Abstract
In recent publications, Management Education is frequently considered as a business industry, even though it is not similar to other industries due to the special characteristics of education. Accordingly, recent changes in Management Education are seen as a shift in business schools’ business model, i.e. a transformation to meet changing demands and globalization trends, or a turn in their business cycle. This review examines management education through the strategic management lenses in the following order:
(1) reviewing the history, the markets and the models of business schools in the field of management education (strategic background or context);
(2) summarizing previous researches that have implications for strategic management on business schools (strategic theories);
(3) applying Deephouse’s notion of strategic balance position between conformity and differentiation in the field of management education in Europe.

Keywords: management and business education, business schools, strategic management, strategic balance position,
Introduction

In the literature, Management Education is increasingly considered as a “regular” industry, even though it differs from other industries due to the specific characteristics of education. Recent changes in Management Education are seen as a shift in business schools’ business model, a transformation to meet the demands and the globalization trends, or a turn in their business cycle (Iniguez de Onzono and Carmona 2007, Hawawini 2005, Bennis and O’Toole 2005). The strategic management of business schools is therefore extensively examined to understand the strategy and development of the “industry of management education”. This review examines management education through the strategic management lenses in the following order: (1) reviewing the history, the markets and the models of business schools in the field of management education (strategic background or context); (2) summarizing previous researches that have implications for strategic management on business schools (strategic theories); (3) applying Deephouse’s notion of strategic balance position (1999) between conformity and differentiation in the field of management education in Europe.

History of management institution

The recognition of management education as an academic discipline was reinforced by the development in the world's economy, the growth industry on a global scale, and the attempts to introduce economic disciplines into the universities in the 18th century. Many scholars claim that the development of business and management knowledge originally started in Europe, but they disagree on which European countries the first insights of “business schools” were established, which could be Germany and/or France (Engwall 2007, Antunes and Thomas 2007, de Montmorillon 2011). Historically, the initiative of setting up business and management knowledge as an academic field started in Europe since the early 19th century, but the institutionalised and highly legitimised business schools have appeared in the US since the 20th century.

It is undeniable that US models are dominating the business and management education field around the world. Management education as a scientific standard could be tracked back to the 1950s with the US models of the Carnegie Foundation and the Ford Foundation to set up commissions to review the state of management education. The reports of the commissions formulated policy prescriptions that drove the development of universities and business schools towards a research and discipline-led focus, with an emphasis on scientific method, research and knowledge creation and a strong focus on graduate education in business. The changes and add-ups that the commissions proposed included operational research, other quantitative studies, behaviourally oriented studies, recruitment into US business schools of mathematicians, political scientists, psychologists, sociologists, and statisticians, and especially the development of the post-experience Master in Business Administration MBA programs (Engwall, 2007). Although the actual influence of American models varies among different European countries, the US models are said to have become "the benchmark for European schools" (Crainer & Dearlove, 1999, Engwall, 2007, Durand et al, 2008 & 2011) However, it was not until the second half of the 20th century that such MBA programs took off, triggering an on-going debate about the roles of management education, and the different models of business schools.
The role of Management Education

The role of Business schools and Management education, as Bennis and O’Toole (2005) summarize, is a dual mission that most business schools claim: (1) to educate practitioners and (2) to create knowledge through research. It matches the two goals that Simon (1967) assumes for a business school: “both the pursuit of knowledge for its own sake, and the application of knowledge to practical pursuits.” Concerning the educate on the practitioner side, this role is to “educate all the functions constituting a “business language” which it is indispensible to master, but it does not split into marketing plus finance plus accounting, etc.” (Mintzberg, 2005). Basso et al (2011) further consider that a business school’s task is either (1) training functional technical experts that acquire tools and know-how in order to occupy any defined function in an organization, or (2) preparing managers or organizers that influence others’ behaviour in order to defined collective action, or (3) educate future leaders that understand well the instruction of organizations in order to influence the construction of the society. Pfeffer and Fong (2002) demonstrate that ultimately a business school is about career and salary enhancements for learners.

As a counter point, K.Starkey et al (2004) consider business school as social institutions, as key players that contribute to the development of new ideas and new managerial skills. Starkey et al argue that business schools and management research have potentially central roles in the context of a knowledge society where education, training and research are core processes of social and economic change for a new era. Perez (2011) defines management as “knowledge for action”. Management must be learned mainly for and through practice, in contact with practitioners (those who are actively involved), without too much concern for academic research (those who simply observe). Nevertheless, most management researchers do not only do simple observations but also collect knowledge that is identifiable and contestable and when appropriate may be transferable and taught. Hence, a business school is based normally on a triple-function faculty whose members are at the same time researchers, practitioners and teachers.

Datar, Garvin and Cullen (2010) summarize the essential components of business school education in three fields to be taught: knowing (or knowledge), doing (or skills) and being (or a sense of purpose and identity). Whilst they do not reject traditional management theories, they argue that business schools need to reassess the facts, frameworks and theories that they teach (or the “knowing” component) while at the same time rebalancing their curricula so that more attention is paid to developing the skills, capabilities, and techniques that lie at the heart of the practice of management (or the “doing” component) and the values, attitudes and beliefs that form managers’ world views and professional identities (the “being” component).

Models of business schools

This part does not analyse the models of business schools on the basis of cultural or national indexes. Instead, it attempts to evaluate models of business schools based on their functions or performances as institutions. Business schools are organisations (Simon, 1967), thus organizational theories and designs are relevant tools to study them. Depending on the point of view, two models are applicable to business schools: a business model and an academic model. The former focuses on contents and

On the one hand, business schools provide education. On the other hand, they are professional schools, expected to deliver a valuable input because they are attended to improve one’s value on the labour market. Claiming that business schools are a problem in organisation design, Simon challenges to redesign and manage the business school towards an “equilibrium condition”. Bennis and O’Toole (2005) analyse what they prefer to call the “paradox between scientific model and professional model”, considered to be the actual cause of today’s crisis in management education. In the business model, business schools’ performances are measured by competences of graduates and understanding or grounding of faculty on. In the academic model, performance of business schools are evaluated by abstract financial and economic analysis, statistical multiple regressions or research and publications. By allowing the scientific research model to drive out other essential performance outlooks, business schools are institutionalizing their own irrelevance in terms of management practices.

What Bennis and O’Toole (2005) call a scientific model is a model where management is assumed to be an academic discipline like mathematics, chemistry or geology. Joining other scholars (Mintzberg 2004, Pfeffer and Fong 2002, Simon 1967), they claim that business is a profession, not a discipline, and thus rely on many academic disciplines. They call for a distinction between a professional and an academic discipline as a prerequisite before criticizing the scientific model of business schools.

Spender (2013) suggests that the design and model of business schools could be explored by looking at two issues: (1) the relationship between theory and practice; and (2) the distinction between generalities and particularities. As per the former relationship between theory and practice, Spender builds on Knight’s approach since 1923 to conclude that business educators can teach students by “synthesizing empirical generalizations with the available theory without expecting that theory to be determining.” As per the latter relationship between generalities and particularities, Spender points at the fact that general management is declining and being replaced by a booming production of specializations in business curricula aiming at resolving particular problems. The goal is to balance academic activities, knowledge, professional and managerial practice and experience in the teaching offer so that students could benefit from both academic and professional tools and skills. In order to achieve the proper dosage, many business schools have to hire adjunct professors who are professionals and experts to teach MBA courses, so that students could learn about connections between practical knowledge and academic disciplines.

Viewing a business school as a firm, Hawawini (2005) analyses the functions of business schools in the competitive environment with factors such as demands, branding, products, operation and delivery, finance, human resources and corporate governance. These seven factors result in a SWOT analysis that, in a context of global competition, lead business schools to change and adapt. Iniguez de Onzono and Carmona (2007) also argue that the process of globalization increases the effects of
the five forces in the business model of business schools: market concentration, products (structure and form of delivery of program), finance (sources of income), operation and distribution (distribution channel), demand and customers (profile of customers). This business schools’ business model is described from different angles in the literature, e.g. competition, funding and demand (Starkey and Tiratsoo 2007), merger and acquisition, economies of scale, funding and pricing policy (Durand and Dameron, 2008). Considering that business school is a business, Durand points at the “business becoming” attitude of the schools, that brings difficulties to see and evaluate their academic value (academic models).

Given the above insights into different views on the roles of business schools and the contrasts between the academic model and the business model of business schools, the following section looks into different theories on the strategic management of education institutions.

**Strategic management of education institutions**

*A new agora – Rethinking the business school (Starkey et al 2004)*

Criticizing business schools despite their actual profitability, Ken Starkey et al. (2004) point out the propensity of scholars to revisit the value and role of business schools. The authors suspect that these schools are facing a deep crisis in the functional logic of the university and its role in relation to the economy and organization governance. They suggest that business schools and management research should be rooted in academic traditions and become potentially a new knowledge spaces, called a new agora – defined by Nowotny et al (2001) as the new public space “where science and society, the market and politics commingle.”

Measured by this new agora strategy, Starkey et al (2004) try to reconfigure business schools with different scenarios:

1) The scenario of little change is where business schools adapt their policy and training to a “business as usual” extrapolation of the present. It fits with the analysis of history and market development of business schools, given the steady growth in the US, Europe and then expanded to other continents (Far East, Asia, Latin America)

2) The scenario of change for the worse occurs when business schools are seen as “educationally, culturally and ethically bankrupt”. New providers such as management consulting groups and corporate universities enter the education industry, meet more expectations from the public and gain competitive advantages.

3) The scenario of change for the better is where business schools are more like academic entities. They concentrate on the search for knowledge that is relevant to the needs of individuals and the society, which constructs their core competence in the competitive market. They focus on the creation of knowledge appropriate to changing business conditions.
Social construction process (Antunes, Thomas 2007)

As Starkey et al., Antunes and Thomas (2007) also look at the dilemmas of the business schools. However, against Pfeffer and Fong (2002) who assert that “business schools in other countries (outside the US) imitate US schools in the model of business education”, they highlight with other European researchers (Durand et al., 2011), key elements of differentiation between European and US business schools and suggest that these differences announce the future competitive strategies of European schools.

Antunes and Thomas posit that a distinctive set of national business school models have emerged over time in Europe, using a theoretical model based on a social constructionist approach. This model has three levels:

1) “Industry beliefs” exist about the boundaries of markets and competitive interactions: business schools are defined in a national context and they are influenced by the cultural, legal and regulatory idiosyncrasies of their home country.

2) Norms or “industry recipes” emerge: The industry logics and beliefs about business schools are shared globally, with standardisation of the US style business school model and the MBA as the flagship management program. In this level, the dominant industry model becomes the “recipe” for the others to imitate. As a result, it creates certain leading national industry examples.

3) Inter-organisational performance differences and reputational orderings manifest: The trend of national reputational elites beyond the US business school model continue to confirm. At the same time, “consumerism pressures and quality accreditation processes” also strengthen the reputational position of business schools and the “social codings and interpretation of business school differences in performance” are confirmed accordingly.

Foresight scenarios (Durand, Dameron 2008)

From a strategic perspective, Durand and Dameron (2008) posit that “management education institutions are developing strategies to connect with each other, and to create a European area for management education.” Business schools and universities echo one after another with multi-literalist strategies, with programs taught in English, with joint curricula from various countries, various campuses.

These authors identify nine challenges for business schools in the world, in regarding the US schools as runners ahead in the field, and point out the seven exogenous pressures on the environment of management education and industry of business schools. Based on these findings, Durand and Dameron draw out five scenarios about the future of business schools and management education: (1) drifting away; (2) European Management stands up; (3) Business Schools as vendors; (4) Mergers and acquisitions; (5) Reactive adaptation.

The authors look further at three geographic clusters of activities that business schools are developing: the United States (or North America in general), European countries (or OECD countries) and the BRICS (Brazil, Russia, India, China and South Africa)
and developing countries. This analyse helps the authors to place the current strategic postures of the business schools in their scenarios, as follows:

1) Forging ahead (North America cluster) – reinforce the domination of leading schools on the business education industry.
2) Penetrating to influence (North America cluster) - focus on strategic group of leaders, make full use of the resources and dynamics and get access to the group.
3) Catching up (OECD cluster) – imitate and follow the US leading schools
4) Importing from the leaders (BRICS cluster) – try to access knowledge and adapt it to the national context
5) Ignoring the leaders (OECD cluster) – operate within national boundaries and own academic, economic forces, with a risk of isolation in the global management environment.
6) Diversifying sources (BRICS cluster) – aim at finding alternate sources to be independent from leading schools’ suppliers.
7) Differentiating to compete by leveraging national or regional specificities (OECD cluster) – operate as in the second posture, with an observation of the leading schools and their tendency.
8) Blending and cross-selling (BRICS cluster) – move firmly towards a customization of imported knowledge and build capacity to create local knowledge.
9) Recognizing and competing (North America cluster) – acknowledge potential success of other business schools in regional and global market and develop a plan to compete.

Strategic balanced position in the literature

Past strategic Management researches have evidenced that strategy is shaped as a firm’s position between similarity and differentiation. This highlights the relation between competitiveness, legitimacy and performance. By differentiating, firms reduce competition, thus less strategic similarity increase performance (Competitive advantage - Porter 1980, Barney 1991). By conforming, firms demonstrate their legitimacy; thus greater strategic similarity increases performance (Institutional theory -DiMaggio and Powell, 1983). Deephouse (1999) has introduced the strategic balance theory, according to which a firm should be balanced between differentiation and conformity.

Durand and Dameron’s strategic scenarios and postures will be reviewed in the light of Deephouse’s strategic balance theory, in order to demonstrate that although with different expressions, the strategic balanced position has already been identified and described in the existing literature on management education.

The new agora as future “re-legitimization” for business school (Starkey et al 2004)

Business schools are the object of numerous criticisms that they cannot ignore. They also face numerous demand of modern, up-to-date knowledge from the business world. By redefining the new agora to the “changes for the better” scenario, business schools achieve a re-legitimization. They look beyond the business school as a “honeypot to attract students and start discussing the things that are supposed to be the university’s core and distinctive competence, its raison d’être, the nature of knowledge, the creation of knowledge and its dissemination.”
Starkey et al borrow Habermas’ idea (1976) that there is a relationship between the socio-cultural system, the educational system and the occupational system in management education. Looking at the diffusion of management ideas, Engwall (2007) further notes that management education (educational system) is engaged in reciprocal relationships with three other significant management fields, namely practice, consulting (occupational system) and media (socio-cultural system).

The processes are then reinforced by the interaction between the fields, where management education is the response to problems arising from the other fields, solutions from practice and consulting are imported to education and solutions proposed by business schools are exported to practice. The argument of Habermas is that the socio-cultural system provides the basis for the legitimacy of the other systems. Consequently, business schools should gain legitimacy by:

- being a new kind of knowledge space and not just a knowledge carrier, where different disciplines and different stakeholders (scientists, politicians, company and industry representative, non-governmental agencies and pressure groups, media and others) interact and learn from each other;
- being a space of advancing business issues, that is opening debates in which scientific and policy discussion about business and management take place and give rise to greater public awareness of these issues;
- engaging in production, through research and teaching, of more socially robust knowledge, building closer links between business and other faculties. Not only this would comfort their legitimacy, it would also expand the sphere of influence of the business schools.

In this redefinition of the role and value of the business schools and their management programs, Datar et al. (2010) add the concerns of globalization, leadership and integration. In this “new agora”, these authors list eight unmet needs of the society and market to be considered. In other words, the act of redefining the new agora, meeting these unmet needs and focusing on those demands of changes is a means to refine the legitimacy of business schools and management trainings.

In the European context, education was historically the domain of the government and of the religious authorities (Durand, Dameron, 2008). There is a distinction between students going to the universities to acquire knowledge, including management knowledge; and apprentices joining enterprises to acquire skills. Management education institutions and universities were created to focus on research and now develop strategies to connect with each and to create a European area for management education.

The Bologna Agreement signed in 1999 is an attempt to mutualize European resources and achieve a worldwide recognition on European education, including management education. To strengthen further the knowledge space of business education in Europe, Dameron, Durand et al (2011) propose that the European model of business school be designed or redesigned in the typically European style.

For now however, European management education cannot be considered as homogenous. In each country, the business schools thus have to decide whether they
should follow the US model or differentiate themselves. And in the latter case, how could they differentiate themselves? Only by relying on their cultural value-added?

**Differentiation in social construction process (Antunes, Thomas 2007)**

Following Habermas, Antunes and Thomas (2007) consider that each school is influenced by a set of cultural, legal and regulatory characteristics in its home country. This social construction process makes those characteristics the basic differentiation factors that could help certain business schools to surpass others. In fact, Antunes and Thomas make a link between the social constructionist perspective and the inter-organisational performance differences and reputational orderings and claim that European schools could perform as well and compete with the dominant US schools.

At each level of social construction, these authors indicate various sources of difference:

- Level of industry beliefs in the national contexts: schools assert themselves by applying institutional and national differences that could be shaped by factors such as language, culture, regulation, standardisation and size.
- Level of industry recipes in regional and global contexts: schools use competitive differences as recipes. They include factors such as governance, funding and endowment, international mindset, innovation, knowledge transmission and corporate links.
- Level of reputational orderings is linked with social capital differences such as rankings and reputation and brand loyalty factors.

Therefore, where Starkey et al suggest that business schools should redefine their legitimacy, Antunes and Thomas recommend them to focus on differentiations at several levels as a competitive advantage in the business school industry. These differentiations could be the drivers of their business model. Turning such differentiation into a competitive advantage may be a complex endeavour, however, given the fierce competition on the business education market.

From a European perspective, the three categories of differentiations are illustrated in opposition with those of the US schools.

Concerning institutional differences, variations in terms of language, history and culture are numerous, although European schools ultimately operate with the same international standards and accreditation agencies.

Regarding competitive differences factors, European universities and business schools are often public, making funding and endowment less flexible as in the US. Apart from funding resource, European schools still have strong assets in international mindset, innovation, creative ways to develop research and learning programs.

In terms of social capital differences, reputation effects undoubtedly influence the competition and the recognition by the market, with elites groups in each European country, or with up-climbing rankings and accreditations in international organizations.
Balanced scenarios (Durand, Dameron 2008)

As seen above, Durand and Dameron have distinguished three geographic clusters, and in each cluster, have developed three strategic postures for business schools towards five foresights scenarios for 2020. As shown in the chart below, there is a clear correspondence between theses postures and Deephouse’s different strategies of conformity, differentiation and balanced.

<table>
<thead>
<tr>
<th>Europe / OECD (except US)</th>
<th>Conformity</th>
<th>Differentiation</th>
<th>Balanced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Catching up</td>
<td>Ignoring the leaders</td>
<td>Differentiating to compete by leveraging national or regional specificities</td>
</tr>
<tr>
<td>North America (US)</td>
<td>Penetrating to influence</td>
<td>Forging ahead</td>
<td>Recognizing and competing</td>
</tr>
<tr>
<td>BRICS</td>
<td>Importing from the leaders</td>
<td>Diversifying sources</td>
<td>Blending and cross-selling</td>
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</tbody>
</table>

In Europe and OECD countries other than North America, business schools can adopt an imitation strategy, that is, a “catching up” posture similar to conformity. “Ignoring the leading players” is a clear differentiation attempt, with a risk of isolation from the environment. The in-between posture of “differentiating to compete by leveraging national or regional specificities” is how business schools try to find their strategic balance position.

In the North America zone, "forging ahead" is a differentiation strategy in which leading schools rely upon existing structural advantages, the gap in available resources, the strength of existing brand names and the control on the research domain. "Penetrating to influence" is conformity because schools use a well-established domination of the zone to infiltrate potential challengers. The third posture - "recognize and compete" - seeks a balanced position, *i.e.* recognize the potential emergence of competing approaches to management as a way to prepare to compete.

In the BRICS zone and developing countries, "import from the leader", *i.e.* learning from US business schools, is clearly a conformity response; whereas "diversity sources" is an endeavour to differentiate. "Blend and cross-sell" is the strategic balanced situation, where schools move towards customization of management knowledge imported (conform) while at the same time progressively develop a capacity to create local knowledge (differentiate).

Durand and Dameron consider that management education and research in Europe is “in a race to follow the dominant US model of business schools, mainly through imports and imitation.” To a large extent, this conformity is necessary to be onboard in the management education industry. However, some of the traits of the US model of management education are worth importing, but others traits are specific to the US context. For these, Europe ought to leverage its own specificities and use such differentiation traits to gain the competitive advantages. Specifically, European schools could focus on social sciences and humanities, on the intercultural variety of the EU, on the involvement of the public sector in education… etc.
The authors call this dual strategy "balanced dynamic portfolio over time", so that Europe is reinforced in the position of a second supplier of management knowledge worldwide, offering an alternative source of management education and research to business schools in the world. Such dual stance is not easy to develop and hold, however. It is difficult for European business schools to clarify how they can capture this dual strategy into the curricula of the various programs they offer and how the entire portfolio is deployed in an integrated, consistent way. Durand and Dameron’s scenarios suggest that in order to compete in the international arena of business schools, European business schools should follow a dual strategy combining an active "catching up" strategy (towards US schools) on the one hand, plus a dedicated "differentiating" strategy on the other hand. Furthermore, they emphasize that European stakeholders including business schools and universities, national governments, the European Union institutions (the Commission and the Parliament) and industries (large European firms as well as SMEs) should join forces to create the conditions for a European Management model that could challenge the US leaders.

Below is a mapping of the literature examined in the previous sections. It clearly shows that if schools want to compete in the management education arena, they must focus on the top level of balance strategic position to get recognition in branding, reputation, governance or curriculum.

**Balance strategic factors** (Based on the strategic scenarios of Starkey et al 2004, Antunes, Thomas 2007 and Durand, Dameron 2008)
Conclusion

Deephouse’s concludes his presentation of his strategic balance theory by stating that “The ultimate relationship between strategic similarity and performance depends on the relative strength of the differentiation and conformity propositions over the range of strategic similarity.” He suggests that further development of this theory can help researchers better understand the trade-offs between differentiation and conformity, and that further research should examine if strategic balance theory applies in other markets facing strong competitive and institutional pressures (rather than commercial banks).

Arguably, it is the case of the market of management education analysed in this paper. Though this market is analysed from various angles and using different models, there is a broad consensus in the literature on the fact that by reinforcing legitimacy and enhancing differentiation, European business schools should head towards the balance strategic scenario.
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