

Interview with 26th CEEMAN Annual Conference Keynote Speaker Roger Martin



Interview with Roger Martin by Livija Marko

Livija Marko: You have extensive experience as business school professor and dean, receiving multiple recognitions for your innovative and highly influential work. Looking at the increasingly important quest for relevance in management education, which also lies at the foundation of all CEEMAN activities, what is your view on the current situation and future trends in management education in this respect? How can business schools and universities better answer the development needs of companies and individuals, and contribute to a better world for all?

Roger Martin: My view of the current situation in management education is that it is dire especially at the MBA level, and especially in the home of management education: the US. It is the leading indicator. Undergraduate education and the rest of the world are trailing indicators but part of the same phenomenon.

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Management education is focused on the wrong things and that has resulted in a decrease in the confidence of students and employers that management education is of great value. This is reflected, especially in the US, in a dramatic decrease in GMAT writing by Americans and applications by Americans to American MBA pro-

grams. I believe that this trend will continue. The MBA market is less deeply penetrated in the rest of the world, so the effects are felt less outside the US MBA market, but I have little doubt the trends will spread to those jurisdictions as well.

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Of the many problems with management education, two are the most damaging. First, management education breaks the discipline of management into a number of functional sub-disciplines (marketing, strategy, finance, etc.), teaches only those sub-disciplines, and gives no help to students to integrate those sub-disciplines back together. I am not exaggerating: none. Sadly for students, when they graduate they can't find any important business problems that fit neatly into the sub-disciplines they have learned. There are trivial ones but no important ones. So they are left by management education to fend entirely for themselves.

Second, management education teaches the students that they must use the analytical techniques they are taught in order to make evidence-based decisions. Aristotle, the man who invented the concept of evidence-based decisions, would disagree completely with modern management education on this point. He divided the world into two domains: the part of the world where things cannot be other than they are (primarily the physical world) and the part of the world where things can be other than they are (primarily the world in which people interact with one another). He

was clear that in the former part of the world, one should rigorously analyze the past in order to make sound decisions about the future – because the past is a perfect predictor of the future. But he was also clear that in the latter part of the world, one should never analyze the past in order to make decisions about the future – because the past is a terrible predictor of the future. In fact, such analysis will trick the users into thinking the future will be exactly the same as the past and convince them never to do anything new.

So modern business education is based on the wrong unit of analysis – the sub-discipline – and teaches students to apply science excessively in a way that the father of science warned against. The entire success of modern management education rests on being able to attract students who would have succeeded without management education and who don't listen too seriously to what they are taught at management schools, and then taking undue credit for their success, thereby convincing more highly competent students to attend. In America, that worked for about 90 years – from the founding of Harvard Business School in 1908 to about 2000 – but the business world started to figure it out then and the management education business has been in decline ever since.

If management schools want to reverse the curve, they need to address these two deadly shortcomings, and a number of others, but I will focus on these two for brevity.

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First, management education has to tackle the complex problem of management. Management schools don't teach management and I now understand why. It is difficult and there is little appetite for tackling difficult problems in management education. Easy, straightforward problems are preferred and attract research and pedagogy development. However, the only institutions that can prosper for a century or more tackle and resolve difficult problems.

Second, management education has to have something useful and actionable to say about the creation of new ideas. It does say that new ideas are good and you should have some of them. That advice and "grow taller" are equally useful insights.

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If management education doesn't solve those two problems it will continue to spiral downwards.

LM: In dynamic societies, the role of management education is crucial for fostering positive changes in business and society, but the contexts of individual countries and regions often hinder the speed of these changes. In your book *Creating Great Choices* you talk about integrative thinking that helps find new innovative ways "to make important choices in the face of unacceptable trade-offs." What would be your recommendations for educators?

RM: I quibble with the premise. Management education should be crucial for fostering positive changes in business and society but I think there is little evidence to support the contention that it does. And I don't think that their external contexts thwart them. The problems are almost entirely internal to the academy. The management academy is obsessed with reductionism and science. Their contexts don't enforce these obsessions. In fact, entrepreneurs who try to foster entrepreneurship in business schools by giving them vast amounts of capital generally feel thwarted in bringing anything entrepreneurial to bear in management schools.

The Opposable Mind (2007) and *Creating Great Choices* (2017) are books that are dedicated to the idea that when facing opposing models – for example between what a marketing view would say versus a manufacturing view – there is a better answer than picking one instead of the other. Instead, one can create a better solution that contains elements of each opposing model but is superior to both. Note that this is designed to counteract the two fundamental problems of business education. First, it integrates across sub-disciplines. And second, it creates the future rather than analyzing and perpetuating the past.

But getting to the point of an actionable model for creative integration in management took 26 years. I started working on the problem in 1991 and published *Creating Great Choices* (with wonderful co-author and thinking partner Jennifer Riel) in 2017 – dedication to hard work!

LM: At our conference in Prague this September, you will speak about the dark side of efficiency, a topic you have extensively studied and written about. As we will likely be unable to move away from an expectations-driven society in the near future, how can we make the best use of the high volatility that comes with efficiency and minimize the effects of its negative, dark sides? What role should (or can) management education institutions play in this?

RM: This one is not complicated. The public policy and management worlds need to stop worshipping reflexively at the altar of efficiency. If they don't stop, the future of democratic capitalism is in grave peril. There is a through line from Adam Smith to David Ricardo, to Frederick Winslow Taylor, and to W. Edwards Deming that has caused the public policy and management fields to take as an unthinking given that more efficiency is always better than less. While great thinkers (at least Smith and Deming are), they didn't think through the knock-on consequences of their worship of efficiency. This is, of course, no sin. It is very difficult to predict all the outcomes associated with the particular effect you hope to cause. He who has not sinned should cast the first stone and I have sinned on this front.

As long as management education institutions continue to teach that more efficiency is always better, they will contribute to the problem. The answer is simple: teach efficiency as a mixed blessing.

The dark side of unrelenting pursuit of efficiency is that it contributes to causing Gaussian distributions to turn Pareto and that is precisely what is happening across the world. Income and wealth distributions are turning from Gaussian to Pareto and that is threatening democratic capitalism. In too many economies, the median income family, who is simultaneously a good proxy for the swing

voter, is not moving ahead because in the Pareto distribution of the economy the gains from economic expansion are accruing disproportionately to the few at the top of the economic pyramid, not the many in the middle. Since democratic capitalism needs the support of the majority to vote for its continuation, the unrelenting pursuit of efficiency is causally responsible for the majority not having an economic reason to support it across many countries.

So as long as management education institutions continue to teach their students that more efficiency is always better, they will be contributing to the magnitude of the problem not helping to solve it. The answer is simple: teach efficiency as a mixed blessing. The doing is harder – and as I have argued, hard is not popular.