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2008.12.01

# Responsibility of Managment Graduates Prof. Narada Warnasuriya 

Iam deeply honoured by the invitation to deliver the Convocation Address. I thank the Dean and the academic staff of the Faculty of Management Studies and Commerce for having invited me. During my term as Vice-Chancellor I have had very close contacts with your Faculty and I am aware of the many innovative and progressive academic programmes that have been developed and delivered during this period. I am also aware, that your Faculty is the pioneer in undergraduate management education in Sri Lanka which continues to attract the cream of the students entering the management stream.

It is also the Faculty which offers the widest variety of special courses in different aspects of management and commerce catering to the requirements of both state and corporate sectors. I know that each and every one of these courses have their special features and strengths and that the academic staff has developed them through great difficulties. Having had the pleasure of directly participating in or observing many of their innovative aspects I am convinced that you are a truly fortunate group of graduates who have benefited from an outstanding academic programme designed to bring out the best in you. I would say that in the Sri Lankan context you are an elite group. On this day, having completed your training in a specified discipline of management or commerce, you stand on the threshold of your future as qualified graduates of a prestigious university. While wishing you success, I would like to offer you some challenging and sobering thoughts on the role of the management profession in the world today.

The recent emphasis on the social importance of the university is set within the framework of a knowledge economy. With the demise of the welfare state and the ascendancy of global free market, there seems to be only one social model to aspire to which is summed up in the phrase "knowledge driven development".

A knowledge economy has been defined as one that creates, disseminates and uses knowledge to enhance its growth and development. The four pillars of a knowledge economy are a business environment that provides incentives for efficient creation, dissemination and use of knowledge, a dynamic information infrastructure that facilitates effective communication, dissemination and processing of information, an efficient innovation system of universities, research institutes, industries and other organizations which facilitates the creation, assimilation and adaptation of knowledge to suit local needs and last but not the least an educated and skilled workforce that can create and use knowledge.

It is such a qualified, skilled and adaptable work force that you are joining as new recruits. In this societal model you are not expected to wait until employment opportunities come to you. You are expected to chase after opportunities and capture them. If no opportunities exist, you are to create
your own. You have to be bold and adventurous and take calculated risks. In short you have to be entrepreneurial in your outlook to life and work.

However there has been one aspect which has been glaringly absent in this paradigm of development. That is a concern for social and economic justice. The obsession with the creation of an economically competitive society has been at the expense of a just and equitable society. The pursuit of efficiency in economic growth has become an end to itself. Market liberalization without providing a social safety net to the poor has widened the gap between the rich and the poor and the poor are being further marginalized.

The last two decades of the $20^{\text {th }}$ century witnessed the largest economic expansion in the history of the world. But the benefits have hardly accrued to the poor. In fact $90 \%$ of the increased wealth has been concentrated in the top $10 \%$ of the population. Not only has the gap widened, in real terms, the poor have become poorer. $40 \%$ of the world's population including 45 million in the United States, live below the poverty line. In India which is boasting a 6-8\% per annual growth rate of its GDP, 380 million people live on less than one dollar a day.

This blot on the knowledge economy was recently highlighted poignantly by one of the greatest entrepreneurs of our time, Bill Gates. In his convocation address to the Harvard University where he had studied before dropping out for a career in software development, he said "What I remember above all about Harvard was being in the midst of so much energy and intelligence. It could be exhilarating, intimidating, sometimes even discouraging but always challenging.

It was an amazing privilege and though I left early I was transformed by my years at Harvard by the friendships I made and the ideas I worked on. But taking a serious look back, I do have one big regret. I left Harvard with no real awareness of the awful inequities in the world, the appalling disparities of health, wealth and opportunity that condemn millions of people to lives of despair.

I learned a lot here at Harvard about new ideas in economics and politics. I got great exposure to the advances being made in sciences.

But humanity's greatest advances are not in discoveries but in how these advances are applied to reduce inequity. Whether through democracy, strong public education, quality health care or broad economic opportunity reducing inequity is the highest human achievement."

The developed world has not been immune from the ill effects of this unbridled quest for wealth creation.

Thomas Jefferson one of the founding fathers of American independence had visionary foresight when he, said in 1802 .
"I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency first by inflation and then by deflation the banks and the corporations that grow up around the banks will deprive the people of all property until their children wake up homeless in the continent their fathers conquered.

These words seem prophetic in the light of what is happening in the world of finance today. The deregulation and privatization of the global free market economy which gained momentum under Margaret Thatcher and Ronald Reagan has permitted many previously respectable banks, financial institutions, mortgage companies, building societies or insurance companies to throw caution to the wind in their zealous pursuit of maximizing yields in the shortest possible time. There has been a collective failure of oversight and misjudgment of risk at the highest echelons of the corporate world. Corporate greed has clearly exceeded corporate responsibility.

In the collapse of financial institutions which we are witnessing both globally and locally there is little doubt that laxity of ethical and social values in top and middle management has been an important underlying factor.

It is not surprising that many have seen a link between the problems of global finance, its chronic inequities as well as the acute crises and a failure of modern management education to instill a concern for ethical values and social justice as an integral part of the quest for excellence and organizational success. Five years ago business schools, particularly in America came under attack following the corporate scandals that erupted at firms such as Enron and World.com. Many of the corporate villains indicted boasted MBAs from top business schools. At that time many agreed with one commentator who said that the only solution to the ethical problems of corporate America was to fire everyone under thirty five with a MBA.

In spite of this a recent survey of the 50 top MBA programmes globally as rated by the Financial Times, published in the journal of Business Ethics reveal that only $25 \%$ teach ethics as a stand alone course. This is a five fold increase since 1988. However one third of them require some coverage of corporate social responsibility, ethics and sustainability as a part of the MBA. Few of them teach these by experiential learning or immersion techniques.

Even the recent movement towards corporate social responsibility has been an after thought and the manner in which it is practiced by most corporate entities provides only lip service to the concept.

Most still follow the guru of the free market Nobel laureate Milton Friedman who said "The only social responsibility of business is to increase its profits. They practice what is euphemistically referred to as a "win win" strategy which aims to maximize profits by covertly linking a subtle brand promotion to the claimed good deed. A public campaign to minimise infections by handwashing launched by a reputed manufacturer of household soap is a case in point.

It should be apparent to any critical observer that an ethical orientation and a concern for social and economic justice need to be ingrained into management education not in a minimalist fashion with a view to merely complying with legal requirements but as an integral part of its core values.

There should be an awareness that economic growth is only a pre-condition for development and not an end in itself. An appreciation of the limitation of GDP per capita as an indicator of development and familiarity with other indicators such as the Human Development Index (HDI) and measures of economic disparity such as Lorenz curves and Gini coefficients would be desirable. It would be a shame if any management graduate is unable to list the Millennium Development Goals (MDG).

As much as they know of Milton Friedman and his work they should know of Amartya Sen and his work.

While inclusion of these concepts and newer paradigms in the course content may help to change for the better, we know that acquisition of attitudes and values while in a university is greatly influenced by extra- curricular activities.

In this context it is pertinent to reflect on the view of Karl Jaspers a leading German philosopher of the twentieth century on the role of a modern university.

He saw it as comprising of three interconnected centres, a "training centre" to produce society's professionals, a "research centre" to solve its problems and a "cultural centre" to provide a liberal environment for its thinkers. Jaspers envisaged the three roles merging imperceptibly with each other as a composite whole.

Unfortunately in our thrust towards organizational success in mere economic terms we have neglected the third role. Many feel that Sri Lankan Universities have ceased to be centres which promote genuine dialogue and debate on social, political and cultural issues. We do not provide an adequate space for free and open discussion of ideas and values. The intellectual environment is not conducive to independent thinking. Student radicalism and violence coupled with a sub culture of indoctrination have crippled the universities role as a credible moral and political force. The academic staff are at least partly to blame for this situation. With a few notable exceptions they are detached and indifferent. They seem unable or uninclined to communicate with students in an open environment. The radical student leadership by the stridency, irrationality and the violence of their outbursts have done little to further societal acceptance of the causes they espouse, including social justice and free education.

In this context it is fair to say that Sri Lankan Universities are failing in their obligation so society not so much because of their inability to produce graduates that industry requires but as much because of their failure to navigate society safely and to catalyze a positive social transformation, for which there is no alternative mechanism or institution. The statement of H. G. Wells that "Human history is more and more a race between education and catastrophe" has never been more true than in today's context.

So my dear graduates, what is my final message to you? I would like to take you back to what Bill Gates had to say to the graduating class at Harvard.
"From those to whom much is given, much is expected. When you consider what you have been given in talent, privilege and opportunity there is almost no limit to what the world has a right to expect from you.

I hope you will comeback to Harvard 30 years from now and reflect on what you have done with your talent and your energy. I hope you will judge yourself not on your professional accomplishments alone but also on how well you have addressed the world's deepest inequities, how well you treated people a world away who have nothing in common with you but their humanity"

You are the graduating class of the pioneer management faculty in Sri Lanka. I have this to say to you.

As a graduate you are not merely expected to be master of your subject. You must also be a master of yourself with an ability to think independently and act courageously to enrich the society which has sustained you thus far. You must be one of a new breed of management graduates who while striving for both personal and organizational success have a concern for the less advantaged members of society whose sweat and toil contributed to your education.

Blaise Pascal a renowned French mathematician and spiritualist once said "Man is neither angel nor beast and the misfortune is that he who would act the angel act the beast".

I speak especially to the academic high flyers. Resist the temptation to be a beast. Do not be overawed by the glitz and tinsel of the corporate world. Remember that it is not the style that matters but the substance. You may reach for the stars but have your feet firmly planted on the ground.

Once again I wish you success in your future endeavours.
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