

HBR NOW

A Budapest B-School Teaches Leadership at the Crossroads

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The dramatic failings of business leadership, which contributed significantly to the worst recession in 60 years, have led (as has been widely reported) to much [soul-searching at business schools](#) around the world.

Should the basic MBA mission be recast with the aim of, among other things: reconfiguring risk management; creating [new compensation regimes](#); improving internal governance; dealing with regulation; addressing other pressing business and society issues such as [health care](#) and [climate change](#); resolving tensions between rational choice and [behavioral schools of economics](#); right-sizing of finance and the role of finance faculty; and augmenting the [function of law and ethics at the apex of companies](#) great and small?

One small and relatively new business school has completely revamped its MBA program to address many of these issues—[Central European University Business School in Budapest](#).

The school took this action in mid-2008 as it sought to differentiate itself from business schools that were riding high before the cataclysmic economic events of the past year. Now, unexpectedly, its approach to business education may be illuminating for more established business schools as they seek [a new way forward "after the fall."](#)

CEU Business School is located at the crossroads between the developed world of Western Europe and the United States, and the developing world of Eastern and Central Europe which emerged after the break-up of the Soviet Union in 1989. Central European University was founded in 1991 with the purpose of helping the transitional processes from dictatorship to democracy. Heavily funded both at inception and in subsequent years by [George Soros](#), and accredited both in the U.S. and Hungary, CEU is committed to U.S. academic methods and to nurturing respect for diverse cultures, wide-ranging opinions, human rights, constitutional government, and the rule of law. It is largely a graduate school in the arts and humanities, with two professional schools, one in business and a new one about to be launched in public policy. It has 1,500 students from nearly one-hundred nations, and faculty from more than thirty.

Several years ago, CEU Business School was also at a crossroads, intellectually. Originally, its mission was to provide traditional business education so students born under communism could become entrepreneurs as mixed economies grew and state-owned enterprises withered. But, by the middle of the current decade, it was losing the best and brightest students in the region to business schools in Western Europe ([London](#), [Insead](#), [IMD](#), etc.) and in the U.S., which offered name brands and significant financial aid.

To create a unique, differentiated curriculum, CEU Business School developed an MBA in transnational leadership. This degree program combines a number of different core and elective elements with the purpose of training leaders who can understand not only business disciplines, but also the broader social, political, economic and ethical drivers — and barriers — to achieving business growth in rapidly changing markets. Here is a brief overview of the program:

- At the core of the ten-month program are traditional business courses: accounting, macro-economics, finance, IT management, marketing, organizational behavior, entrepreneurship, etc.
- After completing the core, students are required to specialize in a particular business area — at present, marketing, finance, real estate or general management.

- Before these specialized business courses, however, all students are required to take a module in business and public policy, exploring the interaction between [business and society](#), including major global issues like energy and environment, health care and financial regulation.
- Running throughout the year in parallel to the general and specialty business courses are other "transnational" courses: critical thinking, the transnational business context, the global legal environment, [ethical leadership](#), creativity without borders, [transnational negotiations](#), and global strategy.
- Similarly, at the end of the program, students may choose a brief primer on different emerging regions ([China](#), Mid-East/Africa, or Central/Eastern Europe).
- Throughout the academic year, students are divided into small groups to evaluate the interrelationship of all these issues from the practical perspective of simulated boards of directors.
- Like CEU itself, the business school experience is built on the extraordinary geographical and cultural diversity of its students and faculty — it truly is a global institution.

The CEU transnational leadership MBA is an innovative and forward-thinking program, but it is also still in an early stage, and there are a number of open issues: Although many European business schools — and some American ones — have one year programs (see the recent [survey of accelerated MBA programs](#) in the Wall Street Journal), can there be adequate depth in such a short time frame for such an ambitious program? Is the CEU MBA program of adequate scale when its student population is about five percent of a first year class at Harvard Business School? Will graduates still have fairly traditional careers — or will the "transnational" MBA really train a new type of leader, whether in business or in governmental or non-governmental institutions? Can the new program attract outstanding students from across the globe who will choose CEU over its more well-known competitors? Can the school afford a merit-based, needs-blind admission policy?

These are important questions. But there is no question that this new MBA curriculum, stimulated by CEU's unique position at the crossroads between East and West, is one place for more established business schools to look for an intriguing vision of the future path for business education.

In this era of upheaval, CEU Business School's aspiration — to merge teaching and research on business and society with traditional commercial subjects to train leaders for markets in transition — applies to all nations, developing *and* developed.

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