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Recalling Joseph Wharton's Vision for Business Schools

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This year marks the 125th anniversary of the invention of business education. In 1881, American industrialist Joseph Wharton proposed the creation of a new field of scholarship that would create the ideas and prepare the leaders that would power global business activity and economic growth. Yet at this milestone, business schools are facing some of the harshest criticism in their history. Our commitment to research is dismissed as self-serving and irrelevant. The value of our degrees, most notably those at the graduate level, is questioned by both of our primary customer bases—our students and recruiters. In the continuing shadow of Enron and other corporate governance scandals, some have even gone so far as to blame business schools for purposefully turning out amoral graduates.

I can imagine that Joseph Wharton – a man not known for mincing his words – would find these charges astonishing. He'd be more disappointed if he felt that today's business school deans and faculty did not vigorously defend against such allegations by both our advocacy and our actions. The very design he set forward for the first business school is the blueprint that still drives our institutions and programs. Now, more than ever, we must clearly articulate our continued commitment to this model and ensure that we strengthen the value of the service we contribute to global business.

The centrality of research and knowledge creation

Joseph Wharton did not create the first collegiate school simply as a distribution channel of the accepted business knowledge of his day. From its start, knowledge creation was the basic foundational commitment of the Wharton School. He chose to base his school as part of a university – and not simply as an independent vocational academy – to ensure that serious scholarship in business issues would form the basis of instruction. He realized that business would advance most quickly and effectively in an environment where ideas are created, debated, refined and retooled.

In an article that appeared last year in the Harvard Business Review entitled "How Business Schools Lost Their Way," Warren Bennis and James O'Toole, both members of the faculty at the University of Southern California, resurrected a rather tired old argument about the tension between teaching and research. They claimed that too much emphasis on research at leading business schools and not enough on teaching has failed to give students the skills they need to be good managers. To claim that scientific, technical business research has no bearing on the day-to-day practice of business is analogous to dismissing the study of disease at the cellular level as

irrelevant to the family doctor. The more business students and practitioners understand about business at the most basic level, the better they can understand the broader concepts and put them to work for the greatest impact.

Research forms the content and context of our curriculum. I'm hard pressed – as I am quite sure Joseph Wharton would be – to think what Bennis and O'Toole expect us to “teach” without continuous research. If we only discuss case studies about what has worked or failed in the past, our students will have little to offer their employers when they graduate – much less 10 or 20 years from now. Instead, we must provide our students with the latest knowledge and a clear understanding of how such knowledge is created. They also must be trained in the analytical skills to put knowledge to work. Only then will they be prepared to be the authors of the best practices of tomorrow.

A partnership between industry and academia

The relevance of our research and our academic programs rests in a second element of Joseph Wharton's original design for the first collegiate school of business: the deep engagement of scholarship with business practice. From the outset, modern business education was a partnership between a business leader and a university centered on the core belief that serious scholarship of business issues must be based firmly in the practical experience of those who deal directly with the challenges of the competitive, rapidly changing business environment.

This engagement bridges the gap between theory and practice. It creates an environment where new ideas are formed in the context of real-world, real-time issues, and where these ideas can be implemented, tested and strengthened. This business-academic partnership model must continue to shape our research agenda so that we are providing targeted solutions to the most pressing business challenges. And our curriculum must be focused on those needs as well so that our students can inject the energy, knowledge and skills to make meaningful contributions to their companies after graduation.

Business as a service profession

There is something still more fundamental that we must ensure in our role as leaders of business education. In proposing the creation of the first collegiate business school to the Trustees of the University of Pennsylvania, Joseph Wharton defined what he felt was the most important thing students at this school should learn. He wanted business students to understand “the immorality of seeking to acquire wealth by winning it from another, rather than by earning it through some sort of service to one's fellow man.”

I believe the biggest challenge we face is the danger of forgetting the true purpose of business. It is not just about making money. It is about making people's lives better and unleashing human potential. It is about creating opportunity for every member of our global society to enjoy security and freedom. It is about – as Joseph Wharton said – service to others.

Those at the center of the corporate scandals that continue to rock the business world lost sight of their most basic responsibilities to their shareholders, their workers and their customers. They placed personal gain and personal power above those responsibilities. They violated their most basic duties of trust and service. While we can hope that lessons of ethics and safeguards in legal and regulatory measures will go a long way toward restoring that trust, today we face challenges that rival anything we've experienced in human history.

Social, political and economic polarization along ideological lines threatens the global marketplace, and, with it, the full energy of human potential. We must – as global business educators and leaders – put our energies into opening dialogue, creating understanding and engaging in the world as global citizens. If we allow public discourse to degrade any further into a battle of simply who is right and who is wrong or whose beliefs are superior to all others; if we attempt only to super-impose the economic or political ideologies of one culture on top of another without regard to the values and history of that culture; if we do not seek to expand basic human freedoms of self-determination and full social and economic participation; then, we will fail in what I believe is our ultimate purpose as leaders of our global community.

A rededication to historic ideals

The business of business education is competitive in nature, as we each seek to enroll the best students, employ the top scholars, offer the most innovative programs and services, and compete for financial resources. But we share a common mission as business educators: to apply the intellectual resources of our faculties to continued research and teaching, conducted with a deep engagement with business practice, and to instill in our students the values of trust and stewardship, of respect and service in the conduct of business. We are called upon as never before to fulfill the ultimate purpose of business: making people's lives better.

In this anniversary year of the founding of business education, we must rededicate ourselves, in word and in deed, to these central values.

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