

Public policy gains a foothold at B-School

Francesca Di Meglio

With government's role in business and the economy expanding, MBAs are rushing to study everything from environmental policy to the lessons of the Depression.

Public policy, usually the purview of Washington-based policy wonks and PhDs in the social sciences, is not something that typically attracts the attention of MBAs. With high-paying Wall Street and consulting jobs beckoning, few bother to explore the intersection of the public and private sectors, opting instead for courses in finance, management, and strategy. But the global economic crisis, along with calls for tougher regulation of the finance industry, is starting to change that. Suddenly, an area of study that's gathered dust for as many as 40 years at some MBA programs is hot.

The booming interest in public policy coincides with the arrival of a new generation of MBA students intent on making the world a better place. But for the most part, MBAs are rushing to enroll in a host of new public policy courses now available at top B-schools in the hope that knowledge of Washington's inscrutable ways will help make them more successful in business.

"Throughout history, the role of government in determining whether an economy will be successful can hardly be overstated," says Kermit Schoenholtz, an adjunct professor at New York University's Stern School of Business (Stern Full-Time MBA Profile). "Understanding government and policy will help you be a better businessperson."

With the government's role in business and the economy expanding, some top business schools are reporting increased interest in public policy courses in the past year. For example, at Carnegie Mellon's Tepper School of Business (Tepper Full-Time MBA Profile), enrollment in the Business, Government, and Strategy course doubled to 85 students since 2009, says Lester Lave, a professor of economics at Tepper who teaches the course. "It's hard to think of running any business in the U.S. without understanding what the federal government is doing," he says.

How Government Works

The new public policy courses on offer cover all aspects of government and its regulation of businesses, its role in the greater economy, and its own fiscal matters. Also included are such issues as nonprofits, sustainability, urban development, energy, and environmental issues, including climate change. What all of these courses have in common is that they impart a basic understanding of legislation and politics—essentially, how government works—to give students the tools they need to come up with tenable goals for their businesses.

Teaching public policy in general is not new to business schools. The University of California at Berkeley's Haas School of Business (Haas Full-Time MBA Profile) has an entire program for MBAs called Business and Public Policy, which dates back to the 1960s, says Rui de Figueiredo, who chairs the program. Since the 1970s, the Stern School has required its students to take a public policy course about firms and the regulatory environment in which they operate because so many students go into finance, says Ingo Walter, vice-dean of faculty and professor of finance at Stern.

What is new is the content of the courses, many of which have gone from being about exploiting loopholes to incorporating regulation into your strategy, or from doing business in domestic locations to the regulatory challenges involved in doing business overseas.

As those kinds of lessons become more of a necessity, business schools are hoping to integrate these issues into well-established curricula. Until then, here are some intriguing standalone classes for any aspiring MBAs looking to better understand the world of public policy.

The Great Depression

NYU Stern

Amity Shlaes, adjunct associate professor and senior fellow at the Council on Foreign Relations

Students learn about the origins of the Depression, the excesses of the 1920s, and the restructuring of the 1930s. Part of the goal with this course, says Walter, is to show students the parallels between the Depression and today's economy. "This course has two aims. The first is to refamiliarize us with America's worst crisis—the downturn that lasted a full decade, the unemployment that ranged high into the 20s, the devastating deflation, the financial whirlwind in which banks failed and so many homes were lost," according to the school's course guide. "The second is to show how the events of that period, both disaster and rescue, continue to affect aspects of economic life in the current day. The New Deal inspired, but it also set the trend that led to the prohibitive modern entitlements—Medicare Part D—that so darken the nation's fiscal future."

Although Stern has offered this course for the last five years or so, its relevance to the economic crisis that took hold in late 2008, a time when many thought the U.S. was on the brink of another depression, is poignant. Indeed, Walter says the school is more motivated than ever to help students avoid repeating history and plans to incorporate more history courses into the curriculum. "We're on a recruiting jihad for first-rate faculty who are historians and understand finance and economics," says Walter. "They're not easy to find."

Business and Public Policy for MBAs

UC-Berkeley Haas

Rui de Figueiredo, who is a business and political science professor

A course that goes back to the early 1990s, Business and Public Policy for MBAs is different from what other business schools are offering students, says de Figueiredo. This class helps students understand nonmarket strategy, which de Figueiredo says is a newly emerging field that seeks to have firms better deal with constituents other than shareholders and consumers. Aspiring MBAs in this course discover how to handle relationships with media, government, activists, and others who do not have a direct connection with the company but could either help or hurt its bottom line. The goal: trying to give future leaders guidelines for effectively developing strategies that take into account the whole range of constituents. Grades are based on the interactive in-class assignments, papers, exams, and class participation.

Urban Fiscal Policy

University of Pennsylvania Wharton School (Wharton Full-Time MBA Profile)

Robert Inman, professor of economics and public policy

In the 1980s, when Inman began teaching a version of this course, his students, for the most part, were heading to Wall Street after graduation and wanted to maximize returns for their companies by reducing their federal taxes. When the federal government closed a lot of the loopholes in the tax code, says Inman, the course began to change. In fact, he adds, it has

evolved many times over the years. The latest incarnation is again responding to student needs by broadening its scope beyond U.S. cities.

As more international students began showing an interest in the class, and U.S. companies began making more money from overseas operations, Inman changed his class to focus on international cities, including developing economies and their governments. Problem sets that have students deciding whether a particular city should invest in more police officers or education for lower-income residents are among the highlights of this course, says Inman, who admits to having ulterior motives. Every year he brings in speakers, such as Philadelphia Mayor Michael Nutter, who have had successful careers in both the public and private sectors.

"I tell my students, 'I know you'll have big loans to pay when you get out of here, and you'll get lucrative offers from Goldman Sachs, but remember that the public sector needs your talents, and you can do both,' " says Inman. "That's a hidden agenda of mine."

Environmental Economics for Managers

Cornell University Johnson School of Management (Johnson Full-Time MBA Profile)

Benjamin Ho, assistant professor of economics

Ho kicks off this course by talking about his own experiences as a lead economist for energy at the White House from 2006 to 2007. As a trained economist who has studied politics and psychology, Ho says he brings a unique perspective to MBA students. Students in the class learn about how to negotiate and influence policymakers. For example, he teaches them how to apply economic concepts, such as supply and demand, to understanding politics. Students must analyze the political costs of various issues. Case studies, discussions, and current events come together to create a rich tapestry from which students can learn, says Ho. Class size has been growing in the three years since Ho arrived at the Johnson School.

Urban Labor Markets and Public Policy

MIT Sloan School of Management (Sloan Full-Time MBA Profile)

Paul Osterman, professor of human resources and management

Those aspiring to earn a PhD in business make up the majority of this PhD seminar that attracts three to four MBA students whenever the course is offered. "They don't intend to go into public policy, but they are interested in issues and hope to bring these lessons into traditional, mainstream businesses," says Osterman. As members of teams, students work with real organizations as consultants, and their grade is based on a presentation, a paper, and class participation.

Michael Norman, a second-year Sloan MBA student who is planning to graduate in May with an MBA and a master's in city planning from the School of Architecture, took Osterman's course in spring 2009 because he wanted to discover how to create businesses that help low-income communities. The course, he says, gave him an appreciation of just how complex the labor system is. Even more important, says Norman, he was offered the chance to ponder life. "The highlight of the course was asking big questions," says Norman. "Many times in MBA programs, you are dealing with specific frameworks. When talking about policy, you can ask big questions, such as 'What kind of society would you like to have?' And there are no right or wrong answers."

Fonte: BusinessWeek. Disponível em: <www.businessweek.com>. Acesso em: 5 mar. 2010.