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A school is "a building that has four walls . . . with tomorrow inside": Toward the reinvention of the business school

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Abstract Business schools, defined as educational institutions that specialize in teaching courses and programs related to business and/or management, are facing major challenges. These challenges stem from a number of major shifts in the business education landscape, including the rising importance of rankings and accreditations, the increased weight placed on ethical decision making, the ongoing debate on rigor vs. relevance in research, the digital revolution, and the significant decrease in public funding. In fact, they are so fundamental that the coming decade is likely to represent a new era in the history of business education, the fourth since the concept of the business school was created in 1819 with the establishment of ESCP Europe. The purpose of this article is to outline these main changes (TASK: T—from tower to Twittersphere, A—from auditorium to anti-café, S—from stakeholder to shareholder, K—from knowledge to know-how) and to discuss how they impact the different AS-SE-TS of a business school (alumni & students, staff & equipment, teachers & scholars). The article ends with a proposed classification of schools along four corners (culture, compass, capital, and content) and a discussion of which types of schools are best suited to adapt to these changes.

1. The fourth era of business schools

To some extent, one could argue that not much has changed in the business education landscape since ESCP Europe opened its doors in 1819 and, in doing so, created the world's first business school. Indeed, the defining characteristics of business schools have remained more or less constant over the past 2 centuries, though there is some debate as to what those defining characteristics are. Some

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scholars have equated the idea of a business school to a manager manufacturing plant via which a select group of qualified students (i.e., inputs) are taught (i.e., processed) by knowledgeable faculty in order to be transformed into certified graduates (i.e., outputs) who then find positions (i.e., distribution) around the world (Hawawini, 2005). Others approach the concept from a more philosophical perspective similar to one adopted by *Salt Lake Tribune* columnist Dan Valentine (1967, p. 20), who defined a school as "a building that has four walls . . . with tomorrow inside."

In this article, I provide a definition that builds on the idea of a 'building that has four walls,' but focus less on the walls and more on the corners—or Cs—that these walls form: culture, compass, capital, and content. Yet, despite the relative consistency in the essence of business education, business school deans around the world would probably agree that the notion that not much has changed does not reflect their day-to-day reality. Instead, they are entering a new era in which little will remain as it used to be. As I outline below, those challenges correspond to a set of new TASKs that all business school deans will have to deal with in the near future and which fall mainly into four categories: T—from tower to Twittersphere, A—from auditorium to anti-café, S—from stakeholder to shareholder, K—from knowledge to know-how.

As discussed previously (Kaplan, 2014), the history of business schools can be divided into different eras. The first era (1819—1945) was characterized by the creation of the initial institutions dedicated to business education. The establishment of these institutions was driven by the rising demand for a new type of business professional (i.e., the manager) that traditional universities were not able to fulfill in terms of graduate numbers and their qualifications (Kaplan, 2014). That period was followed by the second era (1945—2000) in which those institutions aimed to become more scientific with the objective of strengthening business administration and management as standalone disciplines. This movement was triggered by a report written in 1959 by Robert Gordon and James Howell for the Ford Foundation (Kaplan, 2014, 2015). The third era (2000 until today) represents a period of globalization defined by the rising importance of accreditation bodies such as AACSB, AMBA, and EQUIS, and the emergence of international rankings such as those published by the *The Financial Times* (first published in 1999) or *The Economist* (first in 2002).

Today, most business schools find themselves in a difficult situation for at least four reasons. First, the emergence of accreditation bodies and rankings—which rely on standardized evaluation criteria—has resulted in many schools adopting an undifferentiated and short-term, me-too approach (Dameron & Durand, 2013). In order to obtain one or several of the main international accreditations (think of the Triple Crown accreditation of AACSB, AMBA, and EQUIS), business schools have to prove their performance on a series of key performance ratios. For example, they need to provide evidence that at least 50% of all courses are delivered by permanent faculty members who produce a certain amount of research per year (which itself is measured along certain dimensions). This criterion alone has impacted new faculty recruiting decisions at schools around the world, with more emphasis placed on research productivity. It has also impacted the cost structure of institutions profoundly since research-active permanent faculty is more costly than outside lecturers who teach courses on a case-by-case basis.

Second, some of the most prestigious institutions have recently been criticized for the fact that their lack of focus on ethical decision making and critical thinking might—at least in part—have contributed to financial crises such as the one in 2008 (Mintzberg, 2009). Third, the shift toward more scientifically robust research has resulted in business school faculty focusing on questions that might not be entirely relevant in preparing their graduates for the job market (Grey, 2005; Pfeffer & Fong, 2002). And finally, the digital revolution—with the emergence of Massive Open Online Courses (MOOCs), Small Private Online Courses (SPOCs), and Artificial Intelligence (AI)—is starting to call into question the very idea of knowledge transmission (Kaplan & Haenlein, 2016).

All these challenges might make it seem as if being a business school leader today is the worst job in the world, but nothing could be further from the truth. Business schools have been, and most likely will remain, one of the major success stories in higher education over the past decades (Mintzberg, 2004). Demand for qualified graduates will only continue to increase, driven by an overall expansion of the world economy into new (emerging) markets. It is also true that trends toward internationalization and digitalization have pushed business schools to expand their markets, thereby heightening competition significantly. The resulting financial pressure has forced many institutions to accept larger numbers of students.

An additional source of competition is the entry of new players into the market. In France, for example, Sciences Po—a traditional institute of political studies—opened a School of Innovation and Management in 2016. This is just one of many