

The relevance of management education

Jayanta Chatterjee

This opinion analyses the relevance of management education, especially the Master of Business Administration course to prepare future corporate leaders and successful entrepreneurs. It is also important as many corporate leaders with management education are becoming public policy makers and occupying national leadership positions in many countries, including USA. The discussion is mainly in the context of the corporate and higher education sectors in USA.

It is almost impossible to ignore attractive advertisements on TV and other media regarding various management courses, especially Master of Business Administration (MBA), offered by different universities, job advertisements requiring people with management degrees like MBA, to occupy positions related to management and leadership. This provokes us to think whether a degree like MBA would make people more entrepreneurial, better managers and/or worthy leaders. Are organizations recruiting and/or promoting such people more successful?

The concept of business management/business school is not a recent development. The first business school was founded in Paris, France in 1819, offering courses in business management, while the first university in the world, University of Bologna, Italy, was established in 1088. The first business school in USA is Harvard Business School, established in 1908. It was also the first business school to offer MBA degree. Previously, neither MBA nor other management courses or third-party certificates (e.g. PMP, Six Sigma Lean etc.) were so important or financially remunerative in corporate America.

The current widely prevalent culture of business management, mainly MBA, arrived in USA during 1970s, originated by the Japanese companies. It would not be wrong to mention that the concept of operational management and constant pursuit of excellence came from successful Japanese companies like Toyota and National Panasonic (Matsushita Electric Corp.)¹. The massive success of Japanese companies in Western markets provoked, rather forced, American and many other western companies to initiate or learn the Japanese management style. At first it was assumed that success of such Japanese companies was basically cultural. This perception changed around 1974,

when Matsushita purchased an ailing American TV manufacturing unit near Chicago, USA, from Motorola, retained almost all its staff while making the same unit highly successful¹.

Many big and famous Japanese companies like Toyota maintain their own training programmes and institutes to train their employees, mainly their executives, to groom future leaders. Few American companies like General Electric (GE) also had similar training centers. However, there is a fundamental difference. The motive of Japanese training institutes is not to make money by offering that training/degree/certificate to anyone who can pay, in stark contrast to its American counterparts. Such Japanese training institutes within a company are a highly guarded venture. Admission of others, even for short visits, is not encouraged, if not prohibited.

It might be surprising to many that top Japanese Universities, former Imperial universities, started prior to World War I, which later became the best universities in Japan did/do not offer any course in management. Only one such university, i.e. University of Tokyo, started offering management courses as late as 2008. Few other Japanese universities, mostly private, do have business schools and offer MBA degrees, but study of business or management is not so visible or even important in corporate Japan.

It seems that social mobility and consolidation of wealth are worsening almost globally. America is the worst affected among developed countries. It broadly correlates with eroding scientific and technological edge and competitiveness of American industries. USA ranked 16th in terms of quality of research in 2012, down from its second rank in 1995, when such systemic data collection started². Fast declining competitiveness of advanced industries in USA is almost

a routine issue discussed by media and policy-makers alike³.

Nowadays, we hear a lot about developing leadership and innovation. We would hear more about those largely untrainable attributes as social mobility and wealth consolidation deteriorate. Organizations have to manage with fewer actual talents and leaders, while the demand for such people is expected to rise due to globalization and growing markets around the world.

We are now increasingly hearing about talent shortage in almost every sector. Some industries seem to be in a more difficult position than others. This is not restricted to USA alone. However, many human resource (HR) professionals do not agree with the talent shortage 'propaganda'. They believe that there is no shortage of qualified manpower with certain skill set to do most technical or routine jobs⁴. What the companies are complaining about is the money they have to pay for qualified and experienced employees. Such tendency, even by the companies making good quarterly profits, will create more bottlenecks to recruit and retain employees with leadership and innovation capabilities. People investing huge amounts of money in getting an MBA degree need to recover the same, irrespective of its value. Reluctance of companies to pay more is bound to put pressure on both the recruiter and the candidate. That burden will also be passed onto other non-MBA employees or job seekers.

Many, if not most, of the MBA degree-holders are already employed. A company's current higher management (again, mostly, MBA alumni) attaches a great value to that degree. Many pursue the degree to get promoted in the company they are already working for, or to get a new job elsewhere, or totally change the direction of their career to venture into management. It would be

interesting to analyse job performance (not salary though) before and after such people get an MBA degree, to know if it actually adds value to an employee and, most importantly, to the company. If the answer is affirmative, then the next obvious question would be – at what price – for the company. If an organization gets US\$ 1000 benefit but needs to pay extra US\$ 5000 per month, then it does not make much sense. Unfortunately, sufficient data of such confidential nature from neutral source are not so easy to come by.

Available data do indicate that most top-performing American companies starting from the older generation of successful companies which are important even now, to today's successful tech giants were established by leaders and entrepreneurs without an MBA. The long list of such companies also indicates that their profile fits almost all types of industries. MBA degree does not seem to help ambitious entrepreneurs very much, earlier or now⁵. It is becoming clear that companies created by technocrats and/or scientists generally are more sustainable, productive and successful in creating wealth in the long run.

We need to remember that whatever way you divide certain amount of money among some people, the amount still remains the same. Other would get less as anyone or a group of people manage more for itself. The pie would increase only if the total value increases. Here I should mention that sharing of profit arising from improved technological or managerial practice, in fact, has declined in the US in last few decades, unlike in the past. For example, Henry Ford doubled average workers' wage, shortening the workday from 9 to 8 h, along with few more job benefits. And he did all these without any compulsion by law or labour union. Such practice, revolutionized not only global automobile industry, but also helped building legendary American middle class and America as a super power.

It is now a well-accepted fact that talented students do not favour science and technology as a career, almost everywhere, even in developing countries. Creative art and humanities are doing even worse. As a society, we seem to be more obsessed with wealth management than wealth creation. About 60% of graduates from the top three Ivy League universities (Harvard, Yale and Prince-

ton) opt for careers in finance and management, and not in science and technology⁶. Talented students from prestigious universities still flock to Wall Street⁷. This craze for wealth management among talented students in almost every developed country is destroying able human resources needed for wealth creation, and to cater to other faculties of human mind and creativity. Fortunately, the trend seems to be reversing at least in USA. Since last couple of years, a growing number of Ivy League business school graduates are joining Silicon Valley tech sector⁸, leaving the glamour of Wall Street. We are yet to know whether this a short-term trend, allegedly fueled by many factors like high salary and less demanding and/or regimented work schedule, as compared to high pressure Wall Street jobs. Many believe it is not much sustainable considering high cash burn out rate and diminishing rate of success in creating profit making viable product(s) and business venture(s)⁹ in technology sector, mainly in Silicon Valley.

Behavioural economists suggest that predictable or rationally irrational decisions are far more common among top executives than we might think¹⁰. The last global financial meltdown around 2008 is an example, may be a little extreme, for neglecting such human 'misbehaviour'. It is very much possible that many such top executives, who were part of the global financial meltdown, were motivated more by their social upbringing, personal values and ethics.

It has been proved many times that neither leadership nor the ability to innovate can be taught or learned much in formal education. A decently accepted model postulates that only 10% comes from formal education, while 70% comes from on-the-job experience to develop leadership¹¹. Many, if not most, of the job the MBA-trained managers do is routine clerical or administrative in nature, involving man-management. The demand for such workers certainly grows as companies and global businesses spread. But the cost to employ such trained manpower takes a toll on the company and its long-term prosperity or even viability. Many credible consulting companies and reports are now suggesting that at least a large part of such management jobs can be successfully automated¹².

It is abundantly clear that many, if not most, socio-political and corporate leaders, scientific and technical geniuses rely

more on heuristic approach. Learning contemporary theories and analysing existing data would not have enabled them to achieve success. The heuristic approach or the 'gut feeling' comes only if one has mastered the Boolean, i.e. sense of logic supported by data or fact. Once one masters the art of Boolean, then she/he can practice heuristic successfully and go beyond direct experimental proof or evidence-based hypothesis or conclusion. There are many examples in human history, starting from Fermat's last theorem to Einstein's famous formula $E = mc^2$. In all such cases, experimental proof came much later, if at all. Nonetheless, great sense of logic (Boolean) and/or scientific or technical ability alone is not and must not be the main parameter for a great leader. Successful corporate leadership and management seems to be more based on successful practice of heuristic and, more importantly, personal integrity, innate ambition where social, and personal values and ethics play an important role.

1. Helms, M. M., In *Encyclopedia of Management* (eds Inman, R. A., Victor, D. A. and Plenert, G.), Japanese Management, Gale Cengage, 2005, 5th edn, pp. 417–423.
2. Chatterjee, J., *Curr. Sci.*, 2014, **106**, 691–697.
3. Muro, M., Rothwell, J., Andes, S., Fikri, K. and Kulkarni, S., America's advanced industries – what they are and why they matter, Brookings Institute, 2015; http://www.brookings.edu/~media/Research/Files/Reports/2015/02/03-advanced-industries/final/AdvancedIndustry_FinalFeb2lores.pdf?la=en
4. Ryan, L., *Forbes*, 2015; <http://www.forbes.com/sites/lizryan/2015/01/08/the-truth-about-the-talent-shortage/#6f5fcc6b73a9>
5. Bhatti, J., *Bus. Insider*, 2012; <http://www.businessinsider.com/should-aspiring-entrepreneurs-get-an-mba-2012-2>
6. Rampell, C., *The New York Times*, 2011; http://economix.blogs.nytimes.com/2011/12/21/out-of-harvard-and-into-finance/?_r=3
7. Bonder, A. J., *Washington Monthly*, 2014; http://www.washingtonmonthly.com/magazine/septemberoctober_2014/features/why_are_harvard_grads_still_flo5-1758.php?page=all#
8. Korn, M., *Wall Street J.*, 2013; <http://www.wsj.com/news/articles/SB100014-24052702303661404579180152676790-032>
9. Biz, C., *Bus. Insider*, 2016; <http://www.businessinsider.com/the-great-reset-vcs->

[startups-go-from-greed-to-fear-2016-2](#)

10. Ariley, D., *Predictably Irrational, Revised and Expanded Edition: The Hidden Forces that Shape our Decisions*, Harper Collins, New York, 2010.

11. LeStage, G., *Forbes*, 2014; <http://www.forbes.com/sites/johnkotter/2014/11/03/can-leadership-be-taught/#6a24e8a73ce7>
12. Fidler, D., *Harvard Bus. Rev.*, 2015; <https://hbr.org/2015/04/heres-how-managers-can-be-replaced-by-software>.

Jayanta Chatterjee is in the Optimal Synergy Inc., Sun Prairie (Madison), WI-53590, USA.
e-mail: jay62728@yahoo.com

Water governance and public participation: what matters?

V. Dhanya and G. Renoy

Major transition in global water governance includes promotion of integrated water resources management, river basin approaches, decentralization, and involvement of stakeholders against traditional top-down and centrally driven decision-making processes. Although participatory approaches are important to enhance sustainable water governance, engaging general public in the water governance process itself is often a challenge across globe. This note draws perspectives on some of the major challenges faced in India to ensure effective participation in water governance with a focus on factors that motivate the general public to get involved in the process and the necessary changes that may facilitate improving the participatory governance.

During the past decade, water governance has experienced a major shift globally, from technology-oriented, centralized approaches towards multi-level, decentralized and user-centred approaches. In both developing and developed countries, inclusion of different levels of governance, decentralization, public participation, promotion of integrated water resource management (IWRM), and the emergence of the river basin as an important scale of planning and intervention are significant trends of changing governance^{1,2}. There is a growing perception that the governance of water resources and water services functions more effectively with an open social structure which enables broader participation by civil society, private enterprises and the media, all networking to support and influence the government³. The requirements and benefits of the inclusion and empowerment of local actors/stakeholders in the water sector are widely discussed in many of the national water policies. Mexican National Water Act, 1992, South African Water Resource Policy, 1997, European Water Framework Directive (WFD), 2000, and Indian National Water Policy (NWP), 2001 are some of the global examples of adapting water law and policy to reflect the changing circumstances facing water resources management⁴.

Structural changes are currently underway in India on how water is governed and managed in order to deal more effectively with challenges of increasing water stress. The Hanumantha Rao Committee (1994) brought a real shift in Indian watershed management and water governance by recommending participatory/user-centred approaches which later got strengthened through NWP, 2001 and 2012, and through several other national programmes and guidelines, including the Integrated Watershed Development Project, Command Area Development Programmes, Hariyali, Western Ghats Development Programme, and National Watershed Development Programme for Rain-fed Areas. In May 2016, the Union Ministry for Water Resources, Government of India released a Draft National Water Bill that stresses on 'people-centred' decentralized water management through encouraging and empowering local initiatives. Though participatory water governance is perceived as a good governance strategy across the world, it is often challenging to ensure involvement of the general public in this process. Also, it is important to address this challenge to ensure sustainable water resources management.

Finding out what motivates the general public to get involved in the water governance process is often difficult.

Perhaps the most important factor in determining an individual's willingness to participate is rooted in socio-cultural milieu⁴. Material incentives (such as funded projects) may encourage participation of citizens or people may contribute their time and resources⁵. Absence of tangible benefits is found to be one of the reasons for non-participation in ground water governance in the villages of Andhra Pradesh, India⁶. Where participation is a voluntary process, financial barriers as well as expectation of rewards for volunteering can be significant in preventing them from participating in the process. There are instances in Kerala where people moved back from the watershed management projects as the Gram Panchayat failed to provide financial incentives for their voluntary participation. During the implementation of integrated watershed management programme in Idukki district, Kerala, people were initially enthusiastic to achieve the goals but after a few weeks they lost interest when they realized that achieving the objectives takes much longer time than anticipated. In a few Panchayats (e.g. Kumili, Kerala), there have been incidents when people participated in the process just expecting financial incentives, and none of them was aware of the objectives of the programme or watershed management goals. After consulting