Social Impact of Action Learning
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Our traditional stakeholder base:

- We supply human capital to:
  - Wall Street
  - Big consulting firms
  - High-tech entrepreneurial start-ups
  - MNCs

- Increasingly MBA graduates from developing countries return to their own countries but develop careers in the top of pyramid firms
Huge need for managerial human capital in developing countries

- **Dire shortage of managerial human capital**
  - McKinsey study: Only 5 to 10 percent of college graduates suitable for major Western MNCs

- **Catch 22:**
  - Accumulate managerial human capital from management practices
  - But managerial practices are short in supply in developing countries
  - Need to import managerial human capital

- **Small and medium entrepreneurs are the main source of economic dynamism**
  - Management tends to be unsystematic
Action Learning: Supply meets—partial—demand

- Incentive compatible
  - Augmenting resume

- Capable
  - MBA students better at prescription than at analysis
  - More experienced than Chinese and Indian MBA students

- Budget constraints
  - Grade as a form of currency

- Impact
  - Consulting really matters
  - Bloom et al (2012): 17% increase in productivity in the treated Indian textile firms
How to maximize social impact

- Help SMEs, not MNCs
  - Strategic rather than operational
  - Bigger impact
  - Imitation is easier across firms
- Going beyond metropolitan regions of developing countries
  - Cross-border global elites in major cities
  - We need to go beyond the connected elites
- Target some NGOs
  - Improving the operations of NGOs to maximize their impact
Our experience at MIT Sloan

- **Our action learning in development:**
  - **G-lab:** Our flagship action learning course covering over 20 countries each year
    - Latin America
    - Asia
    - Global health delivery (GHD)
  - **China Lab**
    - Substantial growth in the last four years
    - Covering 5 cities in China
    - Deep engagements with Chinese students
  - **India Lab**
    - Stable development
    - Substantial focus on NGOs
Design of China Lab

- We have grown China lab from 20 in 2011 to 24 in 2012
- We value diversity in learning experience:
  - Geographic diversity: Most developed parts of China (such as Beijing and Shanghai) but also in less developed regions, Yunnan and Xian
  - Economic diversity: Technology in Beijing and Shanghai; Manufacturing in Guangdong, Service in Yunnan and Heavy industry in Xian
  - Ownership diversity: More state-controlled companies in Xian
  - Cultural diversity: Cosmopolitanism in Beijing, Shanghai and Guangzhou but more inward looking in Yunnan and Xian
THE G-LAB IMPACT

- Some of the G-Lab success stories
  - **Biocon**
    - An early client of G-lab: 2002-3
    - Recommended to build a separate clinical research division
    - Today “Biocon is a research-driven, global healthcare company …”
    - One of the most successful R&D pharmaceutical firms in India
  - **IDEAS**
    - A G-lab project in 2006-7
    - Helped United in Diversity (UID) launch a very successful education program, IDEAS Indonesia
  - **I+Med**
    - A G-lab project in 2008-9
    - Devised an international expansion plan for this biotech firm in Thailand
    - Grew from $1.9 million IN 2008 to $4 million in 2010
  - **Repeat companies**
    - A Chinese company, Globalmarket.com, has come back to G-Lab three times
    - Honor to work with Albert Ting for the third time.
The Nation (Thailand, 01/19/09): “MIT Sloan students bring unique insight to corporate challenges”

Twenty dynamic MBA students from the MIT Sloan School of Management are currently in Thailand to offer their advice to five leading Thai organisations chosen to benefit from their unconditioned approach, highly motivated spirit, international exposure, and their faculty-resources backup.
G-LAB IMPACT: IDEAS INDONESIA

“IDEAS INDONESIA”
Menguatkan Tiga Pilar dan Menggerakkan ke Kemajuan

JAKARTA, KOMPAS — Juga-ring Etika sektor sastra, yaitu swasta, pemerintah, dan lembaga swasta, menjadi masalah. Dikatakan tidak mungkin lagi saat menghadapi tantangan perdagangan Indonesia kini.

Jadi, bentuk kebijakan harus ada, pemerintah, otonomi daerah, maupun swasta, untuk memberikan nilai-nilai Indonesia yang berdasar, harmonis, damai, dan bersih.

Pembahasan berasal sektor yang dibahas oleh Rahmat Anzad (Presiden Universitas Denny IU), Fathur Maarif, serta Suryopranoto (Pemimpin Badan Kebijakan Alternatif, pada seminar “Ideas Indonesia” di Jakarta, Senin).

Para ini mengatakan, harus khusus yang dianggap tidak wajar untuk sektor pertanian, LSM, dan bisnis. Perlu memahami yang jelas dan untuk memahami masalah yang muncul, harus menghadapi hal-hal sebagai bagian dari masa.

“Kearifan dan peranannya tidak akan sekedar menangani agenda, akan juga harus dikritik oleh para pelaku,” kata Anzad.
Gone are the days when learning about enterprise in China involved sitting in a classroom and listening to tedious lectures on the Shanghai economy. For 24 students from MT Sloan’s China Lab at least, learning about Chinese entrepreneurship has involved working with both peer students from Chinese business schools and Chinese entrepreneurs.

The MIT Sloan students have worked with their Chinese peers – first in Cambridge, Massachusetts, the home of the Massachusetts Institute of Technology, and then in China – to act as consultants to a handful of the growing number of Chinese entrepreneurs, says Jenny Kwan, a New Zealander in the first year of her MBA programme at Sloan.

GUANGZHOU: As China is redrawing the economic map of the world, many local companies are making a foray into the international market. However, some of them face difficulties in tapping the global market due to lack of vision and adequate knowledge about the market.

Twenty-four MBA students from the Massachusetts Institute of Technology (MIT) in the US have come to China and are working with local MBA students to find solutions for these companies under a program called ‘China Lab’. “
南方都市报 (Southern Metropolitan Daily):

“南都：作为一个商学院教授，你曾经对中国的吸引外资政策和本土企业状况进行了十多年的考察和研究。那么，你现在所在的麻省理工学院 (MIT) 发起了“中国实验室”项目，来帮助中国的小型创业企业，当时是出于什么考虑来设立这个实验室的？实验室的具体运作又是怎么样？

新华社 (Xinhua News Agency):

“新华网长三角频道记者肖春飞 4 月 17 日报道：为成长中的烦恼所困扰的长三角中小企业，将可能获得中外工商管理“大夫”的“望闻问切”。日前，由复旦大学管理学院及另外三所国内高校与美国麻省理工学院斯隆管理学院联合开创的 China-Lab 项目正式启动。这是中美商学院首次联手免费“诊断”长三角中小企业。

21世纪经济报道 （21st Century Herald）

“我在 MIT 斯隆商学院发起“中国实验室”，是基于一种信念：中国的中小企业，要从简单的生产转向科技创新型企业，尤其需要提高管理能力。中国中小企业很多都是家族企业，不信任外人，不信任职业经理，而且认为不需要职业经理，每年的利润也能增加 10%－15% 左右。当然在整个宏观经济增长这么快的情况下，这么一种发展战略也可以说是理智的。但是宏观调控很可能在近一两年发生变化，在经济增长不是 10% 的时候，有没有专业管理，就可能决定这个企业能不能够发展，能不能够存在下去。”

财富时报 (Fortune Times)

“黄亚生的‘中国实验室’”

黄亚生向我介绍他发起的这个名叫“中国实验室”的项目：“我发现我们的学生其实是个巨大的资源，他们大多不是本科毕业就来读书的学生，是已经有了几年工作经验的年轻人，年龄差不多二十七八岁，而且他们不少原先工作的地方是像麦肯锡、高盛这样世界一流的咨询公司或投资银行。
CHINA LAB IMPACT: SHARING KNOWLEDGE
**Economic Times**

“MIT students tap on Indian startups for internships”

- Four MBA students from the prestigious Massachusetts Institute of Technology (MIT-Sloan School of Management) are all set to start their internship at the online entertainment portal ‘Buzzintown’. They were selected under the Academy’s innovative internship programme called ‘India Lab’ — an initiative of MIT Sloan School of Management.

**Business Line**

“A taste of India”

- They would seem to be worlds apart. The Chennai-based Srinivasan Services Trust (SST), an NGO of the TVS group which is using its resources for the uplift of hundreds of villages spread across Tamil Nadu, Karnataka, Himachal Pradesh (Solan) and Maharashtra — and management students from the Sloan School of Management at the Massachusetts Institute of Technology.

- The association is a symbiotic one that furthers the objectives of both sides — while the SST gets fresh insights into the management of its enterprise, the students have the opportunity of getting hands-on experience of a business. The Sloan School of Management’s internship programme is one of the more rigorous schemes of its kind. During the course of the Global Entrepreneurship Lab, or the G-Lab as it is called, students make an effort to get a first-hand feel of a work environment within their particular field of interest. The internship is one of 22-24 courses that students take during the two-year MBA programme that is spread over four semesters.

- **Given India and China’s feted arrival on the global economic stage,** it is not surprising that both these countries are much sought-after destinations for these internees. Ashoke Joshi, Chairman, SST, recently received the final recommendations from the students for scaling up activities of the trust. Speaking to The New Manager, he expressed satisfaction with the recommendations of the four internees from Sloan — Jennifer Tutak, Marie No, Racheal Chimbghandah and Shirley Li. Says Joshi of their work: “The Sloan team did a wonderful job. In the few weeks that they had, I feel they had to work very hard to understand the concept and style of work of SST.”

- The project that the students undertook was titled ‘What needs to be done to scale up the activities now being undertaken by the women SHGs and the farmers associations in villages where SST is working’.
INDIA LAB: HELPED SST TO SCALE UP ITS OPERATIONS
Many challenges

- Action learning is expensive
- Action learning is labor-intensive
- Social impact means no or little revenue streams
- Managing action learning is challenging
- Integrating action and classroom learning is not easy
- Post-action reflection is difficult to do
- No mechanism to do follow-up and to ensure the right implementation of recommendations
Thank you