

Linking Industry and Academia through a Cluster Approach – Bridging the Gap between Theory and Practice

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ABSTRACT

Largely the graduates produced by most of the business schools in the world are not in a position to readily assume their due role in the industry due to a wide gap between the theory which they have learned and practice. In most of the cases they lack skills and do not know how to put their knowledge into practice. Even the case study teaching method, internship and similar techniques could not remove the gap considerably. To overcome to the problem of professional skills, some good companies take fresh graduates as business trainees who after completion of successful training are absorbed on management positions. In the direction of making fresh business graduates real managers, some business education institutions are being formed and run in close cooperation with the industries. However, all these efforts are producing scattered results and therefore, there is a desperate need to adopt a comprehensive integrated approach by all the stake holders of the society. A cluster approach to the problem can be a good answer. The business schools can jointly be established by the industry and educational institutions both at government and private level through active partnership not only in financial matters but also in the formation of curriculum and importantly, in composition of instructions and training methodology. In our opinion from the day one a composite approach of imparting theoretical and practical education should be followed. The trade and business associations can also play a vital role in this regard. There would also be a need for a shift in research methodology from a more theoretical to a more practical approach. Another important point worthwhile to be noted is that we should struggle to build a society where human ethics prevails in every decision making of life as an integral part. In the paper we have explored the possibility of imparting education by educational institutions and industry jointly in the business schools with the active participation of other stakeholders through a cluster model as proposed at Figure-2.

KEY WORDS: Business education, Theory & Practice, Cluster Approach, Stakeholders, Society.

1- INTRODUCTION

The business schools produce graduates to meet the requirements of professional managers of the industry. Largely the graduates produced by most of the business schools are not in a position to readily assume their due role in the industry. In most of the cases they lack skills and do not know how to put their knowledge into practice. Even the business school in developed countries of the world requires desk-based dissertation/thesis from MSc students which is not so much fruitful in term of student's orientation and exposure regarding the industry. Actually, they are not adequately aware that how business management works in the real world. Some business schools in the developed countries are seemed to be earnings machines instead of imparting business education. Similarly, some world top class business schools where some time ago admission was purely scholarly motivated, now also go for financial considerations.

Normally internship in industries is a requirement of a degree program. Some business schools run very good internship program but it may not completely serve the purpose (e.g. Harvard Business School, Stanford Graduate School of Business, London Business School, Nanyang Business School). To overcome to the problem of professional skills, some good companies take fresh graduates as business trainees who after completion of successful training are absorbed on management positions. Governments of some countries (e.g. Pakistan) have started national internship program [19] of larger duration to make the graduates fit for the practical field with the main objective of checking unemployment. In the direction of making fresh business graduates real managers, some business education institutions are being formed and run in close cooperation of the industries.

Another very good idea was imparting practical knowledge by inviting industry men for speaking at the seminars, special lectures and some time even delivering complete courses as a scheme of study. Many business

schools have made prior experience mandatory for taking admission. Some business school runs separate business program for experienced managers lacking proper professional management education. The use of the case study method in business schools is regarded as a very effective method of learning. Under this technique normally the students are acquainted with practical situation. However, all the efforts are producing scattered results and therefore, there is a desperate need to adopt a comprehensive integrated approach by all the stake holders of the society. To meet the challenges of doing business in the modern world, management and accounting education must undergo a transformation [24].

The management theories can be divided into Classical Management Movement, Behavioral, Management Movement, Quantitative Management Movement and the Modern management movement [5]. “The “modern management movement” continues to evolve by integrating theories. The approaches to modern management include the process approach, the systems approach, the contingency approach, the strategic management approach, the Japanese style management approach, and the excellence approach. It is a synergistic product. The classical, behavioral and quantitative movements, along with systems and contingency management theory, become integrated to form the framework of the modern management movement”[20].

Now what is missing even in this approach is the governance aspect. Despite of historical journey of management theories we have not stopped the cases like Enron. The Enron disgrace is not alone of its kind. Giroux [10] has taken a good stock of such scandals in his book. While integrating the management theories we can also put the governance concept to it. The power of the most powerful corporate stakeholder can only be balanced if the other strategic stakeholders have the information they need to exercise their influence and hold the former accountable. Therefore, it seems correct to argue that the effectiveness of the systems of financial reporting and corporate governance is highly correlated, with any improvement in either system having a positive influence on the other, and vice versa[18].

A cluster approach to solve the problem can be a good answer. The business schools can jointly be established by the industry and educational institutions both at government and private level through active partnership not only in financial matters but also in the formation of curriculum and importantly, in composition of instructions and training methodology. In our opinion from the day one a composite approach of imparting theoretical and practical education should be followed. The trade and business associations can play a vital role in this regard. There would also be a need for a shift in research methodology from a more theoretical to a more practical approach. We should remember that we have not research laboratories in business education to test our ideas like we have in natural sciences disciplines. Such efforts would also boost the economy as more and more ideas can be put into practice through joint partnership of educational and business community.

In recent years, “cluster strategies” have become a popular economic development approach among state and local policymakers and economic development practitioners. An industry cluster is a group of firms, and related economic actors and institutions, that are located near one another and that draw productive advantage from their mutual proximity and connections [14].

Another important point worthwhile to be noted is that we should struggle to build a society where human ethics prevails in every decision making of life as an integral part. As it is earlier suggested that the Divine Guidance can be taken as a starting point for building the society [4]. The source of Devine Guidance is religion, upon which a society can be built; as such it should be a part of this process. This partnership between educational institutions and industry in imparting education in the business schools with the active participation of other stakeholders through following a cluster approach may be a good solution to the issue of removing the gap between the theory and practice.

2- LITERATURE REVIEW

Presently the business world faces a lot of challenges in terms of stability, growth, competition and governance. The problem has very dimensions from creation of real economies to getting human satisfaction at least in terms of a minimum standard i.e. food, shelter, health and education. “People who celebrate technology say it has brought us an improved standard of living, which means greater speed, greater choice, greater leisure, and greater luxury. None of these benefits informs us about human satisfaction, happiness, security, or the ability to sustain life on earth” [18]. The ground reality is worst then this.

The criteria for measuring human satisfaction may be the one which has been set by Omer (May Allah please with him), a *sahabi* (companion of Allah Messenger Muhammad peace be upon him). He (May Allah please with him) said “he is responsible even if a dog is thirsty near river Dajla”. We can also take any other established world bench mark to judge the human satisfaction According to a news report “New estimates for the year released by the World Bank on Friday suggest that lower economic growth rates will push 46 million more people to \$1.25 a day than was expected prior to the spreading global economic crisis. Another 53 million people will stay trapped on less

than \$2 a day in addition to the 130 to 155 million pushed into poverty in 2008 because of soaring food and fuel prices [9]. The situation is aggravating day by day. As per latest statistics more than 1 billion people live on less than \$1 a day and more than 2 billion live on less than \$2 a day [25].

Allah has given us unlimited resources to satisfy the needs of each and every living thing in this world including humanity. However, the human is a trusty of the resources and not the owner. So the basic concept of business to maximize the wealth of owner is to be resettled. It may be replaced with the concept of maximization of wealth of society. So in the first instance there is a need that we change our outlook towards our economic and business priorities in terms of our direction which may takes us to the economics prosperity of the whole world society instead of few groups of people or countries.

“Basic management techniques have been traced to the city of Ur (Iraq) in 3000 BC where Sumerian priests were the first to keep written records as a means of recording business transactions” [21]. However, the business units are the main players behind the present scenario of economic development which has notably started its journey since industrial revolution about 200 years ago. This was mainly made possible through the corporate form of business organization which has brought a revolution in the business world. The corporate form of business organization not only meets the intensive capital requirements of business units but also bring professional management into existence due to separation of management from the ownership. However, without going into the pros and cons of the artificial person i.e. corporation or company, it is still a fact that the ultimate objective of humanity welfare is yet to be achieved despite of its rule all over the world [16] [12]. Linked to this situation the professional management is equally responsible as these are the managers of these artificial persons and wealth of owners.

Apart from our present business direction and objective, as discussed above, there is a need to re look at the revamping the business education and training in the business schools. The main problem is wide gap between theory and practice. There is no doubt that business graduate gain a lot of theoretical knowledge while they are in business schools. However, there is a big question mark that whether they are in a position to apply their knowledge into practice immediately after graduating. The case study teaching method and internship even of long duration cannot serve the purpose completely. “Business schools are on the wrong track. For many years, MBA programs enjoyed rising respectability in academia and growing prestige in the business world. There admissions were ever more selective, the pay packages of graduate ever dazzling. Today, however, MBA programs face intense criticism for failing to impart useful skills, failing to prepare leaders, failing to install norms of ethical behavior-and even failing to lead graduates to good corporate jobs. These criticisms come not just from students, employers, and the media but also from deans of some of American’s most prestigious business schools” [7].

In my opinion the main problem is with the development of required skills and practical knowledge for assuming different assignment while imparting education. In real world a business manager must know handsomely even about technical, administrative, legal, government, regulatory, economic and taxation etc practices. This in addition to practical exposure in core areas of finance, accounts, hr and marketing and off course high level of skills in their respective area of specialization. “Many management scholars and practitioners believe that management is as much art or craft as science, better mastered through experience than through formal education” [15]. As a step forward, we may joint together the business world with the business schools. In this respect one of the best examples is Montgomery County Business Roundtable for Education (MCBRE). This was formed in 2001 by a group of people and educators with a mission to “connect classroom learning to the workplace” [11]. Venture Capital is another good example of bringing all the stakeholders like academicians, researchers, entrepreneurs and investors on one table. In this respect another good example is of American Research and Development Corporation (ARD) and his architect Doriot [6]. Apart from strength of venture capital, his versatile and multidimensional role of an entrepreneur, professor, curriculum developer and investor signify itself the issue which we are discussing here.

Schoemaker [22] has taken a good stock of issues related to the rethinking business education under his article “The future Challenges of Business: Rethinking Management Education” He states;

“The traditional paradigm of business schools, with its strong focus on analytical models and reductionism, is not well suited to handle the ambiguity and high rate of change facing many industries today. Business educators have always faced the dilemma of academic rigor pitted against practical relevance (notwithstanding Kurt Lewin’s astute observation that nothing is as practical as good theory). The dilemma stems from two seemingly conflicting notions. On one hand, universities must hold true to the time-honored tradition of scholarship and the associated principles of scientific inquiry. On the other hand, whatever universities teach and explore within their professional schools must be relevant to the clinical art that defines that profession at the time. Unlike such professions as law, medicine, engineering, or architecture, business has yet to develop a unifying professional identity or a standard for professional certification (which the MBA presently is not)”

Similarly while analyzing “One hundred years of excellence in business education: What have we learned?” of Kelley School of Business, Indiana University, USA, although they are satisfied with their performance, but they

have agreed that "Business education is going through a period of incredible transition. We face a wide range of trends that require leaders in higher education to step back and rethink how to approach the marketplace" [1].

Another step to reduce the gap between theory and practice is to engage business students for solving industry problems through labs courses. For example in the University of Chicago Graduate School of Business a group of 10 to 12 students works just like a group of outside consultant for a corporate client till a solution. The school runs management labs, New Venture & Small Enterprise Labs and International Entrepreneurship labs [8].

If we analyze the situation two (2) important issues of immediate attention regarding business education comes in front of us. These are:

- 1- Reshaping the business direction to uphold society to get human satisfaction.
- 2- Bridging the gap between theory and practice.

3- Solutions to Issues

Earlier [4] it was discussed in some detail that how society can be made at the top. The remedy to it is a binding force. This can be created through Devine guidance. In this respect a path was proposed at Figure-1. In the paper it was suggested that, "In the first instance we may start the new discipline of study from primary level. Our children must study this comprehensively similar to language and mathematics. Then slowly we extend this program to middle and secondary levels. We should not end this at secondary level. Instead we may extend to teach it in every profession to produce "Unbroken Human Professionals" instead of "Hollow Professionals" Here we are not focusing on this issue, however, Our bench mark for decision making should to be to please Allah.

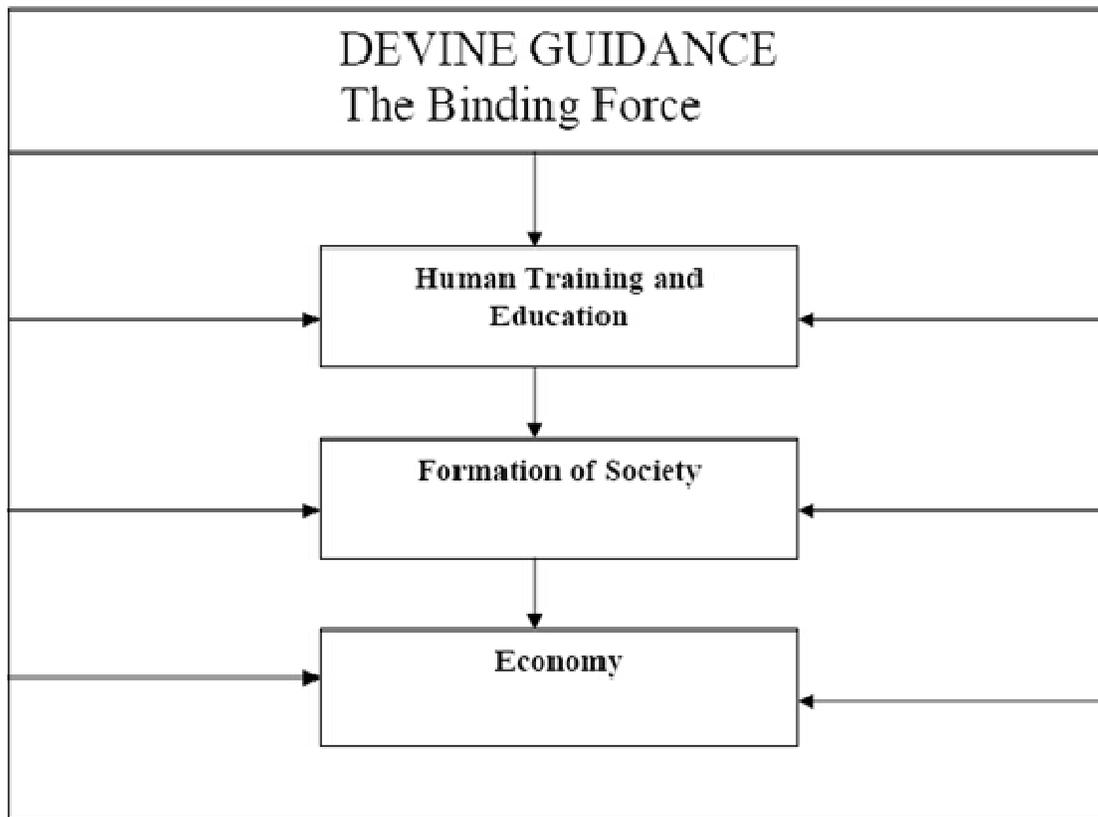


Figure -1

In order to achieve this objective we have to take the religion as a complete code of life. It is rightly said that "The Copernican Revolution divorced science from religion and focused our attention on mastering the secrets of the physical world. This opened the way to extraordinary technical accomplishments. We, humanity, have paid a

heavy price, however, for our collective alienation from the deeper spiritual reality from which all life and consciousness flow.”[16]

We are focusing here on the second issue i.e. bridging the gap between theory and practice in business education. In this respect one thing which is worthwhile to be noted is that the business schools are not the sole stakeholder of business education. So the best way to fill the gap between theory and practice in business education to involve all the players link with the business together. This may be possible if we adopt a cluster approach as proposed in Figure-2

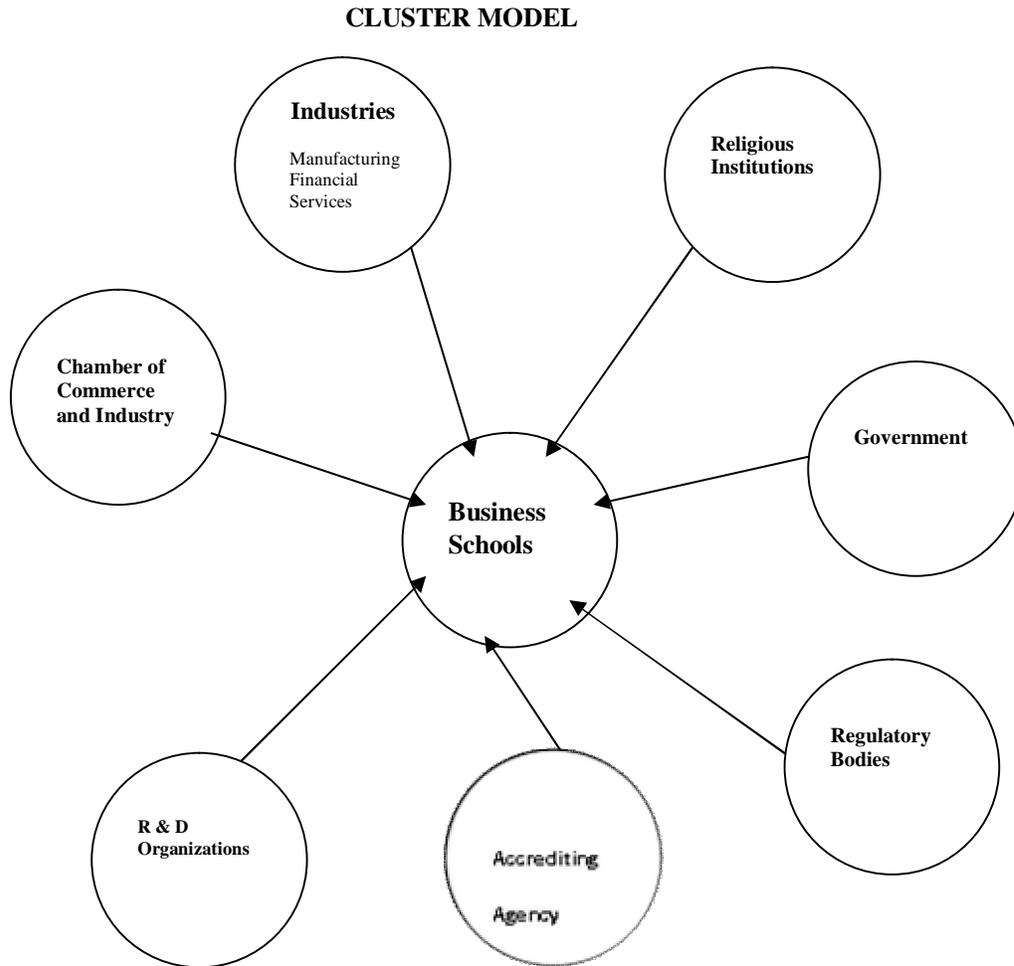


Figure -2

Some of key stakeholders or players to business education are shown at Figure-2. And most importantly it is the whole world society. There are two opinions regarding collective human behavior. One is learned and the other is Innate [3]. The Learned theory dictates that human behavior is the result of learning while the innate theory advocates that it is based on nature. The right approach is that we combine these theories together.

We are not discussing here the role of these players separately. However, all these players are necessary for the economic and business development of world. So these can certainly contribute a lot in uplifting the standard of living of whole humanity. The uphill task in respect is to accomplish the individual objectives of all the stakeholders in a way that overall objective of welfare of humanity is met. It is rightly said that “We must strive for a world in balance- for a world in which society takes precedence over economy” [24]. The best answer to this problem is integration of objectives of all the stakeholders through a cluster approach.

Business education through the proposed model will not only help to achieve this objective but certainly reduce the gap between theory and practice. This will notably include curriculum development, teaching and training and examining. As already discussed from the day one a composite approach of imparting theoretical and practical

education should be followed. So there would be less possibility to say that “MBAs are at the very best works in progress and not finished goods”

Conclusion

In the present context of technological advancement, globalization of world and failure of stakeholders to curtail the suffering of humanity there is an urgent need to bring together all the stake holders at the platform of business education. This will result into eliminating wide gap between theory and practice in business education. The other benefit would be building of a society which will prevail on our all decisions.

The job is difficult but not impossible. We can take the example of professional accountants and certified professionals. So let's give a try to the proposed model as discussed here.

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