

Special Report: Asia's best business schools

Business schools try new Asia strategies

Bruce Einhorn

Haas, Manchester, and Iowa are among the B-schools striving to build Asia ties through EMBA and alternative degree programs.

Like many professors at the University of California at Berkeley's Haas School of Business, Dean Rich Lyons takes pride in the university's close ties with Asia. More than 40% of Berkeley's undergraduate students are Asian or Asian American, and the university's schools have strong research ties across the Pacific. Berkeley, says Lyons, "is the most Asia-leaning of all Western universities. You can't but walk around the campus and see how extraordinarily Asian the place is."

The post-Lehman credit crunch, though, has hurt some of the business school's Asian connections. The number of international students at Haas dropped from 39% two years ago to 33% now, says Lyons. That's because students from outside the U.S. have had trouble getting loans. In the past, overseas students without a local co-signer could get loans from Citibank (C) or Sallie Mae (SLM), but in the aftermath of the Lehman bankruptcy, "the no co-signer market collapsed," Lyons says. As a result, "we had a heckuva time making sure these international students had financing." While Haas ended up making loans itself, the school lost students as a result of the sudden credit crisis.

Now Haas is looking to make up some of its lost ground. Rivals such as Northwestern's Kellogg, University of Southern California's Marshall, and UCLA's Anderson have executive MBA programs with schools in Asia, providing opportunities for the American schools to build ties with business leaders in the region. Berkeley has long resisted setting up such partnerships, on the theory that a vital part of a Berkeley education was the experience of living and studying in the Bay Area. Lyons says Haas isn't about to change now. Among the schools offering MBAs, "it's getting a little me-too, a little bit commoditized."

So Lyons is considering alternatives. Last month he traveled to Hong Kong and other parts of the region, in part to investigate interest in a program that would offer some classes in Asia and some in California. "It would be nice to offer a degree program in the region that is on-brand, that's different and very Berkeley," he says. "It would be in California but we would need to deliver chunks of it here." Lyons hopes to have a program launched before his term as dean expires four years from now.

Manchester b-school's DBA program

Meanwhile, other schools are pushing ahead with new ideas of their own. The Manchester Business School, one of the top B-schools in Britain, began offering a Doctor of Business Administration program five years ago. Not to be confused with a business PhD (a degree that usually leads to a teaching position at a B-school), a DBA is designed for senior executives looking to investigate a particular issue that pertains to their industry and expertise. "There are similarities to the PhD, in that it is just as rigorous and should produce a publishable work," says Christopher J. Easingwood, director of the DBA program at Manchester Business School. "But it has to have a strong relevant management application." The average age of students enrolling in the Manchester DBA is 40, a good 10 to 15 years older than the typical MBA student.

Manchester began its DBA program to cater to global executives looking to integrate research into their organizations while continuing their jobs. The program consists of four one-week

intensive modules at Manchester's campus in England spread out over 18 months. Core courses include statistics, research methods, and epistemology—the theory of research and learning. There is also a course on how to do a literature review for the thesis. The cost of the entire program, which takes between three to five years to complete, is about \$51,000.

The program has proved popular among Asian executives, who make up about 25% of this year's entering class. Danai Pathomvanich is a director at Gaatoo, a company that hosts online customer communities for manufacturers. The 34-year-old Thai chose the program so he could develop a more rigorous approach to his business. His company is headquartered in the U.S., has its sales office in Bangkok, and does its software development in Dalian, China. "The program is very good for people who have a specific goal in mind or want to research deeper into a particular subject area," says Danai, whose company aims to help automakers and electronics manufacturers better exploit social networking in their customer relationship management. "For me it's tremendously more beneficial than a traditional MBA."

Iowa trims its China EMBA offerings

Like many other schools, Manchester is also sticking with the tried-and-true way of reaching out to Asian students: the executive MBA. The school has a center in Hong Kong for executive training, launched 17 years ago, and a center in Singapore initiated in 1999 that now has almost 500 students. To tap growing demand in China, last year Manchester opened a center in Shanghai.

Making an executive MBA program work in China isn't easy. The University of Iowa, which has offered an EMBA program in Hong Kong since 2001, last year suspended a similar program in Beijing, says Tony Hui, program director of the Hong Kong office. Iowa had teamed up with the Chinese Agricultural University, with the goal of building a program aimed at "developing world-class Chinese business leaders in the food and agribusiness sectors," according to the Iowa Web site's description of the program.

Although the description still exists, Hui says the program is no more. After two years, problems with Chinese regulators led Iowa to shut the program. "They don't want too many foreign programs competing with local programs," says Hui. So for now, Iowa is limiting its Asian program to Hong Kong, where Hui says it's easier for foreign business schools to operate, because the government encourages more schools to offer degree programs. Iowa enrolls 30 to 40 students a year.

How Western business schools should play Asia

Haiyan Wang and Anil K. Gupta

Asia is where the growth is, so B-schools need to prepare their MBAs for an Asia-centric future. Here are a few things smart B-schools can do to keep up.

As the ice hockey legend Wayne Gretzky astutely noted, one should "skate to where the puck will be, not where it is now." In management education, the puck is moving rapidly toward Asia. Western business schools that do not figure out how to play the Asia game effectively run a serious risk of ending up as regional players.

Consider a few facts: Asia today accounts for over a quarter of the world's gross domestic product and is growing at more than twice the pace of other regions. Within two decades it will constitute almost half of the world's GDP and be larger than the U.S. and Europe combined.

Asia is also becoming more Asian. Intra-Asia trade presently accounts for about 54% of all cross-border trade by Asian countries. By 2025 this figure will be closer to 75%.

Importantly, too, the composition of the world's 500 largest corporations is changing rapidly. In 1995, companies headquartered in China or India accounted for only five of the 500 largest corporations in the world. By 2009 the number had grown to 44. It could easily reach 150 by 2025. Add to this the large number of corporate giants headquartered in Japan, South Korea, Southeast Asia, and West Asia, and it is not unlikely that by 2025, half of the world's 500 largest corporations could be headquartered in Asia. Note also that, in the case of many non-Asian multinationals, Asia accounts for a large and growing proportion of its middle and senior managers' responsibilities. In short, the global market for management education is rapidly becoming Asia-centric.

Smarter to partner up

Most business schools are analogous to diversified companies with multiple product lines—related yet distinct in terms of target customers, value propositions, and value-creation and delivery systems. As such, the rise of Asia has different implications for different product lines: undergraduate, MBA, EMBA, and executive education. Since faculty research and doctoral programs have always been extremely global, these require the least amount of tinkering.

In the case of programs that involve large numbers of students over a multi-year time frame (such as the four-year undergraduate degree program, the two-year full-time MBA, and the three-year part-time MBA), we deem it unwise to consider building an Asian footprint, except in those rare cases where a generous host government is willing to underwrite all or most of the costs. Large numbers and long duration make these programs very resource-intensive. For such programs, creating an Asian footprint would subject the Western business school to heavy startup costs, tough competition from local players, lower fee structures, and extremely severe resource constraints in terms of top-tier faculty.

The right approach for these programs is to stay confined to the home campus, attract a reasonable proportion of bright Asian students, and transform the learning content and format with the goal of making graduates "Asia smart." One of the best ways to do this is to require that every student undertake immersion field visits to at least two Asian countries—preceded by intensive classroom learning about the country to be visited and capped by systematic debriefing and analysis of the lessons learned. Field visits, however, cannot be the sole strategy to transform the content of learning. Business schools also need to invest in helping their faculties become more knowledgeable about Asia so the content of regular on-campus courses becomes more global and less Western-centric.

For a growing number of business schools, the executive MBA has moved from the periphery to the center and is rapidly becoming one of the core programs. The short duration (typically 18 months) and modular format (four to six consecutive days once per month) of the EMBA program makes such offering extremely amenable to globalization.

We predict that by 2020 the most successful EMBA programs will be those that are taught across multiple continents, include at least two Asian locations, and are the product of a formal long-term collaboration among two or three business schools, each with its home base at one of the teaching locations.

Immersive stays in Asia are essential

Our logic is straightforward. First, in order to excel, managers need deep, on-the-ground understanding of the world's major economies. In most cases such understanding will be

better provided by local experts than by a faculty member based in the U.S. or Europe on a short visit to the foreign location. Second, ambitious managers also need tight interpersonal linkages with colleagues who are native to, grew up in, and are embedded in these economies. These linkages (in terms of both number and strength) are most naturally developed when the EMBA student undertakes the entire 18-month program with a cohort of peers rooted in different economies and cultures. Third, by leveraging the geographically complementary resources, relationships, and reputations of partner schools, collaborative EMBA programs are likely to be both more effective and more efficient on all key dimensions: marketing, the teaching-learning process, operations, and placement. Finally, students who graduate from dual-degree programs (such as the INSEAD-Tsinghua EMBA or the Kellogg-Hong Kong UST EMBA) will have the added advantage of lifelong memberships in different and non-overlapping alumni networks across two or more continents.

Given their short duration and near-complete freedom from institutional constraints, nondegree executive-education programs offer Western business schools the greatest degree of flexibility. A business school's Asia strategy for these programs should be extremely market-centric and tailored to the peculiarities of each specific country and, if need be, even a particular industry within the country. Even questions such as whether or not to partner with another institution (such as a business school, a government agency, an industry association, or a law firm) should be viewed as tactical questions to be addressed on a case-by-case basis.

For many of the leading Western business schools, the toughest issue regarding nondegree executive-education programs pertains to pricing. Notwithstanding the fact that companies such as Tata Motors (TMM), Infosys (INFY), Huawei, and Haier are large global corporations by any measure, it is critical to remember that they are creatures of an extremely cost-conscious environment. More often than not, a lower cost structure is also one of their primary sources of global competitive advantage. As a result, they tend to be price-conscious buyers and tough negotiators.

Western b-schools must prove their premium

Whether or not a Tata Motors or a Huawei will be willing to pay a premium price to a Western business school—relative to a top-tier local school—will depend entirely on two factors: one, whether or not the Western business school can make a persuasive case that it offers added value; two, whether or not it brings brand cachet as a "thought leader." Faculty from a top-tier local school will almost always bring a better understanding of the local environment. The Western business school must be able to prove that the expertise of its faculty on globally important subjects will more than compensate for any weaknesses in local knowledge.

Partnering with a local school on an as-needed basis can be another strategy to address this weakness. Aside from making the case for added value, it is also important to note that premium pricing is impossible without a top-tier brand image. Even schools such as Harvard, Wharton, or INSEAD that enjoy the highest rankings in global surveys need to keep investing in brand-building efforts. Several of the leading local players in countries such as China, India, South Korea, and Singapore are extremely ambitious. They are also rapidly building the financial muscle to recruit top-tier PhD graduates and faculty from Western business schools to try to leapfrog into the ranks of the leading global schools.

In sum, Asia is different, diverse, and dynamic. To Western business schools it offers vast new opportunities but also serious competitive challenges. In designing their Asia strategies, business school deans need to undertake the analysis for each product line separately. They should also never forget the central maxim of business strategy: If you don't have a competitive advantage, don't compete.

U.S. b-schools eye alliances in India

American universities hope to team up with Indian business and technology schools.

Call it the Kapil Sibal-effect or the promise that emerging markets are holding out to the West, American universities have evinced great interest in entering into pacts with the IIMs and IITs to set up their campuses here. This would mean that Indian students need not leave the country to pursue their niche studies in the US.

Some 31 American Universities such as the University of Massachusetts, Duke University, University of Rochester and others are visiting India next month to attend the Indo-American Education summit to offer their courses to Indians.

These courses based on the American system, will include student exchange programmes and will be taught by Indian as well as American faculty.

"The aim is to bring American and Indian institutions together, so that American programmes can be offered in India. This will help students save 50% of the costs", Indus Foundation president SB Anumolu said, whose organisation is promoting these collaborations.

After Europe, human resource development minister Kapil Sibal is also reaching out to the US to develop partnership with education institutions of global repute. Talks are on with universities like Harvard, Boston, Yale, Duke and the University of Georgetown. Mr. Sibal who is scheduled to arrive in Washington on Wednesday will also meet members of the Obama administration, university officials, and industry representatives.

Universities like Southern Illinois-Carbondale, South Dakota Tech, Case Western Reserve and others are also scouting for research collaborations in India in areas such as nano-technology, aerospace, genetic engineering, terrorism, psychology and Information technology.

Mr. Anumolu said IIMs and IITs are showing interest as they are looking to move up the value chain and offer newer programmes such as technology management, engineering management, gerontology, pharmacy management and life sciences.

"After IIMs and IITs, there are also 250 engineering colleges and 200 business schools in India which are capable enough to form such partnerships, but we will first check how committed they are and whether they have enough resources to provide the infrastructure required for American courses", he said.

Indian business schools back on Wall St. radar

Sreeradha D. Basu, Sushmita Mohapatra and Shruti Sabharwal

Recruiters from Goldman Sachs, Morgan Stanley and others have returned to campuses of India's top B-schools.

The B-school is back in business. After a year-long stupor that saw billion-dollar names shying away from campuses in the wake of the global financial slowdown, the Indian Institutes of

Management (IIMs) are waking up to a buzzing summer internship season, a pointer to a packed final placement list.

Goldman Sachs, the investment bank that just emerged a tad stronger from the slowdown, is back at IIM campuses with a bigger number of offers, and so are the traditional Slot Zero names-the B-school jargon for the most coveted-like McKinsey & Co, Morgan Stanley, JPMorgan, UBS and Boston Consulting Group.

The summer placement season-set to begin early November-often mirrors the final placement lineup as companies tend to make job offers depending on the candidates' performance during the two-month internship. IIM-Bangalore, for instance, has scored a 100% conversion rate for the current batch in consultancy summer jobs.

"Companies are bullish this year," says IIM-Calcutta's Prafulla Agnihotri, who is the chairperson for career development and placements.

Around 100-odd companies have confirmed their participation across the seven IIM campuses for picking up summer internees, and the list includes top Indian names such as Hindustan Unilever (HUL) and Procter & Gamble (P&G). The return of i-banks to the campuses is significant since they traditionally opt to select from their internees instead of scouting the campuses with final recruitment offers.

IIM-Lucknow placement committee member Sharat Chander says final placements in 2010 are showing every indication of being a whole lot better than last year, if summer placement trends are anything to go by. "This is especially true of the financial sector, hit the most by the economic downturn last year," he says.

Smaller firms, including start-ups, that managed to land talent dirt cheap last year too are back now, but with sweetened deals in the face of increasing competition. IIM-C's Agnihotri says many of them offer students more challenging roles with an exposure to serious decision-making.

While none of the institutes wanted to risk any official comment, the general sentiment is that stipends for the two-month period will also go up this year compared to 2008. Stipends generally range from Rs 10,000-15,000 per month on the lowest side, and had gone up to \$20,000-plus for a two-month foreign internship in the pre-slowdown days. "There is a positive sentiment on campus," says Sapna Agarwal, head-career development services, at IIMB.

For students, this return of enthusiasm means they will get placed faster, at a job of their choice, she says. All the rush notwithstanding, the process this year is unlikely to be wrapped up in the usual six-day period. Last year, because of the low turnout by companies, the summer placement season was extended across campuses. However, this year, with an increased number of students to place, the process may take the same time as last year.

Mr Agnihotri says his school will be placing 408 students this year, up from last year's 300-odd students. "Slot 0 and Slot 1 will be of two days each, after which the process will be opened. We want to give our students plenty of options," he says. The summer glow comes just after the IIMs did a successful pre-placement offer (PPO) season. Around 15-20% of the batch at IIM-A, B and C have got offers till now. Other IIMs like Lucknow and Kozhikode, too, are witnessing a much better flow of job offers as compared to the past year.

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