

# Management Studies and a Changing World

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## Abstract

*Management studies, standardized and relatively unchanged for a long time, are an endorsement of the power of human agency as the only determinant in bringing about desired futures, albeit restricted to the business world, or so it would seem. In reality these studies, and the implementation of the ideas based on faith in the power of human agency, have been the driving force in human affairs affecting all other domains, political, social, cultural, and legal. The justification for the entrenchment of the content of such studies and the faith in the power of human agency have been assumed to be proven by a set of metrics that are spread across all the major domains. (An examination of the underlying bases for the belief in the power of human agency is a vast subject and not included in the scope of this paper.)*

*However, conditions and contexts have emerged on the planet that now threaten our very existence as a species. An exhaustive litany of the adverse contexts and conditions is also not part of the scope of this paper, but I am referring to issues such as globalization and its discontents, climate change, end of oil, burgeoning human populations and sustainability, pandemics, etc.*

*A convincing argument can be made that at this juncture a thoughtful re-examination of management studies premised on the power of human agency needs to be undertaken with a view to drastic modification, if we are to have any success in reversing the adverse contexts and conditions that prevail, assuming, of course, that it is not too late and that they can indeed be reversed. The following is an attempt to present that argument.*

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## Introduction

Students of management study finance, operations research, marketing, entrepreneurship, organization theories, strategic planning, etc., with the primary focus being the safeguarding of the future of businesses and shareholders. Concern with the effects of implementation of such knowledge on the commons and the management of them is left to institutions that fall outside the purview of the business being managed. Such an allocation of responsibility would be appropriate if

the institutions that fall outside the purview of businesses had primacy, influence, and control over the business world. It is fairly apparent that this is not the case. Economics (businesses, management, industry) has become the predominant force and the institutions that are supposed to provide the checks and balances have in fact become the aiders and abettors of such dominance.

Economics has been the preeminent force, and the rationales and justifications for it have been provided by a larger set of values, assumptions, and imperatives that have now become universal: the profit motive, the *laissez-faire* system, economic development, growth measured by GDP and per-capita income, and so on. These universal imperatives are based on an even deeper set of values and assumptions, including the concepts that humans are a species separate from and superior to all other life; the planet was placed at our disposal by "the almighty" to be explored and exploited for our own good; and material progress is the necessary and sufficient condition of progress. These concepts compose the larger paradigm within which human affairs have been conducted for the last several centuries ... and then something happened along the way in this rush to bliss.

The vocabulary has changed. We now hear of sustainability, voluntary simplicity, climate change, the end of oil, extinction of species, the consumption spike, water wars, concern for future generations: terms that denote impending disaster but, again, without particular attention to the institutional arrangements, frameworks, and structures within which these issues are to be resolved or an examination of the deeper values and assumptions that have been in force in a civilizational sense. I should say, more appropriately, in a *Western* civilizational sense, because it is the West that has been at the forefront of outlining the dominant paradigms for centuries if not millennia and thus the direct cause of these unfolding scenarios. It should be noted that all other societies that subscribed to different and even opposite notions have abandoned them in favor of wholesale adoption of the Western paradigm. The *modus operandi* is still to conduct human affairs without challenging and altering the larger paradigms and as such it is "business as usual" for students of management and management studies, with no profound changes to the curricula that students of management need to undertake.

The assumption is that these issues are externalities that do not fall within the purview of management studies or the world of business and industry, and that the multiple tragedies of the commons that have emerged are to be addressed outside the framework of management and business. Governments, NGOs, and international bodies are expected to address these issues while the business world and its managers proceed with continued emphasis on profits and shareholder gain as their primary and only focus, with (in exceptional cases) a course or two thrown in to include "corporate social responsibility." This would be an accurate assessment if managers and industry were viewed as secondary to the larger frameworks of governments, NGOs, and international bodies, but as has been pointed out, it is actually the other way around. Unless and until economic entities of business, industry, and management take the lead in changing the *modus operandi* and the paradigms within which they operate, the chances (already low) for preemption of the larger crises may well disappear, forcing us to REACT to continuous and ongoing catastrophes.

This paper will attempt to show that there has to be a radical change in the approach to economics and, more important, management curricula to be mandatorily inclusive of a new set of comprehensions and responsibilities to serve as a basis for implementation of their roles. Basically this implies a complete redesign of education in the fields of economics and management, a re-education that builds on what is already studied but with curricular additions that cause a much needed sensitization to and awareness of the issues of the commons that are fast approaching criticalities.

### **Redesign in Management Studies Curricula**

This paper will attempt to outline the basic content of such a re-education, with an itemization of the aspects that should be included in management studies. Though a detailed review of the nature and content of these aspects is not included in the scope of this paper, a brief elaboration follows:

1. Critical Thinking
2. A Primer in Biological and Cultural Evolution
3. The Planet as System
4. Chaos Theory and Tipping Points
5. Globalization and Emerging Transitions
6. Economics and Finance
7. The Question of Human Identity

#### **1. Critical thinking**

Briefly, what is prevalent in education generally and certainly in management education is emphasis on "what" is to be learned, with either a complete absence of or at best a passing reference to "how" to learn. The "how to learn" method is what results in Critical Thinking.

A basic and nonnegotiable prerequisite in management studies should be Critical Thinking, inclusive of the scientific method. Students would be exposed to basic concepts of "inductive" and "deductive" reasoning; the rigorous process of collecting, organizing, analyzing, testing, evaluating, and synthesizing data; and the subsequent formulation of correct conclusions, beliefs, or action. In addition, emphasis needs to be put on scientific literacy, which would be inclusive of aspects such as the meaning of scientific facts, scientific truths, the role of theory and conceptual schemes in science, and the basics of experimentation.

What typically happens is that the sciences are studied without describing the scientific method; causes are extracted from correlations despite the well-known fact that correlations do not necessarily imply causation; symptoms are confused with problems and dealt with as ultimate causes; and decisions are made with partial or compartmentalized knowledge, providing partial and short-term relief with serious detriments to accrue later. A good case can be made that the tragedies of the commons we are facing as a species have much to do with the absence of Critical Thinking. Reliance on "belief," whether as "given from up above" or acquired through education, is the chief culprit in the multiple tragedies of the commons that we confront.

Another aspect of Critical Thinking that is typically missing is the appropriate emphasis on the totality of a given inquiry, in terms of inclusion of the inherently multidisciplinary and complex interdependent nature of it. This is true not only internally, in the narrow sense of businesses and managers charged with functional responsibilities with incentives tailored to the execution of them (thereby completely missing the notion of problems and solutions existing in the spaces where functions interact in the boundary areas), but also neglect in consideration of the fact that the business itself is interacting with the entire outside world and not just its competitors. For instance, the ethical, moral, and legal implications of decision-making, in terms of, say, "downstream" consequences to the commons, are usually absent. Another example is a business arena in which multiple players optimize their individual positive outcomes while creating a devastatingly negative effect on a specific area of the commons itself. An example might be the impending exhaustion of fossil fuels.

## 2. A primer in biological and cultural evolution

A comprehension of the processes by which we have arrived at where we are as a species is of paramount importance. These ideas include a) selection for fitness, both in the genetic and memetic sense; b) a deeper understanding and appreciation for how our sense of time and change differs radically from what evolutionary processes indicate; and c) humans acting as participants in a complex interactive process – involved, as opposed to being sole agents.

This comprehension will provide an understanding of how things actually come about vis-à-vis human agency, time, and change. It would be hard to continue to argue the persistent belief in the paradigm of "humans as sole agents," with the implicit assumptions and expectations about change and time (instantaneous and immediate), when compared to evolutionary processes with respect to change, time, and complex interactions.

Though the evidence suggests that these comprehensions may in the short term hold true, in the longer term, it is evolutionary processes that dictate the outcomes, which are usually exactly the opposite of what we intend. The record of large experiments based strictly on these three errors is rather sketchy. Utopias have come and gone, and the human condition has remained essentially the same with respect to classes, castes, and conflicts between humans on the planet. No doubt material progress based on scientific and technological advancement would indicate that we have come a long way, but by the same token we would be hard-pressed to deny that the magnitude of the problems we have created as a result are far greater than the solutions we have obtained thus far.

The question to address is whether we are indeed active walkers completely in control, or are we merely passive participants, actors on a stage, with roles to play but without control over what emerges as outcomes. An interesting thought experiment would be to examine whether humans and the planet would be better off if we were still in the hunter-gatherer stage without any of the paradigms – better off in the sense of sustainability, climate change, and depletion of planetary resources. Would the content of our emotions and our experiences with respect to each other be any different?

At least we would not be in peril and at the threshold of complete and utter destruction through nuclear weapons or a devastated planet.

The point of including such study in our curricula is to allow for asking such profound questions, and to proceed with forethought and caution as opposed to proceeding headlong into the future with delusions of grandeur based on erroneous and ill-conceived convictions about our predominance as a species.

### **3. The planet as system**

It is absolutely correct that systems thinking has been very much a part of the curriculum of management studies, but it has been systems thinking that promotes the idea that the business is a system with interacting and interconnected parts, both hierarchical and lateral, and that "holistic" approaches to problem solving should be chosen. Well and good, but what has been missing in these studies is the idea that the world around the business, the planet Earth, is also, in fact, a system.

One may or may not choose to subscribe to higher and higher levels of this abstraction all the way up to thinking about the Earth as Mother Goddess Gaia, but we certainly cannot discard this larger idea in its entirety or be ignorant of it.

The fact that the planet Earth is a system at any level need not be proved here.

It is important for students of management to understand that the system that they are guiding into the future is a part of a larger economic system that, in turn, is part of an even larger system, and that the economic system in its entirety is in itself a part of the planetary system, inclusive of the biosphere, the zoosphere, the atmosphere, the geosphere, and so on. Any action or reaction in any of these systems in the final analysis will have an effect in every one of the other systems, usually within the framework of a negative "zero-sum" game unless consciously managed to create a synergy in the positive sense throughout the system. Once again, it should be evident that what has thus far resulted is the former and that there is now an urgent priority to think in terms of creating conditions for the latter.

The point here is that management studies curricula must incorporate an introduction to this idea of the larger planetary system. This suggestion accompanies the notion of including emphasis on "Critical Thinking" as it relates to the emphasis on the multidisciplinary, interdependence, and boundary area implications already discussed above.

### **4. Chaos theory and tipping points**

In the past couple of decades, new approaches to understanding phenomena have emerged. These can be lumped together within the terminology of "Chaos Theory" and "Tipping Points," inclusive of terms such as "complexity" and "criticality." Once again, the scope of this paper does not include a detailed elaboration of these new approaches but merely an introduction to the basics of these ideas and to implore that they be included in curricula to facilitate a basic understanding of the theory, leading to a better understanding of the phenomena and the context in which management of business occurs.

Two ideas lie at the base of the study of Chaos Theory and Tipping Points.

- a) Chaos Theory starts with the supposition that systems that we function within and seek to manage are complex systems and that chaos, not order, is what is ubiquitous, as in weather or the stock market or for that matter the status, internally or externally, in a system of any size. This is precisely the opposite of what is usually assumed as conditions that prevail with methods, processes, policies, and decisions that follow. Secondly, the theory posits that the slightest change in initial conditions of a complex system has a profound impact resulting in completely different patterns and outcomes.
- b) Tipping Points essentially refer to levels in complex systems at which momentum for change becomes unstoppable. This idea is commonly illustrated with the example of a butterfly flapping its wings and eventually resulting in a tornado!

Why are these studies important? They are important because such studies would require us to understand and accept that a reorientation as to the basic assumptions under which we have operated thus far is an important imperative. They would also drive home the realization that the absence of such an approach is what has caused us to be oblivious to the possibility of several unforeseen and adverse "tipping points" that have already occurred, are occurring, or will occur.

### 5. Globalization and emerging transitions

Management studies already include consideration of globalization, but, again, in a narrow sense. Such consideration takes into account things that have occurred or are occurring and the connections and implications to the business at hand. Examples are the onset of the worldwide web and the internet as used in web-based sales and marketing; the instantaneous movement of financial capital across national boundaries; trade agreements and protocols; the unfettered movement of labor across national boundaries, and the like. But the real phenomenon that is occurring is the entire idea of globalization as being at a "tipping point," not just in aspects described above, but in many other far more critical areas. The reference to the "tipping point" is to emphasize that globalization is not anything new. It started with the movement of humans out of Africa in the distant past. It included the movements of individuals, economies, and empires since time immemorial.

What is important is to study, acknowledge, and understand that globalization is reaching a tipping point. It is a tipping point that poses an entire set of new possibilities. Are humans on the verge of a global culture? Are we beginning to witness the end of the nation-state? Are religious and belief systems in a competitive struggle for the hearts and minds of populations across the globe? Are knowledge and the accumulation of it on the verge of rendering religious and belief systems less and less effective and even obsolete? Is a global bottom-up revolution dismantling existing top-down structures of governance?

These questions do not fall just in the realm of academic debate and discussion.

It should be obvious that the outcomes of these processes will affect every man, woman, and child on the planet. Therefore, a study of these is important to put in proper perspective the role of human agency amidst a complex interactive system and

therefore render more realistic and feasible the faith in human agency to manage these processes successfully.

## **6. Economics and finance**

These two subject areas are in need of perhaps the most significant revisions to realign with current realities. Major questions now loom on the horizon. Are the traditional contents of economics and finance relevant in today's globalized economy? What is the true cost of a gallon of gasoline – or, for that matter, what are the true labor and material costs of inputs in businesses? Are gross domestic product and per capita income valid measurements to indicate the economic health of individuals and a national economy? For example, should the economic value of the criminal justice system and the medical industry or the costs for environmental remediation or the storage of nuclear waste be added to or subtracted from the GDP? Do markets and the stock exchanges correctly reflect the value and use of current and future use of natural resources of the planet? Is human capital existing in a business properly represented on its balance sheets? Are adverse downstream consequences caused by an upstream business properly measured and charged to the business? Are taxes levied and paid commensurate with the function and maintenance of the commons for current and future use? How are the diminishing futures of generations to come taken into account in current economic models?

These are the questions that now loom on the horizon.

The idea of human capacity for rational individual decision-making, resulting in optimal outcomes for the collective at all levels, has been at the heart of economic and financial theories and decision-making since the time of Adam Smith. While it can be argued that this has created the great wealth of nations, it can also be conclusively shown that this approach is what has resulted in the great tragedies of the commons that we witness today. The enormous future cost of rectifying many of these tragedies, allowing for the fact that they even *can* be rectified, is not accounted for in the wealth of nations and certainly not shown in any profit and loss statement or balance sheets of businesses or the budgets of nations.

This willful negligence can be traced to another belief: that human ingenuity and science and technology will always come forth with solutions. Whether this is justifiable or not, what is apparent is that there needs to be a serious rethink about concepts of economics, finance, and profit and loss, at all levels of human activity. Minor tinkering within these disciplines to make incremental changes will only postpone the inevitable. At a minimum, students of management need to be made aware that important concepts and understandings are missing in their academic pursuits – if nothing else, to create awareness and perhaps the incentives to cause them to think outside the mainstream and build on ideas that are currently being generated by thinkers outside the mainstream of academia.

## **7. The question of human identity**

Through millennia human identity has evolved, or has it? As a species, we started out as members of nomadic tribes and today we find ourselves as members of nation-

states but retaining at the same time all our prior identities, moving back and forth between them as required.

It appears that we function within these identities, starting with the tribal and expanding it as needed to the larger ones. Racism or warfare or economic sanctions or holocausts or religious intolerance all manifest regressions to identities that reinforce separateness of one's group and, more important, demonization of the "other." This would not be an issue if functioning within compartments at the smallest group level were the dominant condition, as it used to be, because wars and other interactions had only localized consequences. This is no longer the case. Multiple interactions within the group and simultaneous complex interactions at multiple vertical and horizontal levels are now the norm and not the exception as they used to be. It has been shown that any human on the planet has only six degrees of separation from any other human, and we know now that a volcano erupting in Iceland has consequences for billions of people on the planet!

We now approach a condition that precludes going forward with business as usual, especially as it pertains to our identity. Every major issue that we face has now surpassed the capacity of nation-states to address and solve. And yet, operating from our national identities, we extend out toward supra-national structures, organizations, and agencies on an "as needed" basis, in fits and starts, with little or nothing accomplished.

National identities seek to subdue the issues to soluble elements within the scope of the state, again with the primary motivation being optimization of outcomes for one's own state.

The only alternative toward a hopeful and potentially successful resolution of the issues is, as a mandatory starting point, to recognize the need for an "identity" for ourselves that goes beyond the nation-state, an identity that causes us to think in planetary terms as citizens of the Earth. Anything else would be insufficient, inadequate, and incomplete.

There is no more important question to ask, study, and find answers to than the question of "Who Am I?" This question must be asked in education from the earliest age all the way to the highest levels in academia.

The poet John Donne had it right a long time ago:

"No Man is an Island unto himself. Every man is a piece of the continent, a part of the main. If a clod were to be washed away, Europe is the less, or if a promontory were, or if a manor of thy friends were, or a manor of thine own. Every man's death diminishes me because I am part of mankind. Therefore, do not send to know for whom the bell tolls, it tolls for thee."

## Conclusion

An attempt has been made in this paper to show that curricula in management studies need to be structured around a core of knowledge that will facilitate a correct locating by students of themselves vis-à-vis all that is external to them and a better understanding of the world around them as to what is happening, how it is happening, and why it is happening. This is an urgent need that must be addressed because our

survival as a species and the safeguarding of the planet, our only home, depends on the stewardship of enlightened managers.

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