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# B-Schools Rethink Curricula Amid Crisis

Faculty Emphasize Value of Skepticism; Building New Theories

By [BETH GARDINER](#)

The seismic shifts now remaking the financial world are sending tremors through the corridors of business schools.

The sectors at the heart of the crisis for years have been the most popular areas of study at many top B-schools, luring future M.B.A.s with the promise of high-paying careers. The schools are having to rethink their approaches to finance and investment banking, updating lesson plans on the fly while they overhaul curricula for the long term.

Adding to the pressure for change is a debate about whether business schools bear some responsibility for the crisis. Critics see an arrogance in the schools' culture, and accuse them of focusing too much on short-term gain and shareholder returns. They also cast blame on B-school researchers who helped design many of the models discredited by the financial meltdown.

The schools' defenders say they cannot be blamed for the flawed financial-incentive structures that led some to behave badly once they got jobs with banks and other financial firms.

Nonetheless, most at the schools agree it is time to reexamine what they teach.

"We have to try and figure out which parts of the intellectual and theoretical framework in finance and economics will remain relevant in the future," said Simon Taylor, who directs the master of finance program at the University of Cambridge's Judge Business School. "There have been a lot of things taken for granted which are now seriously in question."

Deans and professors said the immediate priority for business schools has been to meet students' demand for explanations of what is happening, with discussion sessions and panels in which financiers and bankers offer analysis and take questions.

Stefan Szymanski, associate dean for M.B.A.s at Cass Business School in London, said many academics are basing classroom work around real-world events. "If you can't present a plausible account of the crisis, your lectures aren't going to get off the ground in the first place," he said.

Faculty say they are re-emphasizing the importance of skepticism. "You cannot sell a [financial] product to a client if you yourself don't understand exactly what it is," Michel Baroni, a finance professor at Essec Business School in Paris, said he warns students.

Meanwhile, economists and business-school professors are struggling to analyze the financial collapse and build new economic theories to replace those undermined by events. That is a process that will take years, ultimately leading to new models and ideas in business textbooks and syllabi.

In the long run, the biggest change may be a shrinking of schools' finance and investment-banking programs. Mr. Taylor said he is surprised at the high number of prospective students still wanting to enter those fields, but predicted it would fall as they realize fewer jobs are available.

Bernard Yeung, dean of the National University of Singapore Business School, said it is critical to press students on their motivation for entering the fields. For years, too many students have gravitated to finance and investment banking solely for high salaries. They should instead choose out of passion for finance's big, worthwhile goal: moving money from those who have it to those who need it to develop ideas, he argued.

As the dust settles, areas like risk management, regulation, corporate governance and ethics are likely to play bigger roles in business-school curricula.

George Yip, dean of the Rotterdam School of Management at Erasmus University in the Netherlands, said teachers must deepen their approach to those areas. For example, many schools have had a simplistic approach to ethics, offering guidelines like "Don't take bribes," that kind of thing," he said. "You need to go beyond that, to how incentives encourage behavior that is unethical."

Such questions are at the heart of critics' contention that business schools helped set the stage for the financial crisis by fostering a short-term mentality that led graduates to make dangerous decisions. The schools, said Martin Parker, a culture and organization professor at the University of Leicester School of Management in central England, "teach a narrow, utilitarian, profit-motivated curriculum, and, as a result, it's not surprising that we seem to have encouraged a generation of managers to behave in such short-term, selfish ways."

Ken Starkey, a management professor at Britain's Nottingham University School of Management, said the economic models developed by business-school faculty were central to a huge expansion of trading in the complicated financial products that now are crippling banks. "They've been absolutely at the forefront of delivering a new financial system which was relatively untested, a financial system which has taken us into uncharted waters," he said.

Some B-school faculty said that, while it might be time for a shift in style, they aren't to blame for former students' actions. "I could teach you how to use a gun for good or for ill, and I can teach you how to create a financial product," said Alan Morrison, a finance professor at Oxford University's Saïd Business School. "How you use that skill is down to you."

At Cambridge, Judge Business School director Arnoud De Meyer acknowledged that business academics had failed to sufficiently question their own economic theories when times were good. "Our academic role as a business school to be critical, to forcibly question the generally accepted rules, maybe we have forgotten that role in the last five to 10 years," he said.