

Contemporary Management Education: A Critical Review

Mr. Mujtaba M. Momin

Lecturer, Faculty of Business Administration, Prince Salman Bin Abdul Aziz
University Wadi-Ad-Dawaser Campus, State : Riyadh Region, Country : Kingdom of
Saudi Arabia

Abstract

Education has been considered as one of the very important dominion of modern-day human life. Education holds the important key for development and progress in every aspects of our existence, which starts from an integrated and synergic viewpoint, the system of education constitute as the foundation of the legal, civic, administrative and all other developmental domains of societal welfare.

Though several debates have undergone on this issue in the recent past, but the discussion still prevails on this issue which is in motion since the time when management education came to being as a separate faculty in itself.

In this write-up, the author attempts to investigate whether Management education and practices are in synchronization. Another objective is to find out the gaps in the two and perhaps suggest ways to bridge them too.

KEYWORDS: Management Education Research, Contemporary management Practices, Industry-Academia Interface etc.

INTRODUCTION

In the last few decades, especially in the '90's since the process of Globalization & Economic Liberalisation began, business environments have undergone a significant transformation. Competition has intensified, newer technologies have come to the fore, customers have become more demanding and market boundaries are fading. These factors coupled with a slow down in world economy have compelled many businesses to rethink their strategies, processes and organisational practices.

In this context, it becomes imperative to take a hard look at the Management education and examine whether it has kept pace with the changes in business practices.

"The future isn't ahead of us, it has already happened". Though the business practices are rapidly changing, more so with the advent of IT, management education has not kept pace with these changes. The curricula in most business schools are still decades old and are not market driven. Though some of the B-schools have included some IT courses or courses in change management or technology management; these are piecemeal approaches and students fail to appreciate the importance of these courses in wider business situations. The finger can also be pointed at teaching methodologies adopted in these schools. Most of the faculty members have no industrial experience and they just provide a theoretical framework for most of the management concepts and fail to bring to the fore the relevance and usage of these concepts in rapidly evolving business scenario.

Moreover, the dichotomy between management education and practices seems to be widening due to inherent problems in implementing some of the principles of management taught in B-school. Also, there is a wide difference between actual business situation and what one learns through case simulation method in the class. Today's management requires more of on-the-feet thinking rather than working out pros and cons of a given situation as reflected in a well-structured case, which takes lot of time and causes delay in decision-making. There are also inherent contradictions in some of the management principles taught which leave room for ambiguity and doubt.

GAPS WITH RESPECT TO OPERATIONS MANAGEMENT

These can be illustrated in case of operations management. E. Goldratt, the celebrated operations guru, says that the performance of a manufacturing firm should be measured by throughput, inventory level and operating expenses. The aim should be to minimise inventory level and operating expenses in order to increase throughput. But in actual practice inventory is treated as an asset, and more the inventory, the balance sheet looks more attractive. Thus even if a firm has large stockpile of inventory, which ties down expensive money, the financial report make the firm look attractive.

GAPS WITH RESPECT TO TRADITIONAL COST ACCOUNTING

Traditional cost accounting method equates "cost" with direct labour costs; everything else is treated as miscellaneous (overhead), a legacy of early 1990's when labour accounted for 80% of all manufacturing costs other than raw materials. However, these days direct labour costs hardly cross 20% and the remaining costs are allocated by arbitrary ratios in direct proportion to a product's labour costs, which is fallacious. Moreover, the benefits of a change in process are primarily defined in terms of labour cost savings and the other cost savings accruing thereby, say saving in time, are totally ignored. It also ignores the costs of non-producing resulting from downtime or rework due to quality defects, which sometimes may be as high as 50% of total production time.

The traditional method of accounting sees automation as a cost but does not document its benefits resulting from decrease in machine downtime or improved quality. Thus these traditional accounting methods, which are normally used to evaluate a plant's performance, do not give a clear picture and leave much room for arbitrary judgment. Therefore, it becomes imperative that a better accounting method be evolved that integrates these business impacts into the measurement of factory performance as well. These can be done only if there are close linkages among industry and academia, which is sorely missing as of now.

GAPS WITH RESPECT TO PRODUCTIVITY

The literature in operations management is obsessively focused on productivity and ways to improve the same. But the recent researches have shown that excessive focus on productivity improvement and cost reduction methods may indeed prove harmful. The focus is only on improving direct labour efficiency, though direct labour cost hardly forms 10%-15% of total costs of most products, so it may happen that even though productivity has improved significantly, profit hasn't shown marked increase. Not only this, excessive focus on productivity also hinders innovation and creates an environment that alienates the workforce.

Skinner, a Harvard professor, has shown that only 20% of any manufacturing-based competitive advantage comes from productivity improvement, whereas rest 80% accrues due to changes in manufacturing structure or strategy or process technology. Thus contrary to what most B-school graduates have been taught, the least powerful way to improve competitive advantage is to focus on conventional productivity.

GAPS WITH RESPECT TO DEMAND FLUCTUATIONS

It is taught in the B-schools that economic order quantity should be followed to manage inventory, but in reality due to fluctuations in demand, it is not always prudent. Variations in demand seen by retailers downstream have been seen to amplify as orders move upstream of a supply chain – bullwhip effect. Higher fluctuations in the orders upstream lead to higher safety stocks and this raises an issue of determining safety stock correctly, which current management literature fails to address appropriately.

The linkages between marketing and production are also not adequately handled in the curricula. Marketing promotions are undertaken with the objective of increasing demand for the product.

Though promotions do result in an increase in sales in the short run, a large part of the increase comes at the expense of future sales, with customers choosing to buy excess amounts during the promotion period and reduced amounts in the next period. Thus this shifts demand from one period to another and induce artificial seasonalities in demand. This issue needs to be looked at by academia and industry in close cooperation.

THE GAPS

The cardinal truth is that industries do not run as per textbooks. The variables and uncertainties are many.

Therefore, it is imperative to understand the complexities of running business under ever changing industrial scenario.

The management decisions depend on the situation; it varies with the circumstances, so what one learns in the class need not be applicable in all cases.

NEED & SCOPE FOR RESEARCH & INNOVATION:

As Lewin wrote in 1952, “there is nothing more practical than a good theory.”

Case-based research has emerged as a powerful tool for management education research which can also be helpful in building new theory on one hand and can result in effective teaching tools on the other.

A good starting point for management education research and case development would be the set of issues that currently dominate discussions among businesses active in the social responsibility arena, for example:

Reporting and assurance of sustainability practices

Social marketing

Integration of social and environmental issues in corporate strategy

Role of energy and food costs in developing economies

General business cases in the developing world

Organizational change and implementation of socially responsible practices

Incentive systems within companies that encourage people to balance social/environmental responsibility and profits etc.

CONCLUSION

Management education is not about cramming a few definitions and jargons and getting high marks; it is not about passive listening of lectures but challenging some of those concepts and ideas. There is tremendous opportunity for scholars to create new methods and build new paradigms that will help address the complex issues of managerial responsibility. But doing so in a way that will be seen as legitimate across academia and that will attract the interest and energy of leading scholars requires that the core values of academic scholarship be respected.

REFERENCES:

Lewin, K. (1952). *Field Theory in Social Science: Selected Theoretical Papers* by Kurt Lewin. London: Tavistock.

Mintzberg, H. (2004). *Managers, not MBAs: A Hard Look at the Soft Practice of Managing and Management Development*. Berrett-Koehler Publishers.

Pfeffer, J. & Fong, C. T. (2002). The end of Business Schools? Less success than meets the eye. *Academy of Management Learning and Education* (1), 78-95.

Ghoshal, S. (2005). Bad management theories are destroying good management practices. *Academy of Management Learning and Education* (4), 75-91.

Being and Becoming a Management Education Scholar Charles Wankel, St. John's University, New York & Robert De Fillippi, Suffolk University (Editors)

INTERNET REFERENCE WEBSITES:

www.google.com

www.management-education.net

www.educationtimes.com

www.aspenbce.org