

# The jury is out for African business schools: In search of a new lodestar to guide business education

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## Introduction

In July 2015 the *Financial Mail* published a cover story titled, "[Business Schools - Are they too elitist?](#)". The publication makes reference to a definitive paper written by Professor Dhiru Soni (Regent Business School) and Professor Mark Hay (Management College of Southern Africa - MANCOSA). The article, "Claiming to be a Cut above the Rest: Class, Race, Elitism and Hypocrisy are Alive and Well in the African Business School Sector", was a critical response to Professor Walter Baets' (Dean of the Business School at the University of Cape Town) assertion that "inexpensive Master of Business Administration degrees (MBAs) are not necessarily better value than expensive ones" and that "they (inexpensive MBAs) can do more harm than good for a student".

The cover story then elicits comments from Deans and Senior Academics regarding the critique of Professors Baets' assertion, specifically, and the relationship between the strategic developmental objectives of the national state vis-a-vis business schools and the role of public higher education institutions in the national transformation agenda, generally. The article further alludes to the fact that academic ferment is prevalent and all is 'not well' within the business schools' sector in Africa and a debate regarding these critical issues is seriously wanting.

In this submission the authors contend that whilst the article by Professors Soni and Hay is welcomed for its substantive academic contribution and the fact that it has precipitated the setting for a major debate in the business schools' sector, it does not address the more substantive issue of the mismatch between the social, economic and political shifts in the global political economy and the business education sector. This is understandable given that Soni and Hay concentrated on questions of racism and elitism in their paper. The authors further argue that leaders of business schools throughout the world have and continue to operate similar to 'old boys' clubs and are always in a state of 'denialism' when confronted with critical commentaries regarding the negative effects and outcomes of their education, especially in terms of their graduates contributing significantly towards the global financial crises of 2008, social inequalities, unethical behaviour, greed and corruption. Much of this attitude is attributed to the 'guild mentality' that prevails within the business schools' sector, South Africa included. Within this context, change or transformation becomes extremely difficult because such elitist institutions become defensive and protect the status quo. It is in their interest and not for the greater good of society. Finally, the paper concludes by suggesting that the time is ripe for a new 'lodestar' to guide business education especially in terms of the developmental exigencies of both the global and local contexts. Business schools and business education cannot function as usual - they need to be challenged in the interest of a more sustainable and socially equitable world. As young academics, we passionately plead to the senior managers of business education to take that 'Rubicon leap' and make a fundamental change for the betterment of humankind - you owe it to the future.

## Need for a radical makeover in business education: Knocking at the door

The economic crisis, 2008 facilitated a turning-point in global economic governance and development of the world economy. However, the post crisis period revealed the increasing weight and significance of the emerging and developing

economies in the world economy. Although the process has been gradual and incremental, during recent years a sudden shift seems to have taken place in the apparent "power relations" within the global economy as Table 1 indicates.

**Table 1: New power relations in the world economy**

Major geopolitical groups	GDP (% of world)	Population (in billion) % of World	Trade % of the world	GDP per capita	Life expectancy at birth-years (avg)	HDI points (avg)	HDI rank
<b>BRICS</b>	USD 16,190 (21.3)	42.2 (3)	USD 7,423 (16.2)	USD 5,385	71	0.667	113
<b>EU</b>	USD 17,950 (23.6)	7.1 (0.5)	USD 14,890 (32.5)	USD 35,436	80.4	0.873	26
<b>G7</b>	USD 34,882 (45.8)	10.5 (0.7)	USD 15,711 (34.3)	USD 46,516	80.7	0.901	9
<b>OECD</b>	USD 47,994 (63)	17.7 (1.3)	USD 27,422 (59.9)	USD 38,038	80	0.872	27
<b>G20</b>	USD 64,895 (85.2)	64.3 (4.6)	USD 34,777 (76)	USD 14,160	73.5	0.726	88

Source: World Bank and United Nations Development Programme

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Based on the actual Human Development Index (HDI) ranking of countries with same HDI score, the World Bank (WB) and the United Nations Development Programme (UNDP) have prepared a report, highlighting the impact of the five blocs on the global geopolitics. Among the prominent world bodies, the G20 - which consists of both the developed and large developing economies and the European Union (EU) - is the largest in terms of its share of global GDP, population and trade. Surprisingly, the G7 - a group of seven advanced economies - has not done as well. However, the Organisation for Economic Co-operation and Development (OECD) - an international economic organisation of 34 countries that was founded in 1961 to stimulate economic progress and world trade - and BRICS have slowly emerged as important players in the changing global geopolitical scenario.

All indications point to the fact that the BRICS nations are gearing up for playing an important role in global geopolitics. The establishment of the BRICS Development Bank confirms this. Historian William Engdahl states that "the old Western world order might soon be consigned into oblivion, as BRICS - comprising two permanent UN Security Council members, four state actors with nuclear weapons and a population of three billion - is pushing the world toward the new multi-polar dimension".

In addition to the above, emerging markets such as China, India, Brazil, South Africa, Nigeria, Ethiopia, Kenya, Indonesia, Malaysia, Korea, Mexico, Turkey and some of the old eastern bloc countries are beginning to make their mark on the global scenario. In fact, the rise of emerging markets has been one of the defining feature of the global economy this century. They have made significant advances in raising living standards and millions of people have benefited from this phenomenon. According to the World Bank, in recent years, emerging markets contributed over three quarters of global economic growth.

In 2000, emerging markets as a whole accounted for just 37 percent of global GDP and in 2014 this figure is reached 50 percent. Even as developed economies recover from the recession, and emerging markets enter a period of slower growth, global economic growth will continue to be strongly influenced by emerging markets. This is just one of the key insights from a recent *Euromonitor International* report that predicts emerging market economies will grow almost three times faster than developed ones, accounting for an average of 65 percent of global economic growth through 2020.

A significant feature of this new phenomenon is the role of the state in economic growth. Most of the emerging markets are 'development states'. In sharp contrast to Eurocentric macroeconomic models of growth and development which have been guided by free market principles, emerging markets have been shaped by strategies of the development state.

Another example of new phenomena that is beginning to affect business school education is the role of technology and information in economic modelling. Economic policymakers regularly use gross estimates of national and international economic performances - largely aggregated measures based on data and models to assess society's economic health, before determining whether to tax the economic body politic by reducing the money supply or to jumpstart it up by pumping new money into its system. These are just some of the commonly utilised and discussed economic policy tools of macroeconomics. Within this context, trade data, such as that used in measuring national surpluses and deficits, misses a

big portion of trade in services and much internet activity, and is widely reported inaccurately. Moreover today the world of macroeconomics has changed largely to the advent of big data and enhanced computing power. Data flows show economic fluctuations in real time and down to an incredible level of detail: by community, by block, by family, and by business. Macroeconomists and statisticians are able to find correlations never before imagined. Old ideas, like tracking national economic performance based on geography, are giving way to new ones, like tracking customisable groups that share much closer correlations than borders. Economists are able to target their actions more surgically.

Whereas economic models of the past relied on a relative handful of variables, the newer models are able to utilise a limitless number, creating opportunities for policymakers to develop new models and tools. Many of these new models and tools require not only the insights of macroeconomists, but also those of new super specialists. In more developed economies, economic policymaking is beginning to devolve from central government to meso and micro level of governments, which are not only closer to the issues and the solutions that workers, companies, investors, and citizens require, but are better equipped to work with the local private sector in real time to solve those issues.

New economic theories are beginning to emerge based on growing sources of real-time data about every aspect of markets and the factors affecting them-and new, ever more powerful tools will need to be created for analysing that data. Some will relate to the fact that money as we know it will be replaced by alternative bit-based and mobile-payment systems. Others will have to do with the new ways we not only create jobs, but define work. Gradually, there will be a recognition that most of the economic value in the global economy is created and exchanged in virtual rather than real space, with important consequences for the metrics and ideas we use for measuring that value.

In view of the above:

- How have the emerging markets achieved such strong results in recent decades, despite the all pervasive negative effects of the 2008 global economic crisis?
- What can business education learn from these emerging economies?
- What new models of economic growth been adopted in emerging markets, especially in overcoming the negative effects of the 2008 financial crisis?
- How has globalisation, the internet and 'big data' revolutionised macroeconomics and models of economic growth?
- How have these changes influenced business education?

Whilst emerging markets hold vast potential, businesses entering developing countries cannot succeed by simply transplanting business models, products, and services developed for mature markets. How adept have business schools been in preparing students for business success in a global context, especially for the emerging market economies? Are they allocating sufficient time and resources to the teaching and understanding of such culturally different and changing business environments? And are business school academics suitably knowledgeable and experienced in emerging markets?

Towards this end, the measure of business education success lies ultimately in the subsequent industry performance of the students involved and the companies they work for. But news of western corporations struggling to thrive in emerging markets strongly suggests that business students desperately need a new approach.

However, there is persistence in business schools from around the world to continue to operate much as they always have done, with their epistemology and pedagogy based largely on the Eurocentric model of business education. But, perhaps more importantly, there seems to be denial on the part of western oriented business schools, i.e. both in developed and emerging economies, to accept the fact that the political economy of world has changed and that 'centre -periphery' model of business education is losing its relevance. The core and the periphery are in the process of being juxtaposed. The success of emerging economies clearly indicates that we need to refocus our business education model to understand the

new epistemologies of global business education in order to meet the needs of budding business professionals who have cast their aspirations of business in a global arena, generally, and in the emerging economies, specifically.

Under normal circumstances, as disciplines evolve, their representative organisations adapt to new needs. Sometimes the adaption process is painful because scholarly societies tend to be defenders of the status quo, their academic terrain. One element that reflects this defensiveness in business school associations is the "guild mentality." In this respect, the majority of business schools' associations abuse credentialing in order to maintain a monopoly position. They tend to behave as tight networks, setting scholarly standards and identifying employment opportunities for their members, as well as providing the peer review processes which the academic world generally accepts as the basis for judging meritorious scholarship. In the process, these business schools' associations marginalise the new aspirants from the periphery (the emerging economies). Invariably, issues such as 'access' and 'affordability' are banished to the moribund back waters of society. These issues are of particular relevance to South Africa where apartheid policies denied the majority of students education.

In attempting to address the problem and trying to shape the direction of change, business schools' associations must guard against becoming as protective of their organisational territory as to become an end unto themselves, thus abandoning their proper role as the means for achieving the expressed needs and desires of their disciplinary practitioners. Instead of radically transforming the curricula, western oriented business schools, and even those who are based in emerging economies have merely introduced cosmetic changes. For example, studies introducing emerging economies in their syllabi are now commonplace. However, because they are so new, these superficial changes are unlikely to possess anything like the required depth of understanding of the reality on the ground or the theoretical underpinning of academic models that form the framework of business education in emerging economies.

Business schools' associations are under substantial pressure to find new structural solutions in promoting the continuing development of their respective organisations. Nonetheless, the mission of business education has not changed. In academia scholarly associations are still charged with guiding, from a discipline's perspective, the process of problem articulation, theory generation, data handling, and knowledge content organisation, especially in the context of a rapidly changing society and business environment. Emerging markets are of course the future of business education, but these markets are not merely changing the nature of business; they also necessitate a major rethink of the design and delivery of business education.

In an article in *BIZED* (October 2014) Linda Livingstone refers to Francois Ortalo-Magné, dean of the Wisconsin School of Business (CIME), who noted that what management education needs is a "new North Star." For centuries, the North Star, known in Old English as a lodestar or "guiding star," has served as a navigational tool. He goes on to assert that it is now an appropriate metaphor for business education, as we navigate the sometimes precarious and ever-changing seas of education. CIME's discussion about this new direction has been rooted in how the individuals in business schools will inspire others, manage organisations, and mentor the next generation of leaders.

The way forward is to achieve a perfect blend and fusion of business school education, especially given the resistance of western-based business schools' associations to change and accept the inevitable. It is beyond question that we all share the view that the world is undergoing far-reaching, complex and profound changes, marked by the strengthening of multi-polarity, economic globalisation and increasing interdependence. While facing the evolving global environment and a multitude of global threats and challenges, the international community and especially business schools' associations should join hands to strengthen cooperation for their common development - business education.

Thus, based on the diversity of universally recognised norms of international business education and in a spirit of mutual respect and collective decision making, global business education should be strengthened, mutual recognition of different cultures, contexts, problems and challenges should be recognised, and the voices from the periphery should be enhanced and not be labeled as 'communists' or any other derogatory moniker. Indeed, business education and business schools associations, particularly in South Africa need a new lodestar - one that guides a new model, inclusive of the 'other'.

### **Founding philosophy of an emerging lodestar in business education**

The authors argue that a future business education curriculum should also look more deeply into the issue of culture and how it impacts on entrepreneurial behaviour. Entrepreneurial theories today include assumptions such as self-interest maximisation. New knowledge production paradigms, however, inform us that this may not be universally true. The values and motivations in some emerging economies, for example, include an emphasis on the welfare of others, maintaining the status quo, maintaining networks and relationships which may change the implications of assumptions on an individual, especially in terms of self-interest maximisation. In the case for emerging economies, the conventional business education programmes will have to make way for entrepreneur-focused programmes, where the skills of finance and accounting, marketing, as well as effective leadership are integrated and taught in terms of the new epistemologies and pedagogies that the new knowledge society and production demands.

Given the major transformation that has occurred in terms of globalisation, the explosion of knowledge and the resultant network and knowledge societies, the new business schools' curriculum should provide a sophisticated understanding of the influence of global and local political, social, legal and regulatory, environmental, demographic, cultural and technological impacts on business. It must be steeped in the quest to develop business managers that are sensitive and capable of captaining industries and organisations with an understanding of the relationship between business, society and the political economy. Intrinsic in this philosophy is the focus on developing managers that are acutely aware of the issues of ethics and governance, environmental and resource sustainability, justice and fairness with a view to creating successful and globally sustainable societies.

Therefore, the cornerstone of the new business education philosophy will be one that nurtures creative problem solving. It will seek growth not only creativity, but more importantly, train managers who can develop the creative abilities of those in their employ. Furthermore, the new business education will insist that its graduates must possess a global perspective. As the world's economies grow continuously, thinking globally is much about opportunity as it is about competition. This opens the door for business schools to look at shaping managers not for business alone but for shaping successful and progressive societies.

Historically the divide between business and the state was clear - they were far from being complimentary to each other. This position however has turned a full tide towards a close relationship between state and business, especially in the context of emerging economies. The reason for noting these two concepts is that business schools need to re-align traditional academic content to allow for the unfolding of more recent developments in emerging economies.

## Conclusion

Finally, the prime imperative of the new business education is to change existing mindsets and appeal for a paradigm shift. The student of the new business education programme has to embrace the shifting sands of a new global business terrain and adapt to new emerging business education narratives and epistemologies. If we are to create a new business education paradigm out of the chaos of a global financial crisis to which business schools contributed in no minor way, we will need to take a long hard look at how business education is taught in our business schools and make the appropriate leap towards a transformed business education system.

The preceding critical analysis of contemporary business schools' associations clearly indicates that in terms of business education, 'business continues as usual'. Both in the developed and emerging economies, business education assiduously continues to work within a paradigm whose theoretical frameworks have lost relevance, especially in the context of the new global political economy. In the interest of emergent and aspirant business education graduates, a radical makeover of business education curricula becomes an imperative and therefore business education cannot and should not be allowed to perform 'as usual'.

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