

Role of Academic Research in Business Management

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Abstract

In the past four decades, academic researchers have developed a variety of concepts they claim are relevant to business practice. Academic researchers are encouraged to more assertively seek out research guidance from business practitioners, and practitioners should more actively provide recommendations needed for relevant research. This paper explores the use of research proposals within business and management education. Particular consideration is given to the potential of research proposals to work in an educative sense as stand-alone entities quite separate from their role as a prelude to engaging in research activity. The benefits and limitations of using research proposals in separation from the actual experience of conducting empirical research are discussed. It is concluded that research proposals, used as stand-alone learning exercises, can prove particularly valuable where there might be concerns about gaining access to appropriate settings

or getting ethical approval for practical research activity. They can also be of particular value in the context of courses where students' primary concern is with commissioning or evaluating research rather acquiring the skills to undertake research projects for themselves (e.g. MBA students).

Keywords

Research proposals, Research methods, Management education, Business education.

What Are the Functions of Business Research?

"If we knew what it was we were doing, it would not be called research, would it?"— Albert Einstein

Introduction

Business research functions as a conduit to new ideas and concepts. Learning through research is not limited to a particular department or project or a particular point in the year. It can be conducted by reading,

viewing and listening on a daily basis. Every employee has the potential to be involved in some level of business research, and gathering research should not happen in a vacuum but should be part of the process of managing a business.

Management Tool: Business research ultimately functions as a management tool that can be used for creating business strategies, managing production and managing growth. As a management tool, it provides a descriptive function (collecting data), a diagnostic function (assessing, evaluating and explaining) and a predictive function (forecasting and choosing a course of action). Managers of all levels use research to shape and direct their employees and their strategies.

Risk Management: Knowing present conditions can lower risk. Business research can provide parameters in which a business can flourish and manage risk. Researching trends and market conditions can identify the need for increased insurance, alternative shipping and transportation needs or the need to assess and sell assets.

Shape Strategies: Business research can inform and shape business strategies. Researching trends or tracking industry data can provide or stimulate strategic planning. Knowing what competitors are doing and

the direction they are headed can inform present business strategies. Conducting business research in the area of consumer preferences reveals what products need further development and what features may be beneficial to add.

Importance of Business Research

Management is not the only field covered by business research programmes however. One of the most popular forms of education covers information on accounting. While specialist accountants are an available resource, by training staff members to understand accounting functions, it is possible for a company to build its knowledge base in the field, streamlining process and overall improving the efficiency of operations. Understandably, by improving the efficiency of a company, profitability is increased, meaning that the financial outlay for education is ultimately worthwhile.

Another field covered by the umbrella term of business research is international business. For company directors who are on the brink of enlarging their operations beyond their national boundaries sending staff on courses relating to this field is highly advisable. International trade has different theories and strategies relating to it and hence by

building a bank of knowledge on the subject means that it is possible for companies to find that edge over the global competition.

As information technology becomes an increasingly large part of business, education modules in this field have also grown. Information technology can relate to using software in management, accounting or even invoicing but as the use of the internet and online trade grows, educating staff in the ways to take advantage of this new media is an advisable course of action.

Another field in business research is sales and sales techniques. This is especially important for many companies as sales are the way of securing new income. Naturally sales techniques will differ depending upon the services or products being sold but there are certain general rules that should be followed. By having a well-trained and informed sales team, they will be able to bring more trade, and hence improve the portfolio and profits of the company. As an adjunct to sales is marketing education, this is especially important in many industries as having a well presented product or service can reap many benefits. Thankfully education will result in employees having the knowledge to produce a brand image that is desirable, dynamic and above all attractive to customers.

In a modern world where business research is a key part of any development plan there are a large number of educational institutions arising to meet these demands. For any company director, making the realization that a well-trained and educated workforce is an asset in its own right is an important step. Once this realization has been made it will be possible to train staff members and acquire an employee base that is up to date with developments in the business world. Having the knowledge of how to take advantage of these developments and remain at the cutting edge of any industry sector is naturally an essential part of any strategy.

Why research matters in enabling responsible management education

Research is a central part of the academic mission of many business schools and a collective endeavor of all management education institutions at large. Research shapes the thinking of research professors and advances the public body of knowledge that is conveyed in the classroom. Because of the collective and global nature of the research endeavor, dominant research paradigms ultimately determine the educational content of business schools around the world. Any successful attempt to transform the

educational process must therefore consider the types of research that are necessary to support such transformation and analyze whether current paradigms and research practices are appropriate to produce the required body of knowledge.

The frameworks, facts and tools that are taught in business school not only impact the technical training of students, but also their values (Aspen Institute, 2001; Goshen, 2005). Management theories are embedded with values pertaining to the very definition of management as a profession, its objectives, priorities and sources of accountability. Because the Principles of Management Education portray a new vision about the role of management in society and the values that must govern it, it is of paramount importance that we critically evaluate not only the availability of useful frameworks and tools but also whether the values embedded in currently dominant frameworks and theories are consistent with the newly espoused values.

During the first half of the twentieth century, business schools struggled to make themselves respected among the other professional disciplines in the university, such as medicine, law or engineering. In the late fifties, an influential report by Gordon and Howell (1959) on the state of

business education gave management a failing grade as a professional discipline and described it as little more than vocational training. The report recommended that, like other “true” professional disciplines had done, management education ought to develop a “body of knowledge of substantial intellectual content” as well as a set of “standards of professional conduct, which take precedence over the goal of personal gain”.

Over the course of the next five decades, business schools went on to make substantial progress in building the prescribed body of knowledge by adopting rigorous research methods from allied disciplines (from the social sciences to economics, mathematics or statistics) and applying them (at times in a trans-disciplinary way) to answering critical management questions. Competitive refereed journals now exist covering all business disciplines from management to marketing, finance, or operations. And business schools have established themselves on par with other professional schools in leading universities the world over.

In the last decade, several scholars have criticized the current direction of academic research. Some of the criticisms (Pfeiffer and Fong, 2002; Bennis and O'Toole, 2005; Mint-

zberg, 2004) have focused on the seemingly growing gap between academic research and practice, which could threaten the relevance of the new knowledge for professional practice. While the jury is still out as to what the right balance ought to be between basic and applied research, most scholars would agree that management research should cover the full spectrum of knowledge development: from basic, to applied, to the development of educational content and tools (see most recent report by AACSB International, 2007).

Another line of criticism, which is central to the application of the Principles of Responsible Management Education, has to do with the impact of research on management values. This type of criticism was most notably articulated by the late Sumantra Ghoshal (2005). Ghoshal argued that today's dominant theories and frameworks have contributed to creating, reinforcing and perpetuating harmful values among business graduates. For instance, agency theory, a framework that dominates analyses of executive compensation and governance, is based on the simplifying assumption that managers behave opportunistically and selfishly. The popularity of the theory in journals and textbooks has helped turn this set of

model-building assumptions into accepted truth and, even worse, self-fulfilling prophecy-by treating managers as self-serving opportunists, we may have encouraged managers to actually act as such, therefore contributing to some of the biggest business failures in history.

A study by the Aspen Institute comparing students' beliefs before and after an MBA (2002) showed that the business curriculum does in fact shape students values and beliefs. For example, the belief that a manager's first responsibility is to maximize shareholder value gains in intensity when individuals undergo a standard business curriculum. The current business curriculum is not value neutral. Theories of financial value creation, management behavior and strategy and embedded with values that shape the thinking of future managers in meaningful ways. In summary, decades after the publication of the Gordon and Howell report (1959), not only have we not yet developed the prescribed set of standards of professional conduct but have in fact produced a set of theories and tools that may have implicitly created a wrong set of standards.

The Principles of Responsible Management Education propose a shift in the way we look at businesses and their managers, their

role in society, and the values that ought to drive their behavior. This transformation cannot be introduced in a vacuum, but needs to be sustained by robust, respected and influential research paradigms that address problems and aspects of management that have so far being either neglected or at best not sufficiently well addressed.

This transformation would be necessary, if nothing else, to keep up with the world of professional practice. The past fifteen years have witnessed an important change in the way managers address the social and environmental impact of their companies. In the 1990s not many executives would accept the responsibility for the social and environmental impact of their companies beyond legal compliance or avoiding adverse effects on their own value chain. Today this has changed dramatically for many industries in many parts of the world. Thousands of companies publish annual reports detailing their social and environmental contributions, and tens of thousands of firms have subscribed or been certified as compliant with a range of independent voluntary standards, including the UN Global Compact (Visser, Matten, Pohl, & Tolhurst, 2007).

Simon Zadek (2004) of Accountability (an NGO promoting business accountability for sustainable development) has documented how companies often move in stages from initially ignoring and denying their social and environmental responsibilities, to a phase of reputation management—which sees social and environmental matters in terms of costs and risks—to a third stage, where engaging with stakeholders on social and environmental issues is regarded as a mechanism for business innovation, to a final stage where executives recognize the limits to voluntary action, and actively engage with other organizations, including governments and competitors, to influence the overall business environment in order to make responsible conduct more financially viable and achieve better collective outcomes.

It is not clear whether current management frameworks and tools are of much help to companies through this transition or whether it is through trial and error that companies progress through the different stages and adopt different attitudes towards managerial responsibility. What is clear however is the growing need among business leaders for frameworks and tools that will help them address the new objectives of social and environ-

mental stewardship in a more systematic and effective way.

It is therefore important both from the standpoint of securing the support from the academic field towards the Principles for Responsible Management Education as well as to serve the current needs of managers, that we consider ways to foster a new line of academic research around corporate citizenship that is credible with deans, faculty, students and accrediting organizations and that is relevant and useful to practitioners.

Research content: What types of research are needed to support responsible management education

The values articulated by the Principles of Responsible Management Education are not exclusive to any particular business field but affect each and every academic sub discipline underlying management education. Under the rubric of “global social responsibility” (Principle 2) the Principles assign to managers the responsibility of generating sustainable value for business and society with the ultimate goal of creating a global economy that is both prosperous and inclusive (Principle 1). In practice, these values have implications for

the way businesses design new products, manufacture and deliver goods, serve customers, expand to new markets, exploit natural resources or assess performance.

Until now, research addressing management responsibility has been mostly siloed into ethics, business and society, or corporate social responsibility. This type of research, while valuable in its own right, will not be sufficient if we want to place the Principles at the core of the educational mission of business schools. Research addressing the impact of business in society at large, critical analyses of the responsibilities of management, and frameworks to assess performance along non-financial dimensions remain a priority.

But equally important are efforts from within the traditional business disciplines or across disciplines to construct new theories and frameworks that are based on socially responsible values and that can help deal with the practical implications of social responsibility along the multiple aspects of business administration, i.e. New lines of research that explore the interrelations between an organization and its broader social and environmental context from various disciplinary prisms. For example, what are the implications of long-term value creation in terms

of budgeting, financial analysis and reporting? How can we assess value creation for employees and what practices create most value? How does reputation impact brand equity? How can companies best incorporate and internalize socially responsible practices? What is the role of boards in establishing and monitoring long-term, multidimensional value creation? Under what conditions can socially responsible values be transmitted up and down the supply chain? How can companies that engage in the global agenda leverage the experiences to drive innovation? The specific issues around **environmental sustainability** are often separated from broader social concerns and even treated as a specific concern of operations management. Both social and environmental responsibilities are however interrelated matters and as such need to be addressed by research. The environment is not itself a stakeholder. It has no voice and cannot represent its own interests. Environmental concerns become an issue for business in as much as they impact the interests of the company itself or any other external community. Internal impact needs to be incorporated into mainstream research around all core business areas. Impact on external stakeholders cannot be separated

from research on the broader set of social responsibilities.

In terms of **geographic scope**, the type of research that would be required by the Principles should recognize the global nature of business responsibilities (Principle 1). This is so both because companies are becoming global and because the most complex and urgent issues of our time are themselves global. For instance, each of the Millennium Development Goals, adopted by the United Nations in 2000, is either global in its causes (environmental degradation and climate change), in its solutions (HIV/AIDS and other infectious diseases), or in its impact (poverty and hunger). The eighth goal explicitly calls for a global partnership for development that must include government, business and the social sector. If business is to play an active role in creating an inclusive and prosperous global economy, scholars will need to provide research that addresses the global nature of problems and solutions.

If only from a pragmatic standpoint, as large emerging nations continue to grow and become more important to the overall world economy, as the search for natural resources expands deeper into developing countries, and as cross-border trade, investment

and migration accelerate, it is absolutely critical that business research takes on an increasingly global approach. As companies expand and integrate globally, they become involved in ever more complex webs of social and environmental issues. Companies may find these issues central to their success and yet be ill-prepared to deal with them.

This is not to say that locally or regionally focused research needs to be neglected. Global issues manifest themselves differently in different settings, and management theory and practice needs to recognize this. One-size-fits-all theories and tools may not be accurate or useful in specific cultural, institutional and political settings. In fact the best global theories are likely to emerge from the aggregation and systematic comparison of results across geographies. But what is clear is that an exclusive focus on data from the developed world will not produce the type of research to support the values of global social responsibility as articulated by the Principles for Responsible Management Education.

A new paradigm

Until now, mainstream research paradigms have treated the notion of "corporate responsibility" as a separate discipline or subject like

finance, marketing, or strategy. Just as schools have often created specific courses under the label of "sustainability", "corporate social responsibility" or "ethics", separate from the core business disciplines, so have researchers siloed research in this area as a separate field. Researchers in these fields have often argued that the dominant paradigms in finance (maximization of shareholder value) and strategy (securing competitive advantage) cannot easily accommodate the wider and richer notion of "social responsibility".

Mainstream scholars themselves have often argued that the very notion of "social responsibility" may be intrinsically incompatible with their disciplinary lens. Arguments alone are however unlikely to change these views. Old paradigms die only when they fail to explain important observations or when their predictive and analytical power is outperformed by new ones. If we want to bring about a new way of thinking about business and management, a good place to start would be to prove the weakness of the old ways.

Business schools have an excellent track record of producing useful tools and training students to apply them in order to answer technical questions like, "Does the deal make

the hurdle rate?” or “How can throughout be optimized at the lowest cost?” But to help students manage businesses successfully for the benefit of both business and society we need to encourage rigorous exploration of questions that don’t always have right answers and we need to come up with frameworks that allow students to engage in such exploration.

Traditional questions are likely to underestimate risks to reputations enabled by a highly connected world. They may miss the risk of market failures from external threats – as Monsanto missed consumer and farmer resistance to genetically modified seed, or the four technology companies under-estimated the public interest in compromising privacy standards to enter the China market. And they may fail to build consciousness of the social and environmental impacts of business decisions, just like the effects of carbon emissions were ignored by industry for decades. But unless we can build some evidence of these failures and provide better questions and answers, we will not be able to transform current dominant research approaches.

Although the traditional questions help us with the all-important tasks of quantifying and executing, they are also less likely to help us break through convention and imagine

bigger possibilities. And it’s imagination and exploration that lead to exciting breakthroughs in new products and services at the nexus of business, society and new market opportunity.

As a starting point in moving inquiry to a new level, academic research should ponder several fundamental questions that can be asked in the context of every business discipline and decision: What is the purpose, in both business and societal terms, of a company or business investment? How is value to be defined for multiple communities? What is the context in which business operates? Are the legitimate rights and responsibilities of multiple stakeholders considered? What are the impacts of a firm’s strategy on its business outcomes and on the quality of life in the community? How are performance and profitability measured? What do managers measure and not measure? Over what time period? Do they compute the cost of externalities?

From theory to practice

As Lewin wrote in 1952, “there is nothing more practical than a good theory”. Yet, applying theory to real problems, even good theory, is not straightforward. Throughout their careers, business managers will not encounter problems that are well

articulated and defined, or that signal specific tools or solution paths. Management is about defining and articulating problems as much as it is about solving them.

A recent report by the Association for the Advancement of Collegiate Schools of Business (AACSB) on the impact of research drew our attention to the three levels of research required of any professional discipline: basic, applied and pedagogical (AACSB International, 2007). Basic research is intended to contribute to the “stock of knowledge of business and management theory” (p. 13) and will normally be the subject of peer reviewed publications targeted to other academics. Applied research refers to the “scholarship of application” (p. 13), that is, how existing knowledge and theories can help resolve important business and management problems. This type of research is intended to reach the world of practice and is often disseminated through professional journals and trade books. Finally, pedagogical research focuses on producing teaching materials and instructional methodologies to improve the learning process of current or future practitioners.

The integral change in management education encapsulated in the Principles for Responsible Mana-

gement Education requires that new research be produced at each of these levels. As discussed earlier, basic research is needed to test the limits of current paradigms and build new ones. Those paradigms must be translated into actionable knowledge through rigorous applied research, and ultimately into new pedagogical and learning tools to put the new theories and practical knowledge in the hands and minds of practicing managers.

Case-based research has emerged as a powerful tool for applied research which can also be helpful in building new theory on one hand and can result in effective teaching tools on the other. When it comes to the social responsibilities of corporations, and relative to other management and business disciplines we still face a deficit of good case studies. This could be an area of great promise.

A good starting point for applied research and case development would be the set of issues that currently dominate discussions among businesses active in the social responsibility arena, for example:

- Reporting and assurance of sustainability practices
- Social marketing
- Integration of social and environmental issues in corporate strategy

- Role of energy and food costs in developing economies
- General business cases in the developing world
- Organizational change and implementation of socially responsible practices
- Incentive systems within companies that encourage people to balance social/environmental responsibility and profits

Research methods

There is tremendous opportunity for scholars to create new methods and build new paradigms that will help address the complex issues of managerial responsibility. But doing so in a way that will be seen as legitimate across academia and that will attract the interest and energy of leading scholars requires that the core values of academic scholarship be respected.

The AACSB report on the impact of research (2007) underlines four core values that must drive business research, three which are common to all academic disciplines (independence, rigor and cross-disciplinary fertilization) and one that is specific of professional disciplines (value to practicing managers). The independence of scholarship must be guaranteed if not by law by some sort of tenure system that screens researchers from political pressures

or economic interest. Rigor is guaranteed through strict peer-review. And cross-disciplinary fertilization is encouraged by the co-habitation of scholars from multiple backgrounds under one institutional roof. In addition, given the professional nature of management, business schools have an obligation to produce knowledge that advances practice.

Some members of the working group report systematic difficulties in breaking through the paradigmatic entrenchment in the editorial boards of well-established journals and argue for the creation of yet more journals with alternative editorial policies and more diverse boards. New journals can indeed play a key role in helping mature and strengthen emerging theories and approaches before they are ready for mainstream outlets. But regardless of whether the journals are old or new, new research needs to abide by the principles of academic rigor and peer review or the results risk remaining marginalized.

Research methods will likely need to be adapted to the a new ontology and epistemology, one that views the firm, not as an isolated, rational decision making machinery, but a complex social entity embedded in an even more complex reality (social network theory is a good example).

Quantitative methods can still play a role in testing theories and mapping trends. But the contextual dependencies and intrinsic complexities of the interface between corporations and their environment may require of ethnographic approaches that can get at the nuances surveys might not find. At the end, it is not so much a question of whether quantitative or qualitative methods are more appropriate but of how the full array of tools at our disposal can be used to address a new set of questions.

What is important is that corporate responsibility not be treated as simply a new arena for generating knowledge and providing teaching, but a new way of approaching core questions about business and managerial decision making and behavior.

Research administration and infrastructure

Academic rank and tenure in most research universities rely heavily on publications in top refereed journals which are by their nature conservative. Refereed journals serve the legitimate and critical role of ensuring the scientific rigor of the collective effort to advance knowledge, protecting against anecdotal generalizations and avoiding baseless fads. They do so by assessing new research against well accepted methods and standards.

But these very values that are so important to guarantee the robustness of the scientific enterprise also risk becoming barriers to paradigm shifts and more radical innovations. The theory of natural selection, which is the basis of modern biology, was proposed by Charles Darwin in the nineteenth century but was not accepted by the scientific community until well into the twentieth century. If we are to transform some of the core assumptions of management education and its supporting body of knowledge, we need to be aware of the likely barriers to change and create processes to circumvent them, while recognizing that the new research will need to pass the same tests of rigor and quality as more traditional types of research do.

Top journals in business disciplines are dominated by mainstream subjects and may have a natural predisposition against the types of research necessary to understand the wider responsibilities of businesses in society. Journals, including especially the longest-running and best-reputed, tend to favor work that assumes specific theoretical frameworks or methodological approaches as the point of departure for inquiry, rather than a set of organizational challenges faced today. Based solely on career concerns, it would be ill

advised for junior faculty to invest in alternative research paths, as doing so could jeopardize their ability to reach tenure. That is, unless specific policies are established to encourage them to risk stepping out of the mainstream path.

The successful implementation of the Principles of Responsible Management Education will require that (a) business schools review their research assessment criteria to reward some risk taking on the part of pioneering faculty, and (b) that established journals adapt their editorial policies to accommodate new types of research addressing key organizational challenges under new theoretical and methodological lenses. Both of these goals can be facilitated by increasing the diversity of key decision making groups, for example by adding pioneering faculty in key research assessment committees and researchers with expertise in new methodologies and approaches in editorial boards of well-established journals.

In addition to these concerns, there are several other practices that could contribute to support and encourage the new type of research, for instance:

1. Make relevant research more easily available, as a way to encourage new research. For example, the Aspen Institute's

Social and Environmental Impact Network at the Social Science Research Network (SSRN) is a free resource where hundreds of faculty members share their latest thinking in dozens of topical areas. In Europe, the European Academy for Business in Society (EABIS) and the European Foundation for Management Development (EFMD) have created a portal, The Business in Society Gateway, compiling a wealth of information and resources.

2. Share best practices in research. The Aspen Institute evaluated 18,000 journal articles published in 2005 and 2006 for relevance towards the Beyond Grey Pinstripes ranking. Of them, 499 were determined to relate to social or environmental issues, and those have been made available online.
3. Offer public recognition for innovative research. The Aspen Institute's Faculty Pioneer Awards, Dissertation Proposal Awards, and Beyond Grey Pinstripes ranking, are examples of mechanisms to provide such recognition.
4. Support networks of faculty working together. The Globally Responsible Leadership Initi-

ative, EABIS and the Aspen Institute provide good examples.

5. Create networks between businesses and academic institutions. Initiatives like the Globally Responsible Leadership Initiative that bring together business schools and companies interested in the issues of business and managerial responsibility provide a gateway to research opportunities.

Summary of Recommendations

1. The transformation of the educational process that is articulated by the Principles of Responsible Management Education must begin by critically assessing the adequacy of current research paradigms and theories and encouraging the development of new ones.
2. Research into the roles and responsibilities of business and their impact in the greater good ought to be addressed by all business disciplines.
3. Research ought to be geographically inclusive and attention ought to be paid to social and environmental issues that are global in nature.
4. New research should focus on key questions: What is the purpose, in both business and

societal terms, of a company or business investment? What are the legitimate rights and responsibilities of multiple stakeholders and how are they to be considered? What are the impacts of a firm's strategy on its business outcomes and on the quality of life in the community? How should performance be assessed?

5. Faculty should develop case studies that incorporate those questions into real strategic, financial operational, marketing and leadership decision making.

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