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# BOOK SMARTS *vs.* STREET SMARTS

*Do Business Schools Value Business Experience?*

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**BUSINESS SCHOOLS IN CANADA** — Today business schools educate one in five university students who have the primary goal to develop the business skills and knowledge to support career success. To be able to do deliver on this, it requires business schools faculty to have the expertise to blend theory and practice.

## Business school students in Canada

**21%** — of all university students

**250 000** — business school students

**50 000** — graduates annually



In North America, out of the 1300 PhDs awarded in management annually by universities, only **6%** of graduates have any industry experience.

## PHASE 1: Biographical analysis of business school faculties in Canada

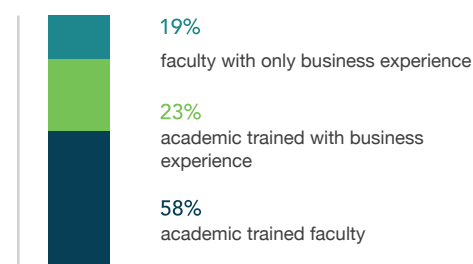
### SAMPLE

|                                     |     |
|-------------------------------------|-----|
| Total business schools              | 13  |
| Total faculty                       | 740 |
| % with doctorate                    | 83  |
| % with previous business experience | 43  |
| % actively engaged with business    | 20  |

### DATA

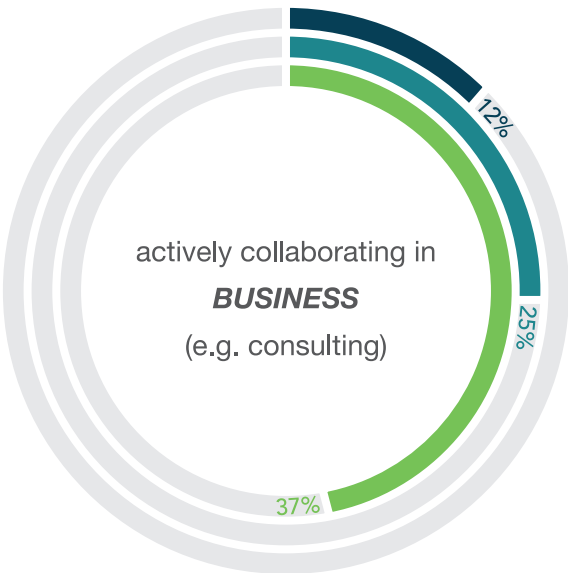
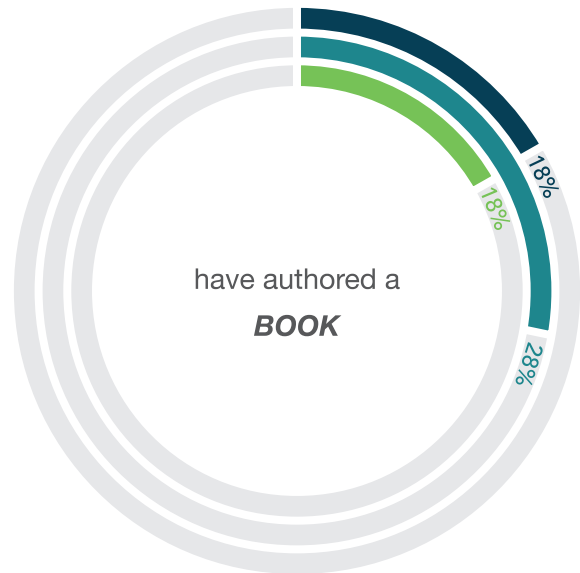
Coding of 740 faculty resumes to examine academic and business credentials and how this influences engagement with different audiences.

### What type of credentials do business schools have in Canada?



Engagement based on academic credentials

academic trained faculty      faculty with business experience only      academic trained with business experience



Implications

In general, this study demonstrates a significant disconnect between business schools and practice as only 20% of business school faculty are engaged with practice. However, this study demonstrates that academic trained faculty with business experience are able to most effectively engage both academics and business; however, these represent only 23% of business school faculty in study.

PHASE 2: An analysis of hiring criteria on US business schools

DESIGN

Based on the findings of phase 1, we studied 625 faculty job postings at 250 US business schools to find out if these postings offer evidence that business schools value business experience.

What type of credentials do business schools have in the US?

Doctorate

Previous business experience

Doctorate and business experience

Previous publishing experience

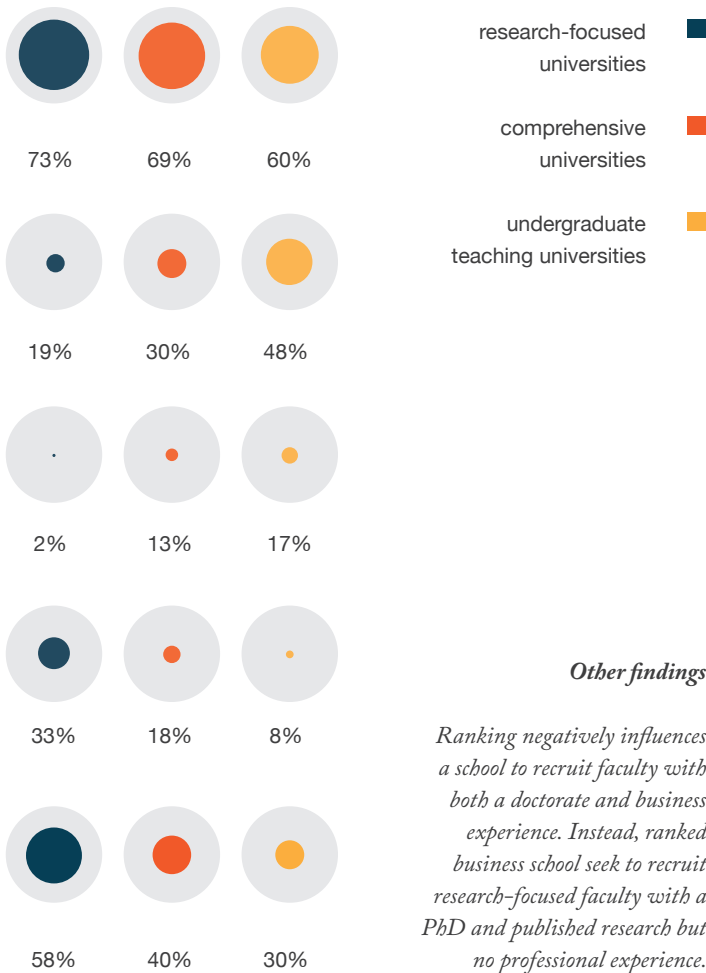
Previous teaching experience

Implications

This study offers evidence of a significant disconnect in the management of business schools. Study 1, demonstrates that at an aggregate, faculty who possess both a doctorate and business experience out-perform other faculty in measures associated with engagement. However, most business schools (especially research-oriented schools) do not seek to recruit these faculty; instead, schools primarily recruit professors that reflect the current faculty composition.

SAMPLE

|                                     |     |
|-------------------------------------|-----|
| Total US business schools           | 250 |
| Total faculty job postings          | 625 |
| % with doctorate                    | 83  |
| % with previous business experience | 43  |
| % actively engaged with business    | 20  |



Where from here?

This is one of the first studies that empirically demonstrates the disconnect between performance and credentials at the level of a faculty member. More research must examine further questions about the relationship of faculty credentials and performance. For example, how do faculty credentials predict teaching performance? ■

## Original research

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To view or reference original research, please refer to:

### Phase 1

Finch, D.; O'Reilly, N.; Deephouse, D.; Falkenberg, L.; Foster, W.; Strong, M. (2015). The Effect of Scholars' Institutional Biography on their Choices of Knowledge Transfer Channels: An Analysis of Canadian Business School Faculty. *Academy of Management Annual Conference*.

### Phase 2

Finch, D., Deephouse, D. L., O'Reilly, N., Massie, T., & Hillenbrand, C. Follow the leaders? An analysis of convergence and innovation of faculty recruiting practices in US business schools. *Higher Education*, 1-19.