1-1-1982

Touche Ross report on business education

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For this special Touche Ross report—the fifth such supplement issued in conjunction with the firm's annual report—we have invited business leaders, educators, and students to consider business education today. The contributors focus on a variety of subjects, ranging from the role of international management schools to the value of the M.B.A. degree in today's business environment. Some contributors criticize the manner in which business students are educated. Others describe highly successful programs of management education. Still others look at the needs and aspirations of today's students.

All affirm the ultimate value of business education, regardless of its form. All agree that it is essential in today's complex world. As Christian Vuillez, Dean of the HEC School, one of France's most distinguished educational institutions, has written, "... more than ever before, it is necessary to teach the administration of business efficiently and innovatively to prepare our youth for the challenge of tomorrow's world."

<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE INTERNATIONAL OVERVIEW</strong></td>
</tr>
<tr>
<td>2 The Role of International Management Schools by Dr. Bohdan Hawrylyshyn</td>
</tr>
<tr>
<td>5 Why Have British Business Schools Failed? by Kenneth Fleet</td>
</tr>
<tr>
<td>9 How Business Education Works in Japan by Yuji Ijiri and Hiroyuki Iitami</td>
</tr>
</tbody>
</table>

| **BUSINESS EDUCATION—THE STUDENT'S PERSPECTIVE** |
| 13 M.B.A.'s Look at the M.B.A.: A Roundtable Discussion |
| 18 A Foreign Business Education by Suhail Rahim |
| 19 An Educational Experience at Wharton by Rakesh Sood |
| 21 The Value of Earning an M.B.A. Abroad by Basil Okechukwu Ezebgu |

| **THE VALUE OF BUSINESS EDUCATION—EXECUTIVES SPEAK OUT** |
| 25 The M.B.A. Today--A U.S. Perspective An Interview with Ernest C. Arbuckle |
| 27 Paula D. Hughes--A Woman's Perspective |
| 31 Foreign Business Education: A Mexican Viewpoint by Oscar M. Pérez García |
| 33 The Influence of Foreign Business Schools on Business Education and Practice in Nigeria by Dr. Michael O. Òmílòyé |
| 34 A Canadian Perspective An Interview with Walter F. Light |

| **THE AMERICAN EXPERIENCE** |
| 39 The Humanities and Business Leaders by Joseph E. Slater |
| 42 Change in the Outlook of Our Young by Kenneth R. Andrews |
| 44 An Open Letter to the Class of 1985 by Rene C. McPherson |
| 48 Internationalizing Management Education by Everett Keech and Peggy Finn |
| 50 M.B.A. Salaries: What They Reflect About Business Education by Earl F. Chett |
THE INTERNATIONAL OVERVIEW

THE ROLE OF INTERNATIONAL MANAGEMENT SCHOOLS

by Dr. Bohdan Hawrylyshyn,
Director, International Management Institute, Geneva

THE NEED FOR INTERNATIONAL MANAGEMENT EDUCATION

International management education did not emerge as a precursor to the internationalization of business, but rather as a consequence of it. International business is not a new phenomenon. Neither is the international firm. Only its current labels, multinational or transnational, are new.

Even in ancient times, goods were exchanged across borders. In more recent periods, such as the fourteenth and fifteenth centuries, a large number of international trading and banking firms existed, with headquarters in cities like Florence and Siena in Italy. Those firms had their branch offices and employees scattered throughout the commercial centers of Europe as well as in North Africa and the Near East.

What is new is the stepped-up pace of internationalization of business and the changing nature of international business. In the past, the focus was on the exchange of goods across national boundaries through trade. Capital was also moved across boundaries, but mainly in the form of fixed interest-bearing loans.

After World War II, the emphasis shifted dramatically. Direct foreign investments, particularly in the manufacturing sector, became very prominent. U.S.-based companies dominated the trend for a couple of decades. In recent years, however, the pace of internationalization of Japanese, West European, and even some Third World companies quickened, reducing the pre-eminent position of U.S. firms. Given the growing economic interdependence between countries, the trend is likely to continue, even though the forms might change—such as, a shift to more joint ventures, rather than full, or at least controlling ownership, as has been the preference of U.S. firms.

With internationalization of business came the intensification and deepening of interactions between people of different cultures. In the process, they discovered that there are significant differences in doing business as one crosses national or cultural boundaries. Relations between businesses and governments vary, and the same applies to relations between management and labour and between people within management ranks themselves.

The discovery of these differences resulted in new learning needs. To do business successfully in countries other than one's own, one needs the understanding of what is universally valid in management and what is culture-specific, which methods are transposable across borders and which are unique to a given cultural setting. One must understand, for instance, that the critical path method is a technique one can apply anywhere, whereas individual merit or seniority, as the basis for salary administration and promotion, are culture-specific practices.

RESPONSES TO LEARNING NEEDS

There are several ways of going through the internationalization learning process. The most obvious and often the most potent way of learning is through work experience in different countries. Nothing can fully replace the type of lessons learned when one plans, decides, and works with people of other nationalities. Learning exclusively through experience, however, can be costly, and the development of a broad understanding of the world by working in a variety of countries is less and less feasible.

When a manager goes abroad without any prior preparation, he inevitably projects from his national experience and makes some false moves which can be costly. Also, relationships, once established, are difficult to change. Thus, when a manager starts with the wrong pattern of behavior vis-à-vis other nationals, he may find it difficult to extricate himself from it.

Sending people successively to different countries for a tour of duty in each is becoming more and more difficult. Many countries are imposing constraints on the inflow of expatriates in order to accelerate the development and promotion of their indigenous talent. Also, many managers are becoming more reluctant to be expatriates for prolonged periods, since this can have unsettling effects on their families or prevent their wives from following their own careers. Finally, given the pace of change in the social, political, and economic domains, the experience gained in a country fifteen years ago may not have much validity now, since the "rate of depreciation" of that experience has also accelerated.

Business schools have tried to respond to the needs of managers by injecting into their curricula some content on international business. Formal education in theory facilitates and enhances subsequent learning by experience. However, in a country like the U.S.A., where business education is the
most highly developed, there has been a difficulty. Business schools cannot impart a truly international vision, because they themselves do not possess it. They are staffed almost exclusively with nationals of their home country, and the significant majority of their students are also nationals of the home country. Being rooted in this domestic context, such schools tend to view the world through glasses polarized by national boundaries, and in multinational teams, an international management school should be international in the content of its education, in its organization, and in its location.

When it comes to content, such a school should teach—in addition to universally valid analytical, quantitative techniques—the differences in the conduct of business (an understanding of what makes certain practices effective in one country but not so in another), and the ability to transpose and transplant practices from one country to another. International management education should include, by way of example, an exploration of why relations between business and government, or between management and labour, are adversarial in some countries, like the U.S.A., yet cooperative in other countries, like Japan or Germany. It should also analyse the extent to which managers can influence the nature of such relations. Other elements that should be explored are differences in management styles. Why, in some countries, are there the practices of seniority, stressing responsibility, stressing optimization as the key criterion in the decision-making process? Why, in other countries, are there the practices of lifelong employment, the seniority system, group responsibility, and stressing the avoidance of conflict and the building of consensus, and thus acceptability of decisions, as the main criterion in decision-making? Participants in international executive programs must not only understand different styles but also have the ability to work with different styles.

In order to sustain a genuine international orientation in their educational programs, an international management school has to be staffed appropriately. Its teaching faculty should consist of people with different nationalities, people who have had educational exposure in a variety of cultures, and preferably people with some work experience in different parts of the world.

The composition of the body of participants in educational programs should be truly international. There should be no single dominant national group. If there is, that country's practices tend to polarize discussions and may be used as yardsticks to measure which approaches are "good" and which are "bad." What must be sustained is a spirit of inquiry on what determines the effectiveness of a given approach, rather than how it compares to "our" approach—meaning that of the home country.

To ensure cultural pluralism, it is important that the governing body of an international management institute also be international. It is the governing body that has to decide what should be the mission, the sense of direction of an institute. The mission of serving the international business community is not likely to be genuinely felt unless the governing body is committed to such a mission.

Finally, a word about location. It is much easier to create an international management school in a small country with a reasonably neutral posture, yet with a good antenna system around the world, rather than in a big and potent country whose experience weighs heavily on any attempt to explore the world and its diverse management practices from a variety of national viewpoints.
What have been the common denominators in these new economic miracles? What management practices evolved there that could be emulated? What general lessons can we distill? In order to be tuned into and to be able to distill from the general knowledge of practices in management those elements that are relevant to any particular country, the international management schools must themselves be active around the world, doing research, running educational programs, exposing themselves to the cold-water bath of foreign environments.

Transnational companies, in their own interests, should help the international management schools to stay in shape. Companies need to signal to the schools new areas for research, feeding to them their priorities and preoccupations that require some educational response.

Business should develop more cooperative relationships with such schools. Companies should select participants for international executive programs in consultation with selected schools, thus achieving a better match of program offerings with learning needs. It can be particularly useful to send executives on suitable programs at transition points in their careers, when they are shifting from one set of responsibilities to another, from country to country, or from domestic to international assignments. They should send teams of people on programs so that such teams can sort out from the educational offering things of particular relevance to their own company.

In their executive development plans, companies need to integrate properly the various learning modes discussed in this article, i.e., learning by experience, learning in national business schools, learning in the company's own training centre and in international management schools.

The various economic organs of nation states also have a stake in international management education. If they are to guide the conduct of business, to facilitate trade, to play their role effectively as home or host countries, they need people who understand diverse mentalities and different approaches to management, who are able to deal constructively with others of different nationalities. The same applies to international economic organizations whose main purpose is to facilitate the flow of people, capital, goods, and technology. Participation in international executive programs is a quick way of picking up many lessons in this domain.

If greater emphasis has been given here to transnational corporations, it is because they are now under constant scrutiny, sometimes under fire for lack of sensitivity, for ineptitude, and occasionally for misbehavior; and yet the role of transnationals remains intrinsically constructive and of fundamental importance. They play a vital role in the sustenance of the world economy, the maintenance of economic bridges in a world whose countries are economically highly interdependent, but politically highly differentiated.

To play this role well, transnationals need executives whose professional and international skills are being constantly upgraded. Companies can do a great deal about the development of their executives themselves, but they also need to resort to outside institutions for help. Among them, the international management schools stand out as institutions most in tune with the learning needs of transnationals. Proper nurturing and use of such schools is very much in the interest of international business and its primary instrument, transnational corporations.
WHY HAVE BRITISH BUSINESS SCHOOLS FAILED?

by Kenneth Fleet,
City Editor,
Sunday Express, London

Business schools in Britain were cast in “the white heat of the technological revolution”; a phase and a phrase that concentrated minds and helped to make Harold Wilson prime minister for the first time in 1964. After eighteen or so years and three premierships, his reputation is under a cloud whereas industrial organisations and industrial relations have limped a long way behind. But that is not a uniquely British failing.

No advanced industrial country, save possibly Japan, has begun to master the techniques of reconciling rapidly changing technologies, new social attitudes, and efficient industrial organisation. We may cheerfully import Japanese cars, video recorders, and factory robots. We are unlikely to import their discipline and patterns of behaviour.

To understand the failure of British business schools to live up to the expectations originally invested in them, I fear we have to look for British explanations. Three stand out:

1. Our peculiar social and cultural values;
2. The tradition, suspicions, prejudices, and power of the university establishment, and
3. The competition.

At this point I ought to define what I and business school critics are really getting at. Business education, leaving aside learning on the job, exists on four levels:

1. Courses for school-leavers who have leanings toward careers in business, finance, and public administration. They are full-time, part-time, day or evening, leading to awards made by the Business Education Council. They are necessary and useful. They are not my concern here.
2. Undergraduate courses taken either at a university, polytechnic, or business school, leading to a Bachelor of Arts degree in Business Studies.
3. Specialist training provided by industries, companies, and firms, leading to a recognised professional qualification. Accountancy and engineering in its various forms are prime examples.
4. Postgraduate and postexperience courses, generally at business schools, and doctoral work. Postgraduate courses normally require a year’s full-time study, leading to a Master of Business Administration, i.e., second degree. Postexperience courses, which vary in length from days to months, are designed for working managers who may need refreshing, informing, updating, polishing, or merely a spell away from it all.

While it is true that Britain was not without business schools before 1963 (Cranfield, where the bias is technological, and the Administrative Staff College at Henley were two with established reputations) the Franks Report was witness to the urgent need felt in industry at the time for management education on the apparently successful Harvard Business School model.

Franks fathered the London and Manchester Business Schools and fostered fully-fledged business schools within other universities. There are now some twenty recognised business schools offering undergraduate, postgraduate, and postexperience courses. It is against them that critics in industry are directing their misgivings, scepticism, and abuse.

As a race, the British are not generally stupid, but they do tend to delay their responses to critical situations until at least the eleventh hour has struck. The Spanish Armada had actually to be sighted in the English Channel, tea thrown into Boston Harbour, and the Germans to march across the Polish frontier. Technical and technological innovation, “with its destructive impact on habitual methods and ideas,” had accelerated well beyond recognised British speed limits before the call went out in 1963. Franks duly recorded the distress signals in industry, echoed the clamour for more competent managers, noted Britain’s lack of “anything of similar rank” to the great American business schools, and recommended that, without more ado, two business schools “of high quality” should be established in Britain.

Not surprisingly, both the London and Manchester business schools carry the birthmarks of a forceps delivery. If they had no other blemishes, their critics might have little to complain of. Unfortunately, like Princess Aurora at her christening, they were cursed, and the curse had passed to other business schools conceived in their image.

In fact, they were doubly cursed, first by the low priority given to business in Britain and secondly by the values and attitudes of the universities in whose orbits they move.

In the English mind especially, industry and commerce are not suitable occupations for gentlemen. Our class system thrives because most Englishmen still do not mind how many are set above them as long as there are some beneath them. The pecking order has a great deal to do with how you earn your living—if indeed you must.

It was established in eighteenth-century England that eldest sons devoted their time and energies to the land they would in time inherit; second sons would go into the Navy (or, if they suffered from seasickness, the Army); third sons were thrust into the church; and fourth, failing all else, might end
up in trade. For half a century before 1830, as Britain became the workshop of the world and economic power shifted from London and the hierarchical south to Manchester and the north of England, the accepted social order was threatened. It survived and emerged stronger, however, as the new self-made rich, or at least their sons and grandsons, succumbed. Wealth bought land and titles: the services, including the new civil service, enjoyed the status denied to "trade": and while the church lost its hold, the professions strengthened theirs.

One of the foremost hopes vested in business schools, and so far not realised, is that they would raise the standing of business in the community. At the 80th birthday service in St. Paul's Cathedral for Queen Elizabeth the Queen Mother, when politicians, senior civil servants, academics, and even bankers were ushered into the front pews, the President of the Confederation of British Industry found himself in row 47, half hidden by a pillar. The author of the seating plan knew his place!

The inferior status of business, in particular the manufacturing industry—which has too small a share of the country's talented, educated, and ambitious young—is related to something much worse than snobbery and social customs. Moral values and political beliefs held by a majority of university professors and lecturers make these academics at best suspicious of business methods, at worst hostile to the free-market capitalist system. Business school teaching staffs are heavily weighted not only with academics who have little or no first-hand business experience but also with men and women who are out of sympathy with the business ethic. In consequence, they teach their subjects purely as theoretical and academic exercises.

There is a clash of another kind. Promotion, pay, and prestige in academia do not depend on teaching skills, and certainly not on teaching generalised courses to managers and would-be managers. They depend on research in a narrow academic area and publication in learned journals unread outside university circles. The body of formal knowledge of business is too small for frequent and fruitful research forays, and the temptation to over-intellectualise what there is, is strong. Moreover, too much research is done at university desks and not out in the field of business. The belief among businessmen that business schools are too remote from the real world, too far removed from practical relevance, "too academic," is at the root of their dissatisfaction.

At the beginning, Franks recognised the potential for friction. "Many businessmen... fear that the influence of the university will be inimical to the proper purpose of the (business) school. The university, they fear, will make the school over in its traditional image instead of the school being thoroughly vocational and practical, with courses and programmes designed to help managers to be better at managing... [The school] still becomes like other departments of a university, concerned with the advancement of knowledge and its communication, turning out scholars and not men better gifted for management. The universities, they believe, are prone to despise applied knowledge and competence."

For their part, universities are uneasy about "the intentions of businessmen" who talk. Franks said, "as if very short courses should be sufficient. It is difficult to spare promising young men for long. What industry wants is something done, and done quickly, to improve the quality of their existing managers. What the academics fear is that they are asked to be magicians, not educators."

Franks perceived that "this mutual uneasiness, if unchecked and not cured, could spread through a business school like dry rot through timber." His prescription was an equal business-academic partnership in determining policy and equal financial support. The latter has not happened, partly because industry is loath to pay. And whatever the composition of governing bodies may be, academics rule. In some schools, indeed, dry rot is not a risk—it now exists.

The example of Harvard and other successful American business schools is hardly relevant. Although they, too, are part of universities, they have long records of sound performance. Moreover, they flourish in a national climate that favours business and relationships between the schools and business corporations are close and constructive. And, finally, they have substantial financial resources.

Few top British businessmen seem to want to give time and effort to business schools, and the gulf between them remains wide. Manchester, however, does have a better dialogue with industry than does the London Business School.

Finance comes mainly from the government through the University Grants Committee. The notion that within a university the business school might be favoured against other departments is unrealistic. This is unfortunate, to say the least, since the "practical teaching" for which businessmen clamour requires a high staff-student ratio, is more time-consuming, and altogether more costly.

Business schools have been forced into a financial corner, and neither universities nor a tight-fisted and increasingly disillusioned business community is disposed to get them out of it. It is conceivable that some British business schools will soon find that the majority of their students are sent to them by governments of developing countries overseas, who are willing to pay (frequently out of British aid funds!) for a training they cannot begin to provide at home.

Only a minute proportion of managers are recruited from business schools. They are unlikely to be given any special preferment, or even come in at higher salaries. They may even be held back for a time on the lower rungs of the ladder, out of the old-fashioned British notion of "fairness" to those not "privileged" to take a business degree! Such attitudes and behaviour are quite absurd and deny business schools the practical encouragement they need from industry.

The opposite is true for those who have taken a good first degree (not in business studies) at one of the better universities and choose to learn about management either at an American business school, preferably Harvard, or perhaps in a merchant bank in the City of London or with a leading firm of chartered accountants.

These options are what I mean by the competition—the third main explanation for the failure of business schools to live up to industry's and their own expectations.

The prestige of U.S. business schools has a magnetic appeal for big, international U.K. companies. They prefer to send their best people across the Atlantic. But the top accountancy firms, from their basic involvement in auditing and tax work, have developed strong, expert management consultancy departments; and it is difficult to imagine a better training ground in
some of the most significant, practical aspects of business management. Corporate finance divisions of the better-known merchant banks and stockbroking firms also have much to offer in the way of first-hand exposure to business problems at the highest level. Almost invariably one or more of these paths are preferred by the able and ambitious to a first and certainly to a second degree in business studies. Such experience brings status, and the "graduates" command premiums in a tight labour market.

Inevitably, the question is: "Have business schools in Britain any future?" John Treasure, a former U.K. head of the J. Walter Thompson advertising agency and until recently dean of the City University Business School in London is "not sure. They have become far too academic and remote but as they have had relatively little time to develop, they deserve an extended trial." Encouraging signs for the future are the trend at City and other schools toward more graduates starting their own businesses rather than moving immediately into management bureaucracies, and the increasing value companies are putting on new and improved postexperience courses.

Dr. Tom Lupton, Director at the Manchester Business School, is also acutely conscious of the need for "more practical relevance: He is equally aware of the dangers of going completely overboard for it, abandoning all scholarly values in a vain search for packaged ideas to relieve companies' short-term management pains. Like critics outside, he believes that the university-based management school, certainly as it has turned out in Britain, is a faulty design and in need of "radical change."

Unless the business schools get much closer to the real world of business—and this is the heart of the matter—they will surely drift into a neglected university backwater. The responsibility for seeing that this does not happen belongs mainly to the university establishment and the schools' academic directors. But business, too, must take its share.

Business must put its money where its mouth is, and top managers must make a serious commitment by giving more of their time and energy. In the last analysis, British industry will get from business schools the quality of manager it deserves, which on present form is less than the quality it needs.

HOW BUSINESS EDUCATION WORKS IN JAPAN

by Yuji Ijiri, Robert M. Trueblood
Professor of Accounting and Economics, Carnegie-Mellon University, and Hiroyuki Iiimi, Associate Professor of Management, Hitotsubashi University

The human resource is the one kind of resource that Japan has in abundance. More than 110 million people, about one-half of the U.S. population, live on small islands that about equal California in area. Such a population could well be an economic burden to a country that size, but it is not; education is what makes the difference.

The most salient feature of the Japanese educational system is its unbelievable intensity. Through six years of elementary school and three years each of junior and senior high school, students, working together with their teachers and parents, strive toward a common goal—to get themselves into a top college.

The intensity of what occurs in both elementary schools and high schools is often beyond the imagination of anyone living outside Japan. More than 45 percent of high school graduates wish to go to college, but only 70 percent of them succeed at their first try. The rest of them join the pool of ronin, who spend an extra year or more studying full-time for the next year's college entrance examination. Numerous private schools (yobikos) specialize in helping students cram for such an examination.

The huge pool of ronins makes the competition extremely keen, and many eventually give up. In fact, magazines aimed at potential college students publish articles on how to sleep only four hours a day for a prolonged period and yet stay alert. A slogan like "four-pass, five-fail," meaning that you may pass if you sleep four hours a day but will fail if you sleep five hours, pushes students to the limits of their abilities. Most high school students are willing to go through this shiken jigoku ("exam-hell") because they know how import-
although, admittedly, such competence is not the sole objective of education.

The impact of this educational system on Japan's productivity is far-reaching. Raising the average level of education is in itself important. But what is more important—especially in Japan, where teamwork in the office and on a production line is the standard—the education level is raised uniformly. In teamwork, it is often the weakest member's ability that determines the team's productivity. Thus, it would be no exaggeration to say that Japan's economic strength essentially stems from the uniformity built into her precollege educational system.

In contrast to the intensive precollege education, with its clear-cut objective of entering its graduates into superior colleges, college education is much less intensive, and its objective is much more diffused. This is particularly true of the humanities and social sciences but not as true of science and engineering. The decrease in intensity is natural, however, since the objective that has guided the lives of students for 12 years has been achieved. Unless they flunk out, which is rare, their futures are pretty much assured when they enter a good college.

Diffused educational objectives are especially evident in business education. This is mainly because professionalism in business education has been much weaker than in colleges in the United States. Generally speaking, college education in Japan is considered general education rather than professional education, particularly in liberal arts colleges. Corporations hire liberal arts graduates, making virtually no distinction among, for example, economics, law, and business majors. Thus, business education in Japanese colleges is viewed more as an extension of general education than as an entrance into intensive professional training.

On-the-job training is the basic system used in most companies. Major corporations run their own training and educational centers, where personnel development needs are met at all levels. Such corporations also encourage employees to organize training sessions or work circles aimed at fostering quality and productivity, participate in management seminars and conferences, or attend business schools in the United States or other countries.

Because of the tradition of lifetime employment in Japan, and the resulting lack of movement between companies, there is little chance of losing trained employees to a competitor. Thus, companies are willing to invest in the education of their employees. But these very same reasons also contribute to a relative lack of professionalism among Japanese managers themselves. Compared to the U.S., management knowledge is unique to each firm, not something that is transferred among organizations. Under this thinking, the value of graduate-level business education for overall professional training is bound to be underestimated. The result is an almost total nonexistence of M.B.A. programs in Japanese graduate education. The only exception is Keio Business Schools (KBS), a division of Keio University, a top-rated private school.

KBS started its two-year M.B.A. program in 1977, after nine years of experimental operations that offered a one-year graduate-level program for young college graduates. KBS's annual enrollment is about 65, two-thirds of which are sent by large firms; the rest are mostly the sons of the owners of medium-sized firms. KBS has a faculty of about 20, most of them trained in American business schools. These same people also run five extension seminars a year for various levels of managers, with each seminar offering one- or two-week programs.

There are three other full-time one-year programs in Japan. Two are offered by universities, Waseda University and Sangyo Noritsu University; and one is offered by a Ministry of International Trade and Industry (MITI) affiliated organization that trains international business specialists. Almost all the latter's students are company-sponsored. None of these schools is as fully developed as KBS, which has a relatively large full-time faculty and research facility.

The annual total of graduates from these four schools is a little over 200, almost a trickle compared to the large annual crop of American M.B.A.'s. The fact that most of these graduates are company-sponsored is also markedly different from the American situation. This implies two things. One is that graduate business education in Japan exists only as a very minor part of the career development programs of the firms; it is not really a public educational program that provides diplomas to students who seek employment after their education. It is, in a sense, isolated from the labor market.
THE FRENCH BUSINESS SCHOOL SYSTEM—CHALLENGING TOMORROW'S WORLD

by Christian Vuillez,
Dean of HEC School, Jouy-en-Josas

The Ecole des Hautes Etudes Commerciales (HEC) is a graduate school of business which belongs to the French "Grandes Ecoles" system. Its students are carefully selected through a series of competitive examinations. The school offers a high-quality Master of Business Administration degree:

1. in a three-year program to students who have completed their secondary education and, in addition, have taken one to three years of special pre-business education in the French undergraduate system; and
2. in a two-year program to those entering after completing their undergraduate education and receiving a bachelor's degree.

Unlike most schools of business that are branches of universities, HEC is an academic institution established by and for the business community. Founded in 1881 by the Paris Chamber of Commerce and Industry to teach modern business practice and to prepare young managers to advance the French business sector, HEC has become the major business school within the French system of professional education. HEC's two missions evolved simultaneously: to provide academic excellence in the training of managers and business executives; to participate in the development of industry and commerce. The long-standing, close ties the school enjoys with the world of business at large continually enrich the quality of the education received by the students, and the business community itself is served by an academic institution that devotes itself to current business problems and the shape and evolution of business in the future.

Developing a successful Grande Ecole of Commerce and Business Administration, while maintaining at the same time its distinction as one of the foremost centers of higher education, is not an easy task in a country where keeping abreast of business and the economy has not been, to say the least, a national pastime. Suspicion of, if not plain hostility to, anything smacking of business has long been a permanent dimension of French intellectual and political life. French society has traditionally conveyed to its youth a particular value system that is basically elliptique and dirigiste, which has influenced their adult lives and particularly their career decisions. The civil servant or engineer has always been more highly regarded than the tradesman or financier. Consequently, economic decision-making has been expected from and implemented by successive governments, while it was planned and closely controlled by a highly centralised administrative apparatus. If that seems less valid today, the quality and renown of a Grande Ecole such as ours and its early awareness of indispensable mutations in education and society have surely played no small role in that change.

The recent evolution of HEC is evidence of the remarkable development in the last two decades of the teaching of business administration in France. The major Grandes Ecoles of Commerce and Business Administration have been considerably transformed during this period: their professional and scientific substance has been dramatically upgraded. They have attracted more students, and of a higher quality; they have created permanent faculties and upgraded their teaching of business administration. Moreover, HEC seeks to foster an awareness of the importance of human relationships in effective management and to stimulate innovative thinking, adaptability, and resourcefulness. The HEC-trained manager must be able to communicate effectively; hence the school's emphasis throughout the program on developing

In addition to receiving instruction in the traditional classroom setting, HEC students participate in three on-site job trainings. The first, required for students in the three-year program, is the Worker Traineeship Program, consisting of six weeks of shop-floor or blue-collar work experience during the summer between the third and fourth terms. The second, the Internship Abroad, is a six- to eight-week assignment within a firm in a foreign country, during the summer between the sixth and seventh terms. The final work experience is the professional internship which takes place in the third year and entails three months of full-time, professional level employment in a firm.

Knowledge about business management, however, is not the only standard of accomplishment for the modern practitioner. HEC believes leadership is also essential. The program, thus, concentrates on developing in students analytic ability, clear self-expression, and sound decision-making skills. Moreover, HEC seeks to foster in students an awareness of the importance of human relationships in effective management and to stimulate innovative thinking, adaptability, and resourcefulness. The HEC-trained manager today represents thirty percent of its enrollment. The modern economic world ignores traditional national boundaries. Accordingly, HEC has exchange programs and recruitment centers for foreign students in eight major cities of the world. Today twenty-five different nationalities are represented in the school's student body.

During the last fifteen years the curriculum and pedagogical methods at HEC have been entirely renovated, giving more responsibility to students in the direction of their course of study and the formulating of policy and procedure. The HEC education focuses on the interrelationship between theory and practice. The present curriculum is designed to relate theoretical knowledge to practical problems, providing a thorough exploration of each of the major areas of business administration and an opportunity to concentrate, in the final year of studies, on a management specialisation of the student's choice. Underlying this approach is the strong belief that the effective specialist is first a competent generalist.

The multiplicity of economic uncertainties today is a direct challenge to the teaching of business administration, to the ability of a Grande Ecole to renew itself constantly and to adapt to the ever-changing political, social, and economic environment.

Admission to HEC is through competitive examination only. Application is open to prospective students of both sexes and of French or foreign nationality. Access to responsible positions in business for women depends to a large extent upon their access to the Grandes Ecoles. Women were admitted to the entrance exams for HEC in 1973, and
foreign language skills and knowledge about foreign civilizations and international business. All graduates are trilingual, speaking French, English, and a third language of their choice.

In keeping with its objective to train young managers and executives capable of meeting the business challenges of the present and of the future, HEC has established a pioneering program in international business studies that enables students to take advanced management training at schools of business in other countries. The International Management Program (IMP) is independent from the courses in international business already offered in the regular curriculum, as well as the Internship Abroad in which all HEC students participate. Under the IMP, selected third-year students substitute the last year of their studies at HEC for second year M.B.A.-level course work at two of the ten participating foreign schools of business. Created in 1973 as a pilot student exchange project between HEC, the London Graduate School of Business Studies, and New York University's Graduate School of Business Administration, the program has since been expanded to include eight other major schools of business administration in Europe and the Americas. HEC annually sends thirty to forty carefully selected students to the various other schools and accepts, in exchange, an equal number of foreign students into its own student body. The IMP is based on the premise that leaders in international business can best be trained by learning about the economic, commercial, and cultural context of other countries on the basis of firsthand experience. In the six years of its operation, the IMP has proved to be an excellent vehicle not only for training specialists in the field of international management, but also in providing a structure that has facilitated a fruitful exchange of teaching and research ideas between the participating business schools.

The faculty members of HEC come from a wide variety of backgrounds and bring to their classrooms a unique blend of academic expertise and firsthand knowledge of the business world. The permanent faculty includes over one hundred specialists in business management and related fields who hold degrees from both French and foreign universities. As individuals and as a group, they maintain a dynamic balance between their commitment to teaching and their involvement with issues of concern to the business community. Faculty members engage in a broad range of research at both the theoretical and practical levels. Whether research is done at the request of and in collaboration with business executives or is undertaken independently, the faculty actively contribute to the professional literature in all fields of business and management, producing in the last ten years over one hundred books and more than a thousand articles. In addition, a considerable amount of research is carried out as part of the creation of original teaching materials. Faculty members also participate in extensive consulting work for business firms both in France and abroad. These close ties with the field contribute to the maintenance of an exceptionally high degree of relevance in the scope and content of the HEC curriculum; they also result in a mutually beneficial interchange between HEC students and faculty on the one hand, and members of the business community on the other, concerning current problems, needs, and trends in all facets of national and international management. Complementing the permanent faculty is a group of over two hundred business leaders and executives who take up to two mornings a week from their work to be instructors at HEC. Holding prominent positions in industry, commerce, and government, members of this group are selected for their teaching abilities as well as for the wealth of practical knowledge and experience they have to share with students.

HEC promotes its commitment to international business training, a necessity for the business manager of tomorrow, by responding to and integrating into its curriculum industrial, technological, and social advances, and in developing a policy of rigorous research which is now more than ever a prerequisite to scientific discovery. HEC continues to stimulate the creation of enterprises and, in what may be seen as the fundamental role of the Grande Ecole, to impress ceaselessly upon its students a spirit of initiative, innovation, and responsibility.

France is engaged in a struggle of singular intensity, for which all her assets, especially her intellect, savoir-faire, and capacity for imagination and creation, must be mobilized, nurtured, and put to their most effective use. Each era has raised its challenges. Ours is no different. One hundred years after its founding, HEC renews the spirit of its founders; by training executives and leaders of the enterprises of tomorrow, it continues to fulfill its mission of public service.

If French society has finally recognized the nobility of business enterprise, it is because it perceives more clearly that the maintenance of a certain life-style and social fabric depends directly upon the dynamism of the national business community. The decades to come will still be those of management because, in the final analysis, business in its noblest sense is central to our economic, political, and social preoccupations. For this reason, more than ever before, it is necessary to teach the administration of business efficiently and innovatively to prepare our youth for the challenge of tomorrow's world.
Criticism of the M.B.A., whether justified or not, appears to be widespread, particularly in the business community. In fact, the press has reviewed extensively the pros and cons of the issue as it is currently being debated among business and education leaders.

But what do M.B.A. students think of the degree? In an attempt to give voice to the opinions of M.B.A. candidates and recent graduates, Touche Ross hosted a roundtable discussion called "M.B.A.’s look at the M.B.A." The roundtable, recently held at Touche Ross’ executive offices in New York, included four M.B.A. graduates and four M.B.A. candidates. The participants came from Columbia, Stanford, Harvard, Yale, and Wharton.

PARTICIPANTS

M.B.A. GRADUATES

Thomas P. Dickerson, roundtable moderator

Richard A. Flyg

Lynne L. Jacobson

Donna R. Ward

M.B.A. CANDIDATES

Mary K. Averill

James B. Downing III

Christopher D. Kirsten

Judy Piper Schmitt

Tom Dickerson
What are business schools supposed to do? What don’t they do?

I'd like to offer an example out of my own experience. I'd been a lawyer for two years before I entered business school. When studying a legal case, your principal purpose is to strip away the irrelevancies and to isolate the single element which caused the case to be decided the way it was. So when I started business school, I’d study a case and confidently walk into class with the answer. Well, the professor would smile and turn to the other students who would propose alternative solutions, just as good as mine, based on case facts which I had discarded early in my analysis. It took me about six weeks to learn how to give all elements of a case proper consideration.

Have any of you had to change your thinking in a similar way?

Lynne Jacobson
I certainly had to change mine. I went into business school after working as an engineer. In engineering, every problem has a solution. But in business, every problem is situational. Change the company or the year, and the same
problem may have a different solution. Different people bring different insights to the problem. Some look for the financial variables, others for the people problems, and others for strategic implications. You work entirely in a gray area. You work with other people, and you see all their various viewpoints and the full range of possibilities.

This is, in fact, how many decisions are made in the business world. No one locks himself away with a calculator and decides where the company is going next year. Instead, several people sit around and talk about the company's direction. They may have a lot of supporting evidence, but they're never really sure which way to go. They can only examine the possibilities, make their best guesses, and take their chances. Naturally, things might not turn out as they had hoped. Business school is the place to learn that way of thinking.

Mary Averill
You can't give your best answer and then hear 15 or 20 other solutions without being enormously changed, reminded of your limitations as an individual. You learn the power of group thinking. As Lynne said, you learn the power of critical thinking. Nobody likes to be criticized, but criticism is one of the most valuable things business school has to offer.

TECHNICAL SKILLS VS. GENERAL MANAGEMENT

Richard Flyg
In your first years out of business school, you probably won't be using that kind of thinking very much. Instead, you'll probably start out using your technical skills.

Donna Ward
The M.B.A. prepares us to be general managers, but in entry level positions we have a narrow area of responsibility. We're expected to look at problems from that narrow perspective, not from a general point of view. I learned this the hard way.

For example, when I was with Pan Am, I was asked to study an airline terminal in marketing terms. Following the Harvard Business School case method, I valued the building and decided to tell Pan Am, in effect, to sell it. I went to the vice-president of my department and presented what I thought was one of my best case analyses. When I had finished, he just sat there and didn't say a word.

Then he started asking questions: "How many rooms are in the building? How many marketing people do they have?" Details. Facts. Thank God I had them. He wrote them down, then looked up and said, "You did a corporate analysis, didn't you?" I replied, "Well, yes. What else?" That's when it dawned on me. I'd been asked to do a marketing facilities analysis, not to tell Pan Am whether it should sell the building or keep it.

Actually, Pan Am did sell it, eventually, but the lesson remained. I was a marketing facilities manager, not a corporate manager. It wasn't my job to look at things from a corporate viewpoint.

Richard Flyg
And after a few years, when it is your job to look at things from a corporate viewpoint, will you know how? Ideally, we should work for a couple of years after college and then go to business school for a one-year technical degree. We should learn how to figure out a financial rate of return and how to arrive at one solution. We could then apply these technical skills in the business world for five years or so, until we are in a position to make decisions which involve a wider range of factors. As managers we do not use our technical skills so much. But we do need to learn how to work in the gray area. At that point we could go back to school and develop our abilities for general management.

Judy Schmitt
I believe UCLA looked into that kind of program a few years ago. The professors were for it; it sounded right; but it was difficult to market. People want an M.B.A. in two years.

Donna Ward
If they want an M.B.A. in technical skills or middle management, they can easily find a school that offers one or the other. Wharton and Columbia both have middle-management programs; Chicago and MIT have fine technical programs; and there must be many more such programs among the nearly 500 graduate schools of business in this country. At the same time, a lot of schools are offering special six- or eight-month postgraduate courses for people who have reached a certain stage in their careers.

Christopher Kirsten
Apparently, middle managers who are responsible for hiring business students with analytical skills often complain about the lack of ability of M.B.A.'s to communicate and sell their ideas. To address this, Columbia has developed a very successful, noncredit program in business communications for the M.B.A. It offers workshops in various communications skills and these have generated a great deal of student interest.

Judy Schmitt
At the M.B.A. level, obviously, there are two main kinds of programs. One trains people to discount annuities, do cash flows, and so on; the other trains people for general management.

Lynne Jacobson
Right, and most of the companies that hire either kind of M.B.A. know what they're getting. I guess there are some companies that read in Fortune or Business Week that everybody is hiring M.B.A.'s from Harvard, Stanford, Wharton, Columbia, and Yale, and so they rush out and hire them, too. But they're finding that the general-management M.B.A.'s only become a problem if the company does not have the right kind of positions for them. I think fewer and fewer companies are hiring general-management M.B.A.'s merely to be trendy.

ETHICS IN BUSINESS SCHOOL

Tom Dickerson
Do you think a consideration of ethical issues in business school could be useful?

Donna Ward
I doubt that anyone's ethics can be changed in business school. But people can learn to be accountable for their decisions. Putting a product on the market that might be faulty or dangerous, for example, is not a single decision. It happens after several managers have decided to let the project go one step further. A manager who suspects that something might be wrong, but isn't sure, has to decide whether to hold the project back for a fuller analysis or let it go. Accountability means recognizing that your decision has many ramifications. Business school got that point across to me, and it's been very valuable in my job as a project manager.

Lynne Jacobson
I agree with you, Donna, that a person either has strong feelings about a given ethical issue, or he hasn't, and busi-
ness school isn’t going to change him. But ethical issues should be discussed in business school. You must learn to take into account the ethical implications of your decisions. Ethics might not be a major consideration in most real-life situations, but when the question arises, you must be ready.

James Downing
In some situations, being alert to the ethical implications could complicate your job. If you’re a part of a large organization that’s doing something you personally disagree with, you might say, “Well, it’s the company that’s doing this, not me.” But once you’ve thought about the issues, you no longer have that luxury.

Judy Schmitt
There have been times in class, particularly in marketing class, when I wanted to press a fellow student on the ethics of a particular solution. I wanted to ask, “How would you back that up? What are the implications?” Not in order to argue that I was right and he was wrong, but to get him to think about what he’d be facing in the real world. A lot of stockholders will be involved, each with his own interests, and we have to deal with them in a very human way. Some students seem never to have considered what their view of life means to other people.

Donna Ward
Maybe business schools should broaden the issue. After all, the chances of being involved in a critical decision that will have an impact on the consumer are pretty slim, but it’s not so unusual to face problems involving your integrity. Suppose my boss wants me to sign an expense report that covers his lunches. If I don’t want to, for whatever reasons, what can I do? How should I handle this kind of situation? I don’t remember talking about that in business school.

Christopher Kirsten
Another way of airing all the ramifications of an ethical decision is to have people role play the principal characters in a disputed situation. A good moderator will instigate the participants to contribute their feelings about the corporation’s responsibilities to its customers, suppliers, employees, and shareholders.

MANAGING PEOPLE

Tom Dickerson
What can business school teach you about managing people?

Mary Averill
At Harvard, the students tend to under-rate the people management courses. These courses are often seen as “gut” courses or “softie” courses. Yet, people management is one of the most difficult areas of management in general. Corporations are urging business schools to teach students how to manage people. I think the reason people management is under-rated is that it is a more subtle skill than it appears.

In a classroom environment, quantitative analysis is experienced as being more complex, more challenging, and more powerful. In fact, getting things done through other people is the whole ball game. I think the schools need to concentrate more on small-group problem solving, though it can be quite frustrating when you have many leaders and few followers.

James Downing
At Yale there is a strong focus on group interaction. Throughout the first semester we work in groups in almost every course, not only to learn the subject matter but to develop our inter- and intra-group skills. Sometimes the management styles of these groups are observed by others. We also do a lot of role playing involving people problems. It’s very interesting to see how an individual handles situations such as firing someone or conducting a performance appraisal and then to hear how other people perceive the same problem. I don’t believe anybody feels it’s a waste of time. Many students go on to take courses to further develop these skills.

Judy Schmitt
One way of opening up these issues in business school might be to hold a series of small group meetings. With seven people sitting around a table, you’d hear everyone discuss the problem and either get a feeling of group support for your own opinion or, if they all came out strongly against you, get a chance to rethink it. On reconsideration you might be more strongly convinced that you were right in the first place, but at least you’d know what you’re likely to run up against in the real world.

Christopher Kirsten
Like all other schools represented here, Columbia is a high-energy, competitive environment. At the same time, the school’s great emphasis on group projects and presentations teaches one how to cooperate with one’s peers, who are essentially some of the people one is competing against. This is definitely good training for the real world.

Richard Flyg
Companies such as Mobil have courses for middle management on how to manage people. I took two or three of them and came out feeling that I’d gained something useful. So I think we need not only to learn more about managing people; I think we can actually do it in courses like this.

Tom Dickerson
I think this is a good moment to conclude our discussion. While we have each reflected on our own experiences at business school, I hear most of us voicing several similar judgments about those experiences.

The first judgment is that, while improvement is always possible, business schools teach certain basic skills fairly well, such as an effective approach to solving problems.

Secondly, while no school can teach ethics, business schools do accustom students to recognize ethical issues in a variety of fact situations; this will hopefully force them to confront those issues when similar fact situations arise throughout their careers.

Finally, on the question of managing people, business schools provide students with simulations of real-life confrontations in a controlled environment, which permits both observation and experimentation.

We seem to agree that, taken together, these experiences serve to telescope business life; while you can acquire everything you learn in business school on the job, business school is a fairly effective way of compressing those lessons into the period before our careers start. I’m not sure we can ask an educational institution for more.
A FOREIGN BUSINESS EDUCATION

by Suhail Rahim

I am a Pakistani whose family has been in business in the Arabian Gulf countries for many years. I went to school in Pakistan and received my bachelor's degree in management from the University of Manchester in England. Therefore, my perspective is not that of a Kuwaiti but one of a foreign businessman in Kuwait, even though my work experience has been in the Kuwait branch of my family's business.

In the Middle East, as in most countries of the world, the U.S. still is seen as a leader in introducing modern business practices, which have helped so many U.S. companies become the giants they are. While the products of other countries may be catching up with or surpassing American products, the U.S. remains the widely acknowledged leader in business education. And notwithstanding recent controversies within the U.S. as to the relative merits of its top business schools, Harvard certainly holds the edge as the best-known business school in the world. Thus, it is only natural that when a foreign student thinks of getting the best business education available, he or she is likely to think first of U.S. business schools in general, and of Harvard in particular.

The unique, yet most controversial, feature of the Harvard M.B.A. program is certainly its case method, which immerses students in the problems of companies, forcing them to get acquainted not only with theories of management but also with the real-life situations faced by managers. What the student learns, therefore, is not one theory that is generally applicable to a range of business situations but a framework for analyzing each problem to discover its own unique characteristics and for searching out an appropriate solution. Although the majority of the cases are about U.S. corporations, the foreign student nevertheless develops certain analytical skills that can be exercised in almost any country with even a moderately developed business sector. (It is interesting to note that there is even a student from the People's Republic of China in Harvard's Class of 1983.)

The case method and its concomitant grading system are new for most foreign students, and they provide a daily pressure for hard work and for participating in class discussions. My previous experience was mainly listening to lectures, writing essays, and taking the final exams which largely determine one's grade. Business schools in most countries are now incorporating the case method as part of their curricula—although few schools depend on cases as much as Harvard.

Harvard's extensive research and case-writing activities also ensure that students are taught state-of-the-art developments in business practice. While such developments may not be applicable directly to businesses in Middle Eastern countries, one feels that as the firms in these countries become more sophisticated in their ways of doing business, the issues they face will be similar to those now facing U.S. corporations.

One phenomenon that is being discussed increasingly in U.S. business literature as a serious problem for U.S. companies is the short-term perspective thrust upon executives by the stock market's demand for steady dividends and quarterly increases in earnings. This, fortunately, is something we do not encounter often in the Middle East because there is no stock market and economic conditions are still very good. Annual increases in net income are not very difficult to achieve if a business is basically healthy.

A distinguishing feature of Kuwaitis, as opposed to the peoples of some other nations in the Middle East, is that historically they have been skillful traders. This heritage helped the government to understand the benefits of promoting local business activity and economic development well before most of its neighbors on the gulf. The government also has encouraged Kuwaiti students to study business in the U.S., the result being that many Kuwaiti businessmen have combined the entrepreneurial instinct of a trader with the sophistication of a U.S. business education. Even among those businessmen who do not have college degrees, there are several who employ professional managers from abroad. Therefore, doing business in Kuwait often means dealing with, or competing against, managers who have backgrounds and qualifications similar to one's own. This promotes mutual understanding as well as an increased amount of sophisticated competitiveness in the market.

Yet, naturally, in some ways the Kuwaiti business environment is very different from that in the U.S. For a start, there are no income taxes at all. That is why my calculations in my earlier days at the Harvard Business School were often off the mark—I used to forget taxes. Tax shields, shelters, loss carryovers—all were mysteries at first.

Another major difference is the lack of developed capital markets in Kuwait. There is a very restricted stock exchange, but public financing is limited to a few large companies. All the finance courses here at Harvard assume the existence of stock and bond markets, so whatever I learn about these markets is going to be superficial—at least for several years to come.

Data about the economy, or specific industries, are not available readily in Kuwait, whereas the businessman in America can assume their availability. Thus, forecasting and planning in business are much more difficult there than in the U.S.

Since a fair number of managers in Kuwait have some foreign education (a large number of them are foreigners anyway), it helps to have a foreign business degree. People from several countries and backgrounds are in business there, so one finds many different ways of doing business. But having a U.S. business degree can "spoil" a manager to some extent. This can happen if he expects to revolutionize a company and model its business practices after those of U.S. firms he has studied. If he expects this, he is likely to be disappointed. What he should do, therefore, is try to understand local people and conditions, and then try to forge a fit between his training and his environment. He will find that people are not averse to change, but they have to be handled very carefully. They do not share his background and need time to adjust to him.

A graduate degree in business is not just useful for the knowledge one gains; it also is bound to enhance one's future prospects. I found, for instance, that even halfway through my M.B.A., I was being consulted by my senior colleagues in the family firm on a range of matters.
that I previously had nothing to do with. I expect to continue this when I return and to work with greater responsibilities on the group level of the firm throughout the gulf, not just in Kuwait.

I do not see myself being able to make a significant individual impact on the Kuwaiti business community in general, because my firm operates in a small sector of the economy and because I am not really a pioneer in getting a U.S. business degree—there have been several people before me. I hope to make a contribution to the overall development of business practices in Kuwait and to my firm in particular. For instance, in my firm I have been able to set up a very basic management control system, an extensive distribution network for the products we import, and a better resource allocation system to develop product lines with the greatest potential for growth and profit. These steps are in line with those that a lot of other companies are beginning to take to improve their efficiency and effectiveness, and by taking them I should be able to play a small part in the general trend toward making at least the service sector more productive.

AN EDUCATIONAL EXPERIENCE AT WHARTON

by Rakesh Sood

The decision to embark on a foreign business education program is a personal one. Nevertheless, certain common characteristics can be identified among the motivations for undertaking what is clearly an expensive and, for some, a traumatic proposition.

I decided to acquire a foreign degree because I wanted to experience a foreign culture, to look at things from a different perspective, and, generally speaking, to broaden my horizons. I would be hard-pressed to try to make a case for coming abroad based on the absence or paucity of good business schools in India. In fact, I was admitted to and enrolled for three weeks in such a program at the Indian Institute of Management (IIMA).

The IIMA is based on the Harvard model, including amphitheatre-style classrooms and the case method of instruction. The school is considered to be the best in India and is rated highly in knowledgeable circles abroad. The program is rigorous and the quality of professors extremely good. The cases have been written to represent Indian situations so that the program best serves the students who expect to work in India. However, the school lacks a strong international business education program.

Wharton, while providing a similar rigor in its course work, boasts of a judicious mix of the case method and lecture style instruction—somewhere toward the middle of a spectrum that has Harvard at one extreme and the University of Chicago at the other. The tremendous variety in Wharton's course offerings (I believe over 200 courses are available) and flexibility in choice of courses make it possible to tailor the program to one's needs. Such flexibility is surpassed perhaps only by its reputation in finance: this major school attracts some 55-60 percent of Wharton's matriculants.

While the above-mentioned characteristics attracted me to the school, I also realize they serve a useful public relations function. However, what I value most is the school's international orientation and diversity in students and faculty. Through interactions with numerous American and foreign students, I am able to obtain a better understanding of cultural differences, so important in doing business in a foreign country. Wharton, or for that matter any business school in this country, would, in my view, lose its significance if it lacked this extra dimension. Its unique strength lies in its being able to synergize the talents, qualities, and experiences of a multitude of cultures. An otherwise excellent school like the IIMA falls short in this important respect.

In addition, Wharton's ability to attract industry leaders for presentations at school is an advantage. These gatherings have enabled me to talk to a relatively informal level with personalities such as Reginald Jones, former CEO of General Electric, and John Opel, President of IBM, and to meet with leaders in the government through the auspices of the Wharton Public Policy Fellowship Program, for which I was selected this past summer.

With the kind of diversity available at Wharton, it would be unrealistic to expect the program to be tailored to the business needs of any given foreign country. India is no exception. The program should not be expected to provide what it has not been designed to do. The individual must draw upon the basic skills acquired here and apply them appropriately, as opposed to in toto, in an alien situation in his or her home country.

At the conceptual level, the tools of business learned in America can be used pretty much as they are in India. If one has not done one's homework properly, and has been obsessed with techniques as opposed to concepts, one could be on shaky ground when confronted with the Indian business situation. I shouldn't expect the sophisticated tools of analysis based on advanced computer software to be applicable in a small business in India that cannot even afford a computer. In that case I should be able to revert to a more basic, if rudimentary, analysis instead of making a scapegoat of the lack of sophistication in Indian business or of the foreign business education itself.

My experience this summer is a case in point. At the International Finance Corporation, I have been involved with
an evaluation of the corporation’s portfolio of investments. These investments, in the form of loans and equity, are typically in private companies in developing countries. Unstable economic and political conditions, along with associated risks such as currency devaluations or expropriation, render useless the conventional tools of determining the market price of risk. In the absence of an efficient financial market, the value of an equity can only be determined by the purchase price offered by a willing buyer. Any technique that uses the present value of a dividend stream is useless in these circumstances.

If a business education at Wharton were able to reinforce adaptability in its graduate, it would be more than successful. Whether or not it is able to do so is a moot point. I feel there is room for making the program more responsive to the needs of international students. A number of courses, especially the basic core courses, are taught from an American perspective. Be it marketing or administration, one learns how it’s done in the U.S. While I would not expect any of the basic courses to address the Indian business situation, it would certainly help me if the program included a comparative study of the styles of management in different cultures. Comparing and contrasting the Japanese style of management with the American is a useful exercise, provided one is careful not to apply directly techniques that have had proven success in one situation to another quite different situation.

Another hiatus that exists in the program concerns practices in international trade. While certain elective courses do offer glimpses of various modes of trade, from exporting to foreign direct investment, not enough emphasis is placed on the practices of certain governments in areas such as fixation of quotas, tariffs, and imposition of licensing requirements on the import, export, and domestic manufacture of a number of items. Inclusion of case material from countries such as India would serve a useful purpose. Comments and reactions from Americans and other foreign students would enrich the discussion while making both groups more aware of and sensitive to the foreign business situation.

Of course, students who come from family businesses in India have more expectations from a program like Wharton’s. Hence they are more selective with their courses, taking those that would be relevant to their business, for example, transportation courses useful in the shipping industry. These students are here to establish business contacts and seek out market potential. Sometimes, the latter is the more important of the two reasons.

It must be remembered that in India, American education is still treated with respect, if not awe. Such respect, based merely on a foreign degree, is fast eroding. Employers and the business community in general are more discriminatory in terms of the specific schools where the degree was earned.

An American business education today commands social prestige and to that extent at least makes for greater desirability. At a professional level, though, education can be seen both ways. As mentioned above, all things being equal, there is a premium attached to a degree from a good American university. But this observation has to be qualified with some caveats. The person returning home has to adapt his or her education to the Indian situation. The extent of acceptability is a function of the ease with which he or she is able to do that. If one seeks to subject Indians to sophisticated skills or jargon acquired abroad, one is likely to be resented. Again, the emphasis should be on conceptual rather than technical skills. This does not mean that skills learned abroad should not be applied where possible to change the way things have traditionally been done, but that process has to be a gradual one in order to achieve any degree of success.

Indians who have not been or lived abroad subscribe to stereotyped images of the “U.S. returned” graduate and are therefore likely to jump to conclusions regarding the attitudes, work style, and capabilities of the foreign-educated graduate. A person who feels insecure in a position may feel threatened; an unfavorable reaction may result.

Given such a view of U.S. education, it should not be surprising that the Indian business community does not offer any real incentives to go abroad. From my conversations with Indian businessmen and educators, I have the impression that Indian business education is preferable if one expects to work in India. On the other hand, I also see businessmen striving to have their sons or daughters study abroad, to return with samples of Americana for display in their social circles. Scholarships or concessional rate loans from business houses or the government are extremely rare and, given the number of well-qualified people applying, it is not surprising that nepotism often prevails. I am on a fellowship at Wharton and so have not had to rely on funds from those sources.

I have been in this country for three years. It has been a difficult time, not only academically, but also financially and of course emotionally. But it has been a very rewarding experience. In retrospect, I can say that I have done the right thing. Faced today with the same decision I had three years ago, I would again choose to do what I have done.
THE VALUE OF EARNING AN M.B.A. ABROAD

by Basil Okechukwu Ezegbu

W hen I left Nigeria to pursue an M.B.A. abroad, my primary objective was a future position with an American merchant bank in Nigeria. My secondary objective was longer term and also required that I obtain an M.B.A.: I wanted to run a manufacturing company. However, I have since discovered that for such an enterprise, a huge initial capital outlay is necessary. I am currently researching Nigeria's service sector, where a large financial investment is not initially required. Financial services are another possibility, but it must be remembered that in Nigeria financial services do not exist outside commercial and merchant banks; in other words, Nigeria's capital market is still in an embryonic stage. Ultimately, the success of intermediate or long-term investments depends on the development of capital markets; thus, any company that introduces a new product will have a vested interest in the growth of the total industry. Perhaps Nigerian firms ought to seek means of financing other than straight bank borrowing.

The issue I would like to address here is how a foreign business school prepares students for business in their home countries. If we liken the M.B.A. to a product with a definite life cycle, one may argue that while the M.B.A. is in constant demand in the United States, in Nigeria the value of an M.B.A. is not clear. Many private Nigerian firms do not realize the benefits involved in hiring an M.B.A. Two sectors of the Nigerian economy employ M.B.A.'s: quasi-governmental institutions that offer inferior salaries to M.B.A.'s, many of whom they sponsor to study abroad; and American multinationals. The multinationals, all in the Fortune 500, seem to prefer graduates of the top American business schools.

Today I attend Columbia University, where I pay inflated tuition fees and exorbitant living expenses. I decided to attend Columbia because the local folks I know who graduated from Columbia's business program are in fast-track positions in industries that interest me. Moreover, the program is flexible. Since I am an engineer who had no business experience prior to enrollment in an M.B.A. program. I find the core courses to be extremely valuable. While a major concentration is required, the program can be tailored to specific needs. In contrast, many top business schools demand that an area of concentration be defined at the beginning of the program. At Columbia, any student, upon completion of the core courses, is allowed to redesign his or her program. Finally, the regular summer semester provides a good hedge against a foreign student's inability to obtain a summer job, since the student may pursue the program year-round, thus completing it in four successive terms.

While some of the courses I have taken, and will take, might not be immediately useful in Nigeria, others will be of value in the long run. For example, I am taking a capital markets course this fall, although, as I mentioned earlier, in Nigeria the capital market is almost nonexistent. The course prepares me for future developments in the Nigerian economy. Columbia's "New Ventures" course will help me to advise local businessmen who plan to make capital investments, and, incidentally, will prepare me for my own business ventures.

A lthough these courses emphasize the U.S. economy, I also see how things would work in the less sophisticated local context. The business problems one might encounter in Nigeria's corporate environment can be handled more maturely, and with greater confidence, since these problems are often less complex. I do not expect I will immediately apply all the skills I have learned, especially since the local economy shows stiff resistance to change. Usually one can, in time, explain most new concepts to the local business community, but success depends upon enormous patience.

Inadequate knowledge of the country's business community is a definite handicap. As an engineer in Nigeria, I was not directly involved in the business community. I therefore find it difficult to speculate how I might do business when I return home. For example, Columbia offers no courses on Nigerian business law and taxation. In general, such a lack of preparation does
affect the performance of U.S.-trained M.B.A.'s. In contrast, Nigerian-trained M.B.A.'s may have an advantage over their foreign-educated counterparts. For example, an M.B.A. graduate of Lagos University presumably will know something about Nigerian business law and taxation, and may be better prepared to develop a local capital market. But the foreign-trained M.B.A. is only at a minor disadvantage, since most deficiencies in education can be overcome by experience.

Of the Nigerians who leave their country every year to attend graduate business schools in the United States and in Europe, a good number are sponsored by government and quasi-government institutions, including universities, while the rest are private students who pay their own way. Sponsored students are expected to serve the institution for one to four years after graduation. Strictly speaking, only Lagos University can be said to offer an M.B.A. program. Ironically, even the Lagos University Business School sends its graduate assistants abroad to pursue the M.B.A. The university expects its students to return to Nigeria and teach in the program. Because of the inferior salaries these M.B.A.'s receive, the school is unable to retain them. In the long run, they do not contribute to the faculty's development. The faculty, in sum, is not able to recruit qualified staff. At Lagos University, the M.B.A. entering class has not exceeded seventy since the program's inception, and this number is falling off each year. The program is not long enough and the facilities are inadequate.

Most people who go to Lagos are unable to obtain sponsors to study abroad. The university's graduates face many problems as they enter the job market. Most take low-paying, less satisfying jobs in the public sector. Many of them had no full-time work experience before enrolling in business school, and as I mentioned before, lack of experience is particularly disadvantageous to new M.B.A.'s.

I do not mean to say that all American-trained M.B.A.'s land lucrative and satisfying jobs. In Nigeria, foreign-trained M.B.A.'s often discover that businessmen prefer locally trained M.B.A.'s.

Similarly, multinational firms operating in Nigeria may consider locally trained M.B.A.'s unprepared. Nor can I speculate on the efforts made by the Lagos University Business School to ensure placement of their graduates. In my opinion, the university has not tried hard enough to find out what is expected of M.B.A.'s, so that programs could be designed to correspond with the realities of the job market. Of course, Lagos University is public, and faculty wages are low. While the attempt by faculty members to sell the M.B.A.'s to local firms may lead to greater acceptance of these M.B.A.'s, and consequently greater enrollment in future programs, promotion of faculty staff is based only on length of service. So although the faculty knows how to enhance job prospects for its graduates, there is little incentive to do so, since placement does not enhance a faculty member's career. Finally, though most Nigerians who leave the country to pursue their undergraduate education abroad are unable to compete for the few places available in the undergraduate faculties abroad, the same may not be said of those who leave to pursue graduate level courses.

I have already pointed out the dilemma that faces most M.B.A.'s sponsored by quasi-government institutions. Sponsorship means that these M.B.A.'s may not be promoted immediately upon their return. They continue at the salary level they commanded before they left to pursue an M.B.A. They may be made to function under inept bosses who will tell them that without a sponsor, no one would have sent them abroad. The short-run experience for most of these M.B.A.'s is extremely frustrating, and the tendency is to demonstrate that frustration, thus indirectly perpetuating it. Some decide to quit before their term is out. A few do move to higher-paying jobs, where prospects are better.

Despite the fact that American and other multinational firms do employ foreign-trained M.B.A.'s, they have not encouraged their non-M.B.A. staff to enter such degree programs. But neither do local businessmen, who are afraid of costs and who often do not understand the benefits and inherent risks.
I would like to begin by looking at some of the criticisms leveled at M.B.A.'s today. Do you think that business schools are turning out people who will work well in the business world?

First of all, I think we have to identify the criticisms we're talking about, because some are justified and some are not. For example, I don't think that we can criticize M.B.A.'s for being M.B.A.'s. They don't form a single, cohesive group—they are all different. But it is generally true that M.B.A.'s are highly motivated and wish to excel in the business world. This is not always true with other types of graduates. I think that in ninety percent of the cases, the M.B.A. student is asking this question: Will the degree improve my opportunity for success in the real world, however I may define success?

Another criticism concerns the desire of M.B.A.'s to succeed. It's been said that they are not willing to be the workhorses. They want to be the jockeys. They want to get right in there and manage, becoming president of the company in two years. I think that opinion is vastly exaggerated. What they want is a challenge. They want to be made to stretch and to reach, and they want to be tested. There are some, of course, who are dissatisfied if they don't run up the ladder but I have talked to virtually no M.B.A.'s who think they are going to be vice-presidents within the first year or two. Management has a responsibility to keep the M.B.A. in a challenging environment. Corporate management should have a career path in mind for the specific qualifications of every M.B.A. it hires. I don't believe in masshirings of M.B.A.'s.

Certainly not at the starting salaries they command.

One way to get your money's worth is to insure that M.B.A.'s move quickly into new responsibilities, but only as soon as they demonstrate they are able to handle the new assignment.

Do you see any differences between the M.B.A. and the non-M.B.A.?

The real question is, does the M.B.A. give a person a better perspective of what the world is all about, what management is all about? Today's M.B.A.'s have specific skills—and I hope broad perspectives—because the business school curriculum is in part devoted to an assessment of our society. The student learns how important it is for management to develop a sense of responsibility to society, and to recognize that this is the only way we can create an environment in which private enterprises will continue to prosper.

Are you saying that business schools should take a long-range view of business in its social context?

I'll answer your question by looking at my own experience. When I became Dean of Stanford's Graduate School of Business in 1958, we made a special effort to attract top people, some of whom would have an interest in management roles in public institutions. We wanted to improve the practice of management throughout society, and not just in business. That started way back in the sixties and was accelerated by my successor. And today when I talk to students who come to see me, I must say I'm very impressed with their outlook on the world. They understand that one of their obligations is to provide leadership on a broad basis.

Were you involved in hiring M.B.A.'s at Wells Fargo?

Yes. Very much so. When I went to Wells Fargo, we had no organized, national recruiting program for hiring M.B.A.'s. We established one after taking inventory of the M.B.A.'s in the organization and what they were doing. We found we needed more young men and women who possessed the maturity and breadth that two years in a good graduate school of business could provide.

How did your new methods in hiring M.B.A.'s differ from previous efforts to hire people at the management level?

When I became chairman of the board at Wells Fargo, I was hired from the outside. But I vowed that we would never have to go outside again to find a chairman of the board. So we first decided to expand a program of selection and development of people with management potential already in the bank for promotion from within. In addition, we visited the best schools in the country and hired fifteen or perhaps as many as twenty M.B.A.'s a year. We began paying competitive salaries for M.B.A.'s, which most banks on the west coast were not doing at that time.

You weren't?

No one recognized that doing so might be a good investment. We eventually learned that M.B.A. could do things that people hired off the street or directly

THE VALUE OF BUSINESS EDUCATION—EXECUTIVES SPEAK OUT
out of college could not do. The bank, in turn, offered excellent opportunities for mature individuals who had some business experience, plus two years of graduate work, to move quickly into management.

Are you saying that two years in business school transforms the student into a mature individual?

No, but it helps. The question is, what should we do with the M.B.A., or with any person we think has management potential? As I said, I don’t want to overemphasize the importance of an M.B.A. But if a person has that kind of preparation plus experience, he can do things that others can’t. He has more confidence because he has more skills. He must be challenged and stretched. For instance, Saga was at one time short of people with skills in financial analysis. We purposely hired an M.B.A. with a background in financial analysis and made him assistant to the chief executive officer of the company. At age twenty-eight he has demonstrated an unusual maturity and competence in handling difficult assignments.

How well do the M.B.A.’s integrate with the non-M.B.A.’s, assuming that they’re working side-by-side as managers?

You know, I used to tell our students that they would never make it completely on their own in any organization. They would have to rely on their peers, not place themselves in a separate category because of the M.B.A. People who integrate survive. Those who don’t, have problems.

How do you see the role of women M.B.A.’s who are looking for jobs?

Women have really benefited from the M.B.A. Some companies give preference to a woman if she has an M.B.A. because they’re anxious to employ more women in jobs that will lead to management responsibility. Most companies today recognize that women managers have much to offer and can compete on an equal basis with men.

This is above and beyond any government requirement, such as affirmative action?

Oh yes.

Strictly on merit?

That’s right, strictly on merit. It’s good public relations, too.

Would you say that when M.B.A.’s come up for jobs, preference is given to women, all things being equal?

I believe that most organizations choose outstanding women students from graduate schools of business on the basis of their expected performance, not because they’re women. But if a firm wished to hire a woman, for whatever reason, I would imagine there might well be some preference given to the woman with an M.B.A. In some jobs a woman may be more effective than a man.

Given the career goals of the average M.B.A., do you see much revolving-door turnover?

Not really. For example, consider the consulting business. As you may know, consulting firms have been offering substantially more than the industry average per year to graduating M.B.A.’s. They do that for several reasons. In the first place, they have an excellent screening process to determine who has the best background for consulting. Secondly, they have an “up or out” policy: If a person doesn’t qualify as partner within a certain period of time, the firm may suggest that he or she find a job with another company, which could be a client. So I’m not so sure that the extra pay isn’t a hard-earned premium for those who are willing to take this kind of work. The reason so many graduates are going to work for consulting firms is not just the extra money—that helps, of course—but because consulting gives them an opportunity to learn a great deal about a lot of different businesses. Accounting firms also offer this opportunity. One of my early problems as dean of the business school was to convince accounting firms to hire Stanford M.B.A.’s, because we offered only two accounting courses. Stanford always had a generalist approach to management. In any event, I went around to the heads of major accounting firms and told them about the Stanford Business School program. I asked them why they weren’t hiring more of our students. And they said, well, your graduates don’t know that much about accounting. I pointed out that there are certain aspects of accounting that can’t be taught and that could be learned better on the job. I asked if they were also looking for people with management capability: if our graduates have had the basic accounting courses, and are motivated to succeed, didn’t they have the potential to become managers in the accounting firm’s organization? And over a period of time, it began to happen. Today, the accounting firms hire some of the best students out of Stanford Business School. They were doing it before I left.

So actually your example in a way supports the contention that, along with on-the-job training, the M.B.A. program does provide greater opportunities?

Yes. And new opportunities continue to present themselves even after taking a job with a given company. This can mean higher turnover among M.B.A.’s unless they continue to be challenged by their employer. The business school degree gave me a better opportunity to get a job even during the depression in the 1930s. When I graduated from Stanford in 1936, I had only one offer and I took it. That was with Standard Oil Company of California and I felt very lucky to make $150 a month.

Then not much has changed in the last forty years?

Not exactly. In the 1930s, an M.B.A. helped you get a job, but it is even more valuable today. What it gives you is confidence in yourself. During my career I changed several times to take advantage of new opportunities. To be sure, there was more pay in each case but more importantly, each job broadened my outlook. Well, maybe I didn’t earn more money in each case. I took a fifty-percent cut in pay when I came to the Stanford Business School from W. R. Grace & Company.

That’s expected when one goes into the academic life.

Yes. But that was the biggest risk I ever took. I didn’t know if I could adapt to the academic environment. Then again, I was confident. I thought…well, you know, I’ve never done it but…

You were successful, obviously. One final point, which we briefly touched on earlier: Do you think that M.B.A.’s are worth the money they are getting?

I think salaries for M.B.A.’s went up much faster than was healthy, but it isn’t a matter of M.B.A.’s demanding more money. It’s strictly a matter of the market place at work. The increases in M.B.A. starting salaries were greater than the raises M.B.A.’s on the job were getting. Sometimes the starting salaries of new M.B.A.’s were higher than those of graduates who had arrived two years before—hence, the general impression that new M.B.A.’s are overpaid. But, as we all know, the M.B.A. degree itself is not what you pay for. Personal traits have a lot to
do with an individual’s success, regardless of training and education. Also, the personal satisfaction one derives from doing something one considers worthwhile provides the motivation that is a critical factor in achievement.

I think one of the threads that has run through this conversation is that you feel management has an equal responsibility to provide the challenge and the opportunity to the M.B.A.

That’s exactly right. If a company can’t provide the challenge, the M.B.A. will not be worth the money he or she is paid, and shouldn’t have been hired in the first place.

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PAULA D. HUGHES—A WOMAN’S PERSPECTIVE

At her office in New York’s Pan Am Building last fall, Paula Hughes paused from the frenetic pace that she maintains as a stockbroker to talk about U.S. business education and about opportunities for women in business, as well as to reflect on her own business career. The conversation was one frequently punctuated with interruptions from associates and by calls from clients, whom she told, “The market’s been fabulous—up almost 13 today.”

A first vice-president and director, as well as the top producer, of Thomson McKinnon Securities Inc., a member firm of the New York Stock Exchange with 138 offices worldwide, Mrs. Hughes has been recognized as a leader on Wall Street for more than 19 years. She has been Lou Rukeyser’s guest on “Wall Street Week.” She has been featured in national newspapers and magazines nation-wide (Forbes dubbed her “Harriet Alger,” when it profiled her in a September, 1980 article.) And Financial World magazine has thrice ranked her as one of Wall Street’s top brokers, each time being the only woman in a roster of ten.

Mrs. Hughes has earned this widely acknowledged reputation as a result of her broad-based awareness of industrial developments, economics, and demographics, as well as her keenly developed focus on scientific, political, and labor trends. These have successfully steered her in managing more than $80 million of investment money for individuals, trusts, and profit-sharing plans, and in advising on more than $8500 million of institutional money.

Her credentials as an eminently successful investment executive and as an officer and director of Thomson McKinnon have prompted invitations to Mrs. Hughes to join numerous organizations. She is a life trustee of Carnegie-Mellon University, chairing its executive compensation committee and serving on its finance and student affairs committees. She also is one of the nine members of the bipartisan U.S. Postal Service Board of Governors, having been appointed for a seven-year term by President Jimmy Carter, with Senate ratification, in 1980. The first woman ever to be named to this board, Mrs. Hughes serves as chairman of the board’s Budget, Finance, and Compensation Committee.

And yet, Paula Hughes has no formal business education. In fact, she says she never wore a cap and gown until she became a trustee of Carnegie-Mellon. But her interest in finance has been evident since her teens, when she read all she could about industry, corporations, and their helmsmen—their programs, goals, strategies, and accomplishments. She was most intrigued, she says, by the people who made the wheels of industry turn. “I was reading Forbes while other girls were reading Seventeen.”

A career in finance was not Mrs. Hughes’ original career choice. “I was trained for the opera, but I soon realized,” she admits, “that I would starve if I had to sing for my supper. I was only 19 years old, recently divorced with a little girl to raise, and I had to develop something that would pay the grocery bills and house us.”

Without any saleable professional skills, Mrs. Hughes landed a secretarial job in New York City. By studying advertising and sales at night, she was able to make a transition into advertising and marketing, in which she worked for eight years with executives of some of America’s largest corporations. This experience helped her to break into the brokerage business at Shields and Company, where she rose to the top and remained for 11 years before joining Thomson McKinnon.

Though obviously proud of her successful self-made career, Mrs. Hughes believes that a formal business education and an M.B.A. degree are essential for those entering business today. “Some of the greatest tigers and tigresses I know in business today don’t have M.B.A. credentials,” she asserts. “I didn’t go to college myself, but we could do it then by dint of working 48-hour days and eight-day weeks. Most of us started as entrepreneurs, and we did it, but we’re a minority.”
A woman striving for a high-powered executive position today must have the M.B.A. credential, says Mrs. Hughes. "She needs that piece of paper not for herself but for the people who would hire her. Men need the reinforcement of her credential. In my case, being a director of Thomson McKinnon, as well as a first vice-president, has enabled me to serve in other areas of responsibility. The men who have chosen me feel confident because I have a title. Much the same can be said for the M.B.A. When that credential goes on a resume, it reinforces men."

When Paula Hughes entered the brokerage field 20 years ago, M.B.A.s were a rarity. Only 4,643 diplomas were granted that year according to Time magazine. "It was a badge of uniqueness to have an M.B.A. degree then," she says, "whereas today it's not unique at all. There also are more women with M.B.A.s now than there were just five years ago, and I think that's great. I'm glad to know the academic and business doors are opening. Most important to a woman, though, is that the credential helps to reinforce her self-confidence. And without self-confidence, one really goes nowhere in the business world—that's basic."

Of the women entering business today, as well as in the opportunities available to them, Mrs. Hughes sees some important differences in comparison to the situation of a decade ago. "Women are more confident now, and the opportunities open to them are unlimited," she says. "A woman with a graduate degree will get a premium salary, not an inferior salary, because the gender consciousness of companies has been raised. They now are trying to beef up the executive ranks. Thus, a woman in business really is being blessed by her gender for the first time."

Mrs. Hughes also has observed that women entering business, particularly M.B.A.s, tend to go into marketing rather than into the business side of engineering or science. This, she surmises, is the result of the way women have been conditioned. "It's sad that their outlook isn't broader," she says. "They would have absolutely superb opportunities in other areas. Maybe we're more people-oriented, but the need is enormous in the scientific areas, whether it's physics, or chemistry, or engineering. Women have unlimited opportunities, but they seem not to choose those fields. Of course, our country needs a lot of Ph.D.'s at the teaching level also. There's a great shortage of them and a shortage of instructors, too, because the pay is not there relative to industry. Thus, some good minds are being lured to industry where they're needed and where they're extremely well rewarded. It's very difficult to keep them on the campuses for future generations."

Mrs. Hughes does concede, however, that a graduate business degree is not necessary in certain areas of business. "It depends," she says. "On the sales level, one doesn't need an M.B.A. It's more desirable for someone to have had experience in the big, wide world, preferably in intangible sales. At the research level, too, perhaps they have been disciplined properly, which is basic, have enough confidence in themselves to probe, to present ideas, and, hopefully, to be curious."

Since Mrs. Hughes is in sales, the only contact that she has with M.B.A.'s or M.B.A. students is when she lectures occasionally at colleges or when students at Carnegie-Mellon call on her for career guidance. In the students with whom she talks, Mrs. Hughes says she sees one basic weakness, a fault that she admits may be of the business schools themselves. "These students, unfortunately, don't have a sense of professional direction," she says. "I must get a dozen letters a week, and I don't know how many phone calls, from persons looking for guidance, and of course looking for jobs and referrals. The first thing I ask them is where they want to go, and interestingly, many instantly reply that they don't know for sure. Even if they tell me that they want to go into the world of corporate finance, I have to ask them where in the world of corporate finance, because finance is broken down into many dedicated areas. 'Are you talking about sales? Are you talking about research? Are you talking about investment banking or administration?' My honest reply to these people is, and has to be, 'Well, I cannot help you unless you know where you want to go. You're traveling without a road map. Please go back and think about it further, and then get back to me.' I don't think that one in ten ever calls back.

"Maybe giving themselves a sense of direction is difficult, but for some reason they are not equipped to do it. If I ask them where they want to be in ten years, they often reply, 'I want to make a lot of money,' or, 'I want to be the boss.' This, however, is nebulous. They have no road map, and you can't start on a trip unless you know the first entrance or exit."

"I've had people in their 40's, what you call post-experience people, write and send resumes requesting career guidance. But even after reading their resumes, I still don't know where they're heading. Perhaps they need more courses in marketing themselves. I'm not saying that my own life has been so structured. I went from opera to advertising to Wall Street, not knowing that such a sequence was in fact going to take place, that you have to start somewhere, and that you have to know which door to open first."

One call that Mrs. Hughes received was from a woman who had an undergraduate degree in economics and who had just half a semester to go to complete her M.B.A. "She told me that she wasn't sure what her career goal was but that she was interested in corporate finance, adding, 'I want to get a greater sense of what Wall Street is all about.' I put her in touch with one of our local offices so that she at least could get a feel for the business. Saying that she wanted to go into the area of corporate finance does not mean she'll get there, but at least she's charted herself a path, without which she wouldn't get anywhere; she'd just be floundering. She had a good background, and she was very bright, but, most importantly, she had the nerve to telephone me."

Though Mrs. Hughes readily acknowledges the disproportion of men to women in business today, she says she is not upset by it. In fact, she feels confident that the numbers will soon change. "I decry the feminists or the radicals who ask why there aren't more female doctors, more female lawyers, more female executives," asserts Mrs. Hughes. "The reason there aren't more is that women didn't train for those fields. In ten years we will have them because they're training now. I've been contacted by executive search firms looking for executives, and I'm hard pressed to come up with names of women who have the credentials and the experience."

Though she sees the opportunities in business as never having been better, especially for women, Mrs. Hughes feels that the market for junior executives soon will become saturated. "The demographics indicate that the last baby boom ended in the early to
mid 1950s, and these people now are going into their mid 30s, so for them business is going to be a very competitive field, especially at the executive level. You don’t need as many executives as you do blue-collar workers. Whoever does get ahead is going to have to be exceedingly sharp. At that point, I don’t think industry will tolerate mediocrity any longer, and they won’t have to. And they won’t have to pay awfully fancy salaries either because it will be a matter of getting the job rather than going in and asking, “What is my pension?” and, “What will my benefits be?”

Besides opportunities, Mrs. Hughes feels that women in business have another important factor working in their favor. “A woman has a greater sense of curiosity as a result of conditioning, and this allows her to probe below the surface more,” she explains. “This makes her a good analyst. She is less likely to accept something as it were carved in stone. She wants to satisfy herself, to get her own answers. Perhaps, again, a woman’s sensitivity to people, her desire to nurture is all part of her conditioning—whether its growing plants or children or a clientele.”

Another observation that Mrs. Hughes has made about female executives is that they generally are more multifaceted than their male counterparts. “When you get the average man away from the discussion of his paint or his aluminum or his publishing or his advertising, he often has very little to talk about. But the executive women I know have developed interests in the arts, in charities, in the society as a whole, and even in world affairs. Maybe we all have to stretch and reach to make ourselves what we feel are complete human beings, whereas a man has been able to go up the ladder by virtue of having had a post for eight years and having had the experience. Therefore, he’s qualified, and he’s next in line on the corporate chart. I don’t think a woman ever has felt comfortable with that. I think she feels that nothing will come to her unless she strives hard to achieve it. Thus, along the way she has broadened herself as a human being.”

Success in business, Mrs. Hughes is quick to point out, depends not only on one’s potential and on the opportunities that one creates, but on the support of those who already have succeeded. For years, men have relied on such support from what is called the Old Boy’s Net-work. Today, women, too, are developing their own. “Such a network of support is tremendously important,” she says. “It’s more important from a human point of view than from a professional standpoint, though it helps there, too. When I get notifications of corporate positions that are open, I will scramble among the qualified women I know to see if they are interested. This is a network of supportiveness that comes only to those women who have achieved.”

As important as this supportiveness is, however, “one cannot sit back and let the rest of the world fend for us,” asserts Mrs. Hughes. “We are the ones who have to reach and have to grasp. Often I’m here at the office at 8:30 in the morning and work until 8 o’clock at night. If I go home any earlier, it’s usually with what I call a pregnant briefcase. It’s a long day, but there’s no shortcut. I do my own research, my own portfolio reviews. I’m managing $80 million, so to be on top and stay there requires a lot of time. Until I moved from New York City to Connecticut, I was coming into the office on Saturdays and Sundays, too, but I finally moved myself out of the city because it was too easy to walk myself here from my apartment.”

“The point is,” she concludes, “if you’re going to make the commitment, you’re going to have to dedicate the time. You’re not going to work from nine to five and be a super achiever. Nor will your M.B.A. guarantee that. I just don’t think you can generalize and say that a piece of paper really qualifies you for anything, not even medicine or law. You tell this to a young person, and regardless of his or her credentials, you can almost see him gulp. The more successful I become, in fact, the harder I work. The more you grow, the more responsibility you have. I think you’ll find that the man who is in the office earliest is the chief executive officer, not his secretary. And he’s there the latest, and he’s there on weekends. And in the future, the CEO might well be she.”

FOREIGN BUSINESS EDUCATION: A MEXICAN VIEWPOINT

by Oscar M. Pérez García, Director, Partener Consultores Corporativos. Former Corporate Vice-President, Gentor Group

What are the expectations of those who study business at a foreign university? And are those expectations ever realized?

In Mexico, studying business at a foreign university usually means going to school in the United States. The most sought after of U.S. business schools are Wharton, Harvard, and Stanford, as well as Tulane and the universities of Chicago and Texas. The primary expectation of people who study at such schools is that they will acquire the technical knowledge necessary for managing a business in a more advanced economy. Despite the differences in approach, emphasis, and teaching methodology among business schools in the U.S., the technical knowledge that is taught there is advanced and has the benefit of having been tested in a sophisticated and complex economy. These techniques, however, cannot be applied directly to business in Mexico, which has a much higher rate of inflation, less developed stock markets, weaker capital investment and money markets, and a different culture and political atmosphere. They must be adapted creatively to our particular environment.

Another expectation of those planning to study business abroad is criterion formation. They hope to develop a standard for viewing problem analysis, alternate solutions, and the decision-making process, and this will be enriched by the contact they will have with the international spectrum of students attending these universities. In class discussions and personal conversations, they hope to feel the great diversity of backgrounds and cultures, and of experiences, some of which have been as employees and entrepreneurs of foreign companies. This process would help students not only in their criterion
formation but in their human formation as well. The human aspect of business is, after all, a fundamental one.

Most Mexicans who study for an M.B.A. abroad already have established themselves in a business career. In fact, universities prefer M.B.A. students who have had work experience, even if it is only for a few months. They also prefer students with leadership aptitude, community interest, and, of course, high academic achievement. Studying with such students in a university's international environment has proved to be a great opportunity.

Professional prestige is another benefit that people expect when they study business at a foreign university, especially one that is prominent. A master's degree from such a school is highly respected in the curriculum vitae of any person.

Another expectation is that they will receive higher pay than their counterparts at home who haven't trained abroad. They do, in fact, get 40 percent to 80 percent higher starting salaries. This, of course, does affect the executive wage market but not necessarily a company's overall costs. It is believed that the knowledge that these people have acquired will help a company make more timely and better controlled decisions.

Having observed the rewards that have been reaped by foreign-trained executives, other bright young people also have been motivated to seek a foreign business education. To attract talented individuals who they hope will work for them later, some large Mexican companies have instituted scholarship programs. Such programs offer capable students an opportunity that they otherwise would not have had.

After they have completed their business educations abroad and returned to Mexico, students usually find that their expectations have been realized. They have mastered another language, and they can apply more sophisticated techniques to such aspects of business as marketing, economics, finance, human resources, strategic planning, operations research, systems and data processing, decision making, and international business. In increasing their managerial skills, these students have improved not only their tangible techniques but their intrinsic techniques as well.

Once they're back home, these people must, of course, continue to study in order to be able to adapt what they have learned to Mexico's own economy and business environment. For example, they must understand Mexico's legislation, tax matters, local banking environment, labor legislation, inflation accounting, and interpretation in decision making.

A firm that employs foreign-trained M.B.A.'s must keep in mind, however, that the new methods and techniques for management and decision making acquired by such employees never will be a substitute for the good judgement, entrepreneurship, and business spirit of responsible management. Rather, these new methods and techniques should be viewed only as tools supportive to the decision-making process.

Besides the many benefits they receive from a foreign business education, those who study abroad may face certain problems in readapting to life back home. With the new-found prestige of an M.B.A. behind their names, such individuals may act arrogantly toward their business associates who have not been trained abroad, and this can prevent these M.B.A.'s from doing as well as otherwise would be expected. They may expect better office facilities, better-trained bilingual secretaries, and better fringe benefits. The cultural behavior of these individuals probably has changed also, their having adopted ways of life that they observed while away at school and having created new needs. Some even change their buying habits, continuing to travel abroad to obtain the products they used while they were students. But regardless of the problems they might encounter, the benefits these people receive more than compensate.

In summary, a foreign business education has proved positive both for those Mexicans who have received one and for the companies that have hired these individuals—that is, as long as what they have learned has been adapted to the unique characteristics of Mexican companies, which have particular product markets, money and investment markets, and competitors. It is interesting to note that in the public sector the Mexican government is making every effort to make public administration more efficient. To effect this, public service personnel are being given the opportunity to receive a foreign business education. It is expected that when these people return to their positions in government with their new expertise in analyzing public administration—adapted, of course, to the country's unique character—they will be helping Mexico to realize the Federal Administration Reform program that President José López Portillo has launched.

There is a new generation of public and private administrators and professional entrepreneurs in Mexico who are taking advantage of foreign business education and experience. By creatively adapting what they are learning, they are working toward a comprehensive improvement of Mexican business and government. That is, they are working for a better Mexico.
THE INFLUENCE OF FOREIGN BUSINESS SCHOOLS ON BUSINESS EDUCATION AND PRACTICE IN NIGERIA

by Dr. Michael O. Omolayole, Chairman and Managing Director, Lever Brothers Limited

When higher education started in the early 1930s in Nigeria through the establishment of Yaba Higher College, founded in 1932, business education was not part of the curriculum. When, in 1948, the University College of Ibadan was founded, it had the faculties of arts, science, medicine, and agriculture. Nobody back then gave a moment's thought to business education.

It wasn't until the establishment of the University of Nigeria, Nsukka, the University of Lagos, and Ahmadu Bello University, in the early 1960s, that Nigerian institutions of higher learning included in their curricula any courses in business education. The three universities just mentioned introduced business administration at the undergraduate level; two of them with the help of American universities. Nsukka was aided by Michigan State University and Lagos by the faculty of business of New York University.

It is therefore correct to say that there was a strong American influence in the introduction of business education into Nigeria, indeed in the same way as business education around the world has been influenced by American business education policies and practices.

Also in the early sixties, the Nigerian Institute of Management was established. Through the help of the Ford Foundation of America, the institute developed post-experience, functional, and general management courses for practicing managers.

In the early 1970s, the Federal Government of Nigeria became convinced that well-trained managers are crucial to the attainment of the nation's economic and social objectives. The government therefore created the Centre for Management Development with the help of ILO and UNDP. Many of the consultants and researchers employed by the CMD had an American business education.

There is no doubt that two main factors influenced the development of business education in Nigeria. The first is the political independence the country achieved in 1960; the second is the impact of the American university/educational system on Nigeria in the 1960s.

Let me treat first the manner in which business education was helped by political independence. Until independence, almost all Nigerian institutions, whether they were political or educational, were modeled after the British pattern. No wonder the University of Ibadan offered, at its inception, only conventional courses which British universities offered—mainly liberal arts and the physical and biological sciences. The professions, excluding medicine, had no place. But from the moment Nigeria became independent, Nigerians began to search for useful examples to follow, not only from Britain but also from the United States of America, where a sizeable number of Nigerians had studied and had returned to the country to help fight for independence. Therefore, people were no longer prepared to accept only things British as worthy of emulation. They were prepared to experiment with systems from other well-developed countries. In the pursuit of this new horizon, the English language was, and still is, very important. Since the two most advanced countries where English is the medium of communication are Britain and the United States, Nigerian policy makers in the early sixties began to look to America for useful ideas.

At the same time, three new universities were established: Nsukka, Lagos, and Ahmadu Bello, Zaria. Our educational planners began to include some of the faculties and professions that were available in universities in the United States.

The second factor that influenced management education in Nigeria is the impact of the American educational system. As I mentioned earlier, when schools of business administration were established in Nigeria in the early sixties, two of the three schools, Nsukka University and Lagos University, received incalculable assistance from Michigan State University and New York University. These American business schools helped to design the curriculum. They seconded professors and other faculty members, and they brought case studies, along with other teaching aids. In no time at all, the Nigerian business schools took off and began producing graduates in business administration for the Nigerian economy. In addition, the Nigerian business schools attracted back to Nigeria those highly qualified Nigerians in business and management who were lecturing in American universities. Furthermore, the best students in the Nigerian business schools were encouraged by their American professors and the Nigerian university administrators to pursue further studies in business administration.

The impact of the American system on business education in Nigeria was so great that it wasn't long before business schools developed M.B.A. classes. As of now, no less than seven Nigerian universities have schools of business administration at the undergraduate level and no less than five of them have M.B.A. classes.

So much for the growth of business education at the university level in Nigeria and the influence of foreign business education in setting up the Nigerian model. I would like to turn to a discussion of the relevance of foreign business education to businesses in Nigeria.

From the very beginning, management educators realized that since management is both a science and an art, there is a body of knowledge called the "science of management" which can be taught and learned. This knowledge has almost universal applicability. But the art of management focuses attention on the social and cultural milieu in which management is practiced. Unless the science of management is blended with the culture, customs, and social values of the people, the practice of management is unlikely to be as productive as expected.

Hence, the emphasis of the early business schools in Nigeria was to develop as quickly as possible local teaching materials, as well as to interact quite purposefully with the local business community. In this way, the locally trained graduates of business administration tended to adapt to business practices and ethics far more quickly than those trained abroad.

Nigerians trained abroad have sought and found employment in all the main management functions in manufacturing, marketing, account-
ing and finance, personnel, public relations, and other areas. They have found employment in both the private and public sectors of the economy. But foreign-trained Nigerians have tended toward the private sector, where the reward system is more clearly defined and is often generous. From personal experience, I would say most of them find management consulting attractive. Those who do consulting can be found in the manufacturing, banking, and accounting professions.

Foreign-trained graduates in business administration or in management tend to be sharp in their perception of the profit motive. They accept it as one of the cardinal reasons for being in business. This is perhaps because the Western societies in which they were trained have many excellent business schools, such as the Harvard Business School, the Sloan School of Management at MIT, the Stanford School of Business, and the schools of business at Northwestern University, Carnegie-Mellon University, and New York University. I should also mention INSEAD in France, the London Business School, and the Manchester Business School. These schools are bastions of the philosophy of free market economy and the private enterprise system. Business graduates from these places are never apologetic about the profit motive. In contrast, the locally trained business graduates’ attitudes toward profit are often colored by the general disapproval of the profit motive by bureaucrats and academicians in developing countries.

The foreign-trained business graduates, however, share with other returnees the problem of social adjustment to the work environment. Most of them have been used to services that work very efficiently. They unwittingly expect to have the same quality of life as they had abroad. Therefore, if they are faced with problems such as shortages of housing, piped water, or electric power, they react very sharply and often become frustrated. Some even threaten to go back to the foreign countries where they were trained. A few actually carry out their threat and thus accentuate the problem of a “brain-drain,” which many developing countries face.

What is most difficult for them is to settle down again. But once settled down, they often help to set a fast pace in the race to develop the business because they are accustomed to high standards of efficiency and productivity.

It is therefore obvious that foreign business education has its pros and cons. For countries that have ambitious development plans like Nigeria, which requires a sizeable management force, a great deal of emphasis and effort should be devoted to the local training of business graduates, because more of them can be produced, given limited financial resources. However, for a country that is determined to keep abreast of rapidly changing world developments, there is a need for a group of foreign-trained business graduates whose ideas can help to accelerate the development of more modern techniques.
government, which is a necessity in our changing environment? I don't think it does, and I've yet to see where our educational system is really training executives in how to get an order. There's nothing more important than that; you can have the best technology in the world, but if you can't sell your product, you haven't got a thing.

What do you look for in hiring young people? Do you concentrate on people with technical backgrounds?

Not necessarily. We probably hire twenty M.B.A.'s in an average year. We hire more engineers, but what we're looking for is commitment. We'd all like to hire the top third of any graduating class, but speaking realistically, I would rather hire someone in the middle of the class with tremendous commitment than someone at the top who lacks it.

Where do your M.B.A.'s come from?

From Canadian universities, of course—the University of Toronto, Queens, and Western are examples. Any large Canadian university has its master's program in business administration, which is patterned more or less on those in the U.S. There are also significant numbers of Canadians who go to U.S. schools. Generally they are faced with two choices once they graduate: They can come back to Canada or they can end up in the U.S. I believe that the majority remain in the States. There are a number of reasons. The larger firms are there, and the demand for M.B.A.'s is probably greater. M.B.A.'s may also prefer to live in the States because of tax advantages and other factors.

Do you feel that this is a great loss to Canada?

I don't think so. As a Canadian, I'd like to take a position contrary to the one usually taken by our politicians. The Canadian domestic market is small, and my company couldn't survive if we lived on our domestic base alone. This is true for most Canadian companies. So, for us and others, North America has to be the number one market—not just Canada. To grow, we must become small multinationals.

Are you saying, then, that in education the issue of "Canadization" is not really important?

The politicians are making Canadization an issue, but I don't think you'll find it's really an issue in education or for businessmen.

If I can hire an M.B.A. from Harvard, I'm not going to worry about the fact that he didn't graduate from Western or Queen's University. What does concern me is whether I can develop him or her enough to take a significant position in my corporation. After all, we're looking for a better corporation, and instead of asking whether we're going to hire so many lawyers, M.B.A.'s, or engineers, we should ask ourselves about the kinds of talents we will need to run our business successfully over the next five years.

Let me stress that an M.B.A. isn't a crown prince. He still has to demonstrate that he can manage the business as effectively as anyone else. Education is no burden to carry—absolutely none. It gives you what you need to grow, but there isn't any formal education process that can cover all the facets of managing a business effectively.

At Northern Telecom do you have training programs for the people you hire?

Yes. You need some programs so that people can begin to understand the business. But a formal program can at best give a "textbook" look at a corporation. The only way to really get a feel of how a business works is to become involved in the day-to-day process of running it. If people who join corporations would spend as much of their time learning the business as they do in taking courses when they first arrive, they would probably be a lot better off.

Are you saying, then, that experience is really the only teacher?

When you first join a corporation, you know nothing about it. And there's no way you can learn until you get involved. So, you'll go through a learning process—whether you go to Northern Telecom, General Electric, or General Motors. If you go to General Motors, you must learn their way of doing things. If you don't like that, get out! Why spend fifty years trying to work in an organization whose way of doing things is contrary to your way of thinking?

Now, when you graduate from a university, your goal isn't necessarily to run a company. I was pleased at first just to become an engineer, then a supervising engineer. In the process I found myself with a high commitment to get performance. I found I was producing results, and before long, I was being asked to take on greater responsibility. I'll never forget having to decide whether to accept my next higher assignment. When I asked my boss for his advice, he looked at me and said: "As long as you have the ability, we will use your talent—where we want and when we want."

I want to pose a hypothetical question. If you had a son who was about to go to college, what would you advise him to study?

I'd first advise him to find out what he would like to do. Let's assume that he liked economics. Well, I would certainly want him to do his best at that. But I would hope that somewhere along the road—in business, or after his B.A. or B.S. degree—he would move into some of the other areas we've talked about.

But most important, I think that you must always have some skill or talent you feel at home with—something that's your security blanket. You can always go back to it. You're comfortable with it. You love it. I feel that I can always go back to being an engineer. Without that one skill to fall back on, you'll never take the risks that are necessary for success.

Can you generalize about the kinds of things a businessman needs to know?

I think it's important to know yourself, your commitment, what you want out of life, your strengths. You should also have a sense of values—you may get them early in life from your parents or from school.

As I said before, education is no burden. It's yours to use as you can. The M.B.A., lawyer, and engineer all have equal opportunity, and they bring real strengths to a business. But if they are to grow, they must start learning about technology, finance, and marketing. They had better learn what the business is about. They had better start trying to conceptualize. They must ask themselves what will make the business a success, and in doing so, think about the next five to ten years.

You appear to be making a strong case for an old-fashioned, liberal education.

I'll answer that by asking some questions. Do today's graduates really know
that North American industry is going to have a tough job competing worldwide? Do they know how to ask the "what if" questions? To compete with the Japanese, we have to ask about our competition and how we will beat it, where their weak spots are, their strengths and so on.

I need a person who understands finance, for example. But you don't build a company by concentrating all the "what if" questions on the balance sheet. What makes the long-term success of an organization is if you can ask "what if" questions that will affect your balance sheet and profit and loss statements five years from now.

Let me use Northern Telecom as an example. Ten years ago, Northern Telecom was Northern Electric. We seriously considered closing it down. We didn't; instead, we redirected it. To do so, we asked a lot of "what if" questions. We looked at the environment, the changing markets, technology, the political scene, and other factors. We made a strong commitment to research and development, and in seven years we've taken a company with $500 million in sales and built it into a company with sales this year of $2.5 billion. We've gone from 20 employees in the U.S. to 14,000.

In dealing with today's world, a manager has to spend approximately twenty-five percent of his time on financial matters; twenty-five percent on customer service—selling orders, filling them. He spends another twenty-five percent dealing with the people in his organization—with hiring, development, union relations, safety, and anything else that's necessary. Finally, he must spend twenty-five percent dealing with government. As the French and Japanese have demonstrated, you can't ignore government; you must learn to work with it. Even if you don't want to, you had better recognize that government's decisions may influence the products and systems you develop. I don't believe any schools teach this approach to management.

Do you have any final advice for business students?

Yes. We can't always be looking at business as if we're rowing a boat—that is, looking at the water we've been through. Somehow, we've got to position ourselves so that we can look at the kind of water that is ahead—the future. As managers, we also have to ask, what are the talents I need about me to run a business successfully? That's another important question that business students should be asking themselves, so that they search out the right education to deal with the future.

You note that twenty-five percent of an executive's time should be spent on the people questions. Yet, business schools are often criticized for paying little attention to people.

I believe that criticism is accurate. I'm convinced that the various human factors are the biggest obstacles to our moving faster. What are some of the things that have made the Japanese so successful? One is that they are not afraid to invest in the long term. Another is that they are very people-oriented. Once you join a Japanese company, you work for life. You'll find that commitment is high there, while in the U.S. and Canada people have lost their sense of commitment.

This raises the question of how you run your business. Are you going to issue orders or are you going to manage by objectives? If you were working with me, we would sit down and look at the four areas I just mentioned. We would set specific goals for you. I'd expect you to develop at least one person to replace you. I'd want you to work in public affairs and with government as well.
N one of us, and especially the present and future leaders of major corporations, functions any longer in a simple world. To some the truism that change is now occurring more rapidly and more pervasively than ever before is frightening; but to most of those who successfully grasp the responsibility for leadership, it is a stimulating challenge.

Business leaders find that the thrust of this change is in the direction of complexity, the interdependence of issues, and the requirement that more than the ledger sheet be included in the solution of "business" problems. The business leader now must bring into processes and value systems that force sensitive issues but also the thinking and for considering problems that touch the frontier of technology and reach around the world and into the hearts of articulate and participatory populace of employees, customers, and citizens in general.

How is the person responsible for corporate leadership to meet this challenge? Where are the foundation stones on which to base judgments and decisions? Are there guidelines to escape the shoals of uncharted waters that no one has yet had to navigate?

The responsible and often puzzled executive must turn to the treasury of human experience to seek out the keys that can help unlock the answers to these questions, which are really political, economic, sociological, moral, and spiritual. We call them "humanistic"—and in that term we encompass the entire range of human wisdom, inspiration, and insight.

For more than thirty years the Aspen Institute for Humanistic Studies has conducted Executive Seminars in which many hundreds of business leaders from many corporations have met with leaders from other sectors of society—government, labor, law, the media, education, the arts, the sciences, and the humanities. Based on a specially prepared anthology of significant writings from the past and present, they discuss issues as fundamental as justice, freedom, equality, and property; shifting relationships among individuals and institutions and the state; and tensions between power and morality, between efficiency and fairness.

These Executive Seminars have been at the core of the Aspen Institute's activities. They provide corporate decision-makers with insights and analytical experience not ordinarily a part of their management development. They find themselves reflecting on their own values and attitudes and emerge after two weeks of intensive interaction with a fresh understanding of their world and their rapidly changing responsibilities.

The Executive Seminars are designed with the belief that value considerations are the basis for most significant decision making. And to be effective, a manager must be conscious of this.

The Aspen Institute's contribution is to give executives in mid-career an opportunity to step back from their highly pressured work environment and focus on their personal and institutional value systems, as well as the value systems of others.

T he effectiveness and success of this pioneering effort has been remarkable. At the present time, approximately fifteen such seminars are held each year in Aspen and Baca, Colorado, and in Hawaii—locales developed consciously to escape the participants' daily pressures. The testimony of the hundreds of corporate executives who have participated in these seminars is adequate cause to ask the obvious question: Why wait? Why not arm our future executives with this background before they begin their march to the top?

While the corporate leader of today must solve clusters of complex, frequently ambiguous dilemmas, often caused by events exogenous to the company and generating effects that resonate throughout society, the senior executive of the future will be dealing with issues even more multifaceted and explosive. Obviously, the business education intended to prepare these future executives must continue to adapt in
order to produce men and women appropriately qualified to recognize and meet these anticipated new demands on business.

Serious thinking about business has followed a progression. Fifty years ago, as business moved from the era of owners to that of managers, it was in a sense a "hard" science, dominated by axioms, equations, calculations, and provable answers. Precision and quantifiable data have never lost their fundamental importance. But in the 1950s and '60s, it became essential for the involved manager to become acquainted with social science's theories of behavior, reinforcement and reward, group dynamics, and organizational design.

And just as social science competence had to be added to the traditional technical business expertise a generation ago, today the perspectives and insights of the humanities ought to be part of the preparation of the future business executive. "Values" has become the word used most frequently in sophisticated discussions about corporate leadership. And values are the domain of the humanities: philosophy, history, religion, literature, and criticism.

Until now, business education has tended to turn its back on the humanities, rejecting these studies as inexact, conjectural, and subjective—badly mismatched with business' needs for objectivity and certitude. For example, while some business schools have offered courses in the history of business, they tend with a few distinguished exceptions to be jerry-built hybrids, existing at the peripheries both of the history departments and the business schools and elected mostly by students seeking an undemanding and nonquantitative counterbalance to operations management or investment banking. Philosophy, even when modified by the addition of political or economical concerns, receives even shorter shrift. John Locke, the first in the Anglo-American tradition satisfactorily to rationalize private property, is absent everywhere; and Adam Smith's seminal Wealth of Nations, despite being universally invoked, is hardly ever assigned, while his Theory of Moral Sentiments never is.

Similarly, imaginative literature about business rarely receives serious attention in business schools and is almost never included in the curriculum. One occasional exception is Arthur Miller's Death of a Salesman, assigned now and then in courses on organizational behavior or motivation. In those few instances, analysis of character development or dramatic structure usually is subordinated to students' cavalier rejection of Willie Loman as an ineffective salesman. Although films are only marginally recognized as part of the humanities, they are central to the culture experience of most business students and could be effectively incorporated into course work. However, such obvious recent candidates as The China Syndrome, about the potential perils of nuclear reactors, and Network, about corruption in the broadcast industry, and by extension, in other big business, are more likely to appear on business school campuses as fundraisers for the student association than as classroom assignments.

The lessons that can be taught business students through the humanities have a high degree of applicability to the problems they are likely to confront as future executives. To see this interrelationship, we need only to examine the sociopolitical environment to which these students will have to respond when today's twenty-five- to thirty-year-old M.B.A. students become senior executives during the first quarter of the twenty-first century.

Although it is highly speculative to characterize how future changes will aggregate and what kind of society will result, we can see a number of trends already under way and surmise that they will persist into the senior executive careers of today's business students and significantly influence the lives they will live.

Information Inundation

More people are producing more information than ever before; and that information can be moved more quickly, stored more economically, reached more universally, and applied more expertly than at any time in the past.

Resource Limitations

While information is one of the few resources not in current or projected future short supply, consensus estimation is that global reserves of naturally occurring fuels and minerals are finite and that the natural environment is not infinitely adaptable to the advances of human civilization.

Volatile International Order

Recent events in Poland and the Middle East suggest a future world not of dominant major powers and acquiescent satellites and trading partners, but of pressure politics, factionalism, self-assertion, and shifting balances of power. Actions anywhere can have ramifications everywhere and no nation or group can be taken for granted.

Public-Private Blurring

Within most developed nations, a melange of regulations, subsidies, tariffs, guarantees, incentives, constraints, and partnerships have so tangled the interests and prerogatives of the public and private sectors that it is hard to conceive of them ever again acting as discrete entities.

Personal Aspirations and Lifestyles

No other recent change has been or is likely to be as extensive or as important as those in the self-perceptions, aspirations, priorities, and relationships of individuals. There exists a widely shared opinion that each person can and should control his or her own destiny and that personal perceptions and preferences rather than institutional traditions or mandates should influence how one lives. This has caused major adjustments in family life, gender roles, religion, education, employment, morality, and ambition.

Prominence of Spirituality

One unanticipated and extraordinarily influential recent development has been the tendency of people in many areas of the world to seek spiritual guidance and supervision of heretofore secularized aspects of their lives.

By identifying correlations among these trends, it is possible to make a number of observations about future developments in the sociopolitical environment that will be particularly important to those persons responsible for the governance of business and other large institutions.

1. Continuing increases in the self-assertiveness of individuals and an enhanced sense of the worth and prerogatives of individual human beings
2. Diminished regard for the hierarchy
3. Unprecedented strivings toward individual freedom, coinciding, ironically, with an evolving but still subliminal consensus that social order can take precedence over personal freedom
4. Growing skepticism about the existence of universal and absolute right answers
5. Preoccupation with the present and consequent devaluation of the future in both economic and social terms
6. Realization that apparently inde-
dependent aspects of human endeavor are related and interdependent.

7. Increasing internationalization and resulting uniformity of much that was previously local, diverse, and distinctive.

8. Shifts in fundamental definitions pertaining to self and society.

9. Growth in both the complexity and the ambiguity of many aspects of human society.

10. Upsurge in unpredictability.

In this new environment, the humanities are important because of the very characteristics that made them ineffective as management tools in a prior and simpler era. With work force composition, energy sources, markets, and investment opportunities in flux, intelligent executive responses will be rooted not only in scientific axioms and social scientific theory, but increasingly in the humanities—they will be intuitive, inconclusive, and open-ended. Business leaders should be able to think critically, to interpret sensitively, to extrapolate credibly, and to communicate persuasively.

Obviously, the education of business students will necessarily continue to consist principally of the traditional technical and functional subjects, and the time and space available for the humanities will be limited. But it should be possible to introduce four basic subject areas likely to be the most beneficial to future business leaders:

1. A grounding in the fundamentals of the humanities, both as content and as methodology.

2. A sense of how organized economic life has evolved: A survey course in business history.

3. A sharpened insight, through examples from literature or history, with regard to the workings of individual character.

4. An opportunity to probe, clarify and perhaps refine one's own values.

None of these ought to be precisely identical to existing courses in university humanities programs, but each draws on existing components and can be generated without enormous faculty dislocations. It is conceivable and even rather attractive to contemplate these humanistic elements not as separate courses added to the business school curriculum, but as strands woven into present courses.

FUNDAMENTALS OF THE HUMANITIES

What has been suggested here is clearly unconventional and perhaps unprecedented. Like most new ideas it will meet with resistance and probably nowhere more strongly than among the first classes of business students to whom the proposed humanistic materials are taught. Despite appearances to the contrary, students, and business students especially, tend to be conservative about their educations. They want to learn what has worked, not what might, and they are bound to be skeptical about giving up precious class time for studies that are imprecise, speculative, and futuristic. Fortunately, business students are also pragmatic. Once convinced of inherent value, they quickly become willing adherents.

They should be exposed to the content of the humanities, ideally through representative and exemplary excerpts from relevant outstanding thinkers: Plato on justice and ethics, Aristotle on ends and means and on the good life, Machiavelli on morality and expediency, Francis Bacon on humanity's relationship to the natural world, Montesquieu on political systems, Hobbes on the pursuit of individual security, Rousseau on the social contract, John Stuart Mill on liberty. The list can, of course, be modified and expanded to meet particular situations and needs. It is not intended to parallel the humanities courses offered to undergraduates but to provide the more mature business students an exposure to the context and perspective of the humanities.

THE ORGANIZATION OF ECONOMIC LIFE

Professional practitioners ought to be minimally aware of how their chosen occupation evolved. Some of the arrogance of business in the nineteenth and twentieth centuries has resulted from ignorance, sometimes willful ignorance, about the sources of contemporary economic organizations and their relationships to other parts of society. Such arrogance will not be tolerated from future business leaders and, therefore, the ignorance that generated it should not be perpetuated.

Observations about the economic dimensions of human endeavor can be traced to the Bible and the ancient Greeks, but those aspiring to positions of business leadership ought to be acquainted, at least, with the thinking of John Locke on property, of Adam Smith on the political economy, of Karl Marx on capital, and of John Maynard Keynes on economic behavior. In addition, they ought to learn something of the history of American business, the evolution of industrial corporations, the building and busting of trusts, the growth of publicly held companies, and the rise of the professional manager.

VALUES CLARIFICATION

The most important, the most difficult, and certainly the essential contribution that the humanities can make to the education of future business leaders is, as noted earlier, to make them thoughtful about their values: about what is important to them, why it is important, and how closely their actions coincide with their ostensibly personal philosophies. Values cannot, of course, be taught to adults and it would be both presumptuous and pointless to try. But adults can be sensitized to the important fact that values influence behavior. A clear sense of oneself, of where one has come from and how far one is willing to go, can be a most valuable managerial tool. Full of imprecision and uncertainty, the broad exposure to the humanities is one of the best ways to come to understand personal values.

The willingness to change when confronted with new circumstances has been one of the distinguishing charac-
Three reasons make it difficult to describe the changes in attitude and aspirations that have taken place during the last ten years among young people of college age. First, no comprehensive surveys have produced statistics that can be reliably compared to earlier periods. Second, observations and experience acquired in one setting may not be applicable to others. Finally, if we think of the differences among individuals and the continuing pluralism of American society, we could conclude that the present generation of college students is in total not really much different from their predecessors. Even when rebellion was wracking the campuses in the late sixties, only a small minority were shocking their elders; most students went about what has all along been college student business—growing up physically and socially, developing a life style different from that of their parents, studying and learning, and preparing to make choices of career.

Despite all that, if one has known reasonably well a representative number of young men and women admitted to a single university under criteria unchanged over ten years, it is possible to see changes that have considerable bearing on the way corporations should be managed and on the sympathy and understanding older generations should offer to the young. As master of an undergraduate house of more than 400 undergraduates at Harvard from 1971 to 1981, I can report on changes in experience, behavior, attitudes, and values that have manifested themselves amid the unchanging exuberance, diversity, and preoccupations with self and friendship that characterize late adolescence and early adulthood. Because of the planned diversity of Harvard undergraduates, the rigors of the process by which they are selected, and the pressure of the expectations they assume or are assigned, this group is probably quite representative of their brightest, best educated, and most potentially capable counterparts enrolled in colleges all across the land—especially those preparing themselves to enter professional careers.

During the last decade the numbers of such young people electing to pursue an academic career have dropped sharply. Law, medicine, and business have come to dominate the professional alternatives and benefit from the infusion of the intellectually curious and independent group who used to aspire to scholarship and research. Interest in business careers has risen steadily since the low point in 1970 to 1972. The number of applicants to M.B.A. programs all across the country reflects a lessening of anti-business feeling discoverable in all non-vocational liberal arts and science institutions. Applicants to law schools do not necessarily wish to become lawyers: they often have in mind some sort of career in public life. Above all they choose law school to keep their options open, for this generation is not inclined to rush into commitment to anything or anybody. All through the decade an intensely competitive, deadly serious pre-medical group has concentrated on science courses and laboratory research with a determination to be admitted to medical school and the practice of medicine. The size of this group is probably controlled by admissions procedures and the capacity of science departments; it remains steady despite the emerging possibility that we may be educating more physicians than we will need.

More women and minority students now may be found in the preprofessional cadre than ten years ago, for more were recruited and admitted during the seventies. The primed pump line is now working naturally. The pressure for equal opportunity is of course the source of the greater diversity of college populations at the elite universities. As a consequence of this diversity, class lines are blurred and a social egalitarianism homogenizes manners without destroying personal independence.

It has been particularly interesting to me, of course, to see the decline in the prejudice against business. This was assisted in a way by the disillusion with government that was prompted by the Vietnam war, Watergate, and the collapse of the Nixon administration. All institutions, including universities, have come to be looked upon with a combination of skepticism, resignation, and wariness. More positively, a number of companies—out to make their later recruiting more effective—have
But if more undergraduates are considering business careers today than in the early seventies—and they are—what differences in attitudes and expectations do they bring to their choice of company and career? Here the changes promise to require adaptation of management practice to match. Such students do not appear to be motivated to become wealthy or to succeed in a fast climb up the corporate ladder. They want work that is interesting in itself and jobs that expose them to many alternatives to further education and development. Their economic aspirations go in the direction of comfort, along with further education for themselves and for their children, if any. They are not likely to subordinate their personal lives, in the name of ambition, to the demands of their jobs. They are not in any great hurry to determine their final choice of kind of work. They are sensitive to what makes a company a good place to work and will not willingly desert the values they have subscribed to in college that are different from those of their parents. To parents who grow impatient when their offspring hesitate to decide what they want to be when they grow up, I often suggest the possibility that they should not be concerned until their children are thirty-five—now more the threshold of final decision than the early twenties.

College students these days arrive on campus already aware of sex, drugs, and the apparent depravity of a world graphically displayed to them in movies and television. In some ways they mature faster and come to terms with the opposite sex no less painfully than before, but more quickly. They have no great financial problems, whether their parents are well-to-do or not, and think nothing of taking a year off to work at a succession of jobs across the country or in manual labor in their college city. Teen-age unemployment, the curse of non-college youth, does not wipe out the part-time opportunities at this level of education and need.

The students I know now are much less the prisoners of their upbringing or the attitudes of their social class. Anti-semitism and racial prejudice are virtually nonexistent and tolerance of individual differences makes the disciplines of old-time fraternities and sororities seem far off and long ago. Heterosexual students, for the most part, are not especially exercised about the efforts of gay students to be accepted as also normal. All students expect to find the same tolerance in the organizations they join. Accustomed to laissez faire acceptance of individuality, eccentricity, and the creativity these make possible, they are not impressed by hollow symbols of status and power. Except when they are to be interviewed by their elders, they dress in clean but worn uniforms of casual clothes that all look alike. In every closet, these days, hang other clothes; these are splendidly produced on appropriate occasions.

Beneath a superficial allegiance to the mores of their generation, independent men and women are cautiously and privately seeking out what they want to do and who they want to be. They find themselves neither radical nor conservative, but conservative on some issues and liberal on others. They are too intelligent to be doctrinaire or fiercely ideological, and nowadays not everybody over thirty is suspect. Institutions are regarded with skepticism, but not hostility. The fear of being drafted no longer warps perspectives: it does not project guilt onto all authority figures from parents to presidents. Older generations, in short, have little to fear and much reason to welcome the entry into business of the ablest educated young.

Most of the differences that have accelerated over the last ten years would in fact be welcomed and even envied by apprehensive elders, if they understood the wellsprings of the differences. The most difficult dimension of the remaining generation gap is the changing relationship between men and women and the aspirations of women for professional careers, both to escape the currently unattractive roles of wife and mother and to exercise their equal right to career opportunity.

The admission of women to once male-dominated student bodies and the end of campus segregation by sex have had important effects not yet fully understood. The move to unsupervised intermixing of the sexes has had most beneficial effects. Men and women associate naturally without self-consciousness about sex. Vulgar sexism, in the form of wolf whistles and dirty jokes, has disappeared. The rituals of dating and the crude of popularity measures have given way to a relation between the sexes that does not automatically force sexual aggression upon the male and artful evasion or submission upon the female. The early experience of sex and the frequency of quickly consummated romances has led to an attitude toward marriage as an institution with such obvious consequences that it should not be rushed into.

Although an increasing number of weddings takes place on campus after commencement, even these are often being entered into after the experience of living together. Those not yet committed will routinely expect to live with a friend for a time, only sometimes to explore the basis for marriage. Such a trial is an innovative response of many young people to the breakup of their parents' marriages. If one of four marriages dissolves in divorce among adults, one could hardly blame the offspring of those marriages for proceeding carefully instead of rushing into parenthood and the ultimate anguish of incompatibility. Contraception, like law school, keeps options open.

The new fashion of liaisons out of wedlock is, however, less important than the related aspirations of women to the kinds of professional careers usually pursued by men. Couples married or unmarried pursue separate careers; no one person is doing the housework. The two-professional family, the dominant ideal of the present college generation, is the most serious and poignant change among young people of the last ten years. The problems associated with this development have not yet been acknowledged or addressed.

That about half of all families consist of two adult wage-earners is well known, but not quite relevant to my point. The new development among the highly educated group is to have two professionals fully engaged in demanding careers. To have the husband the principal wage earner with the wife pursuing a lesser job that can be given up at any time is less difficult than having two managers, two lawyers, two doctors, or any combination thereof pursuing headlong careers with men and women in competition with each other. Problems of finding two jobs in the same city, combining geographical
mobility with the promotions that accompany it, of women doing better than their mates, are just becoming recognized. Law firms, hospitals, universities, and now corporations are developing flexible responses to the need when engaging one promising member of a couple to be mindful of the needs of the other.

The management implications of the emergence of the two-professional family are, however interesting, the direct consequence of the most significant change in the last ten years among a college generation consisting of what used to be called the flower of our youth. The emergence of the young woman student as a preprofessional rather than a prospective bride, temporary office worker, or librarian has other consequences—principally the denigration of the role of wife and mother and the presumption among young women that to realize the promise that brought them into a highly selective university, they must enter a profession or work outside the home.

This development has consequences for which the management of business and professional organizations must prepare. Women now rising in the ranks of management find that the requirements of successful competition for advancement propel them rapidly through their childbearing years. The fundamental attractiveness of being a full-time mother and homemaker—now assigned by the typical home of a couple educated in the last decade will never be a cottage small by the waterfall with misty eyed bride hanging over a bassinet. Changes in the traditional role of the sexes will have permanent consequence. That both men and women are looking to business for work that will challenge their talents and energies and reward application to economic achievement is heartening. We do not yet have enough management talent to cope with the problems of business: we are forced to concentrate too much responsibility on too few.

Creative adaptation of conventional hurdles and customary ways of doing things to the needs of our young will be amply justified if the result is fuller participation in the exacting activities of American and world business by our ablest young people.

Above all else, each young person should be welcomed to adult society and to organizations as a unique individual with special gifts and needs rather than as a stereotype of a generation.

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Dear M.B.A. Class of 1985:

I have some personal thoughts on graduate management education that I would like to share with you. I intend to discuss my views on, and experience with, an M.B.A. degree as part of the overall education received by managers.

I truly believe in an M.B.A. education. I went through the process thirty years ago and I found that I worked harder and was challenged more than in any other two-year period in my life. The experience gave me a tremendous assist for my lifetime work. I was lucky enough to be able to go to an outstanding school, the Harvard Business School. I often think of Churchill's famous words in terms of my M.B.A. education: Never has one worked so hard, for so long, with such mediocre results. I was a straight C student.

Since I am mainly familiar with the program at Stanford, I will describe some of the important aspects of our program to illustrate my views.

Here at Stanford, the curriculum is divided in two parts: core and electives.

The core consists of thirteen out of twenty-seven courses needed for the degree. The faculty determines what is in the core and all students take these courses. Students are required to complete the core, since many electives build on that material.

The core courses equip the first-year students with their basic tool kit. The students' particular interests are sharpened by electives. Electives cover a wide spectrum of interests. We offer 126 different courses, including corporate accounting and financial reporting, and ethics. Obviously, if a student wants to take advanced courses in one of the basic subjects of the core, or if he or she wishes to specialize, these alternatives also are possible.

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AN OPEN LETTER TO THE CLASS OF 1985

by Rene C. McPherson
Dean, Graduate School of Business
Stanford University

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The faculty's challenge is to insist on complete coverage of the basics, and to
allow as much freedom as possible to fit the students’ special needs, particularly in the choice of electives.

Most of the core courses are taken during the first two quarters. The electives begin in the third quarter of the first year and continue through all three quarters of the second year. Two core courses are taken in the second year. One is “Business and the Changing Environment,” a vitally important course on the interaction between business, government, and society. We all live together on planet Earth. We mustn’t just exist together, we must live together.

The other second-year required course is “Business Policy.” “Policy” ties it all together: the course presents the student with the total educational experience; it is the place where the student is the CEO and gets to call the shots. In both my M.B.A. education and individual experience, the most fascinating moments have been when the whole tool kit gets used, when every bit of available knowledge is brought into play, when the company, the shareholders, the customers, the competitors, and governments here and abroad must all be considered. This is an exciting and all-encompassing challenge.

At Stanford, fifty percent of our electives are less than five years old. This means the faculty and the academic deans are up to date. Changing courses is hard work. But everyone does it, including individual faculty and their associates who are specialists in the various disciplines.

The M.B.A. education can be important. It was important to me, but I know too many people with outstanding careers who have learned by experience and contributed greatly without ever darkening the door of a business school, to believe that an M.B.A. is essential for success in management. It can be very helpful, but it is important to remember that it only encompasses two years out of a lifetime of learning.

Whether an individual has an M.B.A. or not, the rest of the educational process is important. Neither M.B.A.’s nor their employers should make the mistake of thinking a two- or three-year M.B.A. program can prepare one completely for a management career.

Education at one’s place of employment, both formal and informal, is crucial. The military, the government, large and small companies, churches, and public sector organizations are educating people in one form or another.

Informal on-the-job education is also a matter of real importance. A manager’s ability to teach his associates is a key element in every manager’s success.

Management education should be critically evaluated by every customer, every user of a company’s service or product. This is fitting and proper. No discussion of management education is complete without considering the quality of both formal and informal education in the workplace.

In any educational setting, the students themselves are an important part of the process. This was true during my two years at the Harvard Business School and it is true at Stanford. Without good students who work hard, challenge each other, and teach each other, no educational institution can be successful.

We have all experienced both the high that comes from the certain magical combination of the right kind and number of students, and those awful lows resulting from an equally unsatisfactory mixture of either the wrong kind or number of other students.

Stanford enjoys popularity as a great school, in a good location, as a small, well-integrated group. We have a good pool of potential students from which to select year after year. These students directly contribute to the quality of their education.

Let me briefly contrast Stanford with another school I’ve been involved in: Dana University, Dana Corporation’s in-house school.

We started Dana University in 1968 for several reasons. We couldn’t find the kind of first-line supervisor training that answered our specific needs. So we started our own school with one teacher and three courses. Today, Dana University has two buildings of its own and a faculty of twelve full-time and four part-time teachers. Dana offers forty courses to about 2,000 students a year. Most of the courses are accredited by the American Council on Education. The school has a visiting committee, a Board of Regents, and a Board of Trustees.

The basic education at Dana University is threefold: Management education is offered for all practicing managers and those about to be managers; technical education is available for manufacturing, engineering, sales, control, and finance people; and a continuing education program is given for the largest and most important group in the company—its people.

Today, I am engaged in the administrative side of management education. Many things have changed since my student days. The language has been updated and modified; the balance of lectures and cases has been altered, new courses and techniques abound, women and minority students are present—all great improvements. But the basics have not really changed. Faculty is still paramount. A good faculty means outstanding course material. Good faculty attracts good students. Good students can be worked harder and faster and can be led to new and exciting places. Faculty and students support each other. Thus, the educational experience keeps improving. The faculty gets better, the students learn more—it goes on and on.

Research is the catalyst for this learning-teaching process by students and faculty. Research of a superior quality is a requirement for professors who aspire to become part of the permanent faculty in a school such as Stanford. It is a hard, long, tough process. And one that I heartily endorse.

Fundamental and/or applied research is absolutely essential. Lee Bach is Stanford’s senior elder statesman. His experience spans four decades, and includes the Federal Reserve Board and deanship at the Carnegie-Mellon School of Business. He is tough, opinionated, experienced, and thoughtful. He does many key things for the school, but one of his most important jobs is to speak at our first-year students’ indoctrination program. In his words: “If faculty members do not carry on fundamental and applied research, they become a very dull faculty indeed in a very short number of years in this rapidly changing world. This school puts a lot of stress on good teaching—probably more than most other schools with which you have been connected. But we put a lot of emphasis on good research, too. Some faculty members spend a lot of time on research and relatively little on teaching, others reverse the emphasis. The excitement of new ideas is what keeps a school like this alive and what will keep you as managers alive over the years of your managerial careers. So, complain to the dean if you don’t think the faculty members in your courses are giving you enough attention, but never forget that research and an outstanding research faculty are a crucial
part of what makes a school great. Without them, I suspect you would find Stanford would fade away to being just another business school before many years went by, and we have no intention of letting that happen."

Lee's admonition restated above is not a lecture, not a warning or a sermon, but a real, capsulated view of their next two years. He always gets a strong, hard, fast round of applause. Students will have tears in their eyes a month or so later, but they will understand what Lee has laid out for them and they will appreciate it.

Academic deans are a special breed. They are experienced professors who become managers. They are people who bend family and personal pursuits to fit their new jobs. They are another group of unsung heroes.

To sum up—management education is needed by everyone who will be involved with business. The form and details should vary just as we vary as individuals.

Management education leading to an M.B.A. can help, but most assuredly, it will not do the entire job. We must provide opportunities throughout a career, within both educational institutions and industrial organizations, for our managers to continue to learn.

However, a business education is the chance of a lifetime. It is a real support in the competitiveness of managing people and problems. The opportunity of superb faculty and better-than-average fellow students is too much to miss. It is worth the candle.

Rene C. McPherson

INTERNATIONALIZING MANAGEMENT EDUCATION

by Everett Keech, vice dean of the Wharton School and director of the Wharton Graduate Division, and Peggy Finn, editor of Anvil, the Wharton alumni magazine

At a time when American business is trying to learn the secrets of Japan's business success, there has been a surprising increase in the number of Japanese students enrolling in American M.B.A. programs. Is this an accurate indication of the interest of foreign students in U.S. business schools?

At Wharton, the answer is yes. The influx of Japanese students is occurring just as the school is undergoing an intensive internationalization of its programs. The school's plan includes student and faculty exchanges with business schools abroad, joint venture programs in which Wharton's faculty is helping to establish educational programs with corporations in other countries, and exchanges of technological data. In the years to come, an increasing number of foreign students is expected to enroll in Wharton's M.B.A. program, and through faculty research and teaching abroad, it is inevitable that their observations will find their way into the school's M.B.A. curriculum.

This past fall, foreign students comprised 23 percent of the 620 students entering the M.B.A. program at Wharton—up 5 percent from last year and 13 percent higher than 10 years ago, when 400 M.B.A. students were enrolled. Traditionally, the majority of foreign students has come from Europe, but now Japan is the leader. Of the foreign students enrolled in the M.B.A. program this year, 31 are from Japan, 28 from Mexico, 25 from India, and 16 from the Philippines. France is fifth on the list, followed by Spain, Canada, Korea, the United Kingdom, and Venezuela. In addition, 44 other nations are represented at the Wharton Graduate Division.

What do Japanese students and their sponsor companies cite as their objectives in studying business in the U.S.? Almost all Japanese M.B.A. students here are employees of Japanese companies, and foremost is their interest in finance. "We Japanese have imported the techniques of marketing from the United States, and have mastered them. We also have our own management system, so what we need now is finance," explains Fumio Taka-shi, a second-year M.B.A. student at Wharton whose sponsor is Nomura Securities, Inc. and Nomura Research Institute in Tokyo. "Finance and capital markets are the most advanced in the United States. That is why we want to learn these subjects here," adds Masahiko Shinshita, a second-year M.B.A. student, who has been with the Mitsubishi Bank of Tokyo for seven years.

Developing contacts with classmates who will be future business executives both here and abroad is another objective shared by Japanese students at Wharton, as is the need to become familiar with social and economic developments in this country. "Whatever happens in the United States will happen in Japan about three years later: We see the trend before it becomes a reality in Japan," says Shinshita.

Second-year student Toshi Fujimoto of the Bank of Tokyo points to the American method of teaching as another attraction. "We can learn basic theories in Japan, but we don't have practical examples, such as the case studies used in classes here."

Attending school in the U.S. inevitably leads to a student's becoming "Americanized," and this includes, as the Wharton students are quick to mention, gaining proficiency in English. "That means more than just conversation," says Shinshita. "We have to be able to negotiate with Americans and other foreigners who speak English."

Sending their employees to the U.S. to study is not a universally popular idea among Japanese employers, however. While Mitsubishi has had a long history of sending its employees here, this practice nationally in Japan is fairly recent, according to Masahiko Shinshita. Many top Japanese executives have been opposed to it because of the high cost. "But others argue that it is important to send students here because we have to become internationalized so that our young people can acquire the techniques of negotiating and making contracts throughout the world," points out Shinshita.

Despite the misgivings of some Japanese employers, Japanese stu-
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dents will continue to come to the U.S. to study for an M.B.A., according to the Japanese students at Wharton. "The only limitation will be the admissions policies of the schools," says Kaguya Ogino, a first-year student.

While the number of Japanese students enrolling in American M.B.A. programs has been growing, the increasing number of European management schools has affected admissions of European students to American schools. The effect has been felt not in the quantity of applications received from Europeans, but in the greater competition among some of these schools for the fewer top quality European students seeking an American business education.

Some people claim that European executives are becoming disenchanted with American-trained M.B.A. graduates, who are called too expensive and disloyal. "I don't think most European businesses have adapted to the peculiar individual that an M.B.A. is," says Wharton Dean Donald C. Carroll. "They don't know how to deal with some of the highly specialized skills the M.B.A.'s possess. So there is a period of adaptation while European employers try to understand what these people are and what they can do. It's going to happen with their own M.B.A.'s as well."

Every country will use its business graduates in a different way, depending on the constraints of its culture. Traditions of merchant families and ruling mercantile classes are being broken by the present system of management education, which allows people of all classes to attain positions of authority within the business community. In Europe, the tradition of growing within a company after a long apprenticeship is gradually being replaced by graduate business training to the point where methods of teaching management will become much the same as those in the United States. We also will see a change in the cultures and institutions that will support this. In multinational banking, finance, investment, marketing, and planning there is specialized information that managers throughout the world must know, and without which they will inevitably make serious errors.

In recent years, Wharton has sought to internationalize its programs, not only by admitting more foreign students, but by extending its management education programs throughout the world. The number of foreign students attending the Wharton Graduate Division does not adequately portray the extent to which Wharton is educating future managers. For example, Japan's Nomura Securities, Inc., through the Nomura Research Institute, has requested that Wharton provide assistance in setting up a joint management education program in Tokyo for mid- and top-level managers. Last year, Wharton entered into such an agreement with Nomura to co-establish the Nomura School of Advanced Management, and in November, five Wharton faculty members went to Tokyo to teach a three-week program called "Portfolio Money Management."

Last year, Wharton also entered into an agreement with Shanghai Jiao Tong University in the People's Republic of China to help create a dual master's degree program in management and technology. In addition, Wharton is assisting Jiao Tong in developing new academic programs combining technology with economics, accounting, marketing, organization, and planning. "Finance is the only subject that is very different between our two countries, and one which we would not want to study," explains Liu Yon Kang, an associate professor of industrial management at Jiao Tong who is attending classes at Wharton this year. "Rather, marketing strategy, as you teach it, will be of great use in China. Marketing in China is a complex subject that no one has studied. The plants produce products and the distribution departments distribute them, but there is no coordination. Also, there is a need for studies in management."

Also attending classes at Wharton this year was Chang Shou, vice-president of Jiao Tong. "The Chinese need to know the western system and the western ways because we must work together," he says. "The problem of our different ideologies is very important, but it can be accounted for. It is important that we learn your methodology because it is the same everywhere."

As a result of its participation in the Jiao Tong program, Wharton may introduce studies of China's markets, trade, economics, and technology to its M.B.A. curriculum here.

Wharton faculty members also are developing joint programs in Third World countries, in addition to similar programs in Europe. With a plan to establish M.B.A. programs in Kenya, the Kenyan minister of education, J. Kamotho, and the ambassador to the United States, J. T. Mbogua, visited Wharton last summer on a fact-finding tour. Tunisia and Ghana also plan to establish their own M.B.A. schools.

In 1974, a study called "Problems Affecting Europeans at the Wharton School" was conducted by the Wharton European Association. This resulted in the formation of the Wharton International Office (WIO) and prompted an increase in Wharton faculty exchange and technical assistance programs in Asia, the Middle East, Europe, and, most recently, in Third World countries. And last year, with a grant from the Xerox Foundation, the International Management Studies Center was established under the direction of Dr. Jerry Wind, a professor of marketing at Wharton. The center is multidisciplinary, coordinating and sponsoring research in international finance, marketing, management, labor, and strategic planning. It also has taken an active role in disseminating research information through colloquia, conferences, and a working paper series. Top corporate executives and academics from the U.S. and Europe serve on the center's board of directors.

As Wharton faculty members conduct research in more and more countries, it is inevitable that their observations and research findings will filter into its M.B.A. curriculum. And, of course, this was one of the primary reasons for establishing the exchange program. As more of its professors are sought by corporations and universities throughout the world to serve as guest lecturers and consultants, Wharton, too, benefits from their work because the school's curriculum can be updated continually.

For countries establishing M.B.A. programs, as well as for Wharton, extending the scope of educational programs to the international arena has become increasingly critical. According to Dr. Howard V. Perlmutter, director of Wharton's Worldwide Institutions Research Group, the business community has become a "transnational system" in which multinational corporations supersede the state. It is essential that future business executives throughout this system acquire a solid groundwork in the theory and practice of international management, and we, at Wharton, are continually preparing to meet those needs.
M.B.A. SALARIES: WHAT THEY REFLECT ABOUT BUSINESS EDUCATION

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During the year 1981, public interest in business education seemed mainly to focus on M.B.A. salaries. Both Time magazine and Bob Feller, the former Cleveland Indians' pitcher, went on record about them. "M.B.A.'s are simply too expensive," Time reported in its May 4th cover story called "The Money Chase." Six weeks later, with regard to the longest baseball strike in history, Feller was quoted as saying, "Sure some baseball players are making more than they are worth, but what about the business genius who comes out of Harvard or MIT and pulls down an unbelievable salary for a kid?" This annual report may be a good time to put those salaries in perspective, before someone seriously advocates a reserve clause for newly hired M.B.A.'s, and to consider what the professed concern about M.B.A. salaries probably reflects about business education itself.

Newspapers began to take note of M.B.A. starting salaries about a decade ago. Although the figures attracted little general attention at the time, they were regarded as having prestige value on some campuses. Energetic public relations officers began to announce them with pride, thus giving credence to the concern Thorstein Veblen had raised early in the century about the threat that the pursuit of gain might pose to the pursuit of knowledge. The current fascination with M.B.A. salaries began when some schools reported that those firms which were best able to market M.B.A. skills—such as management consulting firms—were offering a small M.B.A. skills—such as management training?—to newly hired M.B.A.'s, and to consider what the professed concern about M.B.A. salaries probably reflects about business education itself.

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Rising M.B.A. salaries have changed hiring practices in some fields, especially marketing and accounting, much as the free agent system has changed the hiring practices of some baseball clubs. But concern about high salaries paid the baseball players and M.B.A.'s is, I think, based less on the actual amount received by the exceptional ones, than on reports of the graceless behavior of some others. In an excellent article in Wharton Magazine, Professor Meryl Reis Louis shows how the M.B.A. stereotype was formed, and why it tells us little about either business education or its effects on the practice of management.

Just as it is hard to identify with a million-dollar outfielder who announces in which cities he does and does not wish to play, so too it is hard to share the joy of a highly paid young M.B.A. who provides magazine interviews with the names of jobs and industries where he would not consider working.

This point was sharply underscored for me recently at a conference sponsored by an industry group on the subject of supervising fast-track M.B.A.'s. Everyone in the audience was eager to hire them, and the speakers before me said everything there was to say on this much-discussed subject. When it was my turn, I said that the only thing I could add was my view that a useful part of any curriculum whose graduates were in high demand would be a course on how to start at the bottom. To my surprise, the audience responded with an ovation.

In my judgment that response reflects not only a regard for the work ethic, but also a deeper unease about the relationship between business education and practice. American management is today under more serious criticism than at any time in recent history. Managers are frequently criticized in articles about the nation's troubles. Their style is identified as one of the causes of our current economic difficulties. As the new year 1981 began, American management even made the cover of The New York Times Magazine, in which the harsh truth was said to be: it avoids participatory management; it is not familiar with the fundamentals of the business it runs; it is engrossed by financial matters; it spends too little time on how business actually operates. Production escapes its attention entirely. Above all, it is shortsighted. The manager's major concern is today's price of his company's stock. When he does try to look ahead, the manager can see only to the end of the quarter, and then only to matters financial.

While such criticism is more caricature than portrait, it has elements of truth, and it is appropriate to ask whether business schools are responding to them. The answer is increasingly "Yes." The response is reflected in the renewed interest in course work in fields such as production, in growing...
efforts to foster a longer-term view of decision-making, and in innovative efforts to connect education to business practice.

In 1980 the Berkeley Business School developed an experimental learning partnership program with Kaiser Aluminum and Chemical Corporation. It was designed to provide learning opportunities in a corporation for students, and learning opportunities for managers in the University. To underscore the importance of this type of program, the American Assembly of Collegiate Schools of Business designated the learning partnership as the nation’s most innovative program in business education. Other schools are developing similar programs.

Ten years ago, in a widely reprinted Harvard Business Review article ("The Myth of the Well Educated Manager"), J. Sterling Livingston argued that there is no direct relationship between performance in school and success in management. His argument is less persuasive today, when "success in management" has a broader meaning than it did a decade ago.

Business schools cannot assure managerial success, but their graduates are more likely to produce it if the schools, while responding to the evolving needs of technical practice, remember Alfred North Whitehead’s advice that the danger to technical education occurs when “it can only be acquired by a training which is apt to damage those energies of mind which should direct the technical skill.”

By emphasizing both the skills and the energies of mind that direct the skill, business schools can make their best contribution to American management.