

The current business research model is unsustainable. That's why it's critical that schools realign their incentives to encourage faculty to produce credible research that is useful to society.



The Moral Dilemma Of Business Research

AS MUCH AS BUSINESS SCHOOL research has the potential to create a better world, the opposite is often true: Business school scholarship can be a massive diversion of resources in ways that benefit faculty, not society. In fact, faculty research infrequently impacts practice, often falls short of standards for credible research, and fails to create a strong return for the investment. Moreover, research is funded almost entirely by stakeholders—donors, tuition-paying students, and governmental agencies—very few of whom have earmarked their money for research.

This is the concern that inspired the formation of the Community for

Responsible Research in Business Management (cRRBM). The community comprises a diverse group of 24 scholars, journal editors, and deans from ten countries in three continents, and we represent all of the major disciplines in business schools. We have held numerous discussions, conference presentations, and meetings on the status of business school research today; we also have conducted a Delphi study, collecting opinions from other scholars, summarizing them, and redistributing them for further discussion. Furthermore, we have benefited from the support of four key industry institutions: AACSB International, the European Foundation

for Management Development (EFMD), Aspen Institute's Business and Society Program, and the United Nations' Principles of Responsible Management Education (PRME) group.

We believe that the current opaque funding model for business school research enables a classic moral dilemma that is rarely recognized: Stakeholders unknowingly pay for research that seldom benefits them. Not only do we believe that business research should be addressing the critical problems of business and society, we are convinced the current model will be unsustainable as business schools compete for resources in the future.



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C U T L E R

THE UNDERLYING DILEMMA

At most schools accredited by AACSB, faculty are expected to devote between 20 percent and 40 percent of their time to research; some spend more than 60 percent. Schools justify this allocation of resources by claiming that, when faculty are engaged in research, students gain more useful knowledge, and society benefits from the findings. But the evidence for these justifications is weak. With a few notable exceptions, scholarly research rarely reaches the worlds of business or policy, and academic journals are neither read nor cited widely beyond the academic community. There is widespread agreement that the systemic incentives in place to encourage faculty research are designed *more* to enhance scholarly reputations, and *less* to produce returns for society.

It's a self-reinforcing cycle: Faculty are paid and promoted based on publications in journals that are likely to generate citations within the academy

but are seldom seen by industry leaders or policymakers. Journals gain prestige based on these citations, not based on any impact the articles have had within the broader community. Schools build their reputations through the research prowess of their faculty; professional associations put their energy into supporting their members. Faculty, schools, and journals have few incentives to address problems that are crucial to business or society, because the funding models and faculty evaluation system obscure any link between investments and returns.

Certainly, we can identify numerous times that business school research has made a positive difference—AACSB's own Impact of Research report in 2012 offered many such examples. But as scholars and administrators, we observe that research incentives are detached from the interests of stakeholders outside the academy. We are not sure that even the academy is being served when faculty members are valued for the

quantity and placement of their articles, not for the benefit their research can have for the world.

We believe that we can only resolve the moral dilemma surrounding research by realigning faculty incentives. Furthermore, this realignment will yield a much greater return on investment for everyone: researchers, research subjects, funders, and consumers.

PRESSURE FROM THE FUTURE

There's another reason faculty research needs to become more credible and usable: The current model is unsustainable. That's because the scale of the diversion of resources is huge, expectations of accountability are rising, and competition for resources is growing. Let's look at these factors one by one.

Scale. How much does it cost for the more than 800 AACSB-accredited schools to devote 40 percent of their faculty resources to research? Based on the 2017–2018 AACSB Staff Compensa-

Pioneers in Responsible Research

A number of business schools—including several that are partners with the Community for Responsible Research in Business Management—already have instituted systems designed to make research more useful and credible:

The University of Michigan. As part of its goal to offer progressive business solutions to today's global business challenges, the Ross School of Business in Ann Arbor appointed a new Associate Dean for Business+Impact in 2017 to oversee efforts around faculty research, the student experience, and outreach to practice. Through its centers and institutes, Ross connects research to practice in domains such as economic development, poverty alleviation, environmental sustainability, and sustainable operations. In each case, faculty research directly speaks to problems on the ground (such as how to incorporate small-scale producers in low-income countries into global supply chains, or how to remove and re-use harmful ocean plastics). In 2017, Michigan Ross also revised its criteria for assessing senior faculty performance so that contributions in applied research and external engagement activities can be valued comparably to scholarly research and contributions within the academy.

Peking University. The Guanghua School of Management is promoting research that addresses critical and structural problems in public policy and frontier business practices in China. Last year, 25 research projects were funded for a total of 5 million RMB (approximately US\$793,450). These projects spanned strategic areas such as industry upgrading and innovation, data and technology, development finance, economic reform, and national development.

In addition, the school has allocated seven post-doc positions and other staff support to this initiative. It has secured corporate donations that can sustain this project for three years, and the platform is expected to continue beyond that. Anticipated outcomes will include scholarly publications, policy papers, case studies, and videos. These results can inform policy debates, classroom teaching, new program design, and curriculum updates.

Erasmus University. In 2017, the Rotterdam School of Management in the Netherlands adopted a new mission: *To be a force for positive change in the world.* The school uses the United Nations' Sustainable Development Goals (SDGs) as a framework to guide its teaching and research activities. For example, researchers are expected to contribute to better and more effective institutions,



Incentives that encourage faculty research are designed to enhance scholarly reputations, not benefit society.

tion and Demographics Survey, roughly US\$3.8 billion annually. This figure is extrapolated from the information provided by reporting schools and assumes 50 percent in additional expenses for supplemental salaries, fringe benefits, facilities, research support, administrative costs, and other overhead. This estimate does not consider research investments at nonaccredited AACSB member schools and other schools. Thus, while the number is conservative, it reflects a very large expense with very limited accountability—and no systemic controls to align the research with the interests of the funding sources.

Expectations. As global competition for business education funding accelerates, expectations for accountability are shifting. Many governments have cut back funding for higher education; tuition increases have slowed significantly; and several schools are rethinking the viability of some of their programs, including the full-time MBA. As resources

tighten, more questions are raised about the use of funds. These questions have led to several initiatives that might indicate a trend toward more practical research.

In the U.S., the National Science Foundation began explicitly considering societal impact when making funding decisions when it added a “broader impacts” criterion to funding proposals starting in 1997; that criterion has been strengthened in recent years. In the U.K., the Research Excellence Framework that drives government funding levels for research universities added a 20 percent weight on the societal impact of universities’ research programs when it was determining how to allocate university budgets in 2014; a proposal is pending to increase that weight to 35

percent. The Center for Open Science has advanced multiple initiatives to encourage higher scientific standards related to openness, transparency, and replicability to improve the credibility of research; this is necessary for research to have any positive impact on practice.

AACSB is not a funding organization, but it has raised expectations for business research by emphasizing impact, engagement, and innovation in its 2013 accreditation standards. In addition, in its 2016 Collective Vision for Business Education initiative, the association called for member schools to become enablers of global prosperity, catalysts for innovation, and co-creators of knowledge. EFMD, which was founded with a greater emphasis on corporate connections and sustainability, created

which supports SDG16’s goal of building “effective, accountable, and inclusive institutions at all levels.”

According to dean Steef van de Velde, the school is gradually adjusting its curriculum by giving more attention to values and attitudes and by explicitly paying attention to the 17 SDGs. He says, “There is a focus on teaching business models that combine doing well and doing good; we are reviewing our research capabilities to reveal what we should have but don’t have yet; and we are reconsidering our outreach activities.” This new mission has released a lot of energy, enthusiasm, and passion from many of the school’s stakeholders.

Singapore Management University. The Lee Kong Chian School of Business gives out Dean’s Impact Grants to foster a mindset of social impact among research faculty. The grants help scholars customize their research for the Southeast Asian context. For instance, the MasterCard Social and Financial Inclusion research project examines how poor families access banking and credit facilities by adopting new technologies and business models. The Citi-SMU Financial Literacy program takes these insights and uses them in communitywide training designed to improve

financial literacy. The school also runs the Tri-Sector Collaboration program, in which faculty work jointly with representatives across government, the private sector, and civil society to apply research to real-world problems.

Furthermore, researchers at SMU are actively encouraged to integrate their academic journal papers into case studies and short thought leadership pieces in both undergraduate and post-graduate curricula, which spreads the impact of their research even more.

Notre Dame University. The Mendoza College in Indiana introduced an annual Deans Mission Research Award in 2017. Each of the five academic departments (accountancy, finance, information technology and operations, management and organizations, and marketing) nominates one paper published within the last year that focuses on ideas contributing to the common good.

All of these pioneering schools have created incentives for their faculty to address the issues of greatest relevance to their regions and their missions. By committing the necessary resources to this objective, these schools are ensuring that their research generates positive impact on society and business practice.

the Business School Impact System in 2014 to help schools more fully assess their impact on business and society. They have also incorporated an expectation that schools demonstrate a commitment to be globally responsible citizens in their 2013 accreditation standards.

These seemingly disparate elements do not yet form a tidal wave of change, but they do suggest a pattern of expectations for greater accountability.

Competition. The market for business education is relatively mature, with differentiated products targeted to specific niches, and many other organizations are competing to offer management education. For instance, consulting firms have rebranded themselves as thought leaders through in-house publications, business intelligence services, training programs, and digital education. At the same time, corporate universities abound, for-profit companies pursue the business education market, and thousands of nonaccredited schools offer programming to senior executives.

Many of these competitors have developed engaging educational delivery systems without the financial burden of funding research. Unless business schools can gain a competitive advantage by demonstrating that their

research has value, they will not be able to differentiate themselves from these competitors. Moreover, because they have the financial burden of supporting research, they won't be able to compete with these providers on tuition costs.

TIME TO PIVOT

We believe the industry is at a turning point. In 2016, AACSB celebrated its centennial, and during the association's first 100 years of existence, the business world saw the rise of large corporations and their growing need for managerial talent. But business organizations today have been greatly affected by the spread of the knowledge economy, the disintermediation of supply chains, and growing societal challenges.

As members of the cRRBM, we would like to see business schools and faculty researchers change their own practices in response to this pivot point. We believe that business scholarship can guide future practice toward more humane ends as business reorganizes around the globe. Moreover, in the absence of such scholarship, practice can go far wrong. To that end, in late 2017, the cRRBM published its first position paper, "A Vision of Responsible Research in Business and Management: Striving for

Useful and Credible Knowledge." In it, we articulate our vision for "a future in which business schools and scholars worldwide have successfully transformed their research toward responsible science, producing useful and credible knowledge that addresses problems important to business and society."

We believe that misaligned incentive systems have exposed business school research to attacks on two fronts: usefulness and credibility. The lack of usefulness in today's research is evident in discussions about the gap between scholarship and practice. That gap is created because incentive systems reward scholars and schools for the number of articles published in elite journals and the impact they have on subsequent research, and not for the impact the articles have on practice or society.

Credibility is a problem because business school research often lacks quality and integrity. Although most researchers want to produce good work, incentives reward quantity over quality and novelty over replicability. While schools spend large sums to fund research, cumulative knowledge remains elusive and research conclusions are often cast in doubt.

If business faculties are going to produce research of value to society, we must have systemic change both in the culture (the research mission) and the structure (the evaluation and reward system) of our schools. The cRRBM is trying to instigate changes simultaneously at multiple levels in collaboration with partner organizations. Our website includes our position paper, an executive briefing, and a list of exemplary practices, awards, presentations, special journal issues, and other resources (see sidebar at left).

WIDER RECOGNITION

We are encouraged because the topic of responsible research is garnering widespread attention, particularly as several peer-reviewed journals solicit papers and publish special issues that

For More Information About...


- The Community for Responsible Research in Business Management, visit www.rrbm.network/supporters/founding-members.
- cRRBM's award, visit rrbm.network/taking-action/iacmr-presidential-award.
- AACSB's initiatives and reports, visit:
 - www.aacsb.edu/publications/datareports/staff-compensation-and-demographics (for the most recent salary survey).
 - www.aacsb.edu/-/media/aacsb/publications/research-reports/impact-of-research.ashx?la=en (for the Impact of Research study).
 - aacsb.edu/vision (for the Collective Vision report).
- The U.S.'s National Science Foundation's report, visit www.nsf.gov/od/oia/publications/Broader_Impacts.pdf.
- The U.K.'s Research Excellence Framework, visit www.ref.ac.uk/2014.
- The Center for Open Science, visit <https://cos.io>.

promote credible, problem-driven research. These include the *Academy of Management Journal*, *Manufacturing and Service Operations Management*, *Human Relations*, the *Journal of Product Innovations*, *Academy of Management Discoveries*, the *Journal of International Business Studies*, and the *Journal of Service Research*.

More recognition is on the way. Last year, the cRRBM and the International Association for Chinese Management Research launched the Responsible Research in Management Award to recognize socially consequential management scholarship published in the last five years. Ten articles and two books were selected as inaugural winners.

As the topic of responsible research becomes more widely discussed, we

believe everyone in the business school community must face the moral dilemma inherent in their funding models. And they will need to ask some hard questions. Which stakeholders within society should benefit from business research and education—employers, workers, and the broader society, or just the researchers? To whom are these researchers accountable?

The cRRBM challenges the implicit value system that has driven research priorities in recent decades. We believe the business school community must transform its research from an activity that serves only to perpetuate itself into one that serves the greater good. By doing so, we can create a model for research that will be both sustainable and socially responsible for years to come. 

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2018–19

Professional Development Opportunities



Annual Accreditation Conference

September 23–25, 2018 | Washington, D.C., USA

Asia Pacific Annual Conference

October 29–31, 2018 | Nagoya, Japan

Europe, Middle East, and Africa Annual Conference

October 29–31, 2018 | Paris, France

Associate Deans Conference

November 4–6, 2018 | Phoenix, Arizona, USA

Best Practice Speaker Series

November 26, 2018 | Dubai, United Arab Emirates

*Deans Conference

February 10–12, 2019 | Vancouver, British Columbia, Canada

B-School Communications and Development Symposium

March 10–12, 2019 | Clearwater Beach, Florida, USA

Assessment and Impact Conference

March 17–19, 2019 | Charleston, South Carolina, USA

International Conference and Annual Meeting (ICAM)

April 14–16, 2019 | Edinburgh, Scotland, U.K.

Redesigning the Undergraduate Curriculum

May 5–7, 2019 | Providence, Rhode Island, USA

Annual Accreditation Conference: Asia Pacific

May 23–25, 2019 | Kuala Lumpur, Malaysia

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*Exclusively for deans and heads of higher education business units