

MANAGEMENT EDUCATION AND THE FUTURE OF SOCIETY

by
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A management team on day X sent a flying machine into the orbit which 7 years later soft landed on a planetary moon. We now hear about a jumbo plane whose width is broader than its length. These and such like achievements are eloquent testimonies to perfectionism of tools and technologies of management and draw insistent compliments to management education of today and institutions that make it possible.

We also learn that in this planet of ours everyday a substantial proportion of population goes to bed without adequate food, clothing and/or shelter. This happens inspite of the fact that the world has more than adequate resources to take care of minimum needs of all. This is also a reflection on the management performance of our society at large.

That world management system continues to suffer from such inadequacies may be looked at as a management failure and re-examined with the hope and intention as to how best the shape of society be changed, through changes in managerial knowledge, attitude and action brought about by changes in management education.

For a long time management has been value neutral. Its task has been defined as that of minimization of the use of inputs/resources and maximizing corresponding outputs/products. In this scenario managements are under an inexorable pressure to deliver growth in their respective segments at the highest possible levels. In its task, so defined, it has achieved tremendous progress. The

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quality of objectives/tasks set either by its own management team or by some other socio-political process has seldom been questioned.

Thus, the present management system, on the input side, attempts to minimize the use of resources to the best of its ability. For this purpose it uses reference yardstick of market prices. These prices, unfortunately, do not reflect the cost to the society, specially to the vulnerable sections of society. Also, these do not reflect the real costs of labour of the relatively poor, because prevailing socio-economic system does not assure for them equitable terms of trade. Terms of trade are heavily loaded in favour of finance, technology and management, all elite, and against the weak and the vulnerable. How can our management system ensure computation of realistic costs in the present day input: output relationship? It has to first compute realistic terms of trade for those who are marginalized and, therefore, not able to obtain fair price for their produce or the work effort. And there are no guidelines available for doing so. Social contract, at present, is unilateral and favours the organized against the unorganized, who constitute a large majority in a country like ours.

Also it does not reflect the correct value of its draw on natural resources, nor the correct cost of air, water and noise pollution that such minimization of cost may entail. If these social costs are taken into account the left hand side of the equation i.e. input cost will go up substantially and the difference between input and output will not be as it presently appears in the balance sheets of our corporates/organizations. The profits as these appear at present are highly exaggerated with respect to realistic costs and benefits and benefits to society at large. How these costs are to be built realistically into the benefit-cost or input/output equation which takes into account not only social costs but also market aberrations is a challenge to management specialists.

On the output side again there is a similar problem. Outputs that present management system offers are products and services which have maximum demand as reflected by the purchasing power of the consumers. This purchasing power reflects the effective voter preference for certain products/services. This preference reveals products/outputs/services that will receive priority. This preference is revealed to both technologists and management specialists who follow it up as per market preference. Unfortunately, what they are actually pursuing is not a democratic vote. It is an unequal vote highly skewed in favour of those few who have command over large proportion of resources/purchasing power.

Imagine a country which is largely controlled by a few families (say 50). Since these 50 families manage and control major share of the GDP of the country concerned, these families would also decide what their economy would produce and use. This may sometimes leave out large majority of the population of a country from expressing its choice and priority as to what needs to be produced and made available to public. There are many countries where a large proportion of GDP/purchasing power is in the hands of a small proportion of population. For this reason expressed choice of goods/services/products that need to be produced is that of a small minority rather than that of population at large.

This situation requires mending through suitable management interventions. Efficiency, as earlier defined, which currently is the hallmark of perfectionism in management will require to be looked at in the context of the effect it has on increasing or decreasing the level of pain in the society, both in the short and the long run. And this pain arises from inequitable distribution of capacity to make choices and possibility of further limiting the choices, through future years, as nature's resources in specific sectors get constrained or even exhausted. Welfare

essentially is the power and capacity to make choices of your own rather than being deprived of such control on your lives.

Consider a situation where a management specialist walks into country A and finds two persons X and Y working there, one producing 50 units and the other 30 units. The management specialist advises them that if they were to work together their productivity would go up. Having agreed to this suggestion they find that at the end of the day their total productivity has gone up from 80 units to 100 units. This is shared as 90 units in favour of A and 10 units in favour of B. Whereas the productivity has gone up the level of deprivation has also gone up.

Our management specialist then goes to country B and finds a similar situation and gives similar suggestion producing the same results.

Then it occurs to him that if country A and B were to work together (a la wto) the total productivity of the two countries would go up. His analysis proves that the total output of the two countries would go upto 220 units of which one country would get 150 and the other 70. While world productivity would further go up, the price in terms of deprivation and pain would have also gone up. Gain of utility of some will not be adequate to cover the loss of utility of others, unless instruments were in place to rearrange welfare to correct the effects of efficiency syndrome as visualized by our management specialists.

Some decades ago when economists were the key policy makers in UN system I had in a lecture to students registered for Ph.D – in select Southern Universities, referred to the failure of economists in delivering what was expected of them i.e. health, education, shelter, nutrition and such like essentials for all inhabiting this planet. Management then was not an established discipline of education. After more than 3 decades we continue to have syndrome of failure of

Millenium development goals and such like failures even when economists have by and large moved out and yielded place to management specialists.

Geofrey Sachs, the present day management guru has in a recent report stated that all millenium development goals are doable. They are within the reach of humanity, if only humanity is differently managed. Can we bring about that change in the management of the world society, where minimum needs of all are met. Can the management specialists identify that management paradigm and proceed to bring it about.

As at present all tasks are being performed in a system and sub-system mode under the charge of specialists, generally management specialists. But we do not seem to be anywhere near the end of the tunnel. Essentially there is a difference between management of physical inputs and outputs including that of cells and molecules but when it comes to sentient beings and their volitions the problem becomes complex.

We have to re-think whether through high capabilities of technology, finance and management we, the elite, have somewhat innocently or ignorantly targetted and manipulated poor people, ordinary people, large population groups, marginalised and landless labourers and so forth and obliged them to produce and consume according to our plans. In this manner we have made them more vulnerable than before. They are now slaves not only of their essential needs of food, clothing and shelter which they have to keep following but also of the acquired habits and desires resulting from our excellent communication and marketing strategies. And while the poor suffer from imbibed habits of gutka, smoking, drinking, lottery, and the like resulting in their loss of control over their lives, we boost our balance sheets and corporate results and pat our backs as managers, par excellence.

Very recently we have come up with a partial answer to these questions in terms of corporate social responsibility and emergence of voluntary sector. There is a chance in this but a hopeless chance. As at present resources devoted to these tasks are infinitesimal as compared to overall corporate budgets or Government spendings. Social scientists have limited say as power equation is guided by management control which has passed on to a different category of elites i.e. finance, technology and management.

These socially friendly worded institutional arrangements of corporate social responsibility and the voluntary sector have often been utilised to take advantage of available tax benefits or to relocate resources into different control systems so that these go outside the corporate/institutional responsibility framework altogether. As a result, increasingly we have a phenomenon of more and more private expenditures appearing as public costs. It is apparent to all of us that a large part of five star luxury, on private account and for private benefit, be on land or in air, is ultimately billed to corporates or public institutions as public costs.

The current business scenario is dotted with mergers and acquisitions. These will raise the competitive capabilities of supra organisations. Each of these organisations will attempt to establish an equilibrium for itself at the most efficient levels as evaluated by the market place. These will draw upon available resources at a speed and in a manner as to consume, as fast as possible, all natural resources over and under our lands. These will also marginalize public institutions and sometimes even the Governments of some countries, with smaller budgets and power syndrome.

Whereas each of these organizations will benefit their constituents/ stakeholders more than before as these reach closer to their own equilibrium, the

world society at large will stand to lose. The emerging management systems of supra organizations will ensure for a limited few an extravagant lifestyle at considerable cost to nature. Also to those who are left out of the system or remain untouched by the evolving techno-economic dispensation. It appears that the world is destined to have a short life of say 500/1000 years in which it will live extravagantly till it burns out. In the struggle between man and nature it is axiomatic that nature will win.

A ray of light is sometimes thrown by management and technology specialists indicating that there is no linear relationship between inputs and outputs and it is a possibility that input use does not move as fast as output. It is very much a possibility but its overall contribution is bound to be limited. This auto correction of the system will prove inadequate and too much delayed to save our planet which is moving at a fast pace towards its own exhaustion. What is urgently required is conscious mending of the management system in such a manner that its efficiency indices take into account current and future costs in terms of loss of well being of the vulnerable and of over-use of natural resources. The market costs as these currently go into the computation of input: output relationships do not take into account our obligations to the vulnerable sections of society and the future generations, both born and yet to be born.

Our planet is a sun powered machine and it is to be assumed that sun will be around for considerable time. But re-generation capacity of the sun also gets constrained by the stock of natural resources that is currently available below or above the earth. The annual incremental stock, I guess, is about 2 to 2.5 percent of the available stock and if the available stock continues to deplete at a fast pace the incremental stock will also get correspondingly diminished.

To be able to prolong the life of the planet and save it for future generations it is important that our draw upon natural resources (inputs) be limited to about 2 to 2.5 percent of the stock of different resources as available above or below the earth. We may take advantage of the learning curve or non-linearity in input-output relation and establish an output limit for the world society at large at a sustainable level of about 3 percent per annum.

How this sustainable and therefore, responsible incremental growth is to be distributed across countries and across communities is the new management challenge at the global and national level. We have to move from growth per se to responsible growth across countries and corporates. If we are in the business of low cost housing, food and clothing, and such like products, our growth has a different meaning to society as against growth of some who are in the business of producing alcohol, cigarettes, cosmetics or fashion goods. The corporate results of the first category of producers have a different social significance for the society as against corporate results of second category of producers. The need for goods produced by second category of producers/managers arises from a certain disease of the mind from which, overtime, all of us get afflicted to different degrees because of pressures that surround us by the manner of management and functioning of these categories of corporates including their advertising and marketing wings and the society's response to them.

Once we introduce concepts that differentiate growth from responsible growth, and responsible consumption from consumption, these pressures on our psyche will decline and a more responsible global production and consumption scenario will emerge. What these concepts should be and how these are to be brought into practice are issues that management experts must ponder and re-examine the management education system accordingly. We hope these new concepts will insist on change in the way our corporates and various other

institutions are functioning at present and how these re-adapt themselves to better meet the needs of the world society through future years.

There is also an issue specific to social scientist but with ramifications for management specialists. This refers to fragmentation of civil society. There is increasingly a tendency to seek safety in narrower loyalties of man made political boundaries caste, creed, religion, specific location of birth within the country etc since faith in the wider human networking is eroding at a fast pace. Each segment of society is seeking its own safety and security even at considerable cost to security and safety of others. Thus, while larger and growing corporates will increasingly barricade resources into their control, society is increasingly getting fragmented into smaller self protecting units defined by caste, creed, locations etc. apart from political divisions. This needs mending. World resources somehow have to be seen as world property to be related to the needs of the world population as a whole and not segmented in favour of the few. The attempt to create a micro-equilibrium for each sub-set of population/business defeats the objectives of macro equilibrium. Managements have to relate each micro/sub-set to the well being of the society at large in a macro context of global equilibrium.

In sum, management specialists have to perform the task not only of providing goods and services in most efficient manner to a society as it exists but also work to create a new global society which is more responsible and sustainable. The challenge then is how to bring about a new world order and hope is that a changed management education system will be able to bring this about.

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