

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

J. PANGLAYKIM

INTRODUCTION

Business schools should be able to define their objectives clearly. These objectives should reflect the present stage of society's development as well as future changes, challenges and developments. It should also reflect the requirements, wishes and expectations of the "consumers". From the clearly defined objectives, curricula and organizational structure and manpower, we may have an indication of the schools' effectiveness and quality of their graduates.

The clearly defined objectives must be backed up by an adequate curriculum. A curriculum should be seen as the mechanism to carry out the objectives of the school.

Objectives and curricula supported by the right organizational structure will possibly give the leadership of the school an opportunity to staff the school with qualified and high calibre manpower. On its part the leadership should be able to create conditions conducive to enthusiasm, initiative, loyalty and devotion. These qualities do not come overnight, they have to be cultivated.

DO YOU KNOW THE REQUIREMENTS AND WISHES OF OUR CONSUMERS ?

One of the important questions which "haunt" business schools is: "Do we know the wishes and requirements of the future employers of our graduates, whether they be in the private sector, the

government or other institutions?" Carkeek in his paper ("Business Education in Modern Society", 1969) raises the following questions.

1. Are there any universal qualities that all executives, middle managers and top managers should have ?
2. What special qualities are required in a managing director, a chief accountant, or a permanent head of a department ?
3. Is each position unique, thus requiring a different set of qualities from any other position ?
4. How does one measure or even recognize any of these qualities in an applicant for a position ?
How can one help a man to overcome some of his present weaknesses and limitations ?
5. How does one prepare a man or woman for administrative responsibility in the first place ?

If one tries to answer all these questions, the answers will be inconclusive. But despite the inconclusiveness of the answer to all these questions, business schools all over S.E. Asia keep growing, generally after the American pattern.

Taking the American pattern as a guide, with the necessary adjustments and adaptations to suit the national environment and conditions, we should probably ask ourselves: "Are our schools now producing the right kinds of managers for the present and future needs of business, the government, and of society in general? Do we need specialists, or do we need more generalists? Or do we need specialists in the first instance who are afterwards trained to become generalists? In the past the stress of the colonial administration seems to be on the generalist. It was possible for a lawyer to become a top-executive in a manufacturing firm, for a medical doctor to head an economic statutory body. It was even possible for an engineer to work in a Planning Department and be in charge of detailed economic planning.

OBJECTIVES ON BUSINESS SCHOOLS

Let me try to spell out what I think should be the objectives of business schools. I am aware of the fact that this is based on my subjective opinion and I may also be biased in my definition.

THE INDONESIAN QUARTERLY

1. The general objective of business schools is serving the needs of business and society, and training students for useful and remunerative positions at the management level, including the functional fields, like marketing, production, personnel, finance etc. In particular the schools should inculcate among the students a sense of commitment not only to his future employer and his own ambitions, but also to the development of the country.
2. The Schools should provide the students with a broad preparation for a lifetime career in management and/or administration.
3. The Schools should also prepare a student for his specialty on which he can always fall back, but at the same time provide him with the tools which will enable him to move to a higher position later in life.

In other words, the objective of business schools is to concentrate on the fundamentals and to train the students in such a way that they will develop an ability for continued self-education, the capacity to learn for themselves. But in addition to the training of students for these career objectives, business schools must also train a group of people who will not go into business but who will be more attracted and devote their life to the continuation of business schools and who will devote their time to basic and applied business research which will contribute to the rapid development of society. The complementary objectives are:

1. The education and training of future lecturers and research workers in all aspects of business administration.
2. The accumulation of knowledge and experience through basic and applied research.
3. The development of expertise and manpower which will enable the school to perform services for the government, for business and for the community at large.

MAIN STREAMS OF BUSINESS EDUCATION

Business schools in the USA can be divided into the following main streams.

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

1. Schools based on the principles of scientific management and organization of business. Their stress is on the rationalization of management, and their focus of attention is on such quantitative aspects as mathematical models, operation research etc.
2. Behaviourist schools which regard business enterprises and undertakings as social organizations which exist and operate in and have its relations with society. They stress the relationship between the participants in an organization.
3. Business schools which were influenced by and grew out from, the departments of economics, accountancy, or commerce. These are apparently more concerned with the analysis of data and the economic results of business.

At the Conference of Business Schools held in K.L. in August 1971 G. Mendoza gave the following classification of business schools in the U.S.A.

1. Knowledge-oriented Schools:

They are considered offshoots of the undergraduate B.B.A. program and focus on the imparting of knowledge in terms of functional specialization. UCLA is an example of this stream.

2. Skill and Decision making oriented Schools:

For these schools it is not a question of what one knows, but of decision making. Give the student the basic tools and develop his skill in decision making. This can be observed at the Harvard Business School. MIT also falls under this category, with an additional stress on quantitative aspects.

3. Operating management oriented schools:

They form a new stream. They take the company as the basis. Van der Bilt University is an example of this kind of school. The various streams are briefly discussed here. They have an impact on the curricula and methods of teaching used in the S.E. Asian countries. The Asian Institute of Management will be patterned after Harvard. Our schools in S.E. Asia are still too young for classification. They are generally knowledge-oriented but the system of case studies used by them may be considered as decision making oriented.

CURRICULA

As mentioned earlier, a school's curriculum is the mechanism through which the school tries to implement its objectives. It must be noted here that no one curriculum is ideal, and each school has to develop its own curriculum based on its objectives, the strengths and weaknesses of its organizational structure, and the availability of manpower and other environmental constraints.

The general principles to be considered as guidelines in the preparation of a school's curriculum are:

1. The development of skills in problem solving in a developing, complex and dynamic environment;
2. The development of organizational skill which imparts the ability to devise administrative/management arrangements which contribute to effective and efficient decision making;
3. The development of skill in interpersonal relationship, which assists a man to work with others, to lead others and to achieve high efficiency and harmony;
4. The development of skill in assessing and understanding the political, social and economic environment in S.E. Asia and the ability to consider these data as part of the firm's strategy and decisions;
5. The development of skill in communication of oral, written, and numerical information.

Based on these guidelines, I am proposing the following detailed curriculum (see appendix 1).

ORGANIZATIONAL STRUCTURE

The organizational structure or programme must be designed in such a way as to give the school maximum freedom to achieve its objectives, but in practice, university politics and rivalry between departments will have an impact on the organizational structure.

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

Some of the schools or departments of business administration are part of the Faculty of Economics and in making crucial decisions they may be outvoted and outnumbered by faculty members who are not directly involved in business administration.

It is important to the development of a school or department of business administration that, organization wise, it be not part of a Faculty or School of Economics. It should be organized as a separate school, faculty or department. This organizational structure will enable it to develop without too many constraints. It is very important that from the very beginning of its formation the school is given enough authority to recruit its own staff with the assistance of older and more experienced teachers. The inbreeding should be avoided as much as possible.

A school of business cannot grow to maturity as long as it lives under the "shadow" of a bigger outfit. It has to be an independent school, faculty or department.

If this principle is adopted and understood by the leadership of the University, it is up to the appointed leadership and staff of the business school to implement its objectives.

STAFF

In general, business administrators of schools in S.E. Asia are faced with the problem of staffing their schools with highly qualified lecturers. Many of these schools have organized training programs through which they have associated their schools with established business schools in the U.S. The teaching staff of the Business Administration Department of the Faculty of Economics of the University of Indonesia have been mainly trained at the University of California. The Department was established with the assistance of Dutch professors, but as from 1958 it was affiliated with the University of California. Almost all of its lecturers in business administration were trained in the U.S.A. The Department of Business Administration of the University of Singapore established five years ago is affiliated with the University of British Columbia, Canada. Practically all the lecturers from the department were trained there. The UBC reflects the pattern of an

THE INDONESIAN QUARTERLY

American university. All textbooks used are from the U.S.A. The Asian Institute of Management of the Philippines is inspired by the Harvard Business School. Many of its teachers were trained at Harvard. The School of Business Administration of the University of Malaya has trained some of its teachers at the UBC and a number of English universities. It is part of the Faculty of Economics. In other words, the staff of the various schools of business in the S.E. Asian region have been trained in the U.S.A. and only a minority at the English Universities. This cannot but have an impact on the curriculum and the materials used in the training and education of our future administrators. The textbooks used at these schools are practically all from the U.S.A., and so are the textbooks designed for those graduates who are going to work in modern organizations. These books analyse the workings of modern economics, business and marketing structure, and are based on the philosophy of pragmatism and realistic considerations.

SOME OBSERVATIONS

1. Our graduates, who have, through their training, been exposed to the modern world of management and organization and to the workings of modern business administration, will enter their jobs with high expectations. On the one hand, they expect to be able to contribute substantially to the success of the company, but on the other, they also expect to receive rewards commensurate with their putative contribution. Although it is a fact that their salaries will generally be higher than those of non-degree holders, they do not measure up to their expectations. They become frustrated, dissatisfied, and wonder where they went wrong. Where lies the mistake? Are we training graduates who still cannot be absorbed by the community at large?
2. Let us now look into the present and future developments in the business structure in the S.E. Asian countries. In the past businessmen were, and at present in many developing nations are, considered as parasites of society. Because of its low status, business attracts only dropouts or people who have decided to sweat it out in business. Although the situation is changing

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

in many developing nations, a managerial position in business has not yet acquired the high status accorded to a position in government. In Indonesia, Malaysia, Thailand, and less probably in Singapore and the Philippines, a government position is considered higher than that of a business executive. Businessmen are generally expected to "serve" the government officials because the latter are of a higher status and in a more powerful position. The consumers of our graduates are the private national sector, the private foreign sector, state owned corporations and governmental statutory bodies.

The National private sector

In S.E. Asia the national private firms are generally small and medium size organizations. The bigger organizations like the OUB., OCBC, Intraco, Pertamina, Kwok Brothers, Summit of Thailand, the Lopez Suriano Family in the Philippines, etc. are small in number. Although many of them are now employing university graduates, the majority of these firms are still family controlled. The Kian Gwan Company, for instance, will only appoint members of the Oei family in its top-management. The number of graduates who could be absorbed by the more modern and bigger organizations is limited. Not only are they limited in terms of number and availability of positions, they are also constrained in their upward mobility because they are not members of the controlling families. Some of the graduates may be employed by medium size firms, which generally tend to be more family controlled than the bigger ones.

My general observation is that the national private firms in S.E. Asia do not seem to be very attractive to the top graduates of the schools. The pay is small, promotion possibilities are not very great and there are other constraints, such as working under a self-made man. But there is definitely a group of graduates with a greater sense of commitment who are prepared to sweat it out in a national private firm.

Many of the national firms and the majority of firms in the medium size category are not running their organizations and business undertakings according to the precepts contained in the textbooks we are using.

Private Foreign Firms

These firms are generally part of a world organization. They are generally of the multinational corporation type. They are in mining, oil, extractive industries, manufacturing, banking, insurance etc. They may come in as wholly owned subsidiaries or as joint ventures, or may establish representative offices.

Many of these companies are now operating in a big way in the S.E. Asian region. They are the companies which will be able to give more job opportunities and job satisfaction to the graduates who are realistic and after pecuniary rewards. Having a higher social status, these multinational corporations attract the top echelon of our graduates. These firms can provide more facilities as well as training, and with them chances for advancement are greater although in many cases the top jobs will remain in the hands of the men from Headquarters. What the graduates have learnt at our business schools will be more relevant when they are employed by multinational corporations, because these enterprises are among the economic organizations which they have been exposed to in the textbooks. Such concepts as segmentation of markets, marketing mix, etc. will be applied by these companies as part of their daily operations.

State-owned companies, government agencies etc.

There was a time when many graduates were inclined to join state-owned companies or government agencies because of their status in society as well as the power attached to a position in such bodies. In Singapore the graduates probably have a more realistic attitude. Their priorities relating to working for government agencies and state-owned organizations may be different from those of their counterparts in the other S.E. Asian countries. These organizations are generally bigger than private owned firms and in joining them university graduates may be in a better position to achieve advancement. But as is the case with any government owned or government controlled body, such organizations are bound by rules and regulations which may prevent the graduates from practicing the daring entrepreneurship inculcated by the foreign textbooks.

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

3. My impression is that the impact of our present curricula, which have generally been patterned after those of the U.S. business schools, strengthened by the influence exerted by staff members who were trained abroad and thus used to, and "indoctrinated" by, foreign textbooks through the many affiliations and the donations made by foundations etc. has been that we have trained overqualified people in relation to the stage of development of our national business structure and our government and state-owned enterprises. However, we must note here that our graduates will have the advantage of a better formal education when they join the bigger national firms. The problem for them is how to cooperate with the other, less trained, people. Foreign companies are generally in a better position to accommodate our graduates, because they are part of the institutional structure on which the textbooks are based.
4. With this gap in mind it is the responsibility of our business schools to embark on a systematic basic and applied research into our business society and the environment in which it has to operate. In my opinion the principles used in setting up our curricula and the organizational structure to back them up are sound. But a more vital aspect is that it is now time for us to make a concerted effort towards more basic as well as applied research into the S.E. Asian business environment and its role in their respective national economies, the ASEAN region and international business.

One important kind of basic research is that relating to theories of organization and principles of management. Are these theories and principles as set forth in various foreign textbooks, applicable to the S.E. Asian business environment? Are the differences among them basic in nature or are they but minor differences ?

Another objective for research is to find ways to speed up the penetration of professional managers into the various family owned businesses. And again we speed up mergers so as to establish bigger and more modern organizations.

The development of a money and capital market is one of the most effective mechanisms to initiate a rationalization process

THE INDONESIAN QUARTERLY

among the inefficient family organizations and the medium size enterprises. While the world trend is toward the creation of bigger and more efficient organizations, the region is still at the level of medium size organizations. Will the region not be pushed back to a position of being mere middlement for the giants ?

In other words, I am stressing the point that business schools should not merely focus their attention on the setting up of excellent curricula on paper, but that they should also seriously consider the contents and the suitability of these curricula to our society not only in terms of textbooks, which eventually have to be written by ourselves, but also in terms of their relevancy to the stage of development of the region, taking into account its future growth. We have to train graduates who can cope with the challenges that lie ahead.

5. My suggestion is that the various business schools should set up a separate business research centre with its own staff which will be in charge of basic as well as applied research in all aspects of business administration including the writing of textbooks and case studies.

Even if the various schools in the region cannot afford this luxury, it should be possible for them to get together and discuss the possibility of setting up at least a Regional Business Research Centre with the same assignments. I am of the opinion that the Rihed will be the most suitable organization through which this suggestion could be discussed with the various schools. It is also my opinion that the contents of the present curricula, even if backed by a proper organizational structure and a well trained staff, will not serve society according to expectation. It is therefore vital to the business schools in the region that they give top priority to the establishment of a Business Research Centre. In this connection the most important thing is not the establishment of the centre, but its devotion in carrying out its assignments. Combined and coordinated effort or even a centre initiated by the Rihed may be the solution. Applied and basic research in business administration, if successfully carried out, will assist our top decision makers in formulating national policies.

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

Applied and basic research will also contribute to an increase of the region's esteem for the business executive so that gradually this group will move up to a position of leadership in national development. Once a higher status in society has been accorded to the business executive, the cream of the student population will be induced to study business administration later to join the bigger, more efficient and modern national organizations. I suggest that the Rihed appoint a small team to work out this proposal in more detail for the purpose of preparing a feasible program.

SUMMARY

In summary it can be stated that the present curricula, organizational structure and staffing of the business schools in S.E. Asia seem to have resulted in the production of overqualified graduates in relation to the needs of the national private firms, the state-owned enterprises and government statutory bodies. The University graduates generally fit in better when employed by multinational corporations. Our curricula and the impact of training abroad have imposed on the business schools a pattern reflecting the various streams of business schools in the U.S.A.

Taking into account the present stage of development of the business and economic structures of the developing countries in S.E. Asia we need business schools with a different stress.

First of all we must assess the stage of development of our business and economic structures and the sophistication of our administrative apparatus. Such an assessment is needed to enable us to gauge the trend of developments in the next decade. Because no such assessment has been made in a systematic way, I therefore suggest that it is the responsibility of the business schools to give special attention to basic as well as applied research. The schools should give top-priority to these aspects of research, because otherwise our teaching will continue to be based on curricula which will result in graduates who cannot be accommodated by our community.

Should the schools be, as yet, not in a position to establish such a Centre, the RIHED could initiate one on a regional basis.

THE INDONESIAN QUARTERLY

It is of the utmost importance that the business schools, in addition to the teaching staff, employ a group of researchers with the purpose of developing a system which will fit into the present demand structure for graduates and meet future needs.

Another important impact of our graduates on society is that their increasing numbers will become a force towards the employment of more and more professional managers.

The organizations which will employ our graduates as professional managers are those seeking mergers and making acquisitions. However, since mergers and acquisitions have as their objective the creation of more efficient and effective modern organizations, a developed capital and money market is a pre-requisite.

BUSINESS ADMINISTRATION: CURRICULAR IMPLICATIONS

Appendix I

GENERAL EDUCATION

1. **Humanities:** Language, Literature, Elective in the Humanities
2. **Natural Sciences:** Mathematics, Natural Science
3. **Behavioural/Social Sciences:** Behavioural science, Economics
4. **Other Social Sciences:** Comparative Political Systems and Development in S.E. Asia, etc.

Core Undergraduate Courses

1. **Theories of Organization,** including Principles and Practices of Management
2. **Functional Management and Environment**
Finance, Marketing (Incl. introduction to International Marketing and Business), Industrial Relations (including Personnel), Human Relations, Production or Operation Management, Production, Banking
3. **Information System**
Managerial Accounting, Statistical Analysis, Introduction to Computer Systems
4. **Aspects of Business Environment**
Law, Politics, Sociology etc.
5. **Overall View**
Business Policy

Graduate Level

Graduates may major in the following areas:

1. Personnel
2. Marketing (In particular, international marketing)
3. Finance (including banking, insurance)
4. Production
5. Research
6. Other subjects depending upon the availability of teachers.