BUSINESS EDUCATION IN THE PRESENT SOCIETY: PROBLEMS, CHALLENGES AND SOLUTIONS

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Abstract: *The popularity of business studies in today's University system is clearly demonstrated by the number of candidates, places and specialisations available in higher education institutions. On the other hand, the existence of multiple social, economic and ecological crises raises valid questions regarding the content, purpose and focus of these studies for the wellbeing of the modern society. Despite the growing number of students enrolled or graduating in business studies, the present-day society is fraught with economic crisis, disequilibria and waste, which manifest at society, group and individual levels. Analysing the existent literature, the paper presents and discusses three main problems of the business studies available in higher education institution: focus on short-term profitability; fragmentation and specialisation; and, lack of connection with other types of studies. Emphasizing the importance of considering the role of business education from the perspective of a generalized and complex stakeholder analysis, the paper proposes four possible, interconnected solutions to the identified problems: business schools should become not only specialized institutions of teaching and learning, but also centres of knowledge creation and dissemination, oriented towards developing creative thinking and a holistic vision regarding the role and impact of business activities in the present day society; business schools' curriculum should be modified to include, on one hand, information regarding the short- and the long-term impact of business decisions and activities on society and environment, and on the other hand, courses designed to increase the responsibility of business specialists for the harmonious development of the present day society (such as business ethics, ecological and equitable business, social corporate responsibility); business studies should adopt a more holistic, integrative approach, by including into the curricula methods of research and analysis derived from the theory of ecology and complex systems; the criteria for evaluating academic research in business studies should be centred around its impact on an extended set of socio-economic values, which go beyond simple profit maximization to include increasing and balancing stakeholder value, creating more social and economic justice at organisation, national and international level, and creatively solving the socio-economic problems of the modern society.*

Keywords: business education; stakeholders; problems; challenges; solutions; modern society. .

JEL classification: M30

1. Introduction

Business schools raise a lot of expectations considering their role in the structure and functioning of the modern day society (Cornuel, 2005). The transition of Central and Eastern European countries initiated at the beginning of the 1990s, the accelerated economic development of China and other emerging countries, such as India, Brazil and Mexico, and the quick globalisation of the world economy, increased the importance and the need for business specialists capable to lead, organise, create value and jobs, and, generally, to increase the wealth of various business organisations and nations. On the other hand, the increased complexity and interdependence of the economic activity at national and international level, with other social activities, such as education, culture, health, social assistance, politics and public administration, requires a new profile of business managers, capable to accurately anticipate or identify the existing problems, and then to create and to implement swift solutions for an improved functioning of the socio-economic system (Wallace, 2010).

Considering the existing global challenges and the importance of business activities for economic and social prosperity, it is legitimate to consider what should be the role of business studies in the modern society and to compare this ideal with the present situation. Using an exploratory approach, this paper attempts to identify the main problems related to business studies in the present-day society, to discuss their role, and to provide a series of tentative solutions.

The importance of this paper is not only philosophical, but also pragmatic, at both organizational and individual level. As researchers involved in the academic systems, we represent a 'service provider' for various categories of clients – depending on various opinions, these clients are the students, their families (who pay for their studies), the organizations which are going to use their skills, or even society in general. However, no matter which client is considered in priority, the characteristics of the business education (and indeed of most other economic activities considered in an ecological context) is the necessity to permanently and dynamically balance the often conflicting interests, needs and wants of different categories of stakeholders (Mainardes et al., 2010; Marić, 2013). From this perspective, we consider that business education should be analysed and investigated from a holistic perspective that takes into account a long-term perspective, and the existing interdependencies that serve as a – positive or negative – multiplier of its effects in the present and future society (Jongbloed et al. 2008).

2. A high and increasing popularity of business studies

The popularity of business studies is proved by the large number of candidates, available places and specialisations from various types of higher education institutions dedicated to this study area (Edmunds and Richardson, 2005).

Although worldwide statistics are not easily available, there are many signs that business represents one of the largest areas of tertiary education. For example, for the academic year 2009-2010 (US Department of Education, 2012), out of 1,650,000 bachelor's degrees conferred in the United States, 358,000 were in the field of business, 173,000 in social sciences and history, 130,000 in health professions and related programs, and 101,000 in education. On the other hand, the greatest number of business degrees was conferred in education (182,000), followed by business studies (178,000). Similarly, in the UK, the area of business studies has the highest number of students enrolled (353,910 in the academic year 2009-2010), the second highest number of students being enrolled in medicine-related studies (305,220). In Canada, according to the data published on the website Statistics Canada regarding the distribution of students on various disciplines in the year 2007 (Statistics Canada, 2009), the students enrolled in business studies represented approximately 21% of the total number of students, being overcome only by the students registered for a degree in social and behavioural sciences and law (23%).

This situation can be encountered not only in developed countries, but also in emerging economies. The statistics published by the European Union (2012) regarding the number of students in tertiary education and their distribution on study areas, show that in emerging economies the proportion of students enrolled in social sciences, business and low courses is even higher than in developed economies. These figures demonstrate not only the popularity of business studies, but also the fact that business expertise is widespread into the general population.

3. Paradoxes of the present-day economy

Despite the large number of business graduates in the present-day global society, it seems that business and economic decisions do not lead to better results. For example, very few business and economics experts were able to predict the 2008 financial crisis (Wall Street Economists, 2010). A group of researchers analysed the failure of academic and professional economists to predict the crisis, outlining the existence of a systemic failure of their way of representing the world economic realities: "Over the past three decades, economists have largely developed and come to rely on models that disregard key factors—including heterogeneity of decision rules, revisions of forecasting strategies, and changes in the social context—that drive outcomes in asset and other markets. It is obvious, even to the casual observer that these models fail to account for the actual evolution of the real-world economy." (Colander, Föllmer, Haas, Goldberg, Juselius, Kirman, Lux, and Sloth, 2009, p.2).

It is possible to argue that in many business schools, macroeconomics and financial economics does not represent a mainstream area of studies and research. In fact, in some countries, such as France, management and economics represent two different areas of business studies, the first focusing on micro-elements related to corporate systems, while the second studies mainly the interaction between macroeconomic factors and financial flows. However, the economists are not the only ones to blame for the financial crisis. A report published by OECD (Kirkpatrick, 2009) argues that "the financial crisis can be to an important extent attributed to failures and weaknesses in corporate governance arrangements. When they were put to a test, corporate governance routines did not serve their purpose to safeguard against excessive risk taking in a number of financial services companies" (p. 2).

If in the case of the 2008 financial crisis it can be argued that a series of unfortunate events has created an interplay of macro- and micro-economic conditions that were difficult to observe and understand by economic specialists; other situations indicate more directly the failure of the corporate governance system. For example, the Enron case outlines another important feature of the present corporate system, the lack of internalised ethical rules at the level of top management teams. The corporate culture of Enron, based on individualism, innovation and aggressive cleverness, encouraged personal achievement, but left the company without compassionate, responsible leadership (Rondal and Brinkmann, 2003).

Another important area of concern is the high rate of start-up failures (Gage, 2012). Entrepreneurship is nowadays almost unanimously considered as a source of innovation, creativity, employment and economic development. However, despite the large number of start-ups created every year, statistics show that the typical new business started in the United States is no longer in operation five years after being founded (Shane, 2012). It raises a number of important questions regarding the reasons of this high number of failures. Although adverse economic circumstances might sometimes represent a good explanation, it is also necessary to question the capacity of the educational system to provide useful information for the would-be entrepreneurs (Matlay, 2009).

The three examples presented above outline important failures at macroeconomic, corporate and entrepreneurial level, which correspond to the three main orientations of business studies in developed countries: economics, management and entrepreneurship. This situation indicates an important paradox of the modern society: despite of the prevalence of business-related knowledge in the society, and of the popularity of business studies among students' cohorts, the present business environment does not show encouraging signs of growth and personal fulfilment.

To these examples we could add also an exploration of the social effects of the present-day business practices to the society, group and individual level. Juan (2001) presents a critical analysis of the consequences of productivism and consumerism on the constituents of social systems, identifying direct correlations between excessive economic growth, the malfunction of modern social systems and the malaise of individuals. The increased specialisation and fragmentation of economic skills and activities enhances the number and the dynamism of business transactions, but on the other hand, alienates the individual from its local community and natural environment.

4. The role of business education from a stakeholder's perspective

Many publications and reports (Fitzgerald and Cormack, 2006; Dahlsrud, 2006; Jenkins, 2005; McWilliams, Siegel, and Wright, 2006); outline that business leadership in modern society is not limited only to profit-making, but also includes an increasing responsibility towards the society at large and the environment: "Company leaders are not leaders of business but leaders within society" (Fitzgerald and Cormack, 2006, p. 8).

The stakeholder theory emphasises that the exclusive focus of business organisation on consumers is no longer valid, and therefore, the economic performance of the company is only one aspect of the social performance, which has to take into account various categories of stakeholders (Kakabadse, Rozuel, and Lee-Davies, 2005). On the other hand, stakeholder theory should not be applied only formally, by making a list of the main company's stakeholders and attempting to address each of them separately and punctually. Modern companies should adopt a holistic approach in which the needs of various categories of stakeholders are integrated at strategic level and declined than at the level of management, functions, processes and operations (De-Burgos-Jiménez, Vazquez-Brust, and Plaza-Úbeda, 2011; Freeman and Velamuri, 2008).

The application of the stakeholders' theory in the analysis of business education is surprisingly new, considering the obvious impact of business studies on various social categories and phenomena (Mainardes et al., 2010; Marić, 2013). On the other hand, even when they exist, the aim of stakeholders' analysis in business schools is mainly operational, attempting to address the specific and punctual needs or a specific category of stakeholders. Unfortunately, most of these exercises neglect the complex interdependence of various categories of stakeholders, and the holistic effect of business studies on the long-term development and prosperity of the society. Because of this, even when the business schools develop or reformulate their mission and strategy, they do this either in a highly focused way, considering only a set of operational skills – the 'toolbox approach', or the needs of a specific category of stakeholders – usually students.

5. The main problems associated with the business education

A general survey of the recent literature on the role of business schools in the modern society points out to the following problems (Cavico and Mujtaba, 2009; Datar, Garvin, and Cullen, 2010; Khurana, 2007; Locke and Spender, 2011; Morsing and Sauquet-Rovira, 2011):

- focus on short-term profitability;

The curriculum of many business schools is centred on the theories of economic liberalism, which consider profitability as the only important purpose of a business organisation. Increasing profitability becomes thus the goal that justifies any means, encouraging ethical relativism and freeing the students from any sense of moral responsibility (Ghoshal, 2005). On the other hand, these theories encourage a short-term business orientation, which in real life can significantly damage long-term opportunities, and relationships with suppliers, customers and distributors (Bellow and Feron, 2011; Mitroff, 2004).

- fragmentation and specialisation;

The increased specialisation of tasks and posts in medium and large business organisations, on one hand, and the internal development of various business disciplines, on the other hand, have determined an increased fragmentation and specialisation of business education (Raffo, O'Connor, and Lovatt, 1998). This trend is in line with the general transformation of university education, which has lost in the last 50 years the aura of universalism and interdisciplinarity (Burke, 2007). However, the perspective that business studies represent a specialised 'toolbox' for obtaining organisational profits, neglects the need of small business entrepreneurs for a more generalised and interdisciplinary approach (Raffo et al., 1998). On the other hand, most business schools teach exclusively the economic theory and the business perspective of developed, capitalist countries, although some of these schools may be located in emerging or poor economies.

- lack of connection with other types of studies.

Given the complex and dynamic interdependence among various social forces, business education cannot be considered as an independent part of social studies. The trends towards increased isolationism has lead the world economies to the present manifestation of multiple, interrelated crisis. There is an increased need for a more diversified and open approach of business education, which also includes in the academic curriculum cultural and science studies. Even when these courses are present in some business schools, they are organised and delivered in a very fragmented way, being separated by discipline or time of delivery (Sullivan, 2011). This isolationism and fragmentation reduces the capacity of business graduates to fully understand the impact of their decisions on society.

6. Possible solutions

Considering the situation discussed in the previous section, it is imperative a change of course in the functioning, structure and focus of business schools in order to create more social and economic harmony in the present day society. The following propositions outline some of these changes, although the list is by no means exhaustive:

- business schools should become not only specialized institutions of teaching and learning, but also centres of knowledge creation and dissemination, which attempt to develop creative thinking and a holistic vision regarding the role of business activities in the present day society;
- business schools' curriculum should be modified to include, on one hand, information regarding the short- and the long-term impact of business decisions and activities on society and environment, and on the other hand, courses designed to increase the responsibility of business specialists for the harmonious development of the present day society (such as business ethics, ecological and equitable business, social corporate responsibility);
- business studies should adopt a more holistic, integrative approach, by including into the curricula methods of research and analysis derived from the theory of ecology and complex systems;
- the criteria for evaluating academic research in business studies should be centred around its impact on an extended set of socio-economic values, which go beyond simple profit maximization to include increasing and balancing stakeholder value, creating more social and economic justice at organisation, national and international level, and creatively solving the socio-economic problems of the modern society.

These solutions are not isolated actions addressing punctual disequilibria, but rather a system of interdependent measures that aims to increase the flexibility, openness, sensitivity and relevance of business education in the modern day society. They are based on the scientific reality that today's society is increasingly complex and dynamic, but also inter-connected and holistic, which increases the impact of even small unbalances between economic, social, cultural and environmental activities. To answer these challenges, it is necessary to emphasise more design thinking, passing from a 'rock

logic' to a 'water logic' system (De Bono, 1991).
The implementation of these propositions may seem utopic at the present moment, although several initiatives point out in this direction: e.g. following the recent corporate scandals many US business schools developed a renewed interest in teaching business ethics (Cavico and Mujtaba, 2009; Sims and Felton, 2006); while international accreditation organisations (AACSB and EQUIS) have recently introduced on their agenda new criteria for evaluating business schools' research.

7. Concluding remarks

There are many specific challenges for the future implementation of these changes. Business education does not represent an isolated social activity, but just a part in a complex and dynamic society system, being influenced by contextual, social, economic and political factors. The start of the global financial and economic crisis in 2008, coupled with an ongoing and aggravated ecological crisis, has clearly shown the limits and the problems of the present economic system. However, as in the case of business studies orientation, most of the proposed solutions are focused on local changes and a short-term perspective, lacking the capacity to reform a system that has become too complex to be understood and controlled (Cornuel, 2005). Considering the complexity and dynamism of the present socio-economic environment, business studies cannot continue to apply a fragmented, discipline-based approach, but to encourage holistic thinking and action (Folke, Hahn, Olsson, and Norberg, 2005). A change in the focus of business education, by implementing the four propositions presented above, could represent a first step towards finding global, durable and sustainable solutions to the inter-related crises of the modern-day society.
This paper has several important limitations, which stem from a purely theoretical, speculative approach. However, its merit is to provide a basis for further thinking and discussion, regarding the implications and the role of business education in the modern society. It is maybe necessary to use more the skills taught in different business disciplines in investigating the situation and purpose of business schools and business education in the present, and for the future, society; considering the inter-dependence between various effects of pedagogical policies, strategies and activities.

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