

Can MBA Survive?

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Professor, Graduate School of Nagoya University of Commerce and Business Administration, believes that three dilemmas currently business schools in Japan face, indicate a new frontier for the MBA to evolve in the 21st century.

Not only administrating but also learning

Can MBA survive? An answer to this challenging question would be found in three dilemmas business schools currently face in Japan. These dilemmas first indicate that the cause of the recent criticism to the MBA and business schools has resulted from the excessive use of the administrating competency, the core DNA of the MBA having been shaped since the early 20th century. Then, that fact also indicates that we now critically need another competency to complement administrating competency. Then finally, we come to see that that competency is incubated consciously or unconsciously alongside administrating in all business schools globally. It is learning competency. Business schools are places to learn intensively administrating competency and therefore they are also places to learn learning competency intensively. A problem, however, is that as learning is complementary and hence contradicting to administrating, it would not appear for our use as long as we believe that a business school is only for the development of administrating competencies.

Three dilemmas business schools face in Japan

The first dilemma MBA graduates and business schools in Japan generally experience can be understood from the questions asked by managements of Japanese companies: “Why do so many American companies fail with not a few MBA holder CEOs and managers ?”

The second dilemma comes from American and European business schools’ own criticism and alarm over the value of the MBA: “What has gone wrong to cause such compliance and governance problems by MBA graduates?” This second dilemma would also intensify further the first dilemma questions by not a few managements in Japan.

Finally, the third dilemma is apparent from this comment by a Japanese MBA graduate: “The more I try to implement what I have learned, the more I feel isolated within my organisation and company.” Is this a cultural conflict? Yes it is. It is a conflict between an independency and an interdependency culture.

MBA's 20th century DNA and its influence

From the above dilemmas, three corresponding DNAs of MBA can be extracted.

DNA1: MBA assumes a high-growth economy

The “scientific administration methods” developed by American engineer Frederick W. Taylor early in the 20th century (MBA’s origin and “operating system”) assumes a high-growth economy. It means that the MBA competency itself has not been destined to produce demand and economy but just to control resources for maximizing profit under the given demand and economy. It therefore tends to focus more on pursuing efficiency for ROI rather than creating value by long-term investments. It even avoids long-term investment if its ROI is too long to secure harvesting with scientific calculation and logical evaluation.

DNA2: MBA is the competency for middle managers

Reconfirming the DNA1 above reminds us the DNA2. MBA is originally the competency required for middle managers in a high-growth economy. It has been misused as the competency for executives since the early 90’s when Wall Street started increasing pressure on executives for higher ROE. MBA competency for middle managers to cultivate the past investment through operation has been quite instrumental also for the recent executives to satisfy investors’ urgent desire for ROE and to exchange the short-term result for attractive compensation.

Subsequently those who cared for long-term investment disappeared in corporations. All have got to be engaged in pursuing a higher ROE in the short-term by sacrificing long-term investment. An example is a clear trend that shows that, for the most part, the research and development efforts of American corporations have been shrinking continuously since the late 90’s. The notorious short-term management then substantially began. As a result, in the long run of 10 years since the 90’s, the majority of seeds for growth have been consumed for short-term performance. The result is well known. American corporations face difficulty in surviving and sometimes even in keeping compliance to the extent that business schools have seriously introduced compliance and corporate governance programs.

DNA3: MBA is based on a culture of individualism

The third dilemma indicates that the origin and root of business schools is the culture of individualism dominant in America and other Western countries. The MBA methodology developed in this culture assumes individualistic independency over interdependency, which would conflict with or even hamper the culture of collectivism, or humanism in the meaning of believing in and respecting interdependency among people. A typical MBA competency of problem solving would not necessarily be welcomed, as, in the interdependency culture, there is neither “your problem” nor “a problem over there not mine”, instead all problems are “our problem”.

While the individualism is one of most epoch making cultures human beings have ever established, we see also that excessive pursuit of it has resulted in not a few executives forgetting to realize the social values of a corporation and engaging themselves only in pursuit of individual welfare to the extent that the word “Greed” is exchanged among them, and that the socially serious gap between the rich and the poor keeps growing in so-called advanced societies.

Moreover, the scientific and logical rationalisation has nothing to do with motivating people. This would explain why a tremendous number of theories of organisational behaviour and leadership had to

be developed additionally during the 20th century in America and other Western societies. However, as long as individualistic culture dominates and scientific administration disregards motivation of people, both together would make those theories in vain.

This fact of DNA3, therefore, indicates that we need the competency not only to complement administrating but also to balance the culture of individualism underlying administrating.

New frontier of MBA competencies by learning competency

Learning is complementary to administrating in that while administrating is about controlling the external with internal information, learning is about growing the internal with external information. On this, Dr. W. Edwards Deming, one of the founders of the Deming Awards in Quality Management, also clearly mentions in his book, “The New Economics”, that excessive administrating which he refers to as the tyranny of the prevailing style of management, can be complemented by introducing external information, or “studying”, in his wording.

Learning is also complementary to administrating in that while administrating assumes independent relationship of individualism, learning assumes interdependent relationship. While our common sense would feel this and agree with it, Peter M. Senge also explains it clearly. He uses the expression of “systems thinking” in his book, “the Fifth Discipline”, famous as a pioneering book on the learning organization, and describes that learning is to assume and respect interdependency.

It is exactly these complementary relationships that would make the intensive use of administration competency destroy learning competency. However, again exactly because of these complementary relationships, learning competency can provide new frontier competencies to go beyond administrating competency's limits if it is so recognised and utilised.

Creative envisioning and long-term investing

Learning new demands from changes that threaten current success develops creative visions while administrating eliminates those threats and avoids changes. Administrative problem solving will never go beyond this limit as long as it keeps filling the gap between the new reality and the current success. Also, learning the needs of future societies will make possible long-term investments as shown by GE's Ecomagination, the Obama Administration's Green New Deal, and various technology innovations at medium to small size manufacturing companies in Japan.

EQ based empathy communication and empowering

Learning the emotional needs of people and organisations makes possible empathy communication and empowering while administrating risks weakening them. Learning interdependency among members of organisations and societies, which is exactly what Dr. Senge calls “systems thinking”, goes beyond the limit of administrative thinking of “problems are out there and not mine” and brings harmony and learning to organisations and societies.

New global leadership mission and new capitalism

Learning global diversity enlarges the possibilities of synthesising mutual dedication and harmonious interdependent relationships with diversified wisdom and value, while administrating tends to aim at utilising global diversity for maximising the consolidated bottom line of financial reports. Also learning the current reality, that the monetary economy diminishes the actual economy, would open many peoples' eyes and stimulate calls for a new capitalism.

Course examples for learning competency

In NGS, the Graduate School of Nagoya University of Commerce and Business Administration in Japan, three courses on organisational behaviour and leadership have been introduced since April 2009 in order to let students recognise the limits of administrating and also to realise specific actions of learning to overcome those limits: Executive Leadership, Innovation of Learning Organizations and Global Leadership.

Executive Leadership

This course is designed to learn a leadership model to solve the difficulties or dilemmas that middle and executive managements currently experience in Japan.

Course instructions:

- First understand that with administrative competency alone, corporate management in the 21st century cannot respond to all the expectations and requirements.
- Then, learn, through examining participants' real cases, the necessary conditions to develop the other competencies: Change Envisioning, Empathy Communication and Supportive Coaching for the next generation of corporate leaders.
- Finally, by learning the cause and problems of the currently haunting monetary capitalism, discuss solutions to encourage the manufacturing sector and society to make long-term investment for technology innovation and R&D more aggressively and confidently beyond the constraints of the monetary capitalism.

Innovation of Learning Organizations

This course is to discuss the requirements for corporate leadership to enable innovation.

- With cases of medium to small company innovations in Japan, extract the common and major enablers for innovation.
- Then, with Clayton Christensen's "Innovator's Dilemma", observing internal barriers to innovation, discuss necessary solutions to those barriers.
- Finally, after analysing the origin and history of monetary capitalism and observing resulting external barriers to innovation, discuss what large and medium to small companies, the government of Japan and the central bank of Japan should do respectively in order to solve and conquer those barriers.

Global Leadership

This course is to discuss and learn the dedication of the global leadership in the 21st century.

- Through case studies of Toyota USA, etc., together with Hofstede's model, discuss requirements for global leaders to learn flexibly and empathise with globally diversified cultures and organisations.
- Then, with some excerpts from Japan's Prime Minister Ikeda's paper on Japan's economic development and J K Galbraith's papers, etc., discuss missions and historical perspectives required for global leaders to utilise money and not to be utilised by money.
- Finally, discuss requirements for Japanese society and companies to dedicate themselves to the global world through innovation.