s, graduates of business schools were highly employable and were differentiated from uneducated supervisors as educated managers (Khurana, 2007). During this time, business schools were also increasing in number and expanding course offerings as enrollments rose. Business education gained acceptance by business leaders in general and by leaders of corporations specifically. Meanwhile, advocates of generalized education and liberal arts educators conveyed their concerns about

this “specialized” business education. For example, Thorstein Veblen (1918) criticized business education by stating that it “serves neither the intellectual advancement nor the material welfare of the community” (Veblen, cited in Kephart and McNulty, 1963, p. 35). Professors in business schools were teased in the universities by colleagues in other fields about their lack of theory and discipline. The field of business was also criticized for not satisfying the criteria of a profession, for containing neither an ethical nor a social aspect, and for not comprising a legitimate academic subject for scholars. Universities that created business schools were accused of selling out to commercial interests. As such, the opposition to business education continued, as did the controversial debate over whether or not business education could truly be grounded in the university system.

3 The Evolution of Business Schools

In the early history of business education, professors at business schools could not avoid challenges from their opponents who taunted them about their lack of academic theory and discipline. To address such concerns and to legitimize their role in higher education, business education advocates justified the existence of business schools in higher education in various ways. For example, they connected business education with the main functions of the university itself by including the study of liberal arts and research as a means for contributing to the public good (Khurana, 2007). Additionally, leadership and faculty increased efforts to present management as a science by conducting business related research using a *scientific paradigm*. A scientific paradigm helps distinguish the research of one discipline from the research of other disciplines. Finally, business educators established doctoral business education as a means to secure their role in the university system.

3.1 Integrating the Liberal Arts

A number of advocates, in the early years of the establishment of business education, were in favor of an increasing emphasis on liberal arts courses. They argued that the demands of contemporary society were such that business leaders must be people of wide perspective and vision. It was generally agreed that those who had a liberal arts education should have obtained a broad knowledge of the various major areas of learning such as the natural sciences, the social sciences, and the humanities. In addition, liberal arts education was considered to develop those skills and habits of reasoning which constitute intellectual competence, the capacity to think logically and clearly, and the ability to organize one’s thoughts on the varied subjects with which the citizen must unavoidably concern himself (McGrath, 1963). In this sense, liberal arts education was perceived to be a necessary component of business education.

These advocates also believed that business should be regarded as a profession. Further, they believed professionalized business training should be a prerequisite of undergraduate studies in the arts and sciences. They argued that the purposes of liberal arts

education for business students did not differ from the purposes of such training for students of other professions and trades. Supporters of business education felt that business management was significant in modern industrial society. Moreover, these advocates suggested that liberal arts subjects should be included in the business education curriculum if business schools were to seek legitimacy within the universities (Kephart and McNulty, 1963). For example, the Wharton School of Business came to include certain social science departments as an integral part of the school’s organizational structure. In 1916, the American Association of Collegiate Schools of Business (AACSB) was formed, and in 1924 a standards committee of the AACSB recommended that one of the membership requirements be that at least forty per cent of the total hours required for the bachelor’s degree in business must be taken in subjects other than business and economics (Kephart and McNulty, 1963).

In business education during this time period, a greater emphasis seemed to be placed on more traditional academic studies by both business educators and leaders. Converting this into the conventional requirement of one hundred and twenty credit hours for the bachelor’s degree in business, the curriculum would consist of roughly sixty credits of general education, thirty core credits, and thirty credits of specialized courses (Kephart and McNulty, 1963). The AACSB’s forty per cent liberal arts studies requirement was considered by many, both the business education opponents and advocates, to be a step in the right direction. Although it only addressed part of the legitimacy concerns, it eliminated the arbitrary effort to get rid of business education from the university setting.

3.2 Integrating Science

Next, by placing business problems in a scientific framework, business faculty presented management as an actual science. This in turn allowed management to be associated with the moral authority of science because of the perceived objectivity provided by the scientific approach. Business educators also believed that it was necessary for managerial knowledge and new managers to be produced within the same institution in order to affirm a foundation of common scientific knowledge for managerial authority. Therefore, when Frederick Winslow Taylor’s (1911) book, “The Principles of Scientific Management” and Hugo Munsterberg’s (1913) book, “Psychology and Industrial Efficiency” were published in the early twentieth century, they were highly welcomed by business school educators. Both books emphasized the improvement of industrial efficiency under the scientific paradigm and offered the best foundation for business school curriculum to build management education and practice using a scientific framework (Khurana, 2007).

3.2 Integrating Research

An AACSB report in 1924 emphasized that if business schools were to improve their academic and professional standing, research would need to become a central part of their activities. This

was already the case for other professions served by established professional and scientific associations. Additionally, as research began to emerge as a recognized function of university-based business schools, it served to align business educators with colleagues in other departments. Thus reaffirming academy's deep rooted idea that research activities are an integral component of the mission of public service pursued by universities.

In order to demonstrate that business educators were undertaking research and to disseminate research findings, many business schools began to establish magazines, business reviews, occasional reports, and pamphlets. These publications presented items such as faculty research projects, summaries of facts about certain industries, and discussions about general economic conditions. Business educators declared that business education would not contribute solely to organizations or to the marketplace, but would contribute to scientific research and to a systematized paradigm (Khurana, 2007).

The Wharton School's economist, Joseph H. Willits, was an advocate for business school research. He argued that any professional schools should perform their full function of preparing students for a career and also contribute to research on the fundamental problems in the respective fields of business. In this sense, business schools should aim to contribute their share toward the solution of the fundamental problems of business. He advocated a new emphasis on applied economics as part of an effort to make the school's programs more academically detailed. This in turn, would allow the Wharton School to turn out the kind of graduates that distinguished a university from a plain professional school (Khurana, 2007).

3.2.1 Criticisms of Business School Research

Since business schools first obtained their legitimate place in the university, research has been a key element to securing this legitimacy. Tenure-track faculty conduct research studies that are highly quantitative and have the potential to be cited often. Although, how many of these studies are excellent? Research in business is often too narrow and restricted, due to the proprietary nature of business data, to be highly relevant to the real business world. Further, the disconnect is increased when what faculty in business schools know and want to teach is not in alignment with what the practical business world needs or with what MBA students want to learn (Bennis and O'Toole, 2005).

3.3 The Addition of Graduate Degrees

The MBA degree was established in the early twentieth century. However, the MBA program was not a prevailing degree before the 1960s. Prior to the 1960s, business schools were typically offering only undergraduate degrees. The MBA program before 1960 was regarded as a fifth year of business study for the purpose of permitting greater specialization. After two years of liberal arts courses, undergraduates would take general business course for the last two years of college. Those who wanted to study a particular industry or a specific area of business would stay for a fifth

year and get a master's degree. At this time, MBA programs were typically categorized into two types: (a) a one-year program for business undergraduates, and (b) a two-year program for those who came from other fields of study (Daniel, 1998).

Efforts made by business schools to engage in research purposes eventually led to the establishment of the first Ph.D. program, at the University of Chicago's business school in 1920. The Dean of the business school, Leon C. Marshall, had implemented a research program to integrate the business school into a larger program of political and social science. This was reminiscent of the efforts in the 1880s and 1890s at the Wharton School of Business. Marshall undertook an extensive study of schools of commerce, civic institutions, and bureaus of municipal research in the United States to design a plan for the doctoral program in business (Kephart and McNulty, 1963).

Gordon and Howell, commissioned by the Ford Foundation, published "*Higher Education for Business*" in 1959, hereafter the ("Ford Report"). That same year Pierson, commissioned by Carnegie Corporation, published "*The Education of American Businessmen*," hereafter the ("Carnegie Report"). Both reports expressed a belief that among the various types of business school programs, only graduate business education could be made truly worthy of an academic status. Both reports also stated that undergraduate programs should consist of deep immersion in the liberal arts and social sciences and that graduate education at both the master's and doctoral levels could be considered the critical component for converting business schools into genuine departments in the university setting. Both reports highly criticized the state of business education in the U.S. and concluded that American business schools needed to focus on fundamental research more than on narrative analysis. Further, they concluded that business schools needed to derive decision-making principles from theory more than from existing practice (Gordon and Howell, 1959; Pierson, 1959).

The recommendations about business education summarized in the Ford Report and in the Carnegie Report can be categorized into three broad areas. First, a need to increase the proportion of research-oriented faculty. Second, standardizing the required MBA curriculum on a central set of courses with a strong emphasis on quantitative analysis and the inclusion of the social sciences. Third, improving the doctoral programs that would train future generations of business faculty (Gordon and Howell, 1959; Pierson, 1959). Many of the leading business schools incorporated these ideas in order to reform the infrastructure of their respective business programs.

According to the Ford Report and the Carnegie Report, to create research-oriented business school departments, the level of faculty training in what were regarded as the core disciplines of quantitative analysis and the behavioral sciences needed to be increased. On this basis, the amount of faculty research drawing on such disciplines would also be increased. Most business schools adopted this approach. This enabled business schools to hire research-oriented and discipline-trained faculty members, which

significantly increased the number of faculty with doctoral degrees.

By the end of the 1960s, it was evident that undergraduate business education and the grounding of business schools' legitimacy in the university setting was secured. Most of the leading business schools conformed closely to what the AACSB and both the Ford Report and Carnegie Report recommended. As such, business school faculty had not only obtained intellectual legitimacy in their institutions but also gained greater respect from their colleagues in other disciplines. Business schools remained aligned with the traditional academic mission of universities to develop, generate, and impart knowledge to advance the public good.

4 The MBA Gains Prominence

By the early 1960s, the curriculum of graduate business education had changed dramatically. As a consequence of the Ford Report's recommendations for a functional curriculum with a strong quantitative foundation, sixty-four AACSB accredited MBA programs required one or more courses in accounting and finance. All AACSB accredited schools also had an economics requirement and offered courses whose titles included microeconomics, managerial economics, macroeconomics, or forecasting. Most programs required at least three quantitative courses in their core curriculum, all of which drew on mathematical concepts beyond those of high school math. All of the largest MBA programs offered elective courses that made broad use of statistics, differential calculus, and linear programming. MBA courses since then have been based on the theory and methods being taught in doctoral programs. Courses in faculty members' discipline-focused research interests replaced courses in faculty member's particular experiences or adjunct lecturers' industry backgrounds (Daniel, 1998).

The combination of continuing economic growth in the 1960s, the prevalence of the managerial form of organizations, and reports on the job market for MBA graduates becoming regular major annual events in the media resulted in a greater demand for MBA graduates. Therefore, colleges and universities were incentivized to further expand into business education (Daniel, 1998). Then, as the 1970 recession began, the MBA was predicted to have a gloomy future. However, during the 1970s, the MBA degree became more prestigious in the business community and received increased attention. More and more MBA degrees were awarded. There were nearly four times as many degrees granted in the 1970s as in the 1960s (Daniel, 1998). Two categories of business schools emerged during the late 1960s and early 1970s. The first category appeared from the competition among business schools to raise their academic reputations and reorganize their curricula along the functional, technical, and quantitative lines recommended by the Ford Report and Carnegie Report. The second group, representing the largest segment of MBA programs, consisted of schools offering vocational programs in which academic requirements were modest and obtaining a degree fairly painless (Khurana, 2007).

Between 1972 and 1980, a study of the Graduate Management Admissions Council ("GMAC") indicated that MBA students from leading business schools, such as Chicago, Columbia and Harvard, received higher median starting salaries than graduates from most other graduate degree programs (GMAC, 2000). The elite MBA had become the passport required for executive managerial positions. This further motivated those who were seeking financial well-being to seek an MBA even in the early 1980s when the economic recession that began in the 1970s was becoming serious.

4.1 Critics of the MBA

In the 1970s, the MBA degree was prevailing in terms of program expansion and enrollment growth. The growth in the number of graduate business schools and the increase in MBA enrollments was the fastest in history. The MBA had gained a good reputation in industry. There was an unprecedented increase in public interest as media attention on graduate business education and MBA graduates continued to grow (Daniel, 1998). Since then, the focus of business education in business schools has shifted to the MBA program. Although, business education continued to be provided at the undergraduate, master's and doctoral levels, many universities began treating the MBA as a source of income, which could be used for the support of less prevalent programs and disciplines (Daniel, 1998).

While graduate business education in the 1970s was prosperous in North America, many scholars and practitioners in the late 1970s and early 1980s claimed that it had failed to meet social needs, such as the value of the degree from the individual's and the employer's point of view. The critics conveyed dissatisfaction with the MBA curriculum that was more theoretical than pragmatic and accused the programs of giving students misleading hopes and delivering poor preparation for a career. These criticisms have continued relatively undiminished until now. For example, the *New York Times* noted in 1982 that business school professors did not understand what goes on in companies (Daniel, 1998). An article from *Fortune* magazine, about the pressures of working in California's Silicon Valley companies, observed that new employees with MBAs usually only lasted about seventeen months because they could not cope with daily practical challenges although they were well educated in theory (Daniel, 1998).

A well-known report by Porter and McKibbin (1988) stressed the need for graduate business schools to improve their ability to teach management, leadership and other interpersonal and soft skills. More recently, Pfeffer and Fong (2004) contended that there was a disconnection between the MBA curriculum, skills acquired in the MBA and subsequent on-the-job behavior. Similarly, Mintzberg (2004) noted that management is a professional trade, a craft to be sharpened through practice and experience, not in the traditional classroom. He contended that MBA programs are more like specialized training grounds for the specific functions of business, rather than the broad practice of management. Bennis and O'Toole (2005) have further argued that the focus of graduate business education has become increasingly limited and

less and less applicable to practitioners. These critics have argued that MBA education is substantially disconnected from, and irrelevant to, the real world and the needs of working managers.

5 Marketing MBA Programs as a Business

The process of ranking business schools emerged in the 1970s and became a dominant notion in the 1990s. Top-ranking business schools have identified themselves with more applications and greater attention from recruiters after every publication of the Business Week rankings. Meanwhile, low-ranking schools have dealt with unhappy alumni and students, and have strived to take the necessary actions to increase their school's ranking (Khurana, 2007). Dater, Garvin, and Cullen (2010) believed that the continued growth of business schools and MBA programs has contributed to the prevalence of the ranking phenomenon. Additionally, the continued growth in MBA programs and the differences among MBA programs has led prospective students to rely more heavily on rankings. Students apply for a high-ranked MBA rather than focusing on the courses and specialties, which the business school offers. Although, the credibility of the ranking methodologies, not to mention the rankings themselves, is debatable (Daniel, 1998).

In the midst of the ranking debate, business schools attempting to improve their rankings started to reallocate their administrative attention, resource distribution, and operating focus to better satisfy recruiter and student needs. Rankings were perceived as tools to help create a market for business education where schools would be focused on students and corporations as their major customers (Dater, et al., 2010). Even academic leaders believed the idea that "market and customers" had become part of the institutional character of the business school industry. B. Joseph White, president of the University of Illinois, remarked in 1998 when he served as the dean of the University of Michigan's Ross School of Business that "*MBA education is a proliferating industry and it contains market segments and niches*" (cited in Khurana, 2007, p. 343). Some people find it difficult to accept the prevailing commercial notions. However, a 2002 AACSB report, written with plenty of business terminology, described the realities of the segmentation of the consumer markets for business education. The report also described strategies to deliver educational services and customer relationship management principles as applied to students and graduates (Khurana, 2007).

Business schools also see themselves as *market brands*, in particular those elite programs with high tuition. When the Name of the school and its MBA program are differentiated in the eyes of consumers, it has become a market brand. Therefore, the consumer's selection of a business school has become a part of a student's *branding procedure* (Dater, et al., 2010). A branding procedure is the methods devised by a firm to effectively create and communicate its brand to a particular market segment, in this case corporations and the employees who work for them. In this vein, business schools have started to enhance their visibility in the media through the application of contemporary marketing strategies.

Tracy Bisoux (2003), a director of communications for one business school, stated that they are a business and they need to structure their spending on marketing like a business. She further explained that business schools need to make a strong appeal to consumers through various advertising methods.

Trank and Rynes (2003) believed the underlying reason business education entered into the marketplace as businesses is due to the commercial and business-based theoretical focus of the academic programs. The way those seeking MBA degrees think, in terms of market-based philosophy and with business terminology, made business schools dependent on notions such as competition, marketing strategy, growth and expansion. On the up-side, competition and responding to market forces for growth are not necessarily destructive behaviors. In fact, these can encourage innovation, efficiency and better institutional performance. Currently, university business schools are essentially competing for consumers with competitors such as management consulting companies and other schools that provide comparatively cheaper and shorter programs in the field of business education. However, Pfeffer and Fong (2004) have suggested that when business schools compete in the marketplace, they frequently sacrifice educational quality and academic standards as they need to retain students. They market themselves based on their reputation and the MBA credential to gain enrollments and revenues. They promote the career value of the MBA degree in order to recruit more students and to charge more to those who are interested in lucrative employment opportunities and who also believe in the value of the MBA credential.

5.1 Effective Marketing for MBA Programs

Business schools are selling managerial skills and business strategy knowledge to students, then they award degrees or certificates to students (Pfeffer & Fong, 2004; Trank & Rynes, 2003). In order to compete for more MBA students in their identified market, business schools make efforts to increase program visibility in the media through the use of high-traffic websites, education fairs, and through the implementation of contemporary marketing practices. This includes a focus on effectively packaging programs and earning high rankings (Khurana, 2007). Some studies have recognized the MBA market as a huge and competitive business market in the higher education industry. The authors of these studies believe that obtaining more information about the MBA market will help marketing strategist to better understand and exploit industry opportunities (Everett & Armstrong, 1993; Hager & King 2007). For example, Everett and Armstrong (1993) carried out an MBA market research study in Western Australia and particularly focused on an overview of current Australian MBA market conditions. Then, they initiated marketing strategies for the University of Western Australia based on the history, competitive environment, structure, admission policy, tuition, and availability of student financial aid at that institution. Hager & King (2007) performed a similar study using Michael Porter's "Five Forces Analysis" model of the MBA market in order to provide knowledge of the industry business environment to decision

markers. Further, a number of scholars have recognized the increasingly important role that marketing is playing in higher education institutions' efforts to attract new students (Carlson, 1992; Fisk & Allen, 1993; Nicholls, Harris, Morgan, Clarke and Sims, 1995). In particular, marketing strategy has been treated as a principal means of business development within the context of business education.

The common feature of all marketing definitions is the satisfaction of customer needs (Carlson, 1992). Traditionally, marketing activity has been governed by a 4Ps analytical model that includes *Product, Price, Place* and *Promotion* (Ivy & Naude, 2004). In the context of MBA programs, the products can be seen as the degrees, certificates, and professional development programs that are offered. Price relates to structural aspects such as tuition fees, bursaries (scholarships), and payment terms for tuition fees. Place refers to the distribution system of each program, such as face-to-face instruction, on-line distance education or the use of alternative methods. The promotions element of the marketing mix is comprised of a package of tools such as advertising communications, public relations and face-to-face selling. For example, activities that could take place at an open house day (Ivy & Naude, 2004).

Marketing MBA programs involves the selling of an expensive products in terms of time, effort, and money. It must take into account considerable brand differences and customer purchasing behavior (Nicholls, et al., 1995). Scholars have investigated how potential MBA students identify their criteria and concerns in the selection of an MBA program (Panitz, 1995; Powers, Powers, Betz, Aslanian, 1988; Webb & Allen, 1994). For example, Webb and Allen (1994) examined how prospective MBA students consider an MBA program and found that academic reputation, accreditation, and tuition ranked highly. Panitz (1995) conducted a similar study and found that prospective students expect to study with faculty members who have substantial business experience as well as knowledge of business theories. Powers, et al. (1988) have conducted similar research and found that academic quality, reputation of the faculty, and placement chances are rated highly when students are selecting an MBA program.

Coupling an understanding of customers' needs and concerns in the decision-making process with the search for appropriate marketing strategies, some scholars have looked into the effectiveness of different marketing approaches (Ivy & Naude, 2004). A research study conducted earlier by Nicholls et al. (1995) illustrated the extent to which business schools really are customer-oriented and how much they understand the complexities of their students' needs. Ivy and Naude (2004) explored the extent to which marketing strategies really reveal an authentic picture of programs as students see them. They attempted to determine whether marketing activities form the framework that students use to choose between business schools or whether there is a more compound set of variables involved.

5.2 Criticisms of MBA Marketing

Presumably, MBA applications would go down and MBA students would disengage their learning if they detected that business schools were not delivering and developing managerial and leadership skills. However, Pfeffer (2005) implied that business schools do not care what MBA students learn as long as they do well with the degree they receive. Business schools have primarily focused on career prospects and potential economic return to the students of their programs. They market themselves as a correct path for acquiring riches and better careers. As such, business schools' advertisements have promoted their respective MBA programs as the right step towards a better career, the way to a career with a high salary not just a job. This makes people consider the value of the MBA and believe that the market potential of those who have the degree is much better than those who do not. Moreover, as business schools continue to focus on their image, they have neglected to implement curriculum reform and do not properly equip students with practical managerial skills. Although, they have been receiving some pressure from critics to innovate and transform.

Pfeffer (2005) also contended that business education is an industry that is interested in selling a credential and must have been benefiting from this practice in some way. He implied that business schools are interested in revenues and that they are in a good position to permit growing enrollments, growing tuition income, and the ability to price the degree higher. In this sense, business schools will continue to produce and deliver theoretical business knowledge that is unrelated to pragmatic business experience in order to prove their scholarly rigor and to conquer legitimate concerns about their place in higher education setting. Business schools, in particular those that have become well established in terms of ranking and prestige in the market, will also continue to engage in a MBA industry that allows them to benefit from selling degrees, rather than considering curriculum reformation.

6 The Current Status of MBA Programs

MBA programs allow people from a wide range of academic backgrounds to pursue managerial knowledge and expertise. The main courses in MBA programs are usually designed to introduce students to the various areas of business such as accounting, marketing, human resources, operations management and so forth. There are also customized MBA degree programs, which offer an extensive business education while focusing on a specific area, such as marketing, finance, or public administration. Baruch and Leeming (2001) have contended that the objectives of MBA programs are to train students for managerial roles, to help them obtain a better knowledge of the business world and its essentials, to enhance their techniques and to equip them with the competencies and capabilities associated with their careers.

MBA degrees are seen as one of the most widely recognized and prominent passports to pursuing a managerial career in the business sector (Raskin, 2002). Although the MBA application rates in North America have fallen since the 2008 financial crisis, there is a continuing growth in applicants from China and India, which fills the gap (GMAC, 2010). In this way, MBA education

continues to be in high demand by those international working professionals who seek better career opportunities through managerial skills development. Alon and McIntyre (2004) have contended that MBA education has become a huge market because professionals are pursuing business education. A large number of MBA graduates are being produced globally each year. Business and management at both the undergraduate level and graduate level have become the largest programs and faculties at many research and teaching-oriented universities (Pfeffer and Fong, 2004; Starkey and Tiratsoo, 2007).

7 The Future of MBA Programs

Nowadays, MBA programs are seen as legitimate examples of the commercialized form for business education (Ivy and Naude, 2004; Khurana, 2007; Nicholls, et al., 1995; Tracy and Waldfogel, 1997). More and more public business schools are seeking privatization or to be franchised by host institutions in order to be released from some forms of government constraint. Privatization provides the freedom to make business decisions that will further enhance the competitive advantage and marketability of business schools (Chan, 1999; Johnstone, 2002; Patriquin, 2009). Scholars have claimed that privatization can make their MBA programs more responsive to the needs of students and the business community. It will generate efficiencies that can enhance institutional goals and competitive capacity (Chan, 1999). However, movements toward a higher degree of privatization may result in higher tuition, the necessity of more fund raising events, increased pressure to reduce costs, and it may motivate entrepreneurial activities to generate more financial resources so as to decrease dependence on government. Hence, entrepreneurial activities will be increasingly conducted at privatized public higher education institutions. Consequently these privatized public institutions will reallocate resources and managerial attention towards marketing, branding, and adopting a culture of customer service toward students in order to strengthen competitiveness in the market for increased recruiting, retention, and revenues (Johnstone, 2002). In this way, public business schools, once they are privatized, will have established and furthered their brand and reputation in the market through entrepreneurial activities. Then, their tuition fees will be raised to the market rate and *pricing power* will be even stronger. Pricing power is the ability to raise prices and not lose customers.

8 Discussion

It is believed that university higher education disciplines should focus on producing knowledge and discovering truth (Flexner, 1930), be devoted to enhanced teaching and learning, and provide students with liberal arts and a social responsibility mentality to benefit society (Newman, 1852). Business education and its programs, like most higher education disciplines originally were established as a public good that strived for a liberal arts foundation. Business education delivered through business schools in the university setting should also satisfy such prerequisites and serve the public interests in the broader context of society.

In order to secure business schools' legitimate role in the university setting, efforts were made through policies and practices to fulfill these missions. Today, the social role of business education is morphing from serving the public good to private financial interests and business schools are inevitably taking business behaviors far more seriously.

9 Conclusions

When business education is commercialized and is focusing on business behaviors, this potentially deters opportunities to address concerns of curriculum and the practice. Therefore, under this pressure from the marketplace business schools eventually engage in more commercial behaviors in order to recruit additional students, rather than focusing on improving their product offerings. This circumstance resonates with the arguments of scholars such as Currie (2005), Gould (2003), Johnstone, (2002), Khurana, (2007) and Stein (2004) that higher education institutions inevitably have to market hard to compete for potential students and enhance students' expectations in terms of career opportunities. Ultimately, they potentially could fail to deliver as promised on the programs, the curriculum and the services promoted.

Is the transformation from education to business an unhealthy change? Is this situation reversible? Should it be reversed? What would be the long-term consequence of such unencumbered evolution? This paper was not intended to probe the antecedents that forced the fundamental orientation of business education towards commercialization and the implications of this direction. Instead, this review of the business education literature has aimed to provide a clearer understanding of the trajectory of business education. Business education struggles with a true dichotomy. On the one hand, it is striving to provide a vocational opportunity to students by embracing scientific rigor, research and an academic orientation. On the other hand, it commercializes its schools and MBA programs creating fragmentation in the market, in particular by selling a practitioner career-orientated notion of the business degree. The mentality that students are customers may sound inappropriate from Newman's (1852) and Flexner's (1930) perspective. However, contemporary business education finds that there is an advantage in adopting this direction and has unfortunately taken on an attitude of complacency in regards to improving product offerings, having achieved an enjoyable position in the higher education system and in the higher education marketplace.

10 Recommendations

The literature on MBA programs in the business education provides findings on students' academic needs and program satisfaction from a customer service perspective. However, little research has emphasized whether and how commercial behaviors conducted in business schools influence students' program expectations and their experiences as education consumers. When business education becomes education business, there needs to be a code of ethics that can be applied to business schools. In this way, ethical behavior, accountability, and the social responsiveness of

business schools could be encouraged and monitored. However no such code currently exists for business schools. The authors recommend that we start to formulate such a code to ensure that business schools continue to serve the public good in the future.

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