

Teaching Business Management from a perspective beyond self-interest

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LA FORMACIÓN EN DIRECCIÓN DE EMPRESAS DESDE UNA PERSPECTIVA MÁS ALLÁ DEL INTERÉS PROPIO.

RESUMEN: Actualmente existe un intenso debate en círculos académicos sobre los principios que tradicionalmente han sustentado las teorías económicas y la enseñanza en dirección de empresas. Una de las cuestiones más controvertidas es la idea de que el ser humano está motivado principalmente por su propio interés. La maximización del beneficio y los mecanismos dirigidos a la protección de los intereses de los accionistas se han convertido en la esencia de lo que serían unas buenas prácticas de dirección empresarial. Este artículo propone un cambio de orientación hacia una visión más amplia y a la vez más realista a la hora de considerar los valores de los individuos en la esfera de la enseñanza en dirección de empresas.

PALABRAS CLAVES: Teoría de la agencia, cooperación, investigación organizacional positiva, interés propio, teoría del servidor, formación en dirección de empresas

LA FORMATION EN DIRECTION D'ENTREPRISES DANS UNE PERSPECTIVE AU DELÀ DE L'INTÉRÊT PERSONNEL

RÉSUMÉ: Il existe actuellement un débat académique important concernant les principes qui contribuent à soutenir traditionnellement les théories économiques et l'enseignement en direction d'entreprises. Une des questions les plus discutées est celle de l'idée que l'être humain est motivé principalement par son propre intérêt. La recherche d'un bénéfice maximum et les mécanismes de protection des intérêts des actionnaires représentent essentiellement les bonnes pratiques de direction d'entreprises. Cet article propose un changement d'orientation et une vision plus étendue et réaliste pour considérer les valeurs des individus dans la sphère de l'enseignement en direction d'entreprises.

MOTS-CLEFS : Théorie de l'agence, Coopération, Investigation organisationnelle positive, Intérêt personnel, Théorie du serveur, Formation en direction d'entreprises.

A FORMAÇÃO EM DIREÇÃO DE EMPRESAS SOB UMA PERSPECTIVA QUE VAI MAIS ALÉM DO INTERESSE PRÓPRIO.

RESUMO: Atualmente, existe um intenso debate em círculos académicos sobre os princípios que tradicionalmente as teorias económicas e o ensino em direção de empresas têm sustentado. Uma das questões mais controvertidas é a ideia de que o ser humano está motivado principalmente por seu próprio interesse. A maximização do benefício e dos mecanismos direcionados à proteção dos interesses dos acionistas se converteu na essência do que seriam umas boas práticas de direção empresarial. Este artigo propõe uma mudança de orientação a uma visão mais ampla e ao mesmo tempo mais realista na hora de considerar os valores dos indivíduos na esfera do ensino em direção de empresas.

PALAVRAS-CHAVE: teoria da agência, cooperação, pesquisa organizacional positiva, interesse próprio, teoria do servidor, formação em direção de empresas.

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ABSTRACT: Profound reflection is currently being made in academic circles upon the principles which have long been the basis of economic theories in the teaching of business management. Amidst the issues discussed is the concept of human nature driven primarily by self-interest. Profit maximization and governance mechanisms in order to protect shareholders' interests have become the essence of all good business practice. The present paper proposes a change in direction towards a wider and more realistic perspective with regards to the individual's values within the sphere of the teaching of business management.

KEY WORDS: agency theory, cooperation, positive organizational scholarship, self-interest, stewardship theory, teaching of business management

Introduction

As a result of recent scandals in the business world, the academic world has undergone a profound reflection with regard to the internal consistency of some economic theories which have formed the principal doctrines followed in the teaching of business management. The article by Ghoshal published in the *Academy of Management Learning and Education* (2005) with the categorical title of "Bad Management Theories are Destroying Good Management Practices" has pricked the conscience of many and inspired others.

In accordance with the fundamental premises of economic science, all individuals are motivated by self-interest; that is, all economic agents pursue the maximization of their individual utility and they are less inclined to virtuous behaviors *per se*. It is thought that free markets guarantee that individual action in search of individual profit will enhance the economic well-being of society as a whole. Going back to 1776, a famous phrase by Adam Smith can be encountered (1904, par. I.2.2) "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self-interest". Acting in this manner and being driven by an invisible hand, the interests of society are pursued although this was not the original intention.

This posture is still vigorously defended by not a few who present "liberalism" (Friedman, 2002) as the driving force of economic and social progress which has occurred over the last 50 years, yielding theories such as transaction cost economics and agency theory, which have increasingly converged on a pessimistic view of human nature.

The prevailing idea of *homo economicus*, that is, the acceptance that human beings act to obtain the highest possible well-being for themselves given available information about opportunities and other constraints, both natural and institutional, on his ability to achieve his predetermined goals, is not always correct and seems to be the result of a gloomy vision (Hirschman, 1970), which considers that the main purpose of social theory is to solve the problem of restricting the social costs arising from human imperfections. According to Sen (1987), the simplification of Adam Smith's broad vision of human being is one of the main deficiencies in contemporary economic theories. Indeed, Adam Smith (1790, par. I.I.1) himself acknowledges:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.

Common sense has always recognized that human behavior can be influenced by other motives and evidence provides overwhelming support to what common sense suggests (Ghoshal, 2005). Indeed, in the daily observation of human behavior, values such as goodness, benevolence, nobility and honor, amongst others, are reflected. There are acts such as leaving a tip in a restaurant that will never be visited again, returning valuable objects found in public places or volunteering to participate in a military conflict, which do not at all fit into the pessimistic view of human nature (Frank, 2004).

Even careful experiments devised by economists come to similar conclusions. Consider, for example, the *ultimatum game*, in which one player, designated as the proposer, is given the opportunity to propose a division of a certain sum of money between himself and another player, designated as the responder. If the responder accepts the proposal, the sum is divided as proposed. If he rejects it, neither player receives anything. In any variant of the self-interest-based model of human behavior, the proposer ought to offer only a token sum to the responder, keeping the bulk of the amount for herself, and the responder ought to accept the proposal, since even a token sum is better than nothing, which is the only alternative available to him. However, it has been observed that the proposer is often willing to share out amounts close to half of the

sum of money and the responder often prefers to receive nothing if it is considered that the proposal is not a fair one (Camerer and Thaler, 1995; Guth et al., 1982).

Therefore, human beings do not always seek to satisfy their most immediate interests. On numerous occasions there is a cooperative behavior capable of generating trust which is difficult to explain in economic terms. An explanation may be found in the theory of natural selection of the species, which justifies cooperation between individuals genetically related (Hamilton, 1964). Another possible argument is the pursuit of benefits based upon long term relationships (Axelrod and Hamilton, 1981; Nowak et al., 1995) or upon indirect compensations such as the development of a good reputation (Gintis et al., 2001; Leimar and Hammerstein, 2001). And despite all these possible explanations, there still exist situations where people behave cooperatively although there is no relationship between them, these relations are not repeated, and the possibility of any return based on reputation is little or nil (Fehr and Gächter, 2002).

In this context, the Positive Organizational Scholarship -POS- takes a critical theory perspective in order to consider positive human characteristics and the stewardship theory admits that pro-organizational behaviors may be more satisfying than self-serving behaviors.

This article revises some of the foundations in theories widely taught in business schools for the purpose of unveiling their weakness to explain actual human behavior. Once admitted the difficulties about stopping the use of prevailing economic theories and the risks taken by those who dare to do that, a proposal for a change in direction in the teaching of business management towards a wider perspective with regard to the individual's values is presented. This theoretical reflection contributes to the debate on the topic and encourages to take action.

Theoretical approaches

Although transaction cost economics and agency theory have constituted solid and unshakeable beliefs upon which the basic principles that guide business management have been built and developed over the last decades, other approaches such as the one supplied by the POS or the stewardship theory show that some important questions are being left out.

Transaction cost economics

According to transaction cost economics, the existence of firms has been justified as an alternative to markets in coordinating economic transactions (Coase, 1937, 1960).



Thereby, a hierarchical system based on authority at times may be more efficient than the price mechanism upon which markets are based. In fact, it is argued that because of market imperfections and because prices do not contain all relevant economic information to allow parties to make a correct decision in their transactions, a certain level of uncertainty exists that may be used to achieve private benefits, which is to say, the possibility of opportunistic behavior appears (Williamson, 1975, 1985). As a result, it is necessary to incur costs in order to limit such behavior. These costs would come from the search for information on the part of the parties involved in the transaction, the negotiation required to come to an acceptable agreement, the drawing up of contracts, the implementation of structures to make sure that the other party sticks to the terms of the contract, or the imposition of compensatory guarantees if this turns out not to be the case.

Taking these costs into consideration, it may be more efficient to coordinate economic transactions within the firm -via a system of authority- instead of negotiation between parties. However, is this system not also the cause of opportunistic behaviors that originate costs? The answer is

yes and the costs may be as high if not higher than in the market place.

Agency theory

The structure established for the governance of firms is based on the principle of delegation of authority. Nevertheless, the delegation may also be used to make decisions in an opportunistic manner in order to obtain private benefits. The words of Niccolò Machiavelli in *The Prince* (1513) are taken up by Williamson (1985, p. 48): "a prudent ruler ought not to keep faith when by so doing it would be against his interest, and when the reasons which made him bind himself no longer exist".

This is related to agency theory, which basic premise is the conflict of interests between firms' shareholders and managers due to the separation of ownership and control (Jensen and Meckling, 1976). Specifically, this theory focuses on maximizing shareholders wealth and proposes that financial incentive schemes and control mechanisms might be implemented by firms to align managers' interests with those of the shareholders, in order to avoid this new situation of opportunism derived from a potential

abuse of the delegation. In this respect, Williamson (1985) argues that corporate hierarchies emerge to coordinate transactions when the costs associated with governance mechanisms are lower than the costs of conducting such exchanges through the market.

Positive Organizational Scholarship (POS)

POS (Cameron et al., 2003) is a field that does not favor a single theory, but rather positions itself as an umbrella term that encapsulates how, when and why individuals achieve the good life in organizations. A useful approach for defining POS is to understand the meaning of *Positive*, *Organizational* and *Scholarship*. By *Positive* researchers refer to elevating, affirmative, and generative states and dynamics. Most organizational scholarship focuses on negative states as well as negative dynamics that lead to those states. POS does not deny the importance of researching these negative phenomena. Rather, the field calls for the expansion of organizational research to include a more purposeful focus on positive phenomena. POS's emphasis on *Organizational* refers to the importance of situating the study of positive phenomena within and across organizations. Finally, POS researchers stress the importance of *Scholarship* because this field emphasizes theoretically-informed accounts, backed up by data and analysis, which suggest implications for organizational functioning, practice and teaching. In short, POS is concerned with the scientific study of positive outcomes, processes and attributes of organizations and their members (Cameron et al., 2003; Cameron, 2006).

This perspective clearly represents a major step forward in reversing the trend by rebuilding a balance between positive and negative assumptions in the analysis of business- and management-related issues. In particular, Cameron (2006) proclaimed the need to include the characteristics which define *virtuousness* -such as honor, goodness, benevolence and nobility- in business management training programs and not to accentuate only the negative side of the spectrum. *Virtuousness* produces positive energy in systems, it permits growth and constructs social capital, which simultaneously develops intellectual capital and gives rise to organizational advantages (Nahapiet and Ghoshal, 1998; Nelson and Cooper, 2007). Indeed, Cameron et al. (2003) advocated that firms that are ethically based outperform those led by managers with low scores in virtuousness, in terms of profitability, productivity, innovation, quality, customer retention, and employer loyalty. Specifically, "when managerial behaviors rise to a virtue-based ethical level akin to what Cameron identified as 'virtuousness', then those behaviors represent characteristics found in stewardship theory" (Caldwell et al., 2008, p. 154-155).

Positive phenomena have also been examined in the past by other traditions and POS seeks to capitalize on them but represents an extension (Cameron et al., 2003). This group of scholarly traditions includes positive psychology (Seligman, 2002), community psychology (Rappaport and Seidman, 2000), organizational development (Beckhard, 1969), organizational citizenship behaviour (Organ, 1988) and corporate social responsibility (Crane et al., 2008).

Stewardship theory

Principle-based and founded upon a virtue ethics model, the stewardship theory of management (Davis et al., 1997) is designed for researchers to examine situations in which managers as "stewards" are motivated to act in the best interests of the firm. These managers' conducts are ordered in such a way that pro-organizational, collectivistic behaviors have higher utility than self-serving, individualistic behaviors. Also, because stewards perceive greater utility in cooperative conduct and behave accordingly, their behavior may be considered rational (Davis et al., 1997; Hernández, 2008). In particular, this theory suggests that the maximization of long-term economic wealth will ultimately serve to be in the best interests of the shareholders and the various stakeholders collectively, in addition to maximizing social welfare and the long-term economic benefit to society (Caldwell et al., 2008). Thus, this new perspective promotes the creation of organizational systems that reinforce both normative and instrumental organizational goals, that is, both social and financial performance (Hernández, 2008).

Stewardship theory, which takes a positive view of managers, provides a valuable alternative that can reverse the deterioration in public trust that characterizes society (Ghoshal, 2005). As practitioners increase their understanding of how stewardship theory can enable managers to build trust, the ability of firms to achieve social and financial performance is likely to increase. In addition, applying principles of stewardship theory can also help business leaders reframe their moral responsibilities, and honor the duties that they owe society, as corporate citizens (Caldwell et al., 2008).

Reasons for the spread of the self-interest perspective

Although prevailing economic theories are mainly preoccupied with the negative aspects and imperfections of human nature, most of economic value is not created via market transactions but rather by firms where people, with their defects but also their virtues, act collectively

and cooperatively guided by a common goal. Traditional models, instead of concentrating on the creation of economic value, have been more concerned with its appropriation and the possibility that one party might unfairly and opportunistically take advantage of the vulnerabilities of another party. This leads to submission and obedience, to institutional control becoming an essential task of management as opposed to a more positive vision, which facilitates cooperation and values initiative, and where spreading trust and leading change are seen as the true functions of management (Caldwell et al., 2008; Ghoshal et al., 1999). Thus, if both common sense and evidence suggest the contrary, why does the pessimistic model of people as purely self-interested beings still so dominate management-related theories?

There are various explanations for this. Firstly, Ghoshal (2005) states that behind the business management research there is an ideological background which hinders its evolution. Indeed, a particular ideology, described by Friedman (2002) as "liberalism", has increasingly penetrated most of the disciplines in which management theories are rooted. This ideology has led management research in the direction of making excessive truth claims based on partial analysis and both unrealistic and pessimistic assumptions. Specifically, its influence on business management research has been largely mediated by the Chicago School, with Milton Friedman as one of its main exponents. It is through this institution that "liberalism" has yielded theories such as transaction cost economics and agency theory, which are now routinely used to frame our research and to guide our teaching.

Secondly, one explanation may exist from the demand side (Kanter, 2005). The approach based on maximizing shareholders interests and financial incentives, as agency theory proposes, came into vogue in the 1980s in the United States, where there was an audience in demand for theories which avoid that firms remain captive of their managers. Although there were those who promoted a wider vision which took other stakeholders' interests into consideration, it was not well received. What was more important was the individual interest and, more concretely, that of the shareholders, and the teaching of business management had to try to respect this premise.

Thirdly, another possible justification may be that explanatory models are more easily developed and hypotheses are more clearly contrasted from traditional management theories (Ghoshal, 2005; Kanter 2005). The consideration of other motivations apart from profit maximization and other stakeholders apart from shareholders, although it is a perspective closer to the reality, can not be elegantly modelled, that is, it would not readily yield sharp and

testable propositions, nor would it provide simple and reductionist prescriptions.

Finally, academics may be reluctant to change (Waddock, 2006). The additional effort that this adaptation needs is combined with the fact that it is difficult to publish innovative ideas in this regard. There are already diverse voices proclaiming the limitations of a vision that is excessively centered on shareholders interests and negative presumptions about human nature, but they are finding it difficult to be heard even in the academic world.

The danger of self-fulfilling theories

Unlike theories in the physical sciences, theories in the social sciences can become self-fulfilling (Ferraro et al., 2005); that is, it runs the risk that theories influence the phenomena studied and this influence may be strong enough to convert them into truths. A management theory -if it gains sufficient currency- changes the behaviors of managers who start acting in accordance with the theory (Ghoshal and Moran, 1996). Specifically, a theory that assumes that people can behave opportunistically and draws its conclusions for managing people based on that assumption can induce managerial actions that are likely to enhance opportunistic behavior among people. As Ghoshal (2005, p. 77) demonstrates, "this is precisely what has happened to management practice over the last several decades, converting our collective pessimism about managers into realized pathologies in management behaviors".

The individuals' propensity to behave opportunistically may be influenced by their own perception of the other part involved in the transaction, be it an individual, a group or an organization (Ajzen and Fishbein, 1977; Eagly and Chaiken, 1992), and by previous conditioners, such as their attitudes and values derived from being exposed to both conscious and subliminal, diverse stimuli (Krosnic et al., 1992).

Concentrating on the first of the mentioned influences, it is true that the governance mechanisms of corporate hierarchies increase the costs of opportunistic behavior and hence may reduce the probability that it occurs (Jensen and Meckling, 1976). However, they may also harm feelings towards the entity, which may result in a greater propensity to behave opportunistically (Davis et al., 1997). The net result, therefore, will depend on the relationship between these two effects. According to the evidence it seems that the net effect is contrary to that predicted by Williamson (Ghoshal and Moran, 1996). In fact, it must be said that practices derived from agency theory in order to ensure manager-shareholder interest alignment, such

as the distribution of stock options to managers, the increase in the number of independent directors on corporate boards, the separation of the CEO and Chairman positions, or the existence of markets for corporate control, have not had the expected effects on corporate performance (Ghoshal, 2005). Therefore, the agency problem has not been solved correctly by taking as valid the pessimistic assumption about human behavior. However, what is most curious is that despite the lack of both face validity and empirical support, agency theory continues to dominate academic research on corporate governance (Daily et al., 2003; Pfeffer, 2005).

The impact of the current perspectives in the teaching of business management on the students' behavior

With regard to the prior conditioners such as values and attitudes of individuals, these will be mainly affected by the education received and training. Although there exists some evidence that do not support the claims of critics who suggest business education is associated with negative personal moral philosophies of students (Neubaum et al., 2009), due to the content of that education it is reasonable to wonder whether the teaching in business management might be influencing the trend to behave in an opportunistic manner, with self-interest outweighing all other factors (Donaldson, 2002). Most of academic research concludes that effectively this is the case. There is recent evidence (Ferraro et al., 2005) that suggests that economics and business management students tend to take on the behavior of a *free-rider*, enjoying a benefit accruing from a collective effort but contributing little or nothing to the effort (e.g. Marwell and Ames, 1981). They also cooperate less when confronted with the scenario illustrated by the *prisoner's dilemma* (e.g. Frank et al., 1993). This scenario is illustrated by the problem faced by two accomplices locked in separate cells who are given the choice of confessing to the charges -being freed if the other accomplice does not confess or being jailed for some time if both confess- or not confessing -being trialed for a minor offense if neither confesses or jailed for a long time if the other accomplice confesses-. Experiments (e.g. Carter and Irons, 1991; Kahneman et al., 1986 a, b) have also shown that business management students tend to behave selfishly in the *ultimatum game*, whose main characteristics were explained above. Finally, it has been demonstrated that these students are more inclined to succumb to the temptation to act dishonestly (e.g. Frank and Schulze, 2000) and to cheat in order to achieve better marks with less effort because,

unlike students from other disciplines, they consider this conduct less unacceptable (McCabe and Treviño, 1995; McCabe et al., 2006).

It is possible to argue that students with a tendency to behave opportunistically act like this due to an innate motivation, such as the desire to accumulate money, and that this is predictable even before their studies commence, as they often choose to study business management precisely because they understand it will help them achieve their economic goals. Nevertheless, there is empirical evidence that proves that this is not always the case. Frank et al. (1993) demonstrated that students who did a course in economics, having been exposed to the traditional models of self-interest, behaved more selfishly than those who studied astronomy. More recently, the Aspen Institute (2003) revealed a change in student values after doing an MBA, so that the profits obtained by shareholders became more important than the needs of consumers and the quality of the product.

In this regard, Ghoshal (2005, p. 76) argues that academic research related to the conduct of business and management has had very significant and negative influences on the practice of management. More specifically, he suggests that "by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility", that is, ideas propagated by traditional economic theories may have done much to strengthen the management practices that are now being so loudly condemned. Thus, even although some personal attributes are important determining factors of human behavior, the ethical code under which the business world operates is important and should be taught. There will always be examples of abuse, but a society that glorifies these abuses will suffer the worst consequences (Gapper, 2005). The misconduct of managers in some firms is really not the critical issue. Of far greater concern is the general discredit of companies as institutions and of management as a profession, caused, at least in part, by the adoption of such ideas as taken-for-granted elements of management practice.

A proposal for change

Several critics contend that business management education is in fact irrelevant to practicing managers. Mintzberg, 2004 argued that MBA programs simply provide specialized training in functions of business and are unable to contribute to the broader practice of management. He also suggested that management is a craft that is learned and improved through experience, not in the classroom. In this regard, Rubin and Dierdorff (2009) showed that

behavioral competencies indicated by managers to be most critical are the very competencies least represented in required MBA curricula.

There is cry frustration at the seemingly unending examples of mismanagement, but also at the frequent ethical misconduct, and patterned dishonesty of a society currently dubbed *the cheating culture*. According to Samuelson (2006), the moment has come to make a decision: to continue as if the theories that have been historically used in the teaching of business management were sufficient to face the current challenges; or to give the students the opportunity to reflect on the future of businesses as powerful agents of change and social force.

The traditional approach, presumably neutral in ethical terms and free of moral values, does not allow us to adequately deal with the complex social matters which have arisen from technological and political changes of recent times (Kuhn, 1998; Pfeffer, 2005). Labelling all motivation as self-serving does not explain the complexity of human action and such model does not suit the demands of a social existence (Frank, 2004). However, embracing other human qualities would drastically change our theories, and it is necessary that scholars do this in order to adequately contribute to the progress of management sciences (Caldwell et al., 2008; Shareef, 2007). While prestigious business schools, such as the Harvard Business School, propose as a mission "to educate managers who make a difference in the world" in their website, it is difficult to remember a time when the teaching of business management has been so criticized as it is being criticized today.

Managers owe society and those with whom they work an array of normative and instrumental duties that extend the obligations of governance beyond the scope commonly taught in today's business schools. Helping students to become more socially responsible and ethically sensitive is a significant part of the responsibility of business school academics, who need to incorporate a more humanistic vision of the world (Giacalone and Thompson, 2006; Shareef, 2007). Thus, if ethical or moral concerns are to be really reinstated in the practice of management, they have to be reinstated first in our mainstream theory. Furthermore, if we wish our students contribute to building what Bennis (2000) has described as *delightful organizations*, we will have to teach them the theories that describe how they can do so. In spite of all the individuals and institutional pressures that drive us to paradigmatic conformity, as both researchers and teachers we have to define and adopt a different path.

The good news is that the endeavor appears to have already commenced. In fact, new perspectives have emerged

which explain other type of human behavior beyond the economic approach. Specifically, POS and stewardship theory provide two valuable alternatives to traditional management theories. Both perspectives have their roots in psychology and sociology, and they argue for a more complex and humanistic model of man.

The change in direction in the teaching of business management proposed in this paper implies an evolution complementing theories mainly based on self-interest such as transaction cost economics and agency theory with other perspectives like POS and stewardship theory, where other-regarding motives and positive aspects of human being have their place. Virtuousness, trustworthiness, compassion, resilience, humility, respect, forgiveness, and courage, among others, are characteristics to be analyzed and promoted. It is about time to teach how to create contexts in which people flourish and to show how creating abundance and human well-being are key indicators of success.

The fact that people in an organization be reliable in their work, always tell the truth, care about each other and do their best work to improve each others' well-being is something relevant because it will build mutual trust within the organization and will contribute to its success. Among the set of inherent distinguishing characteristics that make up human nature can be found all the necessary to reach this goal. It is just a matter of unveiling those characteristics and deal with them. Nevertheless, focusing on the positive human condition does not mean forgetting the negative, but taking a whole picture of the real situation.

Managing organizations means making actions be executed by people, so it is vital to understand the human component of organizations. It is not only the expected behavior of people and the process they go through when they make a decision what matters but also the interaction among everyone's decisions from a dynamic point of view (Pérez López, 1991). Admitting a broader perspective of human nature in business management would help to come up with new ways of facing complex and turbulent situations. Specifically, Aktouf (1992) insisted in the need for revalorizing human capital in recessionary contexts giving workers more control over their working conditions and fostering cohesiveness, complicity, initiative and creativity at all levels. Adler (2006) pointed out that companies in the twenty-first century require leaders able to design options worthy of implementation and that applying yesterday's approaches to business is not enough any longer. High levels of inspiration and passionate creativity are demands, which are also positive attributes found in human beings. However, these qualities have been more the domain of artists than of most managers. That is why

leading business schools worldwide are adding arts-based courses to their curriculum and this trend should probably be reinforced. Starkey and Tempest (2009) take a step further and defend that an arts and humanities-based design approach might lead business schools. A new vocabulary and a new narrative for our complex and troubled times must be designed. Moreover, education is about inspiring to think critically in a challenging manner and artistic recreation may help to reach that goal. Teaching can be seen as a drama in which a script is not always strictly followed but improvisation emerges from the interaction between the teacher and the students to take you to creative solutions to challenging situations.

Another important component of today's business management is sustainability. Sustainable economic growth is a concept originally proposed by the World Commission on Environment and Development in the 1980s after admitting that economic growth without any limits was physically impossible. Sustainability implies moderated growth so as to satisfy the needs of the current generation without jeopardizing the needs of future generations (WCED, 1987). Marshall et al. (2010) state that an examination and transformation of how and what we teach is something indispensable in the age of sustainability. In this context, although there is some empirical evidence that business management education could be helpful to improve corporate environmental performance (Slater and Dixon-Fowler, 2010), Shrivastava (2010) says that most business courses focus exclusively on cognitive and analytical skills but sustainable organizing and managing require also physical and emotional or spiritual skills. It is our challenge to seek out new ways of infusing excitement and passion for sustainability into our courses.

If these new perspectives and practices, and others that are emerging, are fully incorporated into the bounds of the teaching of business management, a significant change in the way firms are run will occur. To make this come true, a big effort has to be made by many business school academics so as to reverse the overall trend of the last 50 years.

Conclusions

Considering the various business scandals that took place two decades ago, business schools are beginning to be considered responsible for creating ethical leaders. There is evidence that students' decisions are less ethical than those of the practitioners (Glenn and Van Loo, 1993). Traditional theories such as transaction cost economics and agency theory, which represent the base of a great part of business schools' curricula, have had a harmful impact on

values, attitudes, and the behavior of students (Ghoshal, 2005). These perspectives are based on unrealistic and pessimistic assumptions, and they have increasingly converged on the notion of human behavior as being self-serving, at considerable cost to students, to companies, and to society.

The problem resides in that such theories can become self-fulfilling because they shape institutional designs and management practices as well as social norms and expectations about behavior, thereby creating the behavior they predict (Ferraro et al., 2005). That is, a theory that assumes that people behave opportunistically can change the behavior of managers who start acting in accordance with the theory; a theory that assumes that managers cannot be trusted can make managers less trustworthy. As a result, by propagating traditional theories, business schools have freed their students from any sense of moral or ethical responsibility. Since morality, or ethics, is inseparable from human intentionality, a precondition for making business studies a science has been the denial of any moral or ethical considerations in current management theories and, therefore, in prescriptions for management practice.

Although the majority of economists would agree that people in general worry about more than their own material well-being and they also take into consideration others' well-being, few economists include this wider perspective in their models of human behavior (Frank, 2004). Despite the fact that propensity to cooperate and many other positive human conducts are a response to certain values, as intrinsic in the individual as may be opportunistic behavior; they do not seem to merit the same attention. In fact, this other reality has not been explored by traditional theories, which are above all preoccupied about the negative aspects of human nature.

Bearing in mind the negative consequences of such theories for management practice and therefore society at large, there is a need for a careful reconsideration of the path being followed by researchers and teachers of business management to define whether it is the correct one. Ultimately if the trend in management theory is to be reversed, only business school academics can do so. In this regard, several scholars have recently voiced their concerns about the current state of both management research and teaching, and they have proposed to expose students to an alternative model of behavior (Ghoshal, 2005; Waddock, 2006; Shareef, 2007). Admitting a broad view of human nature gives cause for new theories to be taught and new ways to teach business management in order to exploit positive attributes such as trustworthiness, respect, creativity, inspiration or passion, just to mention a few,

for the benefit of the organizations and society. However, any change in this field will demand not only sufficient reflection, but also will and courage. From the new paths that are being opened it is more difficult to design elegant models with readily testable propositions or to prescribe simple management practices (Kanter, 2005). For this reason, these newly formed efforts have not been widely recognized in terms of potential publications and as such may be detrimental to the academic and professional career of whoever takes it on (Waddock, 2006). Despite it all, it seems to be a necessity, obligation and basic responsibility for business school academics to take the aforementioned risk with the ultimate aim of changing the trends of the last decades and offering a wider and richer panorama in the teaching of business management (Giacalone and Thompson, 2006).

The review of the prevailing theories and their weaknesses shown here can be seen by some teachers and researchers as a stimulus to find new ways to face their difficult tasks. Others will prefer to insist on the advantages derived from the more traditional perspectives. In any case, one conclusion can be reached: it is about time to research into the accuracy and consequences of the ideas we disseminate before going on.

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