Future of Business and Finance

Piet Naudé

Contemporary Management Education

Eight Questions That Will Shape its Future in the 21st Century

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"Minister, professor, dean, public intellectual, husband, and father, Piet Naudé is uniquely positioned to both reflect on the current state of the world and to imagine a better tomorrow. While he could certainly tell a story that leaves us in despair, he instead leaves us with hope. Longing for a new Copernican Revolution—a world that does not revolve around the needs and machinations of self-interested humans—he paints us a picture of a world defined by the transcendent good, one created by individuals with a 'futuring intelligence' and a reflex for humble reciprocity. Do spend some time with Piet. You'll be glad you did!"
—**James P. Walsh**, *Carey Professor of Business Administration, University of Michigan, and Past President, Academy of Management*

"Running an organization, it is easy to get caught up in the day-to-day, losing a sense of context and perspective. Yet, Piet Naudé has managed to maintain the sensibilities from his training in philosophy and theology as he reflects on his experience as Director of the University of Stellenbosch Business School, along with other university roles.
His book, *Contemporary Management Education*, is a deep and valuable contribution to our thinking about business education. He combines personal experiences as a leader, observations on the sector, and a grounding in a range of disciplines to produce a provocative exploration of the past, present, and future of business education.
Organized around eight questions, the book examines our preoccupation with markets, the purpose of business and hence business schools, decolonization, technology, climate change, and more. Each chapter provides fresh insights.
For example, the discussion of corporate purpose does not simply critique Milton Friedman's primacy of shareholder capitalism, but rather contrasts it with four additional theories and the degree to which they move beyond the instrumental approach of Friedman. The discussion of decolonizing the curriculum provides a nuanced discussion of the basis of knowledge. Is Ubuntu management a unique African contribution or a local application of collective approaches? How do we decolonize our curricula in the context of Western-dominated "scientific" standards?

There are many books and articles on business education, but few as deep and insightful as Prof. Naudé's *Contemporary Management Education*. I enthusiastically recommend it to anyone who seeks to understand and improve the training of business leaders."
—**Peter Tufano**, *Peter Moores Professor of Finance, Saïd Business School, University of Oxford*

"Brilliant read! I have now read it twice and intend to do so yet again as it is not a book you read once and put aside! Thought-provoking and a lot to ruminate over. . . The book is a compelling read written in an engaging style—laced with Piet's characteristic wit, which does not detract from the deep insights and his reflections on the models, forces, and trends that have shaped management education and the implication of these on learners, institutions, and society.
In each chapter, he raises questions and shares his views unabashedly on the issues, leading the reader to pause and reflect on the essence and role of management education in business and society. It is a book that should be read by all concerned about educating learners who will serve the needs of society in the twenty-first century."
—**Enase Okonedo**, *Vice-rector Pan African University and former Dean of Lagos Business School, Nigeria*

"Piet Naude's volume invites us to question existing models of management education. His aim is to challenge us to rethink and reevaluate the value and purpose of a "business school" in society.
Instead of a "one-size-fits-all" view of a business school model, he favors a more balanced model directed toward developing skills of analysis, synthesis, and critical thinking on the one hand and, on the other hand, in nurturing values of social responsibility and sustainable moral and ethical managerial principles. He believes that managers will increasingly be faced with the need to address issues such as social inequality and financial inclusion particularly in developing countries.
Piet's strong and formidable background in academia is grounded in his study of philosophy and religion. His early experience as a Humanities Dean and Vice-Rector and, more recently, as a business school Director at Nelson Mandela and Stellenbosch University in South Africa indicates the pathway of an insightful, intellectually curious individual.
Indeed, I believe that his "outside-in" thinking about business schools from a liberal arts/humanities perspective is an extremely important contribution to our field. His rigorous and readable scholarship merits considerable recognition from policymakers in business, government, and civil society worldwide."
—**Howard Thomas**, *Emeritus Distinguished Professor of Strategic Management and Management Education; former Dean at Singapore Management University (SMU) and Senior Advisor at EFMD*

"This book challenges our current thinking on a wide spectrum of issues relevant for the future strategic agenda of business schools. It is thought-provoking and direct, written in a way that is accessible to all of us."
—**Marius Ungerer**, *Professor of Strategy, University of Stellenbosch Business School (USB)*

"This book offers a challenging analysis of the status quo and argues strongly for an alternative future, not only for business schools but also for business organisztions and their leaders in general. It will certainly be received as a controversial text, questioning the current validity of many of the long-standing tenets on which business schools around the world have been based, . . . but that is its declared intention. The content is presented in a thoughtful, challenging, and humanistic style that combines complex philosophical theory with insightful personal anecdotes. It is highly recommended for those in, or aspiring to, leadership roles in business schools and all faculty who are considering radical curriculum redesign of their management programs."
—**Emeritus Professor Michael Osbaldeston OBE**, *Former Dean of Cranfield University School of Management, and Former Director of EQUIS Quality Services, European Foundation for Management Development*

"A powerful, persuasive, and superbly compelling book offering profound insights of Piet Naudé, an advocate of Africa and a passionate educator whose combined experience, knowledge, global exposure, wisdom, energy, and enthusiasm are exemplary. A must-read for today's educators, learners, leaders, and entrepreneurs from business schools and businesses alike who want to make a difference in a tech-driven, hypercompetitive, and changing global marketplace.
Through a thorough personal lens, Piet discusses how adaptive, responsible, and enlightened business schools and learning organizations, through sharing knowledge, understanding cultural diversity, impacting policy, and creating a sense of purpose, constantly engage in management education for the good.
For those who wish to understand the complex dynamics associated with the impact innovative management education can have on society, and the potential to create a positive, sustainable, and scalable socioeconomic change, *Contemporary Management Education* serves as an invaluable and informative reference to the essential issues that are shaping the future."
—**Sherif Kamel**, *Professor of Management, Dean, School of Business, The American University in Cairo*

I dedicate this book to my life partner, Elizabeth, for always prompting me to cross into new territories, and to Samuel, our special and precious grandson, who reminds us daily of our vulnerability and the joy of life

A Preface and an Introduction

"That Wonderful Place Called 'University'"

I grew up in a small hamlet at the foot of the mighty Drakensberg mountains in the far northeastern Cape Province of South Africa. Lady Grey, my place of birth, was, like many towns under colonial rule, named after British persons. In this case, it was Eliza Lucy Grey, wife of Sir George Grey, governor of the Cape from 1854 to 1860.

Like any small town, everybody knows everybody. So, you go to David Ross School, named after the first Scottish minister who set up a primary school in the town back in 1863. After school, the ways parted: A select few would go to that wonderful place called university "far away" in Stellenbosch, Cape Town, Bloemfontein, or Pretoria, and they only came home for semester breaks in June and December.

From a young age I watched these ordinary people "going away": Marietjie, daughter of the local constable, went to study social work; Johan, son of a local farmer, went to study medicine; Deon, son of the local magistrate, studied law; Emily, a maths genius at school, did the strange thing for the time and studied engineering, a profession traditionally reserved for men.

What surprised me was how they changed as their studies progressed: They spoke differently (a more universal language, perhaps?), their eyes looked differently (brighter, more open as someone who has seen something beautiful), and their body language messaged a sense of confidence (without an edge of arrogance).

This place called a "university," I thought, must be wonderful if this is how it changes people for the good. I came to see a real university only at the age of 16 when my own sister was dropped off at Stellenbosch. I was privileged to enter university at Stellenbosch a few years later and increasingly realized that—apart from a place of personal transformation through knowledge—it is a powerful and important institution in society.

A university is definitive for social advancement. My grandfather only completed 4 years of formal schooling and started his working career as a day laborer building roads. He was able to send his three daughters, including my mother, for further college education. As a nursing sister my mom could enter the lower end of the then white middle class with at least a steady income.

My generation was the first in our family who had higher education opportunities. We could enter the higher end of the middle class and for our children (born in the 1980s) the idea of university education was "normal."

The same pattern for black South Africans was significantly more difficult and, in most cases, delayed until after 1994 when South Africa became an open society and full democracy.

The crime against humanity was *in nuce* an educational crime, and so was the privilege of whiteness an educational one.

As my insight into universities grew—from being a student up to doctoral level and starting a part-time job in philosophy—I understood that they are also ideological constructs. Whilst they indeed transform at a personal level, they might in fact impede broader social transformation.

This was patently clear at Stellenbosch:

Most of the prime ministers of the white minority National Party after 1948 had links with the university; P.W. Botha, a former minister of defense and later state president, was elected as chancellor. Racial stereotypes were confirmed in *Volkekunde* (another name for anthropology) and in sociology where Hendrik Verwoerd, father of grand apartheid, was a lecturer. And moral confirmation of apartheid was taught in the Faculty of Theology at least in the period between 1940 and the late 1970s.

At this point it must be noted: The ideological use and abuse of universities happen in all societies to different degrees. It is rare though that such ideological blindness is complete. There are always dissenting voices. At first, they are seen as "mavericks," enemies of the people, traitors, communists, and so forth. But—as at Stellenbosch—such critical voices gather momentum and the tide eventually turns, even if it takes 40 years.

So today I am still filled with marvel at universities. Especially since South Africa became an open society, I saw before my eyes the personal transformation of so many talented students who seize the opportunity with all their energy. I also see how universities play a key role in upholding our young democracy and provide in some cases world-class education, linking a former pariah state with the global academic community.

But I am also wary: I know how things look when it is bad. I can sense ideological abuse from a far distance. And I know what it takes to challenge and change the paradigm.

Entering the World of Management Education

I entered management education and later the business school context from an unusual academic trajectory. As a humanities scholar with a master's in philosophy and PhD in systematic theology, the two roads into the (then) unknown world of management education were as follows:

The academic entrance was via (applied) ethics which became increasingly popular after a very slow start. The management entrance was via my headship of

various sorts or academic units from a Department of Religion to Dean of Faculties of Art and Education on to managing a Unit for Professional Ethics and being vice-rector of a whole university. I was then fortunate to become the first full-time director of what is now the Nelson Mandela Business School, followed by a 6-year term at the University of Stellenbosch Business School (2014–2020), and currently involved on a part-time basis with the Quality Services of the European Foundation for Management Development (EFMD).

Socially I am now an "insider" in business school networks, but intellectually I, however, have remained an "outsider." This outsider status is facilitated by two factors:

I never taught what was considered mainstream business school subjects like strategy, corporate finance, and marketing. "Values-based leadership" and "Business in society" were until recently electives for those interested in so-called soft issues. The second factor is that philosophy and theology taught me that there are better insights to be gained from the outside looking in than the other way around. A critical mind-set requires a healthy distance.

Having been schooled in the humanities, I thoroughly enjoyed becoming part of a new community and was excited by the following aspects:

- The much closer cooperation across disciplines as we built one MBA curriculum (compared to the silos so common of university departments)
- The openness and relatively quick responses to changes in the business environment (compared to the relative social isolation of an ivory tower)
- The clear account of and respect for student needs, feedback, and inputs (compared to the almost arrogant attitude that "we know what to teach them")
- The professional approach to peer review and quality assurance via accreditation systems (compared to the once-in-seven-year cycle of traditional academic units)
- The clarity of vision and associated actions to build a discernable brand (compared to the *laissez-faire* attitude that academic freedom has no relevance to institutional culture and "they will know us by our journal articles")

But I also learnt what could be considered as weaknesses in the business school system:

- The slavish following of business trends without shaping those trends ("we are a relevant business school and teach what you need")
- The strict instrumentalist approach to knowledge with little or no insight into the shaping value of intrinsic knowledge ("what we teach today, you can use in business tomorrow")
- The over-simplification to the point of intellectual dishonesty of complex matters ("six steps to successfully leading change")
- An ignoring of business school's societal role in building strong civic institutions and shaping public discourse ("we must remain politically neutral and there are Schools of Public Administration that cater for that kind of stuff")

- A rather childish and almost irritating approach to competitive marketing ("we are number 97 on the *Financial Times* list and the only school in India with two accreditations and a specific mention by Eduniversal")
- An over-valuation of the legitimate financial advance of alumni ("our alumni's increased average income in the three years post-MBA was 72%")
- An assumed Western-centric approach to management education where "others" are named by geographical adjectives ("after John Smith from Harvard has given the keynote introduction, Piet Naudé will provide for us the African perspective on the topic, and Chan Wei will do so for China")

Frustration and disappointment with the system are therefore quite legitimate. It can lead one to ask for the shutting down of business schools or "bulldozing" them over. I often hear that business schools are dangerous "because they are agents of neo-liberal capitalism with no concern for social good" or the opposite that "they produce useless graduates that cannot hit the ground running."

This kind of rhetoric rarely helps in fostering honest engagement or change. The worst form of critique of what you consider to be an ideological system is to use counter-ideological language.

It becomes a screaming match with exclamation marks.

The trusted and seemingly boring academic approach to transform a system is to build solid arguments, to point out blind spots and weaknesses, and to demonstrate why features of an alternative paradigm have superior problem-solving abilities. This is what we learnt from Thomas Kuhn—and then we hope for a Gestalt switch!

There is no quick fix. Exchange of ideas seems indeed arduous and ineffective on the surface when one is impatient. (And yes, there are times when more than arguments are required.) But let us look back in history: the pen is mightier than the sword; an idea whose time has come will not be stopped; and, yes, burning books or bulldozing buildings—even metaphorically—is always the sign of an intellectually bankrupt system.

The Essays in This Collection

While my principal amazement at the formative personal and social power of universities in general and business schools in particular remains, I do consider the system flawed—significantly so in some respects. This is because business schools are by nature reflecting the socioeconomic ideas most common in society without an internal ability to self-critique. Their intended purpose and business model serve to please and not to disrupt, except in the name of a more efficient and more legitimate capitalism.

In this sense, the system indeed shows ideological traits, i.e., a belief system that holds onto certain truths for the sake of legitimizing existing power and privileges without the ability to see alternatives. There are variations across the system and across geographies. Many business schools would find the content of this book more or less in line with the road they have already embarked on. It would be wrong to

generalize, although some generalization is required to get a grip on the whole. My intention is to point out those weaknesses and propose provisional remedies and alternatives by principally engaging in conceptual analysis.

I will write in the first-person plural. This is not a royal "we," but a collegial one, expressing critical solidarity with a view to reimagine aspects or management education.

The genre is academically informed writing above the level of popular articles but below the technical level of a subject specialist. Footnotes are short and provide the required acknowledgment of sources. One needs to fight the weakness of over-simplification without becoming inaccessible though. To be honest, if I look a business literature, I'd rather err toward the latter.

It is also not a typical business book with a case study on every third page and supporting graphs to make reading quick and easy. Some forms of case study teaching and business writing completely ignore that one already has an interpretative framework, i.e., lenses, through which you choose and read a case. If you do not investigate the lenses themselves, then obviously you will read into the case what you already assume. In theology we call this eisegesis. The case then simply illustrates what you (the lecturer/author) already know. That is why it was selected in the first place.

Although short narratives from my own experience are included, I am more interested in the lenses than in the cases.

This self-critical look at key questions arises from my education in the humanities, specifically (seven) languages, Christian (systematic) theology, and philosophy. In the chapters below, I bring philosophy to bear in an overt sense, while I restrict theology to a footnote at the beginning of each chapter to show the "roots" of my thinking. Contrary to academic convention, I deliberately avoided engaging with well-known authors like (for example) Mintzberg and Khurana in order to secure an "uncontaminated" experiential and humanities bias. The reader may decide whether this risk was worth taking and whether a secondary purpose of the book is achieved: to convince those in the so-called hard subjects in management education that there is nothing soft about the so-called soft subjects. To the contrary.

The intended readership are colleagues in the broad university system and specifically those in faculties of commerce or business schools. The term "business school" refers to a wide variety of institutions from public university faculties, graduate schools, to private schools of all shapes and sizes. "Management education" is an even broader term and could include HR development executed by companies or services delivered by consultancy firms. Interested businesspeople and higher education policymakers might also find some value in the ideas raised in the book.

This is not a book that develops one key argument. Each chapter stands on its own. What binds the collection together is that each chapter addresses what I consider to be a burning issue in management education that requires collective reflection and wisdom. Some chapters include provisional pointers toward the implications for management education, knowing that each reader will draw her or

his own conclusions even without these suggestions. At this point, asking the right questions might be more important than providing answers.

The built-in weakness of such a wide scope is that it is impossible for one author to address all the salient points related to the topics. Many books have been published on each of the topics. No one academic can be an expert on topics as divergent as those addressed here. What one gains in breadth is normally lost in depth. This is, however, the conscious choice I made. The aim is to provoke ideas across a wide spectrum of management education issues and not to cover all the related ground or literature on each topic.

The choice of the issues themselves is also limited by my own academic background and business school experiences. There are surely other important matters too. To illustrate the conceptual work, I insert some personal experiences which I hope will increase the readability of the different chapters.

The chapters are presented in a certain logic. After this introduction (Chap. 1), the book starts with a self-reflection on the social status of management education (Chap. 2 *Market*). It then presents two chapters on broad institutional aims (Chaps. 3 and 4 *Purpose* and *Good*), followed by two questions about institutional practices (knowledge related to *Colonization* in Chap. 5 and access related to *Equality* in Chap. 6). The following two chapters (7 and 8) address the implications for management education of two external contextual factors (*Technology* and *Ecology*), while the last chapter (9 on *Leadership*) explores lessons learnt amidst a crisis situation that might stand to benefit us in the future.

The inclusion of the "21st century" in the title might sound very ambitious. Who knows? We are, however, almost one-quarter into this century. There are some pointers as to what will to a great extent determine developments for the next few decades.

I am fairly certain that—in the same way mass production, atomic energy, financial globalization, and the invention of computers/the Internet shaped much of the twentieth century—so will we look back on this century. And we will see that the twin external factors of ecology and technology set in the socioeconomic context of inequality will have fundamentally shaped conceptions of the purpose of business and the kind of leadership required in a fast-moving albeit unstable world.

I sincerely hope we can avoid the devastation of twentieth-century conflicts like the First and Second World Wars and the arms race and proxy wars between the USA and USSR, with the former quick to force democracy and regime change via military means if deemed in its interest. It is, however, so ingrained in our human psyche to understand and make history from the perspective of wars that it will be difficult to avoid. The rise in nationalism across the globe coupled with a more aggressive China (in soft as well as hard power) and with economic power shifting eastward does not guarantee a stable century.

Homo sapiens is not to be trusted with power, especially not superpower status. Look at history.

Climate-related events will increasingly have a huge impact on business (just think insurance and investment) and on key infrastructure. Conflicts may not primarily be about territory, but about intellectual property, data, and cyber-security,