Upgrading business education

By Dr Ishrat Husain

As emerging economies expand their activities in production, distribution and exchange and get more integrated with the international trading and financial system the internal management structure and processes of business organisations become more complex and demanding.

Most of the emerging economies continue to remain mixed economies in which the roles of private and public sector have certainly evolved over time but both sectors still remain equally dominant. A third sector non-profit organisations (NPOs) is fast expanding and occupying space particularly in the delivery of public goods and services.

Business education has become a popular vocation for a large number of young men and women in Pakistan and is therefore attracting increasing attention of the universities and institutions of higher learning. In the parlance of the finance managers, business education has become a profit centre for private institutions while a source of cross subsidisation of arts, humanities and social sciences disciplines in the public sector universities. The market demand for young BBAs and MBAs is exploding and the graduates of top ranking business schools are earning a premium.

How should business education evolve in Pakistan? Although temporary setbacks and reversals, economic business cycles and imperfect foresight about the future make it difficult to produce accurate projections and patterns of the demand, there are some broad trends that should influence the direction, spread, depth and content of business education.

First, the target market for business graduates is no longer the domestic market but the region (Middle East, Central Asia, South Asia, East Asia) and the world. The product differentiation between top ranking and the middle ranking business schools would be that the former will cater to the demand outside Pakistan while the latter will mostly meet the domestic needs. The curriculum has to be modified to include international business, finance, trade courses and soft skills of working with multi-ethnic teams in diverse cultural settings.

Second, the employers find that most MBAs / BBAs do not have the specific skill sets that give them a head start in their professions. Post-induction training while essential from an individual company's viewpoint has to be more intensive to equip them with

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these skills and thus costs additional financial outlays. The downside risk to an individual company is that this investment may not generate the required returns if the trained employee jumps the ship and joins the competitor. Business schools will therefore have to design curricula and pedagogical tools that take care of this perceptible deficiency in employable and practical skills among their graduates.

Third, the public sector which invests almost 10 per cent of GDP in development projects and other businesses such as PIA, Pakistan Steel, Wapda, OGDCL, etc., and also performs regulatory functions badly needs the mindset, tools and techniques offered by business schools. The country will save a lot of resources and get better quality service if formal training in financial management, human resource management, logistics management, purchase and inventory management, contracting and tendering etc. is imparted to the executives of the public sector by business schools. Courses in designing regulations, monitoring, and enforcing would fill in a huge gap in the demand supply spectrum of the regulatory agencies.

Fourth, the low level of human development has almost become a mantra which is repeated ad-infinitum but very little has been done to tackle the real issue. The National Commission for Government Reform (NCGR) has come to the conclusion that it is the weak governance in our educational, health, water supply and sewerage institutions that is largely responsible for this poor performance of social indicators. Business schools will therefore have to deliver courses in education management, health management, urban management, infrastructure management, environmental management, etc. to those involved in these fields operationally but also offer these courses in their MBA programmes.

Fifth, family-owned businesses dominate the private sector. Both anecdotal and empirical evidence point out to the half-line decay phenomenon of the businesses where the struggle for control among the second generation successors of the pioneers lead to wealth destruction, value subtraction, predatory practices and losses to the economy. Many premier business schools in the world have begun to take interest in the family businesses by undertaking field research, preparing case studies, studying common characteristics and pondering over the solutions to this phenomenon. There is no reason as to why some of business schools which are much closer to the scene and can elicit better co-operation with the local players, take the lead in research and training of family business owners.

Sixth, non-profit organisations are proliferating largely as a result of external donor agency driven agenda. They are increasing their presence in the delivery of social services. But the depth of their management and skill mix leave much to be desired. This is an excellent opportunity for the business schools to offer customised courses and degrees for the staff of these NPOs.

Some of the courses will be common with those offered to private and public sectors while others may have to be developed. But the social cost-benefit ratio of such an investment is likely to be higher because of the efficiency gains and organisational effectiveness that will be achieved through this training.

The above road map can be achieved if business schools make a concerted effort to overcome some of their weaknesses and constraints. The single most problem facing these institutions today is the dearth of qualified and committed faculty of high calibre.

Most of the schools rely on ‘briefcase teachers’ who shuttle from one place to other recycling their stale notes and having very little real time face to face interaction with their students. The obsession with having PhDs on their faculty has led to perverse incentives.

People from geriatric wards possessing a PhD degree in whatever subject it may be are pulled out to adorn the pages of the faculty lists. These gentlemen have done a yeoman service in the past and should be given due respect for their contributions but it is young men and women equipped with the latest knowledge in their subjects blending with the senior and experienced faculty and eminent practitioners in their fields that will make the difference.

A multi-pronged strategy for faculty development is needed. This will consist of sending younger people overseas to leading universities of the world, recruiting practitioners such as chief executive officers, chief financial officers, chief human resource officers who have proven their ability in their fields as full-time faculty members, bringing in foreign faculty members from India, Sri Lanka, Singapore, etc. and inducing the existing faculty members to actively engage in research, case studies, plant and factory visits, consultancy and advisory services to the industry.

The salaries and benefits to the faculty should be competitive and market driven if the right type of people have to be attracted. Most business schools in the private sector can afford but do not pay the compensation level required to attract some of the qualified teachers to their ranks.

For the new courses proposed there is now a pool of senior and qualified public servants in their early 60s which can be drawn to act as the trainers, facilitators and resource persons.

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