



Interfaces with Other Disciplines

Helping business schools engage with real problems: The contribution of critical realism and systems thinking



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ARTICLE INFO

Article history:

Received 30 May 2014

Accepted 27 October 2014

Available online 3 November 2014

Keywords:

Education

Ethics

Societal problems

Soft OR

Critical management

ABSTRACT

The world faces major problems, not least climate change and the financial crisis, and business schools have been criticised for their failure to help address these issues and, in the case of the financial meltdown, for being causally implicated in it. In this paper we begin by describing the extent of what has been called the rigour/relevance debate. We then diagnose the nature of the problem in terms of historical, structural and contextual mechanisms that initiated and now sustain an inability of business schools to engage with real-world issues. We then propose a combination of measures, which mutually reinforce each other, that are necessary to break into this vicious circle – critical realism as an underpinning philosophy that supports and embodies the next points; holism and transdisciplinarity; multimethodology (mixed-methods research); and a critical and ethical-committed stance. OR and management science have much to contribute in terms of both powerful analytical methods and problem structuring methods.

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1. Introduction: the problem

“We shall know a little more by dint of rigour and imagination, the two great contraries of mental processes, either of which by itself is lethal. Rigor alone is paralytic death, but imagination alone is insanity.”

(Bateson, 1980, p. 242)

The world faces many major, wicked (Rittel & Webber, 1973) problems – physical, social, political – at this point in time. To name but a few: climate change, the financial/economic crisis, poverty, curable disease, starvation, religious and national conflict, terrorism, unethical corporate behaviour and so on. Moreover, business and management organisations are clearly causally implicated in many of them: global warming is largely caused by industrial production and fossil fuels; the financial crisis by executive greed and lack of control and foresight; and curable disease by a reluctance to sell medicines cheaply. Yet, as has been noted (Willmott, 2012), management research and the management literature, especially within business schools, remains remarkably silent about almost all of them. A very quick check in *Web of Science* (WoS) shows that out of 115,000 papers in management (a WoS defined field) published since 1990 only 328 (0.28 percent) were concerned with climate change, and that out of 222,500 papers in management, business and finance only 292 (0.13 percent) were concerned with the financial crises. Interestingly, the first paper on this subject was not published until 2008 (it was the

only one in that year) which shows that there how little foresight there was before the actual events happened.

That having been said, there is at last a much greater recognition of the situation with many papers debating the ‘the research/practice gap’ and ‘the future of the business school’ as we shall see. Only very recently (December 2013), economics courses have been castigated by economists Professor Michael Joffe (Imperial College, London) and Professor Wendy Carlin (University College London) for ‘clinging to pre-crash fallacies’ and ‘teaching theories now known to be untrue’ (Inman, 2013).

As Pettigrew (2011) explains, concerns about the lack of relevance and impact of social science, and particularly management, research can be traced back for many decades. In 1994, the ESRC commissioned a report (ESRC, 1994) titled *Building Partnerships: Enhancing the Quality of Management Research* devoted to this issue, and Pettigrew’s (1997) own paper, *The Double Hurdle for Management Research*, was itself very influential. The debate has been framed variously as mode 1/mode 2 knowledge (Gibbons et al., 1994; Tranfield and Starkey, 1998), rigour/relevance (Fincham & Clark, 2009; Hodgkinson & Rousseau, 2009; Kieser & Leiner, 2009; Starkey & Madan, 2001; Syed, Mingers, & Murray 2009) or theory/practice gap (Khurana, 2007; Reed, 2009b; van de Ven & Johnson, 2006) and in recent years the pace of debate has increased. Gosh, Troutt, Thornton, and Offodiile (2010) have actually developed a statistical method for measuring the extent of the supposed gap between academic and practitioner research.

In part, this has been caused by the major and significant world problems such as climate change and the financial crisis mentioned

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above, and, in part, especially in the UK, by increasing pressure from institutional bodies that management research should have more impact. The Research Excellence Framework (REF) has introduced (external) impact as 20 percent of the overall score for research quality (HEFCE, 2009), and in the US the AACSB has produced a report which highlights the isolation and lack of impact of US schools (AACSB, 2008). Starkey and Tempest (2009) have suggested that we are indeed in a 'crisis' and there have been several, rather anguished, discussions of the future role of the business school in recent special issues of journals (Starkey & Tiratsoo, 2007; Thomas, 2011; Thomas & Cornuel, 2012).

In many ways, the situation in OR/MS is a microcosm of the same problems although it was recognised much earlier. As is well known, in the 1970s Ackoff (1979a, 1979b), Churchman (1979, 1994) and Churchman and Schainblatt (1965) were highly critical of the trajectory of OR away from a practical problem-solving discipline towards one of theoretical and largely impractical mathematical modelling. This led to the major developments of soft OR (Bennett, 1985; Eden, Jones, & Sims, 1983), soft systems (Checkland, 1981, 1983, 1985; Checkland & Scholes, 1990; Mingers & White, 2010), problem structuring methods (Mingers & Rosenhead, 2004; Rosenhead & Mingers, 2001) and critical management science (Jackson, 1990, 1993; Mingers, 1992). Whilst these more practically oriented approaches have generally been accepted within the discipline, there still remains a major chasm between hard and soft to such an extent that the top US journals (*Management Science* and *Operations Research*) will not publish soft OR papers (Mingers, 2011c) and Sodhi and Tang (2008) recently stated (ironically published in *Operations Research*):

"The purpose of this paper is to stimulate further discussion among OR/MS academics and practitioners on how to overcome the challenges that the OR/MS community is facing, especially in the business school. We believe that these challenges are a result of research, practice and teaching becoming increasingly disengaged from each other."

(Sodhi & Tang, 2008, p. 267)

In analysing this problem we shall follow a broadly soft OR approach using the 4As – Appreciation, Analysis, Assessment and Action (Mingers & Brocklesby, 1997), beginning with a description and diagnosis of the problem using influence diagrams (appreciation and analysis); then making recommendations for changes that could address some of the issues identified (assessment), and finishing with a discussion of the practical problems of implementing these suggestions (action).

It should be said in some mitigation, however, that business schools generally are subjected to many, often conflicting, pressures and expectations. In most universities they are a major source of income and effectively support less wealthy departments. This requires attracting many students who often pay extremely high fees. The students in turn, especially mature students taking MBAs, can be extremely demanding and expect to be taught by staff with practical experience. At the same time, schools are expected by the university to perform well in academic research (RAE/REF in the UK) and also have to gain accreditation, often from several bodies with differing priorities. They are also expected to be active in the enterprise area, which is obviously the subject of this paper. The difficulties of trying to square all these circles will be illustrated by the example of one well-known school – Warwick Business School (WBS). This is an apt example because this was, for many years, seen as an exemplar of a successful school but recent problems there have been well documented by Parker (2014).

2. Diagnosing the problem

There have been a number of diagnoses of the problem and corresponding solutions (Thomas, 2011). We can divide the factors that

have been identified into three kinds – historical factors in terms of the foundation and subsequent early development of business schools; structural factors in terms of how they are organised now, and environmental factors in terms of university strategies and wider societal forces. These are summarised in the influence diagram in Fig. 1. The inner circle represents the initial historical development of business schools; the next circle represents certain aspects of the way schools have become structured; and the outside represents environmental factors that act to maintain and indeed exacerbate the situation.

2.1. Historical factors

2.1.1. Positivism and impracticality

Historically, the earliest business schools began, mainly in the US, in the early part of the 20th century (the AACSB¹ was started in 1916). They were initially vocationally based, aiming at a general education for business people with little by way of research or intellectual grounding (Starkey & Tempest, 2009; Thomas, Thomas, & Wilson, 2013). This was highlighted in the 1959 Ford Foundation report (Gordon & Howell, 1959) on business schools and the MBA. This proposed that business schools needed to gain academic rigour and credibility by moving away from the vocational emphasis towards a strong disciplinary base with an empirical and scientific grounding – essentially economics. This, according to Khurana's (2007) analysis of the fall of the business schools, was where things started to go wrong. It was based on a positivist philosophy that generated research which was rigorous in the sense of being highly quantitative and mathematical, but which was far from the practical messy problems faced by real managers (Bennis & O'Toole, 2005).

Peter Checkland (Professor of Systems at Lancaster University) famously declared in 1980 that 'In 14 years as a manager, I personally was continually puzzled by the irrelevance of text-book management science to my real problems.' (Checkland, 1980, p. 230). Not only was it the generic reliance on positivist science that was a problem but, as Ghosal (2005) argues, it was also the specific theories that economists, particularly of the Chicago school, espoused that was in many ways responsible for the financial crisis. Writing in 2005, before the crisis had occurred, he had already identified that 'Many of the worst excesses of recent management practices have their roots in a set of ideas that have emerged from business school academics over the last 30 years' (p. 75). He gave examples such as transaction cost economics, Porter's five forces, and the use of stock options as an executive motivator.

The need for academic legitimacy was (and is still), of course, very real – as Thomas and Wilson (2012) point out even as recently as the late 1990s the foundation of a business school at Oxford University generated considerable controversy within the University.

2.1.2. Constructionism and irrealism

The rise of positivism and functionalism did not go unchecked, and it generated its own dialectical antithesis, especially in UK and European schools (Thomas et al., 2013), in the form of interpretivism and constructionism (and soft OR/systems in OR/MS). This development can be marked by the publication of Burrell and Morgan's (1979) seminal work on organisational paradigms which almost set in stone the chasm between positivism and interpretivism for the next 20 years. This work, with its insistence on paradigm incommensurability, was specifically designed to open up a legitimate space for non-traditional, i.e., non-positivist, forms of research and in this it was very successful. However, constructionism brings with it its own problems in terms of engaging with 'real-world' problems.

¹ The Association to Advance Collegiate Schools of Business is the major (US) accreditation organization for business schools. As the name suggests it was originally founded precisely to advance the standing of schools.

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