Reconceptualising corporate strategy in business and management education

Bruce Macfarlane and
Andrew Perkins

The authors

Bruce Macfarlane is a Principal Lecturer and
Andrew Perkins is a Senior Lecturer in the Business
School, Canterbury Christ Church University College, UK.

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Abstract

Corporate Strategy (CS) has traditionally played a pivotal
role in the undergraduate business curriculum and is
normally a required final year course. While the manageri-
al experience of students at postgraduate level provides a
clear justification for requiring students to study CS, the
decline of work experience and the massification of UK
higher education raises question marks regarding the
relevance of CS in undergraduate business education. CS
may also be criticised as being overly concerned with
simplified and abstract theories inappropriate in a rapidly
changing post-Fordist economy. In response to these
challenges there needs to be a re-conceptualisation of CS
as a preparation for empowered and informed employees
rather than as a preparation for potential senior managers.
The teaching of CS also needs to take greater account of
changes in the economic environment such as the growth
of smaller businesses and the importance of ethics.

Introduction

There are few undergraduate business
degrees in the UK which do not feature cor-
porate strategy (CS) (1) as the compulsory
element in the final year of such programmes
(Gammie, 1995). CS is also widely accepted
as an integral part of the undergraduate busi-
ness curriculum in North America (Bart,
1988). Coming at the end of a four year sand-
wich degree, CS is the symbolic pinnacle of
undergraduate business education. It repre-
sents an aspiration that the business students
of today will become the senior managers of
the future. Yet, despite criticisms of other
established elements within the undergradu-
ate business degree, notably economics (e.g.
Healey, 1993), the paramount role of CS has
been subject to relatively little debate. Rare
examples of papers concerned with CS have
tended to focus on pedagogic issues with only
passing interest in justifying its role within the
curriculum (Peattie, 1990). While there is a
clear case for including CS as a key element of
the postgraduate business curriculum, based
on the managerial experience of students and
their proximity to strategic decision-making,
the reason for including this component at
undergraduate level is harder to justify.

This article challenges the routine inclusion
of CS in the undergraduate curriculum which
often appears to rest on the assumption that
students are being prepared for a senior man-
agerial decision-making role within a large
company. Changes in the higher education
system and the economic environment mean
that the majority of students graduating from
business degree programmes are unlikely to
fulfil such a role. It is concluded that while
there are still grounds for the inclusion of CS
in the undergraduate curriculum, it needs to
be re-configured to adapt to these changing
circumstances. CS has a positive role to play in
helping students to understand the complex
and shifting realities of business decision-
making, but, in particular, it needs to move
away from its big company bias and to exam-
ine strategy within the context of the small and
medium-sized enterprise. Additionally, it is
argued that the role of ethics and the human
consequences of corporate decision-making
needs to be expanded within the CS syllabus.

Why do we teach corporate strategy ?

There are a number of widely known justifica-
tions for teaching CS to business students. It

is claimed that CS plays a pivotal role in integrating business knowledge (Monks, 1995) acting as a counter-weight to the multi-disciplinary approach adopted throughout the greater proportion of the programme, especially during the early years. Most business studies degrees still retain separate courses such as economics, quantitative methods, law, marketing and accountancy (Gammie, 1995) but CS draws on the knowledge base of many business subjects in providing an understanding of the competitive position of the organisation. CS creates a business context in which students can understand how this knowledge may be pulled together. It is argued that CS is positioned as the (often only) compulsory course in the final year of a four year sandwich degree because students return from work experience with greater maturity and understanding of the business context which make studying CS feasible. Students are able to cope with CS because this year out in industry has equipped them with sufficient insight to understand strategic issues. Moreover, students are being prepared to enter a business in a managerial capacity. They thus need CS to adequately prepare them for their future role as young managers on a fast track career path.

Traditionally, subjects contributing to the make-up of the business studies curriculum have been divided between those which offer an education "about" business, drawing on economic and sociological perspectives, and subjects more specifically aimed at preparing students "for" business careers. Economics and organisational behaviour are examples of subjects "about" business which have tended to escape claims that they are irrelevant on the grounds that they provide "theoretical underpinning" and critical perspectives on business activity (Healey, 1993). By contrast, subjects which mirror organisational functions, such as accountancy and marketing, are included on the grounds of vocational relevance. CS essentially falls into this latter category since corporate strategy is a central function of any business organisation. This categorisation does not necessarily imply, though, that all curricula and teaching styles in business schools across the UK are homogeneous. The distinction between an education "for" and "about" business was originally made by Tolley (1983) in the context of the overall aim of a business studies degree. However, it can equally be applied in relation to the aims of individual components within the degree.

The distinction parallels the dichotomy between "critical" and "managerialist" perspectives in management education made by Grey and French (1996). Subjects "about" business are more likely to promote a critical conception of management while subjects "for" business will tend to be more closely allied to a "managerialist" perspective. It follows that subjects "for" business offering a managerialist perspective, such as CS, must justify their continued existence within the curriculum on the grounds of relevance to the direct vocational needs of students in a business context.

Challenges facing corporate strategy

Any re-evaluation of the role of CS in the undergraduate business curriculum needs to be placed in the context of radical change in UK higher education. These changes raise serious doubts as to whether CS is still relevant to the needs of undergraduate business students in the 1990s. The movement from an elite to a mass system (Scott, 1995) has probably been the most significant development in UK higher education this decade. The participation rate of 18 year olds in higher education rose to 31 per cent by 1993 (Opacic, 1994). In the age of mass higher education there is no shortage of graduates but a critical shortfall in "jobs for graduates" (Murphy, 1994). The rise in the participation rate calls into question whether CS should be retained given that, for a number of years, there has been evidence that greater numbers of graduates are entering employment for which they are overqualified (Clarke et al., 1988; Dolton et al., 1990). This makes the notion of keeping CS as a preparation for senior management an increasing irrelevance to the immediate or even medium to long term future of many business graduates.

The expansion of higher education has also taken place in the further education sector. Funding for business and management is the most significant element of the higher education provision in further education. As a result there are now a number of business studies first degrees available within colleges of further education. There is, thus, a new "binary" divide in UK higher education between the further education providers of higher education and the universities. The preeminence of CS in the business curriculum has traditionally been based on the implicit assumption that

students are preparing to enter employment in large, usually national or multi-national enterprises. Consequently, CS is largely taught from this perspective with case studies reflecting a national or multi-national bias. Indeed, there is an implicit assumption that CS is about the strategic decision-making of "big" organisations. Bart's (1988) study of employer perspectives with regard to CS, for example, is based on the results of a questionnaire sent to the chief executive officers of Canada's leading 200 firms. The big company bias of CS fits uneasily with the local, service tradition (Burgess, 1977) of further education with closer links with smaller employers.

There have always been grounds to question whether work experience is a sufficient preparation for students to understand CS. However, significant challenges to both the quality and continued existence of work experience within business degrees pose an even greater challenge. Larger student numbers combined with a depressed employment market have added to the practical difficulties of providing students with a high quality work placement (Lloyd, 1996). The increasing scarcity and diminishing quality of work experience has accelerated the decline of the placement year, so long an article of faith within nearly all business studies first degree programmes (Day *et al.,* 1982). Fewer dedicated placement officers also mean students are increasingly under pressure to find their own placements with very limited institutional support and guidance. Personal networking skills are increasingly the basis upon which students are expected to secure work placements (Winfield and Ellis, 1993).

A more fundamental response to the problem of obtaining work placements has been to do away with them altogether, a scenario which, during the early development of the business studies degree, would have been quite unthinkable. The BA in Business Administration (BABA) is a degree programme identical to business studies except for the absence of a work placement year. This three year alternative has grown rapidly in response to problems associated with obtaining work placements for ever larger groups of students (Macfarlane, 1997). The BABA degree has also grown in response to considerations of wider student access by excluding the need for a mature student with previous or current work experience to re-enter industry on a work placement through

the accreditation of prior learning (Morris *et al.,* 1993). Moreover, there are now a number of business studies degrees without a compulsory work experience element (Monks, 1995). The work placement has, therefore, begun to decline within the contemporary business studies degree as a response to the pragmatic concerns of widening access and rising student numbers rather than as a result of past criticisms that it has failed to link theory with practice.

The traditional requirement that a business studies degree should contain a work placement, a pillar of the Crick report and subsequent CNAA policy (Bourner and Hindmarch, 1981), also needs to be re-evaluated in the context of the changing nature of higher education. These changes appear to provide CS lecturers with greater numbers of students with some measure of working experience. The changing profile of students in the 1990s means the average undergraduate is now older (Department for Education, 1993) and likely to have work experience or be in some form of employment (Ford *et al.,* 1995). The closer relationship between higher education and the economy means that all students, not only those studying business, are preparing to enter the workplace. This development outdates the notion that work placements are something unique to a business studies degree. Furthermore, recent research has shown that between 25 and 30 per cent of all undergraduates work part time and study simultaneously (Ford *et al.,* 1995). Most students work outside of term/semester time and the poverty of full-time students means that part-time work is now routinely combined with full-time study (McNay, 1994). This means that many students are already combining study with work experience, a trend which, given the current funding arrangements in higher education, is likely to continue. The consequences of the decline of work experience for CS though are serious since students have increasingly low level experience of the business environment. Other business students will have no time in industry from which to draw contextual understanding.

Thus far, the paper has argued that undergraduate business students, like others in mass higher education, are less likely to obtain a "graduate job" or experience a high quality work placement. Both of these trends appear to undermine the claims of CS to remain as a

compulsory element in a business degree. A further difficulty for CS is connected with the changing nature of the business environment.

It is widely argued that the economy has moved from a Fordist to a post-Fordist phase of production (e.g. Sharp, 1996). Fordism is often characterised in terms of mass production for a mass consumer market and is closely associated with a high degree of division of manual labour. Post-Fordism, by contrast, is connected with rapidly changing patterns of production and consumption. The speed of industrial change and the appearance of fast moving "knowledge" industries means that students need to have the skills and flexibility to survive in this kind of environment. The pace at which business knowledge gets "out of date" has accelerated.

CS focuses on how strategy can bring success to an organisation. It is closely associated with "a lot of simplified and abstract theories and models" (Peattie, 1990, p. 287) with students complaining it is "too soft". CS is highly descriptive of what strategies companies are using but often gives an over-simplified and inaccurate analysis of the underlying social and economic conditions (Kelly and McLellan, 1981). However, formulas for success are conjunctual to specific markets in the current business environment. Given the pace at which this environment is changing and coupled with the likelihood that few business students will be in a position to apply this knowledge within five years of graduation, there is a danger that the CS taught will be irrelevant given the conditions of post-Fordism. Will the CS which students learn be too transitory and context-dependent to be of any use if and when they eventually become senior managers ?

Reconceptualising corporate strategy

In order to respond to at least some of these criticisms, it is important to reconceptualise the role which CS plays in the business curriculum. Primarily, CS at the undergraduate level needs to move away from the misconception that it represents a preparation for immediate or even medium term managerial decision making. It is essentially about helping students to understand that the central concern of business activity is survival and growth and, in particular, achieving competitive advantage (Porter, 1985). Approaching CS from this perspective justifies its retention as

the key compulsory component of a final year business programme for undergraduates. It should not be approached as a narrow set of techniques used by managers to craft the long-term direction of the business. Rather, it should be conceptualised as an understanding of the complex realities involved in managing the whole enterprise. In achieving this, there are a number of specific ways in which CS may be re-focused.

It has been noted that the expansion of higher education means that probably only a small minority of business graduates are destined to become senior managers in their future careers. Therefore, it needs to be made clear that an understanding of strategy is of value to all employees throughout business organisations, not just senior managers. An understanding of the environment, markets, customers, the company's own strengths and weaknesses relative to competitors, and the rationale behind strategic decisions enables employees to make their own contribution to the implementation, if not the formulation, of strategy. Higher levels of education and training and the trend toward empowerment and the devolution of decision making mean that employees at all levels can make a positive contribution in this respect. Moreover, there is now a heightened awareness among employees that they have a "stake" in strategic decisions beyond traditional concerns regarding job security. Employees are more likely to be better informed multiple stakeholders perhaps as shareholders, members of the local community and union representatives. Thus, there is a need to shift the focus in CS to emphasise the relevance of strategy to all employees, not just senior managers.

CS is also criticised for its big company bias and this, historically at least, is largely true. A glance at commonly used cases on CS courses confirms this : British Steel, Laura Ashley, The News Corporation, Honda, Volkswagon, The Asda Group, Hewlett-Packard. Many of the cases which make up the bulk of the 'applied' component of CS are large organisations.

This bias brings the relevance of CS into question as we can no longer assume that the majority of business graduates will make their careers in large companies. Many are likely to spend all, or at least part, of their careers in small and medium sized enterprises (SMEs). The increasing importance of SMEs in providing careers opportunities for graduates is

well documented in both the UK and the USA. Ahmadi and Helms (1997) argue, from a US perspective, that graduates should look to the SME sector for career paths as there are now fewer large companies offering job opportunities. They argue that it is better for graduates to seek careers in small, growing companies rather than in large, shrinking ones. In the UK economy there has been a general shift in the relative importance of small firms since the middle of the 1980s (Storey, 1994). In addition to this many large companies have downsized with SMEs creating jobs at a faster rate than larger firms (Storey, 1994).

The CS curriculum has been sluggish in adapting to these changes given a changing economic environment. However, this does not imply that the traditional structure of a CS course needs to be totally abandoned. Porter's generic strategies, for example, are equally applicable to small businesses. In explaining these strategies to students there needs to be a greater awareness of how they apply to SMEs. Differentiation is likely to be a vital ingredient in the survival of a small business while other strategies may play a more significant role for larger companies. Cost leadership, for example, will rarely be an option for the small business given the lack of economies of scale available to it. Furthermore, students need to understand that small businesses operate in an environment of greater external uncertainty to their larger counterparts. Many business school programmes are based on the premise that their graduates will go on to careers in large companies. This is no longer the case and programmes need to be adapted accordingly.

A broader challenge to the legitimacy of CS is to get students to think more critically about the nature and effects of business activity. Presently, ethics play only a limited and somewhat isolated role in the CS curriculum; a role which needs to be re-defined and expanded. There is a tendency within CS to define ethics too narrowly and simplistically as a limiting factor or a constraint on strategy. This can lead to a misrepresentation of ethics as entirely concerned with maximising long-term owner value at the expense of other key strands (Sternberg, 1994) such as distributive justice and common decency. There is more to ethics than enlightened self-interest ("good ethics is good business") as a basis for taking account of customer concerns regarding the environment or justifying stakeholder theory. There is also a danger in equating ethics to the legal/regulatory/quasi-regulatory framework when studying topics such as corporate governance. If ethical concerns are approached purely on the basis of strategic implications they cease to be ethical issues, merely contingent to strategy. In the process, ethics is reduced to little more than a sub-branch of corporate strategy.

A practical way of introducing CS students to ethics is via analogy. The use of analogy and metaphor is a well established means of understanding the complexities of organisational life and business strategy (Lundell, 1997; McAlpine, 1997; Morgan, 1997). Using an analogy between CS and war is an interesting way of beginning to demonstrate the moral bankruptcy of relying on enlightened self-interest/legal framework as a basis for discharging ethical obligations. Peattie (1990), for example, recommends war as a fantasy role play to help undergraduate CS students come to terms with a reality with which they are unfamiliar. The analogy between strategy and war is well-established. However, the emphasis on conflict and survival tends to exclude ethical considerations except where decency and self-interest may coincide such as mutual respect in the treatment of prisoners of war. The danger with using such an analogy is that it may reinforce the popular stereotype that business activity is purely an amoral, Machiavellian struggle.

In fact, war can be used as an analogy to help students understand that there is a moral context even in the absence of a legal/regulatory framework. Although it is often asserted that "war is hell", unwritten rules in war have a long history which act as a check on the way in which war is conducted (Walzer, 1977). Most students, if pressed, would recognise the notion of "war crimes" and would be able to identify examples such as mistreating prisoners of war or shooting at someone who waves a white flag. Parallels might be drawn, for example, with the treatment of employees in a take-over battle. Similarly, a distinction can be drawn between combatants and non-combatants in war who are vulnerable and deserve protection. This might be illustrated by examining the effects of business strategy on local communities or considering whether all consumers are fully-fledged "combatants" in the sense that they fully understand that advertising does not tell the literal truth.

Notions of right conduct in war are remarkably consistent over time and illustrate that, in the most extreme form of human conflict, there are limitations acknowledged by society. The fact that rules in war are so often sadly ignored merely underscores the fact that they are widely recognised and understood. There are important parallels with CS by using the war analogy but it is vital not to exclude the notion of rules in war which provide a basis for dealing with issues of justice and human decency.

More broadly in terms of ethics, it is important that the CS curriculum takes the "human" implications of strategic decisions seriously and gives sufficient space for these concerns within the syllabus. There are a lot of examples of ethical issues in strategic management (Kitson and Campbell, 1996) which occupy, at best, a very minor place in the curriculum. Issues which could play a more significant role include the rights of wider stakeholders, the implications of change in terms of job losses, changes in ownership through hostile takeovers, the effect of monopolistic market power, corporate governance, and the responsibilities attached to operating on a global basis across different cultures.

Conclusion

There remains a clear cut case to teach CS to postgraduate or post-experience business students. However, there ought to be a debate about the importance assigned to CS at the undergraduate level. Further research is needed to establish the reasons for the primacy of CS in business studies degrees in addition to comparative research into the curricula and teaching styles on CS programmes. In this paper, we have sought to examine the reasons why CS has traditionally been included as a compulsory component in the undergraduate curriculum. These arguments, though, need to be re-evaluated in the light of a changing business environment and the "massification" (Scott, 1995) of higher education. One possibility is that more emphasis be given to teaching strategy from the perspective of small and medium sized enterprises which students are increasingly likely to enter. Placing greater emphasis on business ethics or corporate responsibility is another potential avenue for reforming CS and helping to provide the ethical dimension needed to

professionalise business and management education. Whatever the solution, the role of CS within the business curriculum requires attention if it is not to become an irrelevance for students in mass higher education.

Note

1 Corporate Strategy is commonly known by a variety of synonyms including "strategic management" and "business policy".

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