

The Coming Annual Finweek Review of Business Education in South Africa: Time for a Radical Makeover of the MBA

REGENT Business School

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Introduction

It is that time of year when the *Finweek*, a weekly magazine which focuses on business and investment issues publishes its review of MBA programmes in South Africa. The primary audience is business executives and investors. The annual review has become a compass bearing point for managers, leaders and executives of finance houses and potential MBA students.

In this paper we argue that the review whilst being a useful guide for business executives and prospective MBA students does not deal with the more substantive curricula and policy issues confronting critical management and leadership skills needs of South Africa, specifically, and Africa, generally. We further contend that the time for a radical makeover of the MBA is seriously wanting and that a task force composed of members of the Association of African Business Schools, the Council on Higher Education (CHE), captains of industry, students and civil society organisations be constituted to undertake a major review of the MBA programme, particularly within the framework of globalisation, the post-crisis global economy, the *Africa Rising* narrative, Emerging and Frontier markets, the Knowledge economy and the new National Development Plan for South Africa. Within this context the task force should also investigate the questions of epistemology and oncology of management studies and what might the scaffolding of the new MBA curriculum be and its theoretical and philosophical foundations. Essentially a review of ‘fit for purpose’ of management education is urgently required.

Globalisation, the Knowledge Economy and Higher Education

The world is changing, and perhaps more importantly we are being globalised. The new phenomenon has engendered an expanding mobility of people, access to knowledge across borders, increased demand for higher education in developing countries, growing world-wide investment, and increased requirements for adult and continuing education. As globalisation continues on its march to dominate almost all aspects of our lives, including commercial transactions, our understanding of the new phenomena and how it impacts on commerce and business education needs to be critically understood.

The process of globalisation has contributed towards the integration of the contemporary world order through the flow of technology, economic activity, knowledge, values and ideas.

The IT revolution, in particular, has impacted on the production, dissemination of information and the use of knowledge in ways hitherto unknown. Through the process of globalisation we experienced an explosion of knowledge, where infinite amounts of information became available. The knowledge thus gained, knows no frontiers and is borderless. It is the new 'knowledge society'.

The concomitant new knowledge which was forged out of the process of globalisation and the new knowledge society required a new epistemology and pedagogy for it to be properly contextualised and understood. The resultant new resource-rich knowledge environment, therefore, required the use of new technologies based on electronic information services (libraries and other data repositories) which contributed significantly towards the acquisition of this new knowledge.

Until the birth of the new knowledge production milieu, knowledge was uni-linear and involved the kind of science traditionally undertaken at universities and other research facilities. This type of knowledge production was referred to as 'Mode 1' science and was cognitively coherent and conceptualised in linear terms. The shift to the new knowledge production arena, now commonly referred to as 'Mode 2' production is much more widely distributed, socially complex and multi-linear. In essence what this means is that the new knowledge explosion has made it almost impossible for a single cognate or discipline-based knowledge field to embrace or understand the complexities of life. It now requires interdisciplinary knowledge production – 'Mode 2' knowledge.

The globalization of the economy and its concomitant demands on the workforce requires a different education that enhances the ability of learners to access, assess, adopt, and apply knowledge, to think independently to exercise appropriate judgment and to collaborate with others to make sense of new situations. Globalization is not the only factor behind the changes that are affecting education, and likewise it is not the only factor that motivates the local interest groups that formulate policy. Nevertheless globalization has posed challenges of a hitherto unknown nature to nation states, and much of the seemingly recent, never-ending change in education is a corollary of these challenges.

This new knowledge environment requires team effort, which bridges the narrow silo-based knowledge production. Therefore, in order to understand the explosion of the new knowledge unleashed by globalisation, 'Mode 2' knowledge production, requires specialist from across cognate fields of knowledge to work together as teams or networks to understand the complexities of life. As a result, collaborative research (as exemplified in the new 'network society') often with an increasing number of participants, is becoming the norm for the new arena of knowledge production.

The objective of education in a period of globalisation is no longer simply to convey a body of knowledge, but to teach how to learn, problem-solve and synthesize the old with the new.

Globalisation, the Knowledge Economy and the South African MBA Programme

In a similar fashion, the Master of Business Administration (MBA), a flagship education programme for the business world must transform itself. The core curriculum of the MBA needs to be renewed to educate for a new context of 'Mode 2' knowledge production. Besides,

advocating for a critical makeover, the new MBA should champion an epistemology and pedagogy which firmly and strategically outlines a new pathway for teaching and learning.

The graduate of the transformed MBA will not only be an innovative entrepreneur, manager and leader for the 21st century, but also:

- an individual who comprehends the true meaning of education – that it is not an event, but rather a lifelong process;
- a trailblazer addressing some of the key problems and challenges of economic development;
- someone who is multi-skilled and has transferable skills;
- a person who is sensitive and capable of leading industries and organisations, with an intrinsic understanding of the relationship between business, society and political economy;
- one who is acutely aware of issues such as ethics, apposite governance and environmental sustainability with a view to creating a socially just society;
- someone who understands that business does not operate in a vacuum, but is inextricably linked to government and civil society;
- a person who understands the complexity of the real world within which business operates and is able to use multi-disciplinary approaches to deal with the challenges and problems;
- an individual who is able to grasp the differences between management and leadership and make the ‘leap’ when challenged;
- a person who is well balanced in terms of the analytical (IQ) and social and emotional aspects (EQ);
- someone who is able to think critically;
- a leader who is able to solve problems under the real world conditions where the luxury of time is almost non-existent and demands are extensive; and
- one who is humble enough to listen carefully to all stakeholders and their concerns and able to use the information gleaned from them to bring about appropriate solutions.

Finally, the prime purpose of the new MBA is to change existing mindsets. The student of the new MBA programme has to embrace integration. The new MBA graduates will have to know more about ‘how to integrate’ than about ‘how to construct’. Rote knowledge and memorisation would not be as useful as the ability to examine and integrate new information. However, the task of reforming the existing MBA will not be easy. It requires a difficult balancing act between the intellectual and the emotional. If we are to create a new business 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 schools.

To do this, business schools need to challenge their own orthodoxy wherein the view of business and society is rooted in the survival of the fittest. They need to focus on the social consequences of their actions and accept responsibility for the business excesses of recent years. What is required is a narrative of common interest to combat the mantra of selfishness, especially one that appeals to the sense that leadership is for all not for the few. Business as usual is no longer an option.

The curriculum of the MBA will have to consider the complexities of the new knowledge environment and ensure that the silo-based approach to teaching and learning gives way to a multidisciplinary approach. Inputs from the social and natural sciences in understanding the complexities of life emerge as an imperative. The MBA graduate will be expected to understand that global economics, for example, has to be contextualised within the realm of global sociology and politics, as well. In addition, MBA graduates will have to think globally and act locally. As a result, global socio-economic and political perspectives become integral to business and leadership.

Unlike the past, armed with new knowledge production skills, it is possible for a MBA student to observe and learn about analogous collaborative phenomena outside the mini cosmos of a single higher education axis, such as the global sourcing of goods and services and just-in-time manufacturing. Likewise, advances in information and communication technologies encourage the emergence of entirely new 'communicative cultures' that are highly interactive, intuitive, more visual and spontaneous, and are very different from the academic culture which has dominated intellectual 'Mode 1' knowledge production in the West, for the past couple of centuries.

Similarly, within the context of a changing South Africa and the narrative of Africa Rising, it is essential for a business leader, an entrepreneur or MBA graduate to understand the inextricable complex business relationships of both the 'local' and the 'global'. For just as much as the 'local' is important, a sense of what is happening globally is critical. Global political economy has become intensely complex and unlike the past, global human-made phenomena affect almost every locality in the world, even the remotest village. The recent 2008 financial crisis, for example, is a case in point.

In a recent article written by some of the authors of this article, "Africa Rising: Doing Business in Africa" special mention was made to the importance of culture and its specific nuances in African trade. Unless, the MBA graduate begins to understand the impact of the complexities and intricacies of culture on almost all aspects of life in Africa, many business ventures in Africa will not succeed. In terms of the 'Mode 2' knowledge, business cannot be as usual. The core of the MBA curriculum needs to provide skills to manage different aspects of business and expose the student to real world business situations.

The future MBA curriculum should also look more deeply into the issue of culture on and how it impacts on entrepreneurial behaviour. Entrepreneurial theories today include assumptions such as self-interest maximisation. 'Mode 2' knowledge production however, informs 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 preparing an MBA curriculum to meet these demands, business schools must go beyond the concept of 'Mode 1' knowledge production. Business schools are increasingly compelled to foster a multidisciplinary approach to global problems and challenges and inculcate in students a mindset that is flexible and responsive so that they can deal with complexity, uncertainty and inequality inherent in the world today. Ultimately, the responsibility lies with business schools to use the MBA to offer graduates the insights and capabilities to build better organisations. If business schools are unwilling or unable to do this, then they risk becoming obsolete and their MBA curriculum will lose its relevance.

On another front, for emerging economies, the need to include the new knowledge production is even greater. Africa, for example, needs leaders who can make their economies less dependent on the sales of raw materials and rapidly advance them towards manufacturing of goods without destroying social and environmental capital in the process – in other words, becoming agents of local beneficiation. The current curricula of most MBAs with 'Mode 1' knowledge production skills do not come close to matching the new need. The task of embracing the new mode of knowledge production and ensuring that business leaders and professionals have the skills they need to take their companies forward into a developing a sustainable economy is potentially the most pressing challenge that South African business schools are likely to face over the next few years. Consequently, the new MBA curriculum will have to be geared towards educating students about the need to adapt in the current marketplace in order to stay relevant and not rely on old silo-based knowledge structures, especially when everything about modern business is changing.

In the case for emerging economies, Africa, included, the conventional MBA 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 'Mode 2' knowledge production demands. Finding opportunities for young people is a critical challenge for Africa, where 62 percent of the population—more than 600 million young people—is below the age of 25. Entrepreneurship must be an integral part of every aspiring MBA graduate. The new curriculum necessitates imparting not only the technical skills of entrepreneurship, but also the mindset of the entrepreneur.

Given the major transformation that has occurred in terms of globalisation, the explosion of knowledge, the resultant network and knowledge societies and 'Mode 2' knowledge production, the new MBA should provide:

- a sophisticated understanding of the influence of political, social, legal and regulatory, environmental, demographic and technological impacts on companies;
- familiarity with legislation and formal programmes that support ethical conduct;
- exposure to companies with high levels of integrity and responsibility;
- dynamic learning opportunities that require integrating multiple perspectives and managing ambiguities and dilemmas at the global and individual level;

- practical experience working through responsible business decision making;
- greater awareness of business tools and principles with social dimensions, such as socially responsible investment criteria, social entrepreneurship and innovation;
- exposure to an array of models of the corporation, including corporate governance structures and models of the corporation vis-à-vis society at large;
- an appreciation for the interconnected nature of business operations with government and community, and the skills to engage these external stakeholders in constructive dialogue;
- interdisciplinary thinking across the current silos of marketing, finance and accounting, operations, organisational behaviour, and strategy;
- an ability to understand and deal with trade-offs between multiple competing business and other imperatives
- practice in decision making in the face of imperfect or incomplete information and under conditions of great transition

The philosophy of the new MBA 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, the political economy and the planned development trajectory of a country. 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 MBA programme's 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 MBA 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. Since the new MBA is about management which behaves ethically, the quality decision making requires that managers consider what is 'good' and 'right' for all stakeholders, from a well-thought-out set of principles. In this respect, the new MBA graduate should be challenged to consider creating a business system responsive to the greater, rather than the minority, good. This opens the door for business schools to look at shaping managers not for business alone but for shaping successful and progressive societies.

The recent financial crises has brought to the fore the issues of business ethics in managers and questions the very nature of over-zealous capitalistic paradigms. What is clear is that an MBA cannot be totally seen as one size fits all. Essentially a review of 'fit for purpose' is required.

It will also be vital for business schools to embrace new technologies to help their graduates to prepare for an increasingly global business world. The new technologies help connect students with their professors, with one another, and with business leaders with whom they

might not otherwise be able to interact. In addition, students must learn to become familiar with the various technologies being used by businesses worldwide.

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 a development state 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.

Thus, within the context of globalisation, knowledge explosion and ‘Mode 2’ knowledge production, the emergent MBA has to aim at developing a student’s intellectual ability, executive personality and entrepreneurial and managerial skills through an appropriate blend of business and multidisciplinary education. In addition, it needs to provide students with business education of globally recognised best practices with flexibility of their adaptation to indigenous entrepreneurial and societal context.

Globalisation of management education re-opens decades-old debates and layers upon them new complexity, broader scope, and greater scale. Given the pace and direction of change, it seems inevitable that the future global field of management education will differ vastly from what it is today. Leaders in academia, business, and government need to understand the consequences of these imminent changes. The general mission of business schools is to educate and prepare talent to serve customers, firms, and markets. As the field of business administration evolves, the academy must evolve as well. The reality is that this change is not evolutionary, of a slow and silent nature. In some respects it is discontinuous, fast, and prominent. Such change has called for nimble response by firms and their leaders. The same response is required of the academy. Business schools mirror the profession they serve. The spectacular globalization of business since World War II has created a significant demand for administrative talent educated in the challenges and opportunities of globalization.

Conclusion

The challenge that most global Business School Educators are facing is to design visionary and new agendas to cultivate a re-vision of humankind with the view of generating the learners’ intellect necessary to cope with the complexity of globalisation as an evolving new reality. The emergence of globalisation is making educators’ task more challenging than ever it was.

Likewise, in the African context, business educators need to critically understand the development growth path and the skills needs of their respective countries. It is necessary to understand their history, especially in terms of education. The legacy of colonialism is deeply etched into almost every aspect of the African education system. Without going into a detailed account of the colonial history, let it suffice to mention that the extraction of natural resources by the colonial powers did not require a skilled labour force. During the colonial period, education was never a priority in any African country. It was only after independence that most African countries began to chart a new path in terms of their education system. This opens the door for business schools to look at shaping managers not for business alone

but for shaping successful and progressive societies, through the understanding of social and development issues.

The Association of African Business Schools together with the CHE and other relevant stakeholders must address the issue as to why the traditional MBA universities produce limited graduates and as to how these numbers can be increased to deal with the acute and chronic shortage of managers and leaders in South Africa, generally and Africa as a whole. There is an imperative to establish a 'task team' to chart a new curriculum for the MBA education - a curriculum which is not only in consonance with the skills and talent requirements of the continent, but one which can also provide a broader scaffolding for strategic management and leadership.

The charting of a pathway for a more relevant MBA, specifically in view of the nascent development trajectory of South Africa and the narrative of Africa Rising is too important to be left to chance. Business education as usual is no longer an option.

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