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Reflections on Management Education in the Context of Poverty: Introduction to the Special issue

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Introduction to the Special issue

This special issue grew out of conversations that took place over several years during convention workshops at the Western Academy of Management and the Academy of Management. Several of us who had lived and worked in poor countries found ourselves confronted squarely by the question of what role management educators should play in relation to those conditions of poverty and disadvantage we had observed. Some felt significant contributions had been made by business educators toward relieving the hardship of disadvantaged populations. But we weren’t all convinced that we were playing the role that we should. Most programs of management education in poor countries/areas tend to replicate management programs from “developed” countries, and to educate their students in terms more appropriate to prosperous parts of the world. One of us had the experience of watching colleagues teach Harvard Business School cases in Indonesia, a country where only 20% of the population has wage-earning employment. We found the programs didn’t always seem to work; and when they did, they often seemed to undo ways of living and knowing that had value in their home communities. We couldn’t help asking whether there were forms of management thinking and education that would contribute to relieving hardship but without just remaking communities and societies in somebody else’s image.

Jane Schmidt-Wilk, editor of the Journal of Management Education, was present for one of those discussions, and invited us to put together a special issue of the journal devoted to this question. We thank Jane, and the journal, for their recognition of the importance of this topic. We believe their invitation reflects
creative thinking about the role of management education and its potential in different environments and conditions, and that is a credit to Jane and the journal.

In the call for papers, we urged management scholars with experience in poor areas of the world to reflect on their experience and challenge readers to consider new approaches for management education in those regions. Our goal was to stimulate research, analysis and dialogue through questions such as these: How do “standard” management education assumptions differ from the realities of impoverished areas/countries? What new and valuable insights did you gain from your experience in the context of disadvantage? What are the practical and theoretical implications of those insights? What can management education contribute to eradicating extreme poverty, solving environmental problems or developing effective civil society? What research is needed in these different settings? What can management education contribute to achieving the UN’s Millennium Goals?

1. THE PARAMETERS OF THE DISCUSSION

Questions like these frame the discussions you will find in these pages. Submissions reflected not only the experience of those working as management professors in villages and shantytowns in poor countries but also those working with street people, with rural communities and with indigenous communities in rich countries. We learned that we have to think imaginatively not only in dealing with the students already in our classrooms and in our institutions but also about working with the poor outside conventional classrooms and in their home circumstances. It is essential that we find ways of connecting our students and our programs with the broader society around them, including the places where there is deprivation and disadvantage. Ignoring the poverty and disadvantage within our communities, and in
the world community, is a luxury we simply cannot, as citizens, afford. Management education, in the classroom and beyond it, cannot be disengaged from that fact.

It is possible to argue that business education has no special role to play in relation to poverty relief. Look after doing business, and doing it well—this argument goes—and poverty as well as other social issues will be dealt with as one of the happy by-products of successful business activity. But this proposal seems doubtful on at least two grounds. One is that things simply do not seem to have worked that way. It is true that business activity has resulted in great benefits to many people. But to many more the results have been negligible or non-existent. Rises in GDP and average income per capita, where those have occurred, obscure the fact that those rises have often benefited disproportionately those who were already comparatively well off (Stiglitz, 2006; Trainer, 2002). So the riches resulting from economic growth have not trickled down and raised all boats equally (United Nations, 2005; Weller & Hersh, 2002). Indeed it seems that many boats have not been raised at all (Collier, 2007). Some will contend the effects have even been damaging at times (Shuman, 2000; Trainer, 2002).

The second challenge, which may underlie the first, is that this proposal reflects a disembodied caricature of business activity. Even large multi-national corporations (MNCs) are finding they cannot behave as though they are citizens of nowhere, and they must tend to their rootedness in the communities they hope to operate in. The multitude of small to medium sized enterprises (SMEs) that make up so much of the real business world, and in many countries the bulk of the employment opportunities, are deeply embedded in the communities they help constitute, and almost completely overlooked by management education. There is a powerful and reciprocal connection between the health of community and enterprise. Add to this
mix street vendors, women’s groups, co-operatives, community-based enterprises and other forms of commercial and social venture, all impinged upon by the market forces distinctive to their setting, and we see an enormous and exciting challenge for business educators.

People in this variety of ventures and circumstances need skills, though often these are not totally new skills. More typically, people need to adapt traditional skills and knowledge to a new awareness of the enlarging and evolving environment, as well as selectively adapting techniques from other settings. People in these circumstances need to understand how markets work in their environment, and to take account of the way that environment is expanding and increasing in complexity. They need to adapt and supplement traditional forms of book-keeping, and to develop ways of marketing that fit their evolving circumstances. They need an understanding of how inflation and interest-rates work in their situation, and so on. Who can deny that management education has a special role to play here, and that it has to pay attention to traditional knowledge and the diversity of circumstances in which people need to work? If management education deals with business as it really is, and not some abstraction, surely it must relate to this diversity of business dealings and environments, and with the poverty that is sometimes a dominant feature of the environment.

In all this there are also tremendous opportunities for management scholars to expand our understanding of business and economic practices, to learn from non-mainstream business organizations. Further, while there are important questions as to what works in this vast variety of circumstances, and why, these must not be allowed to obscure fundamental questions about the role of business in society, including the question of how business activity may play a part in alleviating poverty while
respecting community and culture. Perhaps we have even more to learn here. We believe the papers in this issue contribute to discussions at both those levels.

2. IS MANAGEMENT EDUCATION ADDRESSING POVERTY A CULTURAL TRANSPLANT?

It is arguable that management education in poor countries has tended largely to import western style undergraduate and MBA programs. One of the participants in the discussions that led to this special issue, a pioneer in teaching MBA programs in Russia, mentioned that in spite of her program’s being the first ranked in Russia, she still had some worries about the possibility of ethnocentrism.

I still have two nagging concerns about this program, as well as about our and other universities’ western style MBA programs in other developing countries and economies. These concerns are 1) to what extent is the content of an American MBA program relevant in the business environments in these local contexts (and/or how relevant should it be?) and 2) are these programs the proper or best mechanism for western business to contribute to the development of these economies?

There are, of course, different ways of responding to these questions. On one hand, it may be argued that that impoverished people in poor or transitional economies need to take advantage of foreign trade and international capital and to be integrated into the world economy. On this view, the role of management education is to disclose and diffuse the business techniques of the US and like nations on the grounds that they have fuelled those countries’ economic development and they are likely to fuel others. As well, citizens of poor or transitional economies who are trained in western style business practices will have the opportunity to be employed by MNCs or to contribute to the leadership of local companies. From this point of view, the content of educational curriculum should be built along the lines of US
programs, with some tailoring to take account of the local culture. Carland, Carland
and Koironen’s observation that “…increasing numbers of American researchers are
travelling the world to teach entrepreneurship” (1997, p. 1) illustrates this outlook. So
also does the considerable amount of research done in “developing” regions in an
attempt to uncover and/or encourage particular characteristics in individuals or
communities that in North American settings are seen as indicators of progress or
potential, e.g. personal characteristics such as tolerance for ambiguity and internal
locus of control that are linked with entrepreneurial attitudes. Widespread efforts to
promote US or European accreditation programs among institutions in disadvantaged
countries advance this plan of action.

On the other hand, without denying the importance of learning from each
other, other scholars have raised the question of whether this approach in the end
amounts to a cultural transplant, disseminating North American culture through
management education. Do our efforts at management training in conditions of
disadvantage turn out to be well-meaning embodiments of modernisation theory? This
is the notion underlying development efforts in the 60s and 70s that the goal of
development should be prosperity as experienced in the “developed” world, and that
“underdeveloped” regions need to emulate the process of industrialization and
commercialisation that “developed” countries are said to have followed in arriving at
that state (Tipps, 1973). The theory is widely held to be discredited (Moore, 1997),
largely on the grounds of its ethnocentric assumptions both about what ends of
development ought to be and the means needed to achieve them. It is arguable,
nevertheless, that the idea lingers on in much of the thinking and practice related to
poverty relief, including efforts under the heading of management education. Mir has
argued forcefully that “mainstream management texts seek to legitimize a social order
in which certain power relationships are naturalized and seen as the logical end of a historical development” (2003, p. 734). The language of “developing,” “underdeveloped” and now “transitional” economies appear to many to embody the modernization outlook. As Julie Hemment writes, "Transition' is always posited as a process whereby the 'east' becomes more like the 'west,' by way of a series of prescribed economic and political steps” (1998, p. 35).

There are echoes of both these points of view in the papers that follow, as well as less polarized outlooks that borrow something from each.

From any perspective, however, we can agree that in developing programs that related to issues of poverty, we must listen well to constituencies we hope to benefit. As one of our colleagues reminded us:

... We can afford to be a whole lot better at listening (rather than preaching and judging and telling), at learning from the local people about subsistence and survival (versus finance and economics), about family working together (versus business empriring), about village life and sharing (versus urban living), about helping one another (versus focusing on profit), about intra-community trade patterns (versus centralization and internationalization and globalization), about the art of the possible, about their kind of integrity (versus our kind), and about recognizing inherent skills (versus qualification). And about culture and life practices which are often much much older– and often wiser - than those we newcomers on the block now espouse and seek to have replicated in every other environment as a “price” for helping them at all. This kind of sharing, this kind of caring, would put a very different face on our work in those areas…. This is a re-starting from a “bottom-
up” direction, rather than the “top-down” pattern…. It is non-impositional, respects the spirit of the local people, is culturally sensitive and… honors and respects the people themselves …(Bainbridge, 2002, p. 22)

This kind of learning does not have to be framed in terms of technical devices and specialized concepts to be pedagogically effective. In fact the reverse may be true. It is arguable the increased attention we see in management classrooms to issues in business and society, business ethics and corporate social responsibility is sometimes reduced in its impact by the use of such formalizations as standard cost-benefit analysis. In conditions of destitution, a genuine sense of the real costs and/or real benefits of a course of action often defies quantification in terms of what someone would pay to avoid or achieve a certain outcome. A posture of genuine listening will challenge us to recognize the complexity and diversity of cultures, social, economic and cultural systems, and will also require us as teachers to move beyond a narrowly “technical” or skill oriented education to become educators and not just trainers (Grey & Mitev, 1995). Even the skill elements in what we hope to impart must, as argued above, be re-shaped to fit the particularities of the conditions in which they will be exercised.

3. ARE MANAGEMENT THEORIES RELEVANT TO POOR PEOPLE?

Management journals and management teaching abound in theories: theories of strategy, of entrepreneurship, of finance, valuation and accounting, of human resource management, of organizational structure and behavior, and much more. Are these theories relevant to management education in and for conditions of poverty? For some of us, this question raises again the issue of whether management education is covertly ethnocentric in its assumptions.
Much management theory, for example, borrows from economic theory the assumption that parties to exchange should be thought of as individualist, self-interested and competitive. Most entrepreneurship theories (e.g. Brenner, Cantillon, Druker, Kirzner, McClelland and Schumpeter), for instance, assume that exchanges take place between individual profit-maximizers. (There is disturbing evidence that among students of economics and business this assumption has a self-fulfilling tendency (Carter & Irons, 1991; Kirchgassner, 2005; Marwell & Amer, 1981)!)

Hofstede (1980) contends that individualism and competitiveness are more characteristic of American culture than of many others. It follows that that importing standard management theory may well introduce at the same time a cultural ethos that is a poor fit in many societies. It is argued elsewhere (e.g. Peredo & Chrisman, 2006; Peredo & McLean, 2007) that attempts at fostering entrepreneurship have often embodied a culturally and ideologically captive understanding of entrepreneurship, and freeing that understanding is a key to promoting successful entrepreneurship in many poor environments.

There is no avoiding the radical challenge this presents to our efforts to bring management education to bear on the problems of poverty. It requires us to think from the ground up about our assumptions concerning the way in which people in different societies view themselves and what the consequent roles of exchange might be among them. Unless we are comfortable with the idea that business education for conditions of poverty means, in part, cultural reconstruction, we must allow our fundamental notions of business activity to be informed by a clearer understanding of how business is done in different settings. This is not to deny that cultures evolve and adapt, or to assert that cultural practices cannot be challenged and re-shaped. Cultures are not static, and one reason for their adaptive evolution is that their members find reasons
for preferring new ways of doing things. For example, management educators from outside the culture may find it easier to challenge and explore corrupt practices or discuss labor rights than colleagues who may be embedded in local elites. But the uncritical assumption that our theories of commerce and management will be as useful in other environments as we suppose they are in our own, risks at least the discovery that they don’t work well. It may also leave us open to the charge of a new kind of colonialism.

4. THE DISCONNECTION FROM LOCAL REALITIES: MISSING “THE INVISIBLES”

In our workshop discussions, it was often pointed out that management texts and course syllabi are geared almost entirely toward private sector, for-profit enterprise, and tend to focus on topics related to MNCs. In recent years, partly in response to scandals involving MNCs, especially in poor areas around the world, “corporate social responsibility” (CSR) has become a conspicuous feature of corporate imaging and of management education. There are many views as to the motivations and contributions of CSR programs to alleviating poverty. However, there are business models and theoretical frameworks that have social responsibility built into their structure, such as the vast range of co-operatives and community owned businesses, that are often omitted from business school curricula. We call these “the invisibles.” A result of their invisibility, in both rich and poor countries, is a disconnection between the social and economic realities our students emerge from and will return to, and what we teach them.

In prosperous nations we often find management students in final year classes, for instance, that have not heard about co-operatives, though many of them come from communities where those forms of enterprise play a fundamental role in providing services to the community. Public sector, co-operatives and other forms of
community-owned businesses provide opportunities for business graduates, and at the same time need their skills to operate effectively in the evolving business climate. We need to relate to the realities of these “invisibles,” which are part of the experience of many of our students, as well as the existence of standard firms and MNCs. If, in our curriculum and our research, we do not consider the diversity of local business models, we risk preparing our students inadequately for a role in their own local communities or for work in impoverished communities elsewhere.

This sense of disconnection can be even more severe in separating business students in poor countries from the realities in their home communities, and it may be just as acute when their education takes place in their home country as it is likely to be when they are foreign students at a North American business school. The huge “informal” urban sector, for instance, has been largely ignored in business studies and teaching, despite its being a critical source of jobs in poor countries (International Labour Organisation, 2002) and its crucial role in helping extricate some from dire poverty (Krishna, 2004; Narayan-Parker, 2000). Interesting developments in Latin American, African and Indian rural areas have seen indigenous communities creating unconventional forms of enterprises embedded in their traditions and pursuing multiple goals: social, cultural and economic (Peredo & Chrisman, 2006).

One such community, Yurimanga, musters resources from its community-based enterprises to build primary and secondary schools as well as creating scholarships to send young people to the regional university. Business administration students are among these sponsored students, who live in the city during the week, but remain heavily involved in community activities as a way to retain their community citizenship. It was disconcerting to hear of their plans to seek office in the community organization, and to introduce changes they felt on the basis of their management
training were called for, most notably a separation of the social from the business goals of the enterprises. As one put it, “We need to become professionals and we should not and cannot carry on with social expenses in this community.” It appeared one effect of their management education had been to eclipse the understanding, common in their culture, of community resources as a common patrimony, the benefits of which should be shared with all members of the community. It is difficult not to see this as a loss.

Management education will no doubt need to supplement, sometimes even challenge, outlooks present in communities. But this should not be the result of an uncritical and unconscious adoption of someone else’s cultural outlook, thoughtlessly detaching students from the roots and realities they come from and/or will work within. One of our pieces in this special issue addresses the disengagement of young elite Colombian students from the reality of the society around them, and the efforts of faculty members to remove them from the “bubble” protecting them from engagement.

5. MANAGEMENT EDUCATION FOR POVERTY AND THE ROLE OF THE MNC

A question that arose more than once in our discussions is, what is the role of MNCs, and what ought it to be, in relation to those in conditions of poverty? Some have suggested, for instance, that one of our roles as business professors could be to connect poor people and the micro-enterprises they frequently create, with large MNCs, to whom they might be suppliers and/or customers. It is true, of course, these small ventures need customers and suppliers; and ventures working from within disadvantaged circumstances, especially co-operatives and fair trade networks, have found it useful to form alliances among themselves and with larger international enterprises. But it would be naïve to ignore the fact that whatever their commitment to
CSR, MNCs are business undertakings whose goal is profit maximization. Add to this the fact that the power relationships between large, wealthy MNCs on the one hand—some of them richer and more influential than many nation-states—and small, local enterprises, even alliances of them, on the other, are not evenly balanced. Dependency, vulnerability and the possibility of exploitation could be easy outcomes.

Management education concerning these relationships between the enterprises typical of poorer environments and large MNCs cannot ignore the complexity of these relationships and the hazards implicit in them. Large corporations frequently enter arrangements billed as examples of CSR—for instance, the provision of free televisions or computer equipment to cash-strapped schools on the understanding that the donor corporation will receive advertising or other influential exposure in the use of the equipment. Management textbooks, and teaching cases built around these arrangements, are all too often silent about the ethical issues raised by them; and the opportunity is lost to engage business students in thinking about more complex management issues such as power relations, interests, voices and exploitation (Grey, 2002). The consideration of these relations in connection with management education for conditions of poverty inevitably introduces a consideration of the critical element needed in management education. As Monaghan puts it, by helping managers or future managers “….to achieve a different vision of the world using CMS [critical management studies], we can also help to realize a society where the interests of everyone, including those currently marginalized, are seriously considered“ (2003, p. 3).
6. THE GLOBAL COMPACT AND MANAGEMENT EDUCATION IN THE CONTEXT OF POVERTY

One recent development that highlights the relationship of business education to the context of poverty is the United Nations “Global Compact.” The work of the Compact became directly involved with management education with the publication in 2007 of six “Principles of Responsible Management Education (PRME),” which it has invited all those involved in higher education for “business leaders” to endorse and embody in their educational activities. The principles (UN Global Compact, 2007) identify purposes, values, methods, research priorities, partnerships and dialogues to which signatories commit themselves.

This initiative is clearly promising in the way it places the values of inclusiveness, social responsibility and sustainability prominently on the agenda for business and business education. It plainly aligns itself with our concern here for management education that plays a part in addressing conditions of poverty and disadvantage.

A worry is that the PRME may be a flag that educators choose to fly, but without engaging in the critical reflection that might have an effect on their actual performance. At its worst, this may simply be another form of “cause-branding.” But even with all good will, signatories may fail to think through the fundamental questions about how business may be differently situated in communities and cultures, not only in other “developing” countries, but in impoverished communities in their own societies. Brenkert (2002) raises searching questions about how, for instance, our ardent efforts to promote entrepreneurship in a variety of cultural settings raise important ethical issues about how such efforts impinge on social relationships and cultural values. Similarly, management education that attempts to
address conditions of poverty, but fails to embed itself deeply in the social and cultural realities of those it is attempting to help, is likely in fact to be damaging.

7. THE PAPERS

The six main papers included in this issue deal with various aspects of management education, from delivering management education for women or youth at the grassroots level to engaging middle and upper class business students, in poor as well as rich countries, in the realities and dynamics of poverty and environmental degradation. To enlarge the dialogue concerning issues raised in papers originally submitted, we have added invited commentaries on three papers.

We open this issue by looking at actors and organizations that are scarcely ever visible in management education. In the first paper (an invited submission) Neu and Quintanilla draw on their experiences as activists as well as scholars to provide a powerful account of a fair trade co-operative run by single mothers in El Salvador. They examine how the discipline of the market drives the mothers to acquire management skills and knowledge. As they state, "Management education… isn’t only demanded by the children of the elites nor does it only occur via university education.” However, the kind of education required for the mothers to survive in the global market economy is somewhat different than the management education offered in the Business Schools.

In the second paper of this issue, Al Rosenbloom and Juan Alejandro Cortes use the metaphor of a “living in a bubble” to illustrate the separate worlds of management education apparatus and the local poverty that surround it. The authors argue that Colombian management education unwittingly reinforces the bubble to the detriment of both the student and the poor, and they propose a number of interventions aimed at piercing this bubble. To discuss further the possibilities of the
interventions proposed by Rosenbloom and Cortes, we invited Ray Dart to comment on the article. Dart reflects not only on the kind of interventions proposed by Rosenbloom and Cortez but also on the strategic issue of integrating poverty into mainstream management education.

In the third paper, Denise Heaton introduces the story of the Community and Individual Development Association (CIDA) and its City Campus in Johannesburg, South Africa. Through an interview with its CEO and founder, Taddy Bleche, Heaton describes the CIDA model and contrasts it with more conventional business education models. CIDA is a private business college founded in 1999 that creates educational opportunities for poor young black people in post-apartheid South Africa. While its work and its CEO have received numerous global awards, CIDA’s strategy of relying on corporate support and volunteers, and requiring students to work in impoverished communities poses challenging questions for management education. In an accompanying commentary John Bruton looks at how the unique historical context in South Africa contributed to CIDA’s success and raises questions about applicability and sustainability of the CIDA model in other contexts.

Michael Gordon takes us to Michigan in the fourth paper, where the one of the most well-known approaches in management thinking that links business and poverty has emerged. The concept of the “Bottom of the Pyramid” (BOP)—the largest but poorest economic group in the world, and an approach to doing business based on recognizing that group, has gained the attention of many large businesses and researchers. The author represents adherents of this approach in stating that BOP “…offers the promise of great economic gains for companies and the possibility of a powerful new approach to alleviate poverty.” He goes on to describe a field-based education program that engages students in challenging learning environments aimed
at furthering awareness of potential consumers and employees at the BOP. However, some aspects of the BOP proposal are controversial, and to address some of them we invited Grace Ann Rosile to comment on the piece. While she values the pedagogical aspect of field-based education, she raises some critical questions about the business approach embodied in the BOP program.

Nancy Napier, Michael Harvey and Kengo Usui analyze their experience developing MBA programs through partnerships with local universities in Viet Nam and Africa to develop a framework for how the programs and the relationships between international and national professionals evolve over time. The framework considers the stage and nature of poverty found in setting and other cultural considerations. Given the proliferation of joint degree programs in impoverished countries this model offers valuable insights for anticipating and managing the issues that emerge in such partnerships. Finally, the paper suggests some method for evaluating the outcomes of these programs.

Global firms must be aware of traditionally marginalized populations and other influential actors in their environment such as non-governmental organizations, if they hope to operate effectively in poor regions. The last paper in this issue, by Reader, Todd, Osland and Osland, brings us into the experience of the authors working in several poor countries with deep-rooted societal problems. In their view, global managers are frequently unprepared for the realities they face, and there is an urgent need to train future leaders in genuine engagement with stakeholders in the environments where they function. The paper identifies assumptions commonly underlying business education that are not shared by all stakeholders in the context of poverty and conflict. They argue for a new area of inquiry, “Global Leadership,” that focuses on the leadership challenges and processes in a global context. Their
argument suggests that it is not enough to think about management education in the context of poor countries, or even to think also education for disadvantaged regions in well-off nations. Corporations, especially larger ones, are operating in a global context that requires an awareness of these conditions wherever they are.

We believe that readers will find in these pages a stimulating beginning to several important discussions that need to go on in our field. We devoutly hope that this critical issue—what should management education do about the poverty that grips many regions of the world, and afflicts communities even in well-off nations—will command the attention of our colleagues in offices and classrooms, in inner cities and villages, in western nations and poor nations. If this journal and others like it find themselves considering increasing numbers of submissions on this crucial subject, that would be a very rewarding outcome.

References


