

For MBAs, a post-crisis curriculum

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When B-school students arrive on campus this year, they'll find new classes and new programs—all pegged to the global meltdown.

More than a year into the greatest economic upheaval since the Great Depression, the world is a changed place. Millions of jobs have disappeared, many of them never to return. Trillions of dollars in shareholder wealth have gone up in smoke. And the business world is struggling to come to grips with a radically new economic climate where risk is, well, a four-letter word.

When business school students return to class next month, they'll find their academic world a changed place, too. There will be new classes for some—classes designed to give MBA students an understanding of the crisis and its causes. Existing courses in risk management, macroeconomics, and other crisis-related topics will be far more popular than they ever were. Ethics will play a bigger role than it did just a year ago. And in a few cases, entirely new programs will spring to life.

To be sure, some of the changes were in the works long before the first stress fractures appeared and the economy began to crumble. And individually few of them will make headlines. But collectively they amount to the beginning of what may be the most significant rethinking of the B-school curriculum since the spate of curriculum overhauls that followed the collapse of Enron.

Catalyst for change

The B-school response to the economic crisis is as varied as the schools themselves. For many, the financial crisis is serving as a catalyst for self-examination. These schools are using it as an opportunity to tweak, and augment, both curricular and extracurricular offerings.

Although ethics has always been a part of curriculum at Massachusetts Institute of Technology's Sloan School of Management (MIT Sloan Full-Time MBA Profile), it may soon gain a larger presence. The school is testing what it calls an "ethics module"—not an entire class, but a synthesis of the ethics taught in other business classes. The sessions are currently optional, but may soon become required, says Deputy Dean JoAnne Yates. Likewise, at Dartmouth, the Tuck School of Business (Tuck Full-Time MBA Profile) will add a required ethics and social responsibility class this fall, though the course was in the works before the crisis struck. This year's incoming class will also have to take a leadership course.

Faculty at the University of Chicago Booth School of Business (Chicago Booth Full-Time MBA Profile) are taking a different approach. In addition to a new course on ethics and several others, they're tackling the crisis head-on, introducing an in-depth analysis of financial crises—past and present—in a new class for the upcoming academic year, "The Analytics of Financial Crises." Some classes will be getting new teachers, too. When the new academic year starts, Randall Kroszner will take over for Phillip Swagel, former Assistant Treasury Secretary, in teaching Booth's "Money and Banking" class. Kroszner's qualifications for the bringing the crisis to life in the classroom are impeccable. As a member of the Council of Economic Advisers under President Bush, he helped formulate the policy response to the post-Enron governance scandals, and as a Fed governor until January he chaired a committee on banking regulation and helped develop the policy response to the current crisis.

Quick off the mark

Like Booth, the University of Maryland's Smith School of Business (Maryland Full-Time MBA Profile) is also revamping some classes to better suit today's economy. It's shifting the focus of

"Bank Management & Regulation," a popular elective, to place more emphasis on regulation and risk management. The school will also add a class on quantitative investment strategies that will look into "some of the more nuanced issues of risk management in large investment portfolios," says Alex Triantis, chair of the finance department at Smith.

When the financial crisis hit, and as it unfolded, B-schools were quick to react, incorporating lessons from the mortgage bubble, credit crisis, and other aspects of the crisis directly into coursework and lectures. As their career plans cratered, MBA students had a front-row seat for economic history in the making, courtesy of professors who quickly introduced new classes and case studies on the crisis. If the student response to those first few efforts is any indication, students returning to campus this fall can expect to encounter a lot of crowded classrooms in the most popular crisis-related courses.

At MIT, entrepreneurship professor Simon Johnson offered a course on the unfolding of the crisis as 2008 was drawing to a close, and even though the course wasn't offered for credit, students came anyway—between 60 and 100 attended each section, says Yates. Even where the financial crisis wasn't officially on the syllabus, she added, it quickly became part of the course. "The students are great...They force the discussions," says Yates. "Even if a faculty member wanted to get away with not talking [about the crisis], they couldn't." A money management course at Smith that focused on how big financial institutions are structured saw an increase in enrollment. And at Booth, macroeconomics saw a "crazy big" surge in enrollment last year, a trend that Anil Kashyap, professor of economics and finance, expects to continue in the fall semester.

Even one-off lectures by visiting speakers on crisis-related topics garnered standing-room-only crowds last year, a trend that is also likely to continue. At the Boston University School of Management (Boston Full-Time MBA Profile) students came "in droves" to the lectures it offered on the crisis last year, including a talk in September by finance professors about the implications for big banks, says Dean Louis Lataif. Talks at the University of California at Berkeley's Haas School of Business (Haas Full-Time MBA Profile)—including Laura Tyson's lecture on potential solutions to the crisis and Agilent CEO Bill Sullivan's talk on innovating during a downturn—also drew large crowds.

Ethics and compliance

A few schools are going so far as as introducing whole new crisis-themed programs. The New England College of Business & Finance, a Boston institution that offers MBAs and other degrees online, is introducing a new masters degree in "business ethics and compliance" that it claims is the first of its kind in the nation. With courses in corporate governance, risk management, and government regulation, it's designed to educate future compliance managers and general managers well-versed in ethics and corporate governance.

In the fall, Smith will also introduce a new degree, the Master of Science in Business: Finance. Planning for the new part-time program, which will be offered at Smith's Washington (D.C.) campus, began before the financial crisis struck, but the school is stressing the degree's applicability to the post-crisis economy. Students in the program, which can be completed in 15 months, will learn about market and financial structures, and why financial institutions were susceptible to risk. The 12-credit core includes courses on valuation and derivatives, while electives cover financial restructuring and risk management.

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