

MISSING THE POINT? MANAGEMENT EDUCATION AND ENTREPRENEURSHIP

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Introduction

For current policy makers one of the main purposes of education is as a driver of economic growth. The case for this rests on there being some sort of causal relationship between organisational performance and management; the higher the quality of management then the more likely it is that improved organisational performance will result. The outcome of this is that current debates on education tend to focus on issues such as achievement and output. This is reflected in, amongst other things, policies based around increased testing at all ages, from primary through secondary and onto further and higher education. The aim of this article is not to engage in these debates but rather to follow a more valuable line of enquiry and consider the relationship between the form and purpose of management education. Our argument is that an understanding and appreciation of the volume, form and content of management education cannot be gained by abstracting it from its intellectual and practical context.

The article is organised in a fairly straightforward way. The first section examines the growth in the volume of management education and considers the key intellectual backdrop to this growth, namely a growing obsession with management as the key, if not the only, determinant of organisational success. The second section develops this point further with a consideration of the form and content of management education with the specific example of entrepreneurship education. The article concludes with a discussion of both the intellectual and practical limitations of the current form of management education.

Management Education: Driving the growing market

“Ask me my three main priorities for government and I will tell you: education, education and education” (Tony Blair, October 1996.)

“Our success depends upon mobilising even more effectively the imagination, creativity, skills and talents of all our people. And it depends on using that knowledge and understanding to build economic strength and social harmony.” (DfES, 2003)

Management education neatly combines two of the more prominent obsessions of UK policy makers since 1997; improvements to management and education. Whilst the government makes the general case for the relationship between improved education and economic performance, a more specific case is often made for management education. Nobel Laureates will be aware of the dictum that *“in science, the truth always wins”* and it is worth examining some of the numbers which underpin this relationship. Between 1997 and 2001 in the UK, the number of enrolments onto postgraduate

business and management programmes increased by over 25% such that well over 30,000 students were studying MBA programmes by 2001; on the output side, this is an activity which produces over 12,000 new graduates each year. This means that roughly one in five postgraduate students in the UK is studying business and management and, at undergraduate level, the figures are no less startling; in the same period of time, enrolments onto undergraduate programmes have increased by over 10% such that almost 120,000 new undergraduates enter into business and management programmes each year. After 30 years of deindustrialisation and the struggle to find industries that can generate significant exports, management education has set an example; the 2,000 postgraduate business and management programmes in the UK generate over £500 million of overseas earnings from almost 20,000 foreign students (QAA, 2002).

Against this background of market growth, the current Secretary of State for Education is famously “*relaxed*” about the trend for students to turn away from academic disciplines like Classics and towards harsher, maybe more vocational, courses like management and business studies. Notwithstanding Lee Rudolph’s point that “*no-one wants a good education, everyone wants a good degree*”, the case for past and future growth in provision and take-up of management education opportunities rests on there being some sort of causal relationship between organisational performance and management. For example, in their discussion of the nature of MBA programmes, Kangis and Carmen (2001) make the link between better managers and management education when they argue for “*learning outcomes relevant to students as present or future senior managers*”. This reinforces the point that “*the objective of business and management programmes is to educate individuals as managers and business specialists, and thus improve the quality of management as a profession*” (QAA, 2002) which rests on the assumption that the higher the quality of management then the more likely it is that improved organisational performance will result. The numbers suggest an ever growing cadre of professional managers and, given the assumptions on which this growth is based, this can only bring economic benefits to the UK.

Having established the increasing demand for management education (in higher education at least) we now turn to consider what is driving this growth. Williams et al. (1992) argued that whilst previous ages believed in miracles, the current age believes in management and our argument is that this growth in management education is a broad reflection of current public and private sector preoccupations with management. Therefore, the promotion of management education for instrumental economic purposes is built on a similar set of assumptions which underpin current management obsessions. We argue that this is more likely to be indicative, not of the triumph of a new management ideology, but rather of a lack of will and imagination in dealing with the realities of, for example, a globalised world and an impoverished public sector. We can develop this idea further with two illustrations: First, management as rhetoric in the literature on globalisation which views issues through the prism of purposeful management action and, second, management as an activity through consideration of its role in transforming the performance of the public sector.

For the purposes of this article, we will consider the ever expanding literature on globalisation as falling into one or more of three different schools of thought. The first school is built on the acceptance that the world of tomorrow will be significantly different to the world of today and that globalisation is new and different. The second school argues that, under a set of very different operating conditions, in order to be successful managers and firms must behave in a very different manner to how they behaved in the past. The third school focuses on specific managerial responses to a globalising world which explains to firms what they have to do to deliver that success. Central to the review of the literature is the notion of globalisation as a specific management issue; both explicitly and implicitly, much of the literature offers the message that with the right kind of management, globalisation offers an endless series of opportunities rather than threats.

We start with some illustrations of the first two schools of thought. For example, Moss Kanter (1995) points out "*sweeping changes in the competitive landscape*" and Ohmae (1989) demonstrates this with the assertion that "*boundaries have largely disappeared*". The work of Bartlett and Ghoshal (1987) is firmly placed into the context of "*recent changes in the international operating environment*" and Prahalad and Doz (1986) give substance to these changes by emphasising "*intense competition brought about by overseas competitors*". Globalisation thus offers a very different set of outcomes. Levitt (1983) argues that globalisation will allow firms to "*sell the same products in the same way everywhere*", a view rejected by Douglas and Wind (1987) as "*naive and oversimplistic*". Bartlett and Ghoshal see the challenge of the global economy as "*managing across borders*" whereas Ohmae sees it more as "*managing in a borderless world*". The result of this is increasingly emphatic and dogmatic management-speak which involves prescriptive advice; Companies should think about "*integrating their world-wide strategy*" (Yip et al., 1988) and therefore "*re-think their strategies and structures*" (Moss Kanter). Ohmae brings in a market focus by pointing out that "*customer needs have globalised, and we must globalise to meet them*"; Bartlett and Ghoshal think that all this means "*not only a total strategic re-orientation but a major change in organisational capability as well*" and Prahalad and Doz argue that we must now "*go beyond the analysis of existing rules and examine how determined companies often change those rules*".

The final school of the literature on globalization privileges management as the key agency of organizational performance; management is the real difference between success and failure in the global economy. We can demonstrate this point through an examination of three of the key instalments in the development of this school: The 1980s and early 1990s business school obsession with Japanisation; the prominence of Business Process Re-engineering (BPR) in the 1990s and the more recent development of the revolutionary school of management. We begin, therefore, with Japanisation and the most logical starting point for this discussion is the large-scale entry of Japanese manufacturers into the American car market during the 1980s: By the end of the decade one in three cars sold in the United States was Japanese.

Womack et al. (1990) provide the most influential explanation of Japanese success (and American failure) and this explanation was based around two main conclusions: First, the Americans lost because Japanese management was superior and, second, if the American industry was to ever recover then a new form of management was needed. The management that defeated the Americans was coined "*Lean Production*" and it is superior because it "*takes half of everything; half the human effort in the factory*". In addition, Womack et al. argued, it was "*a superior way for humans to make things*" and so concluded that "*it is in everyone's best interest to introduce lean production everywhere, and as quickly as possible*". Explicitly in the Womack et al. text is the argument that best practice in manufacturing works in any national, organizational or cultural context. More implicit in the text is the argument that, under any sort of difficult conditions, provided management does the right things and makes the right decisions then success will always be guaranteed.

The Japanisation panacea for manufacturing firms was superseded in the mid-1990s by Hammer and Champy (1995) and their new prescription of BPR. This was a management prescription which offered something significantly new and different: "*Advanced technologies, the disappearance of boundaries between national markets and the altered expectations of customers who now have more choices than ever before have combined to make the goals, methods and basic organizing principles sadly obsolete*". Under these kinds of conditions, management must become a much more dramatic activity as "*Reengineering can't be carried out in small and cautious steps*" because it involves "*tossing aside old systems and starting over*". For BPR, the key words are: Fundamental, Radical, Dramatic and Process. Again the explicit message is that only the right kind of management can deliver success even though authors like Willmott (1995) argue that those who sign up to BPR are like "*turkeys voting for Christmas*" given the poor results of most BPR experiments. These poor results are explained away by Hammer (1996) because "*many people who use the word [re-engineering] don't understand it. Consequently a lot of half-right ideas and some plain nonsense are being passed off these days as reengineering*".

The revolutionary school of management (Adcroft et al., 2004) reflects the perceived need for organizations to reinvent themselves in the face of turbulence created by technological change and globalization. Two of the main themes of this school are, first, discussions of the likely obstacles to organizational revolution and, second, how organisations can become more revolutionary and overcome these obstacles. In discussing the obstacles to revolution, Beer and Nohria (2000) suggest; "*Today's fast paced economy demands that businesses change or die. But few companies manage corporate transformations as well as they would like*". One possible explanation of this problem is given by Collins (1999) who argues that corporate executives fail in transformation because even "*with the best of intentions, they install layers of stultifying bureaucracy*". The need for a more revolutionary approach to transformation is given by Pascale et al. (1997) who point out the weaknesses of an incremental approach; "*More and more companies struggle with growing competition by introducing improvements*

into every aspect of performance. But the treadmill keeps moving faster, the companies keep working harder, and results improve slowly or not at all". The most influential author in this school, Hamel (2000), offers a revolutionary prescription to drive change and argues; *"To be an industry revolutionary, you must develop an instinctive capability to think about business models in their entirety ... this is mental training for industry revolutionaries"*. With the mindset comes the revolution: *"How to start an insurrection ... Build a point of view ... Write a manifesto ... Create a coalition ... Pick your targets and pick your moments ... Co-opt and neutralize ... Find a translator ... Win small, win early, win often ... Isolate, infiltrate, integrate"*.

We now turn from a discussion of the role of management as portrayed by the literature on globalisation to the use of management in the public sector. Whilst on the face of it this may seem like a significant leap, there is, after all, a massive difference between the nature of international competition and the management of a failing comprehensive school, we will argue that these two disparate examples share a great deal of common ground. The activities may be different but the managerial underpinnings and assumptions are similar so we are proposing a leap of faith rather than a bridge too far. Our central argument is that over the past quarter of a century increasing emphasis has been placed on the management, rather than the resourcing of public services. We will discuss this point in two ways: First through a consideration of the nature and causes of the shifting problem definition of the public sector and, second, we will illustrate this point with the specific example of National Health Service (NHS) reform.

The post-war development of the public sector in the UK is characterised by two significant shifts in problem definition and the underlying philosophy which formed the sector's foundations. The first shift occurred in the mid to late 1970s and represents a movement away from resources to management as the main driver of change. Since the 1950s emphasis was placed on extensions to the public sector and increasing access to resources in order to fund more services but this was replaced by a new emphasis on improving the management of ever dwindling units of resources. The second, and most recent, shift is a partial turnaround and whilst the attention paid to management remains, there is also the commitment to increasing resources. This shift, which began in the late 1990s, we can characterise as resources with strings attached.

The causes of these shifts in problem definition are a combination of ideological change and economic necessity. Yergin and Stanislaw (1998) characterise the ideological shift as *"the triumph of the market over the state"* and this is reflected in a political language that is still dominant today. In this language the key words are market, competition, enterprise, efficiency and profit with management providing the adhesive to hold them together. The shift has manifested itself in a number of different ways, the most obvious of which was the transfer of huge tracts of the public sector into the private sector through privatization, and more recently the transfer of management practices in from the private sector. There is also another imperative behind the shifts and that is the fracturing of the link between economic performance

and public service provision. Williams et al. (1986) point out that the foundation of the welfare state was a successful economy delivering full employment and with the repeated failure of successive governments to transform economic performance this foundation has been eroded away; without this foundation some kind of change was inevitable.

We can illustrate these points with a consideration of NHS reform. Transformation starts from the a priori assumptions that there are major problems of under-funding caused by long term financial neglect but also that there are major problems of under-management, hence the need to change the way the service is run. Accordingly, the NHS has “*systematic problems, which date from 1948 when the NHS was formed*” (NHS Plan, 2000). In particular this focuses on 4 key characteristics of the service that require change: The lack of national standards; too many old fashioned demarcations between staff and barriers between services; no clear incentives and levers to improve performance and, as a whole, over-centralisation and disempowered patients. The solution to the problems of the NHS is, therefore, based on a combination of increased funding and managerial reform.

The major string attached to the increasing resources comes from the NHS Public Service Agreement (PSA): “*In each area of service delivery ... we are tying new resources to new reform and results, developing a modern way of running good efficient public services*” (NHS Public Service Agreement, 2002). Three objectives are paramount: First, improvements to service standards assessed by clear and measurable outcomes such as waiting lists and access to primary care; Second, improvements to health and social care outcomes with measurables such as mortality rates and teenage pregnancies; Finally, the service should deliver value for money through 1-2% productivity and service improvements every year (NHS Public Service Agreement, 2002).

The delivery of the objectives underpinning NHS reform will come from the NHS Plan which fully accepts the strings attached to the resources; “*investment has to be accompanied by reform*” (NHS Plan, 2000). These reforms will take a number of different forms. There will be more joined up services, new working practices will form the basis of the 21st century NHS through new contracts for doctors and extensions to the role and duties of nurses, patients will have more input into NHS decision making and there will be more use of private resources. The PSA and the NHS Plan together provide a neat blend of the carrot and the stick. The carrot is provided through such things as increasing autonomy as “*local NHS organisations that perform well for patients will get more freedom to run their own affairs*” (NHS Plan, 2000) and the stick is provided as it will become easier to compare and contrast performance across different sections of the service and, where there is underperformance, “*the government will intervene more rapidly in those parts of the NHS that fail their patients*” (NHS Plan, 2000).

In discussing globalisation and public sector reform we recognise that the relationship between these two issues and management education is probably indirect (and maybe even tenuous). The aim of this section of the

article was not to provide a discussion of the specific drivers of the growth in management education but rather to provide some contextual detail. We would argue that this line of enquiry, whilst being indirect, is still fundamental; it must be more than a coincidence that the number of MBA students grew dramatically at the same time as the globalisation debate moves in the direction of management and public sector transformation is expressed as a management issue. The point we would make is that the growth in the volume of management education is indicative (or illustrative) of the growing importance attached to management but, at this stage at least, we make no judgement as to the direction in which the causal relationship lies. The article now turns to consider the form and content of management education and argues that this also reflects the demands placed on management by the likes of Hammer and Hamel where a consideration of organisational transformation is often part and parcel of discussions about entrepreneurialism as a mechanism for organisational change.

Geographic Chronology: The purpose of entrepreneurial education

The growth in entrepreneurship as a key component of management education should come as no real surprise. As Kirby (2003) has pointed out; “*business and entrepreneurial development has been listed as one of the four strategic goals of British universities*” and the National Committee of Inquiry in Higher Education (1997) recommended that universities should “*consider the scope for encouraging entrepreneurship through innovative approaches to programme design*”. This centrality of entrepreneurs and their activities is not a new idea. For example, Schumpeter (1934, 1939) argued for the key role of innovation in driving forward capitalist development and the key agent of this was the entrepreneur through the creation of “*new combinations*”. For Schumpeter, therefore, entrepreneurs were the cause and not the effect of long term economic progress. Given the context in which management education has flourished over the past few years, entrepreneurship education would almost seem to be a natural outcome; Hamel’s propositions for organisational transformation and revolution, for example, fit in neatly with Chaharbaghi and Willis’s (1999) definition of entrepreneurship as the creation of “*new market values*”.

One of the crucial questions for entrepreneurial education centres on the extent to which this is a form of activity that can be taught. This question, whilst never being fully resolved, is usually considered at two levels; the entrepreneurs themselves and the activities they carry out. In terms of the individual entrepreneur, research suggests that these people do have certain characteristics and character traits that make them stand out (Burns, 2001). These traits are well documented in the literature on the subject and include; risk taking and the need for achievement (McClelland, 1961), locus of control (Rotter, 1966) and the desire for autonomy and deviancy (de Vries 1977). If these are the fundamental ingredients of the successful entrepreneur, does management education have a role in mixing them and blending them into the finished form? In the context of management education, the debate on this issue broadly reflects the wider debate about entrepreneurship in general. At one end of the spectrum, Chaharbaghi and Willis are sceptical about the

value of this type of education. They argue that “*entrepreneurs cannot be manufactured, only recognised*”. On the other hand, Kirby offers a more optimistic assessment. In discussing the characteristics of entrepreneurs, he argues “*these attributes can be developed ... but not by using the more traditional pedagogic teaching methods*” and concludes that, wherever possible, business schools should “*retain their premier position in the creation of entrepreneurs*”.

Resolving this debate is clearly beyond the scope of this article. Whilst we would prefer to illustrate the debate rather than engage in it, we would also point out that it raises a fundamental question as to the purpose of entrepreneurial education; does it take place in order to recognise the activity when it happens or does it take place to foster and engender higher levels of the activity? In either case, there are issues to be discussed. If it is simply about recognition then we would ask whether there is any more value in a management student analysing an entrepreneurial event than there is in, say, an art student analysing a great sculpture. If it is about promoting higher levels of the activity, we need to recognise the complexities of the entrepreneurial equation. Social sciences, like sociology, economics and management, are, more often than not, careful to place any organisational analysis into a broad environmental context where the conditions of one are both reflected and dependent on the conditions in the other. The same is true of entrepreneurship.

Entrepreneurial events need to be analysed from two perspectives: First is those who do it and the skills they have and require; second, is the external context in which it takes place. For example, Dhaliwal (2001), in discussing the nature of second and third generation Asian entrepreneurs in the UK, draws attention to a number of external support mechanisms and systems which must be in place to facilitate the event such family, access to finance and training organisations. On this side of the equation there is also the issue of chronological geography; the entrepreneur being in the right place at the right time which may involve elements of judgement but also involves elements of serendipity. The other side of the equation is having both the character traits and the necessary skills to take advantage of whatever opportunity has either presented itself or been created. In so far as the purpose of entrepreneurial education as being about increasing the volume of activity, we would recognise the contribution of management education to providing the skills (after all even Tiger Woods has a coach) but question the contribution that can be made to the geographic chronology which is part and parcel of the activity.

Conclusion: The dog that didn't bark

In the Sherlock Holmes mystery, “Silver Blaze”, the key to solving the case was not in what happened but rather in what did not happen; the great detective was able to make more crucial deductions because the dog did not bark than because the dog did bark. Similarly, the documented growth in management education is as significant for what it does not contain as it is for what it does contain. Both the growth in, and the form of, management

education reflects an increasingly accepted assumption of the universality of management; under whatever conditions, global or national, public or private, the key determinant of organizational success is management.

In defining and explaining organizational success and failure, like Fromm (1960), we reject the benefits of “*reciting optimistic formulae*” as being simply too uni-dimensional whether discussing the success of a global corporation in securing new market space or a public sector body improving the quality of service provision; we note the important contribution that can be made by management but also recognize the important contributions made elsewhere. No discussion of Japanese success, for example, would be complete without a discussion of industry structures, market conditions and comparative labour costs and, similarly, no discussion on improvements to NHS performance would be complete without a consideration of the availability of new resources. There will always be factors both inside and outside the boundaries of the organisation that are beyond the control and influence of management. Management is only ever one part of the equation and whilst there are clearly merits in improving the quality of management as a profession this should not happen at the cost of “*looking in the wrong direction*” (Adcroft and Willis, 2002) deliberately or otherwise.

The specific case of entrepreneurship education is instructive on this point as it reflects McCloskey’s (1990) question “*if you’re so smart, why aren’t you rich?*” which the management educator has no simple answer to. Is entrepreneurship education there to just recognize, analyse and appreciate those who have become rich or is it there to instil in others the skills that will make them rich? The case for the entrepreneurial skills of creativity, leadership and innovation is made in the globalization literature, by the management gurus like Gary Hamel and in the imposition of private sector management on the recalcitrant public sector. However, unless and until the tension between recognition and promotion is reconciled, the suspicion will remain that it is little more than a case of academic supply creating an insatiable and unrealistic public and private sector demand.

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