



# REGENT Business School

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**Dear Student/Alumni**

Please find attached below an editorial which appeared in the *Financial Mail* of 23 – 29 July, 2015.

The editorial makes reference to an article which was written by Professor Dhiru Soni of REGENT Business School and Professor Mark Hay of the Management College of Southern Africa (MANCOSA). The article was titled “***Claiming to be a Cut above the Rest: Class, Race, Elitism and Hypocrisy are Alive and Well in the African Business School Sector***”.

The initial reason for writing the article was a response to Professor **Walter Baets**’ (the Dean of the Business School at the University of Cape Town) assertion that “inexpensive master of business administration (MBA) degrees are not necessarily better value than expensive ones” – in other words, “cheaper” MBAs are of very poor value – only the expensive ones similar to those offered by his business school are worth their weight in gold. Incidentally, the cost of the MBA at Baet’s business school are in excess of R200 000 per annum.

What does this say for the issues of “**access**” and “**affordability**”, especially for the majority of the population who have historically been denied education? Does the issue of affordability have anything to do with the quality of education?

The issues of “access” and “affordability” are central to the transformation agenda of education in South Africa and have and continue to be the central pillars of REGENT Business School’s Mission and Vision and Core Values and this has provided opportunity for our present and past students to graduate in business and management education.

What are your views? Do you agree with Professor Baets’ assertions?

Please write to the Editor of Financial Mail to express **YOUR VIEWS**

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# FINANCIAL MAIL

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## COVER STORY



BY DAVID FURLONGER

# Business schools: Roles under fire

BY DAVID FURLONGER



Walter Baets. Picture: HETTY ZANTMAN



Zaheer Hamid. Picture: Leon



Ahmed Shaikh. Picture: JACKIE CLAUSEN

PAPER by two local academics has ignited a debate on the role and responsibility of SA business schools, and whether academic freedom is more important than national priorities. It accuses other academics of being "chameleons" paying "lip-service" to post-apartheid policies intended to give blacks more access to higher education.

The paper — "Claiming to be a cut above the rest: class, race, elitism and hypocrisy are alive and well in the African business school sector" — was written by **Dhiru Soni and Mark Hay, of Regent Business School and the Management College of Southern Africa (Mancosa), respectively**. The privately owned schools are neighbours in Durban's city centre. Hay is a former executive director at the Council on Higher Education, which governs the activities of SA business schools.

The immediate target of the paper is Walter Baets, dean of the University of Cape Town's Graduate School of Business (GSB). Belgian-born Baets, who previously held senior positions in several European schools, has headed the GSB since 2009.

However, arguments in the paper have raised broader issues about the role and independence of business schools.

The initial reason for the authors' ire appears to have been a published interview with Baets in January, in which he suggested that inexpensive master of business administration (MBA) degrees are not necessarily better value than expensive ones. The GSB's MBA is near the top of the SA cost scale, and Mancosa's and Regent's near the bottom.

Baets said: "The MBA will only keep its value if it can guarantee to the graduate a job at a level of salary that justifies the investment. The price of a good MBA is high, hence the return needs to be in line. The less-good MBAs might do more harm than good. A student still pays an important amount of money for something that does not necessarily have the quality, but does not give them employment either."

Baets, in an interview for this Cover Story, denies he was running down cheap schools. "The point I was trying to make was that the SA business schools community and education authorities need to increase the quality of all schools. Cheap doesn't automatically equate to value.

"There's no point paying for an MBA that doesn't help your career."

The argument, however, extends beyond MBAs, into other academic programmes and executive education.

Soni and Hay say high fees put qualifications beyond the reach of less-well-off students, mainly black. They hint at a broader business schools problem where "rightly earned black privileges in higher education (have) unleashed the anger of bigots who are threatened by what they see as the invasion of their elitist spaces".

Mancosa director Zaheer Hamid takes it further: "SA business schools have failed to live up to the Freedom Charter in a real and meaningful way. It's a travesty that they receive government funding through subsidies (from the pockets of the tax base) but continue to benefit only a few."

Regent executive director Ahmed Shaikh says this should be part of a general debate within the business schools community. The most important thing is that they all need to be driven by common national goals.

University schools, particularly, should link their teaching to helping government achieve its developmental needs. "The universities of which they are part are state-funded. So their schools should be aligned to state goals."

He finds no argument from other schools when those goals include helping provide the economy with hundreds of thousands of competent managers. There is also some consensus when he suggests schools should help champion government's National Development Plan (NDP).

University of Stellenbosch Business School dean Piet Naude says: "The difference between the NDP and other economic policies is that it is based on the best analysis of impediments in the country and its solutions are not based on ideology. Someone needs to take it further."

SA Business Schools Association president Owen Skae, who is also dean of Rhodes Business School, wants his organisation to lead the conversation. "It's about compelling people to be dragged along with you. The NDP is official policy but never seems to be part of the main discussion. We have the academic capacity to put it there and shape the debate."

Baets accepts this up to a point. Schools have a duty to contribute to economic development but each one must decide how. Putting too much emphasis on the NDP risks ignoring other potential inputs.

But any agreement between Shaikh and other school deans ends when he and his Regent colleagues suggest the state should have a more direct say in how universities and schools spend its money.

Baets calls the idea "communist". Wits Business School director Steve Bluen speaks for most when he

retorts: "You can't argue that because the state gives you money, you have to toe the line. That would be a direct contravention of academic freedom."

Some might argue that, though some of their activities are degree-based, a large part of business schools' activities is management training and not strictly academic.

Naude says universities are not arms of government. "But because we are funded by the state, it would be morally wrong to say the NDP and poverty and job creation and entrepreneurship are not important to us.

"We are a partner to both state and business, which is not easy in SA, where there is such lack of trust between the two. It would be great for the country if the three of us could sit around the table and discuss what we need to do for education. Working together, business schools have the capacity to lead that conversation. If we could get that going, it would be fantastic. But we have to overcome the mistrust."

Cobus Oosthuizen, dean of the Johannesburg-based Milpark Business School, says schools should have the freedom "to choose what we teach", but is more sympathetic to Shaikh's view that the content of programmes — academic or otherwise — should not be dictated by corporate clients. "Any school worth its salt would look beyond the needs of business. There are so many stakeholders in what we do. Every one affects the others."

Unisa Graduate School of Business Leadership CEO Renosi Mokate says that to rely too much on business is to invite a short-term view. "What companies want now may be different in five years. That's why education has to have an open approach."

The same point might apply to the priorities of the government of the day.

Shaikh and Hamid also face opposition to their criticism of "elitism" in SA business schools. It's a word apparently aimed at schools that market themselves as academically superior, and whose high fees are beyond the scope of most South Africans. Hamid says such schools "skew the realities" of quality, access, affordability, impact and relevance. They are guilty of the "commodification of education for profit".

It's not just business schools. Shaikh complains that only 6% of South Africans move on to higher education, compared to more than 30% in some other countries.

That's hardly the institutions' fault, says Naude. They have to follow entry rules and academic standards set by national education authorities. Stellenbosch Executive Development CEO Frik Landman says rules allow business schools to accept some students — mainly black — without the necessary academic qualifications for certain degree courses, as long as they have the background and experience to cope. Some of these students have flourished, outperforming those with prior degrees. Executive

education programmes, many of which are heavily dependent on employer sponsorship of staff, offer much more flexibility in terms of entry requirements.

But even these success stories don't justify business schools throwing open their gates to everyone, he says. "We have to deliver a high-end product. Not everyone will succeed." Mokate says people who can benefit from a business education should not be prejudiced by their history or background. "But once they are in the system, they have to live up to school expectations and standards."

Baets admits to being unashamedly elitist. "We want to be intellectually elitist. We want to turn out excellent students. I challenge all business schools to be educationally elitist."

Steve Burgess, head of the business school at Nelson Mandela Metropolitan University, says it is the duty of schools to rise above mediocrity and be world-class. "We need to be, for the sake of the SA economy. How is that elitist?"

Henley SA dean Jon Foster-Pedley agrees: "Elitism is negative only when you deliberately exclude people from a market. It's positive when you want to drive higher standards."

Nicola Kleyn, dean of Pretoria University's Gordon Institute of Business Science, comments: "If we mean creating unrealistic barriers to stop people getting in, I don't think any SA schools set out to be elitist."

Mokate also dismisses the idea of a one-size-fits-all principle for all SA schools — that there should be no differentiation between schools which, in order to meet national needs, should all provide the same services at the same level.

"Education has to enable people to have ideas and knowledge they can apply in different scenarios," she says. "There is room for SA schools to be different. Different schools want to be known for different things, for their entrepreneurship, or innovation or other specialities. There is nothing wrong in that."

Kleyn adds: "In a mature business schools market, which SA's is becoming, you need a choice. You can't all be the same. Collectively, we are serving everyone who wants to be served."

But are they being served the right fare? In trying to be "international", say critics, some schools take too much notice of business practices elsewhere, and not enough of the particular needs of SA. Hamid decries the desire of SA schools to seek accreditation from international ratings agencies or to enter global MBA and executive education rankings, such as those of the London Financial Times.

Such exercises are a "shoddy piece of PR that has blindsided the global public for years". Rankings create confusion and "serve the interests of a few business schools who fall under the ambit of Western-based schools with similar business paradigms".

Theuns Pelser, dean of the University of KwaZulu Natal's Graduate School of Business & Leadership, admits local schools may be "too steeped" in US and UK education models. "Perhaps we need a more integrated approach to take account of regional needs."

Foster-Pedley says that's fine, as long as schools understand that SA and broader African business education needs are different, not inferior. "Africa is part of the global economy. World standards are African standards. But our environment is different and we may approach some problems from a different direction."

Mokate notes: "The role of a business school is to contextualise the education that you are giving a student."

According to Burgess: "We train people to work in Shanghai and London and India but also Harare and Harrismith."

Many of those studying at SA business schools work either for multinationals or local competitors. Sharmla Chetty, Africa MD for Duke Corporate Education, says: "It's important for business leaders to understand and lead in their local context, while at the same time making sense of the broader world. You cannot have deep local expertise without knowing how you fit into the broader continent and globe."

These arguments in this report underline a long-standing philosophical gap between the state and some independent business schools, on the role of business education in SA. Some views overlap and a proposed stronger role for the SA Business Schools Association may also lead to less discord on fringe issues in future.

But when it comes to core arguments, there will be no respite. For all the wind and fury, it's a healthy argument.

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