

# EMPHASIZING THE MORALITY QUOTIENT – A MANAGEMENT EDUCATION IMPERATIVE FOR INDIA

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## ABSTRACT

*The new century has heralded the development of some new concepts the recent being the 'joy of giving' week during September 26 - October 3. A welcome idea that certainly signifies that mankind is now perhaps moving towards the right direction. After centuries of progress of science and technology the problems of mankind have remained as also the quest for that elusive happiness which seems to be the proverbial chimera. Management education also has now started looking inwards as it realizes that 'good managers' are getting lost in the management theory jungle. The largely American model of Management Education prevalent in India appears fail prone. Continuing bouts of recession, corruption, greed and selfishness time and again reiterate futility of courses like business ethics. In such a scenario ideas like 'joy of giving' gives a glimmer of hope. There is more to management education than only serving the needs of the multinational organizations. A critical appraisal will reveal that Indian management schools have largely attempted the US based organizational, pedagogical, curricula, industry interface and academy research models. These neither serve the requirements of Indian conditions nor do they provide foolproof organizational models. The indices of prosperity are hardly meeting the 'satisficing' objective of growth for large majority even as we keep on harping about inclusive growth. The data dished out quoting statistics of growth can better be called as providing 'satisfaction' (statistical jugglery to create the feel good) without giving satisfaction to the large majority. It is time the Indian management education paradigm gave a thought for solving human problems at least in India. The answer lies not in Masters of Business Administration (MBA) but in Masters of Values Administration (MVA). The paper discusses how the management education can train MBAs on morality quotient.*

## PROLOGUE

Managers and entrepreneurs can shape the economy of nations world over. They have done so in India too. But despite rise in growth rate and GDP we still have one of the world's largest population of destitute and illiterates. It is in this context that we need to rethink management education and aim not just to develop simple manager-entrepreneurs but responsive citizen-managers. Management education must think of creating social

entrepreneurs who also contribute to social development. Corporate Social Responsibility (CSR) though ad avowed objective still has to go along way. The simple reason is that CSR can only be effective if we inculcate **Individual Social Responsibility** (ISR) in managers. Tata Steel (then TISCO) once had a very famous punch line "We also make steel". Management schools need to proclaim "We also make managers" - Managers who not only think of the enterprise, but also of the

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milieu. Triple bottom line is still an idea that is a part of curriculum. To be a part of the practice it needs to be ingrained in the mindsets of the MBA students. Popular US president John F Kennedy (JFK) once said "If a free society cannot help the many who are poor, it cannot save the few who are rich." Well, there is an element of truth in JFK's words at least as far as India is concerned. Growth, development, prosperity and happiness all need to be revisited so that we see the big picture.

### THE PRESENT SCENE

If management is working with and through people there can be little doubt that it is not a culture specific practices. The question is, then, can people be separated from their cultural contexts? But, there have been hardly any efforts on designing culture specific models for management education for developing / poor countries that have been focusing on replicating management education models from developed countries. The result is that we are having a 'one-size-fits-all' model of management education, Americanised and oblivious of context. The Indian Management education model is a case in point.

Management as a separate discipline made its debut on the Indian education scene in the mid-fifties when the Government of India set up a board of Management Studies under the All India Council of Technical Education (AICTE). This was followed by setting up of Administrative Staff College of India (ASCI) at Hyderabad, and subsequently the two Indian Institutes of Management at Kolkata and Ahmedabad, marked the advent of professional management education as an important branch of knowledge. The growth of Management Education has been phenomenal since then.



Outside of the US, India trains the largest number of MBAs. The Indian government liberalized the business education market over the 1990s, resulting in a rapid growth of business schools. This rapid growth has led to the emergence of schools of dubious quality. It is time the business education comes under scrutiny. The quality of training as well as the orientation and context must be monitored as the credibility of Business Education has, of late, taken a beating. On the one hand there are studies to suggest that employability of the Indian MBAs is suspect. But on the other we find that many of those placed in the employable category have little regards for values and ethics, and use their MBA as a ticket to cushy jobs and big money. And the big picture painting the MBA scene is rather messy. While some lack the ability for nation building, some lack the desirability. This is the great Indian MBA bazaar.

Today there are some 1500 management institutions in India, duly recognized by the AICTE, around half of them coming up in just last 10 years, leaving little doubt that formal management education has become the fastest growing sector of education in India. There is an annual rise to the tune of 20,000 aspirants every year in the number of those who take the MBA admission tests for just one entrance examination, the common admission test (CAT) organized by the Indian Institutes of Management (IIMs). There are several other countrywide examinations at the national and regional levels through which applicants seek admissions to various other Management Education programs. Even by a very rough estimate India churns out management graduates to the tune of some one hundred thousand every year. Obviously, they all must be doing something or the other in terms of occupation. But, what has been

the result. Going by the different pieces of statistics given by various national level agencies we find that the plight of the common man has not improved. Even the much trumpeted growth rate has now become inconsistent. What should we conclude then? Difficult to say but MBAs have not significantly added value to the society which they could or should have. While the rich become richer the plight of the vast multitude of the poor remains the same or worsens. So we find that the Indian steel giant TATA steel acquiring a Corus the giant steel maker of Europe for \$12.1 Billion. According to a news item in the reputed national daily this money covers the nation's entire budgetary allocation on education and health, and yet leaves around \$4 Billion for other purposes. In days to come there may be many such stories of grand acquisitions. Glory definitely has come to India in this era of globalization through such deals, but that is about all. Business and business management are only for fulfilling grandiose business designs. Poverty reduction as a goal of business management education is neither a priority nor a concern.

This leaves us with a few very pertinent questions that need to be raised. The first and the foremost is regarding the basic objective of management education. If it is only about managing commercial enterprises effectively, we must admit that management education has been able to do this, as the indices like profitability, growth rate and bullishness of the bourses would have us believe. Sensex has risen and the Bombay and other Stock Exchanges are on a continuous high. But what about the farmers committing suicide? As the rich fly high the poor are being driven to the wall. Social concerns do seem to fit in the management education schema.

## THE GOAL OF MANAGEMENT EDUCATION

Is it that the canvas of management education is confined to the Tayloristic O&M of early 19<sup>th</sup> century? Perhaps not. It is much broader and includes solving problems outside the business enterprises as well. Management problems are not isolated to commercial enterprises. They extend to government departments, non-profit organizations, health care agencies, educational institutions and even the society at large. Management schools should train people to solve problems in all these fields. And we must admit that it is in these areas that a context-friendly management education paradigm is needed. The two major challenges that have now become a global concern are inequality and environmental degradation. And they are an Indian priority, too. Naturally, it must be admitted that the 'standard' management education assumptions differ from the realities and are of little help in facing these challenges.

Management Education in India and elsewhere must find answers to these challenges. The focus, therefore, should be more on social innovation than technical innovation. Rather, technical innovation must come hand in hand with social innovation in India.

The needs of Indian society-the need for rapid social and economic development of the poor; the needs of the big cities; the needs of the environment; the need for productivity in education and health care-all these are opportunities for social innovation by business and business managers. They are opportunities for the manager - entrepreneur, and as such offer challenges to, and make demands on, the knowledge, the skill, and the performance of management education institutes. Context must be an important consideration in Management Education and institutions must reorient themselves.

No institution can exist outside of community and society. Psychologically, geographically, culturally, and socially, institutions must be part of the community – solving the problems, creating opportunities. Management education in India needs to be responsive and create managers who have impact on people, community and the society.

To discharge its job responsively the business management education needs to have impacts on problems of the masses. It must impinge on the community as a neighbour. And as the biblical cannon say, “Love thy neighbour as thyself”. Not just as the source of jobs and revenue but also as a redeemer taking care of myriad of problems ranging from waste products and pollutants to personal tragedies. In the pluralist society of organizations management education has to look beyond economics and include concern for the quality of life of the surrounding society, that is, for the physical, human, and social environment of the community. Islands of prosperity sooner or later submerge in seas of misery surrounding them. Look beyond the nose – that has to be the aim of management education. This dimension of management is integral to the work of managers of all institutions. University, hospital, and government agency equally have impacts, equally have responsibilities. Not at the cost of the enterprise but along with it. Making MBAs think about the society, too, must be an agenda of Management Education Institutes.

Management education institutes are organs of the society. They do not exist for their own sake, but to fulfill social purposes and to satisfy specific needs of the society, community and the individual. Management education thus needs to inculcate altruistic sentiments in those acquiring it. It will make them understand

the importance of social role in addition to the business role that they supposedly think they are made for. Peter F. Drucker mentions the example of the Benedictine monastery of the sixth century which was founded to serve exclusively its own members. Saint Benedict, the founder, therefore, removed his monastery from human society to the wilderness because he did not want his members to be concerned with the world, feel for it and forced to assume leadership. Unlike Benedictine monastery management education institutes need to contribute outside of its immediate scope that is business and other organizations and extend their reach to not just immediate but the distant non member, too, who is in no way connected with the apparatus.

#### **MBA as the crusader**

Coming back to our twin problems of inequality and environmental degradation we need to ask how management education can help in solving these. Whether it is eradicating extreme poverty, solving environmental problems or developing effective society- can management education contribute its bit? If the answer is no we need to stop here. But the evolution that management education is going through and the questions that management thinkers are raising today gives encouraging signals. The kind of educational imperialism that we have witnessed till now is going to change. The wholesale export of management education paradigm from the US will cease to be in demand as questions about appropriateness of the paradigm to the context will be raised.

With context and culture specificity becoming the norm, it is important to realize how to design such a model of management education for a developing country like India. The first step in this direction obviously has to be the mission of

management education. Go to the website of any one of the management institutes or any of their advertisement in the print media. You find a boldly displayed mission statement reading something like this – ‘we make corporate careers’. Words may be different but the proclamations by all management institutes reflect similar sentiments. This has to change. The professional has to become the crusader.

The management education has to become a movement for the greatest good of greatest number – Bahujan Hitaya Bahujan Sukhaya, the basic objective of Indian Philosophy. This can be done by transforming organizations into ethical systems where managers will work not only for economic prosperity of the shareholders but also for total societal development. Corporate social responsibility as a practice has been in vogue for quite sometime but the efforts have been piecemeal. The paradox is that we try to create perfect systems without perfect people. It is here, in creating perfect people, that the role of management education institutions become crucial. It has to be realized that character competence is the basis for creating ethical organizations. And this character competence can be built up at management institutes. Taking into account the gap between ‘statement’ of values and ‘state’ of values in many recent cases of corporates playing truant the role of character competence becomes critical. Not to digress, it needs to be mentioned here that our character building exercise aims at sensitizing the management graduates to the plight of less fortunate brethren who need to be pulled out from the morass of want and misery.

Not that only management graduates need to do this. But imagine how things will shape up for a developing country like India if hundreds of thousands of

crusaders take up the challenge of wiping out poverty. Moreover, the MBAs are more suited for this kind of a role. The MBA curriculum already has courses that deal with social, political and economic issues. Corporate social responsibility is emerging as an important subject. The only thing is that these courses are not given the emphasis that is called for. Some reorientation and restructuring would make these courses more effective. More so, when the MBAs seem to be willing to take up the cause.

The new generation of Indians is more Catholic in attitude and altruistic in approach. And a sizeable section of this is MBAs. If the recent surveys on social attitudes by reputed agencies like international polling firm Globe Scan are anything to go by, the new genre of Indian is proud of and wants to do something for his country. This positive sense of identity can definitely be directed towards the social activist role that MBAs need to play in order to contribute towards solving problems of poverty and environment.

#### THE ROOT OF THE PROBLEM

In his famous book ‘The End of the Poverty’ noted economist Jeffery Sachs argues that the poverty eradication requires only directing a lot of money and applying the latest technologies to the problem. Sachs’s basic premise is that countries get caught in a ‘poverty trap’ where poverty begets poverty. His prescription, logically, is to suggest United Nations to coordinate extensive efforts with the help of donors and international financial institutions including the IMF (International Monetary Fund) to help countries prepare comprehensive plans in meeting millennium development goals. But the facts suggest otherwise. William Easterly has brought these very succinctly in his past breaking book ‘The White Man’s Burden’. Easterly has reviewed aid and

development and argues that Sachs's approach is flawed. Perhaps, Easterly is right when he says that poor countries have received substantial aid over the past decades but it has not proved much effective. Easterly premise is that aid is not enough. The Indian example corroborated his views in the sense that aid is copious but its impact is not up to the desirable levels. Talking about poverty and environment issues, as mentioned earlier in the paper. We find that funds have not been in short supply. What have been found wanting is the approach and action. In many cases the funds are not spent, and in some they are used injudiciously. An interesting piece of statistics provided by the World Bank in India is that more than 87 percent of Indian poor can not access credit from a formal source and have to depend on money lenders who charge then interest rates ranging from 48 percent to 120 percent. And it is a virtual 'death trap' rather than a debt trap as the debt in many cases runs through generations. Scaling up access to microfinance can be an effective way of helping marginalized millions in India improve their lives. This certainly seems to support Easterlyesque point that solutions imposed from outside may not be effective. Aid is a very ticklish issue and even the World Bank seems to acknowledge this. Planning from the top has to be backed up by equally powerful and effective initiatives. From the grass root. It is here that the MBAs role will come handy. As crusaders and aid monitors that can ensure that aid can be utilized effectively. It is utilization that matters. Big money was never a problem. Problem was good people. The famous Indian economist and noble laureate Amartya Sen's basic thesis based on his study of Bengal famine was this very fact. It was not the availability of food grain that was causing famine, it was distribution. 'The stocks could not be moved due to a transport

system clogged by war efforts, the peasant have to sell his stock and was left with nothing to eat. With price rises black markets appeared and what could have been a controlled shortage became a famine of starvation.'

#### WHAT NEEDS TO BE DONE?

Indian economy is certainly on a high and the pace is likely to continue. Yet, the famous 'trickle down' effect, i.e., fruits of growth reaching the grassroots, is not taking place. The large army of MBAs that are at the forefront of the march must be trained to practice the Gandhian approach of trusteeship – they should act as trustees of then interests of the poor. Though the idea may sound a bit utopian, it is perhaps the way out. In a recent article in the Fortune magazine, Bill Gates talks about using technology to improve peoples' lives as he believes that philanthropy has to step in where market forces don't. And philanthropy is not only about charity. It is about thinking of the less fortunate, sparing some time for them, lending a helping hand and using one's management skills for solving problems of the poor. Meeting human needs is the starting point for all philanthropy. The challenge is to do the maximum you can with your time and money, to take advances in science and learning and ensuring that they get applied to the most urgent needs. And to do this the MBAs need to take a cue from Gandhian values as enshrined in one of the last notes left behind by him in 1948, expressing his deepest social thought as quoted below.

"I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man [woman] whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him [her]. Will he [she] gain anything by it?

Will it restore him [her] to a control over his [her] own life and destiny? In other words, will it lead to swaraj [freedom] for the hungry and spiritually starving millions? Then you will find your doubts and your self melt away.”

However, this is not going to happen on its own. A serious thinking has to be done to reorient and restructure the Management Education right from stage one which is the entry point.

The selection process of most management education entrance examinations lay emphasis on Intelligence Quotient (IQ) of the student in the written test that comprises the first phase. The second phase consists of group discussions and interviews which attempt at measuring the Emotional Quotient (EQ) to some extent. But there is no attempt to measure the **Morality Quotient** (MQ) which is an important ingredient of management practice. In the new paradigm of management education MQ must be assigned an important position. Management after all is application of social sciences and it can not be effective if distanced from moral science.

In the second stage there is need to reorient and restructure the total management education paradigm. The courses in the curricula give very little importance to MQ. The course curricula should such that it has ample scope for the use of MQ. The students will thus be trained to practice their learning based on MQ. Our basic focus in the existing management education paradigm has been on efficient and effective managers with the underlying assumption that they can not be ‘good managers’. This assumption has to change and it needs to be realised that ‘goodness’ also can have efficiency and effectiveness as attributes.

In the final stage it is required that the field training that forms an integral part of

management education paradigm must give ample opportunities for acquiring hands on experience on skills related to MQ. Thus in the new management education paradigm the MBA has to have not only high IQ and EQ but also high MQ. The prevailing view that effective organizations are run only on the strengths of high IQ and EQ of their managers is erroneous. Without MQ these will be unsustainable in the long run.

Most of the objectives of the Millennium Development Goals (MDG) can be achieved by making MQ the critical element of all education. More so, management education.

## CONCLUSION

The success of American Business Schools and the part they played in the success of American business and America has inspired several other countries to develop their own system for the provision of Management Education. However, all these models have remained largely American, the notable exception being Japan. The important thing to be noted is that Management Education has to be approached in response to historical, economic, political and social factors. While US model fits in the Western world and with minor adaptations becomes context friendly, the same can not be said of a country like India.

The American model of Management Education in India is largely serving the needs of the multinational organizations. A critical appraisal will reveal that Indian management schools have largely attempted the US based organizational, pedagogical, curricula, industry interface and academy research models. These do not suit the requirements of Indian conditions due to basic socio cultural differences. The indices of prosperity are hardly meeting the ‘satisficing’ objective of

growth for large majority. The data dished out quoting statistics of growth can better be called as providing '**statisfaction**' (statistical jugglery to create the feel good) without giving satisfaction to the large majority.

A significant pointer can be a letter published in the national mailbox under the 'My times my voice column' of the leading national English daily **The Times of India** dated 10 February, 2007 by an anguished Indian Dr Dhankar Thakur. The same is being reproduced here. 'Reports of 9.2% GDP growth does not reflect well-being of the common people, where the majority of children are malnourished. The expenditure on health in India is a dismal 0.9%, while Bangladesh spends 1.56% of its GDP despite a GDP growth of only 6%. The media is also busy on sensational sensex, Tata's foreign acquisitions and cricket, while farmers are committing suicide at an alternating rate. Despite the chorus on Tata's Corus acquisition, it is Jharkhand which has the most (90 percent) malnourished children. Only its employees are not stakeholders. May I ask what is Tata's contribution to the development of Bihar - from where it took all resources? It is the same case with all other industries. Whether billions of rupees draining to aircraft purchase would make India securer or Indians' travel smoother? Whether metros and cities are only India? Unless the wealth is distributed in deficient areas, the difference in development indices would increase further and majority Bharat will remain poor, though minority 'India' may shine. And like in Punjab, mostly crorepatris (one crore is 10 million) would remain in the electoral race.

It is not that Dr Thakur's view is the view. But it is a view that reflects the sentiments of a large section of Indians.



To conclude we would like to point out the comment of Washington Post carried on the title cover page of the famous book 'The Art of Japanese Management' by Pascale and Ethos that says " If there is one major lesson to be learnt from the Japanese business structure it is how to manage?" We wish someone talked in similar vein about Indian Management. It is possible if we created a Management Education paradigm that makes MVAs rather than MBAs.

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