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Too little of a good thing? How organizational learning contracts can refocus B-schools on the business of learning☆

Gerard Beenen [a,*], Paul S. Goodman [b,1]

[a] Mihaylo College of Business and Economics, California State University, 800 N. State College Blvd., Fullerton, CA 92831, USA
[b] Tepper School of Business, Carnegie Mellon University, 5000 Forbes Ave., Pittsburgh, PA 15213, USA

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ABSTRACT

The distractions of higher rankings and better facilities are diluting business schools from their intended focus on facilitating student learning. We propose organizational learning contracts (OLCs) can help B-schools regain their focus by creating shared expectations about the roles and responsibilities of relevant parties in regards to learning. We show students at an institution with a stronger OLC displayed more effective, self-regulated conceptions of the learning process (e.g., being self-motivated, seeking feedback), and less conventional beliefs regarding how to learn (e.g., attending class, doing homework). Given these benefits, we discuss how to implement an OLC, and its implications for management education.

Business education around the globe is undergoing a legitimacy crisis in regards to student learning (e.g., Ghoshal, 2005; Pfeffer & Fong, 2002; Rousseau, 2012). Business schools have been criticized for not preparing managers for their future challenges (Datar, Garvin, & Cullen, 2010), for inadequately addressing the gap between the skills that employers expect and the training that MBA graduates receive (GMAC, 2005; Navarro, 2008; Rubin & Dierdorff, 2009, 2011), for producing research of limited use to practicing managers (Rousseau, 2012), and for failing to teach critical thinking skills to undergraduates (Korn, 2012). At the same time, a two-year MBA degree from a top tier private school now costs over US$250,000, including opportunity costs for lost wages (Harvard Business School, 2012). Yet, ask MBA students what they expect from an MBA program and clear specific expectations about the learning process, learning outcomes or how to become a competent manager are noticeably lacking. A recent survey of U.S. and Canadian MBA applicants showed career advancement trumps learning as the most important reason for pursuing an MBA degree (GMAC, 2010). Consequently, business schools have engaged in a never ending race to attract the most talented students who can help institutions boost their own rankings through higher salaries and better job placement (Pearce, 2007). It comes as no surprise that given these misplaced priorities that are diverting attention away from learning, there is a growing perception that business schools have lost their way.

A key implication of these misplaced priorities is that business schools need to regain their focus on the business of learning. That is, the current obsession with recruiting smarter students, achieving higher rankings and building better facilities needs to be transformed. Business schools would do well to put student learning back in the spotlight. They need to create an environment that encourages students to be more engaged and focused on the learning process.

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* Corresponding author. Tel.: +1 657 278 4858.
E-mail address: gbeenen@fullerton.edu (G. Beenen).

[1] Posthumous.

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The goal of this paper is to show how organizational learning contracts can help business schools do just that. An organizational learning contract (OLC) is a shared understanding among faculty, staff, and students about the roles and responsibilities pertaining to learning (Goodman, 2011; Goodman & Beenen, 2008). These shared understandings include what to learn, how to learn, where, when and why. To this end, an OLC can help redirect a B-school's effort and attention to its focal mission of enabling student learning. More specifically, we show that OLCs facilitate an environment that develops self-regulated learners. Self-regulated learners are engaged in the learning process by planning, monitoring and controlling their learning activities (Pintrich, 2004). Creating conditions that facilitate self-regulated learning is critical to encouraging intrinsically motivated students in business education (Minnaert, Boekaerts, de Brabander, & Opdenakker, 2011). We distinguish self-regulated learners from conventional learners who view the learning process through a less critical lens, placing emphasis on routine activities such as attending classes, completing assignments, and earning grades. Self-regulated learners reflect on both what and how they have learned and are competent critical thinkers (Wolters, 1998).

It is not our intention to specify the particular skills to include in a management school's curriculum. A persuasive case for the skill-mix that management schools should adopt has been made elsewhere (Rubin & Dierdorff, 2009, 2011). Rather, we aim to show how OLCs can help management schools regain their focus on learning by exploring differences in students' conception of the learning process between a college with a strong, formal OLC and a college with a weak, informal one. Our analysis shows an OLC adds momentum to the renewal management education. A strong OLC provides educational institutions a theoretical framework that gives students a clearer understanding of the higher-order competencies they need to learn. A shared understanding of these learning outcomes helps students envision the activities and processes that will help them achieve their learning goals. A strong OLC also energizes students to become self-regulated learners (Pintrich, 2004) who reflect on both what and how they have learned and are competent critical thinkers (Wolters, 1998). Students who are self-regulated learners ultimately should be better prepared to adapt their skills to meet the dynamic challenges in today's rapidly changing global economy.

The OLC framework bridges theory and educational practise. We will present the theoretical basis for the organizational learning contract and supporting empirical qualitative and quantitative data from two institutions. In addition, we will focus on the question of practise and offer guidelines on how to implement an OLC in a new or existing institution. The second author has used this framework to design several new institutions of higher education. OLCs also can be used to redesign existing institutions.

1. Organizational learning contracts: key concepts

An organizational learning contract (OLC) is a shared understanding among faculty, students, and staff about their roles and responsibilities for learning. The key idea is *shared*. This means a collective understanding exists about what is to be learned, how, when, where, and why. The unit of analysis is the institution (i.e., across its administrators, students, faculty, and staff), though our focus is on students. In the higher education (e.g., Chickering, 1977; Gilbert, 1977) and business education literatures (Zarzeski, 1998), learning contracts between faculty and individual students have been widely discussed at the course level. Such course-level contracts are often agreed to in writing as a unique arrangement between an instructor and each individual student. An OLC differs in three main respects. First, it is at the school, college or program level, not the classroom-level. Second, it is unwritten, not written. Third, it involves collectively held expectations among the institution's members, not a customized arrangement for each student. In this regard, it is both similar to and distinct from, psychological contracts which are unwritten agreements between an individual employee and an employer concerning terms of employment (e.g., compensation, benefits, career paths) (Rousseau, 1995). OLCs are similar to psychological contracts as both are comprised of shared *expectations*. They are distinct as these expectations are focused on each party's roles and responsibilities solely in regards to learning, not to the more general expectations between students and the educational institution (e.g., Howard, 2005).

There is a literature on institutional image, culture and mission that deals with shared values and beliefs in higher education at the institutional level. For instance, salient institutional images have been positively associated with student engagement, retention and learning (e.g., Belanger, Mount, & Wilson, 2002; Pike, Kuh, & Gonyea, 2003). Institutional culture can be positively related to students' personal development and learning (Kuh, 1995) and is a critical component of a learning organization (Schein, 1996). Furthermore, institutional typologies can reflect different patterns of student engagement (Pike et al., 2003). The OLC, however, is a more specific construct as it involves a subset of beliefs and expectations that are exclusively focused on learning. Institutional image, culture and mission are broader constructs that include but are not constrained to learning alone. The OLC also is more specific than institutional typologies of student engagement in that its focus is three components of shared expectations: learning outcomes, learning environments, and learning systems (Goodman & Beenen, 2008).

Learning outcomes are the higher-order skills and competencies students are expected to acquire. They can include quantitative skills, collaboration skills, global awareness skills, and so on. Learning outcomes can correspond to program-level learning goals that the Association to Advance Collegiate Schools of Business (AACSB) requires of its accredited institutions (Thomson, 2004). In an OLC, what is distinctive about learning outcomes is they are explicitly communicated to all relevant parties to ensure shared understanding. A key idea is to recognize these skills are multidimensional and need to be translated into measureable micro-skills. For example, collaboration as a set of higher-order skills may include micro-skills such as understanding others' perspectives, active listening, conflict resolution skills and so forth. Learning environments represent how learning is to take place. This includes traditional lecture discussion formats, unstructured group problems, applied