

COMMENTARY

Management education in Asia: an invigorating growth

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1. Management education in Asia

Asia is the largest and most populous of the continents. Over the preceding four decades, the Asian economies have turned in stellar performance and recorded unprecedented rate of economic growth. This process began to accelerate after the Plaza Accord (1985), and further after the early 1990s. Since this point in time, Asia saw an efflorescence of regionally based economic initiatives, which accelerated further after 2000. Greenspan (2000) termed Asian economic growth as ‘phenomenally solid’. Asia turned into the most dynamic region in the global economy. Furthermore, over the last decade Asia emerged as a manufacturing powerhouse. The gross domestic product (GDP) of Asian economies¹ was \$18.65 trillion in 2011, a tad higher than that of North American Free Trade Agreement (NAFTA) (\$17.41 trillion). Since the global financial crisis (2007–2009), Asia’s global significance became more pronounced. The Asian economies not only remained resilient through the crisis – and also during the Eurozone sovereign debt crisis period – but also spearheaded recovery from the crisis (Das 2011). Asia’s influence on global marketplace has grown immensely.

Such a remarkable pace of growth and industrialization led to different educational and training requirements from those that were in place. For modernization and rapid growth, Asia needed personnel with training and skills in managing businesses. Management education, which is regarded as transfer of ‘soft’ technology from the West to the East, is a mélange of science, art and craft. It is a veritable productivity enhancer. The Asian economies needed it to appropriately develop their human resources, which was necessary to stimulate their economic development and business expansion. They needed to import this Western management ‘know-how’ while maintaining – if possible blending – their own values, norms and mores.

Enhancement of competitiveness is crucial for succeeding in international business. As the Asian business firms now have to compete with their counterparts from the advance economies, properly trained management skills and modern and properly trained managers increasingly became *de rigueur* (see Leung and White 2004). Without them competitiveness of the Asian business firms in the international market place was sure to suffer. As majority of the successful Asian economies are outward-oriented, well-trained professional managers are needed to manage businesses in the international markets.

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Although the size of the workforce in the Asian economies was large, before management education came to Asia, many Asian economies faced disconcerting shortages of trained professional managers at all levels, in particular the top level. Some large economies like China still face a scarcity of trained managers (Das 2012). Without knowledge of international markets, economies, business strategies, cultures and brand management skills Asian managers can hardly be expected to succeed in an intensely and increasingly competitive world of international business. They would also find going hard in their domestic markets where they would be required to compete with globally established international brands and products (Warner 2011). Some prescient policy mandarins in Asia realized early that the earlier they commit to investment in management education and training the better it would be for their economies. They saw that it would favourably influence the macro- and micro-economic performances of their economies. That said, it was difficult to precisely quantify the direct and indirect contributions of management education.

2. Globalization and regional management education

Compared to the other regions, Asian economies and businesses have benefited most from the ongoing phase of globalization, starting with the 'Little Dragons' (see Vogel 1991). It has had a distinct effect over businesses and *pari passu* with the demand for management education in Asia. Management education in general is also considered to be on the globalization trajectory. Business schools were early adapters of globalization compared to institutions in other disciplines. Connection between business profession and business academy is basically symbiotic.² They support and benefit from each other in myriad of ways. Business schools aim at meeting the large and growing regional and global demand of business professionals.

As the globalization of business school education began, Asia became a beneficiary. Development of management education providers in Asia began with the *Harvard Business School's* initiative in assisting the creation of the *Indian Institute of Management, Ahmedabad*, in 1962, and the *Asian Institute of Management, Manila, Philippines*, in 1965. This manner of capacity building in Asia continued throughout the second half of the twentieth century. In this context, the *China Europe International Business School (CEIBS)* in *Shanghai* in 1994 is regarded as a veritable trailblazer (see Warner and Goodall 2009). The next stage was noted business schools like *Institut Européen d'Administration des Affaires (INSEAD)* coming to Asia and setting up shop and it was the first major business school to establish a campus in Asia in 2000. It came with a vision to help business executives meet the challenges they faced. Several European and American business schools followed suit. Subsequently, the Western prototype of business schools became dominant in Asia.

3. Rapid expansion in management education in Asia

As many Asian economies, particularly those in East and Southeast Asia, have *Confucian* or *Neo-Confucian* heritage, they have a natural penchant for higher education and training as well as for development of educational systems. Besides, in Asian cultures higher academic degrees from prestigious institutions and universities are highly admired, more so than in the West.

The principal macro-level driving force of expansion of management education and training is rapid pace of economic growth and industrialization, which creates demand for trained managers. It concurrently spurs modernization of education in management and

other technical areas. However, with what pace management education would expand has to necessarily depend on historical, cultural and institutional factors in an individual country. Other factors that influence it are time of commencement of management education, nature of industrialization, 'preindustrial social and cultural norms, socio-political system, social class as well as social-geographical mobility' (Warner 2013, 249).

After a somewhat belated start, management education in Asia expanded at an exceedingly swift pace, the fastest in any region of the world. Statistics bear this out. For instance, in 1991 there were 91 MBA students in *China*, in 2012 this number crossed 30,000.³ According to the Association to Advance Collegiate Schools of Business (AACSB) (2011), which is an accreditation organization of business schools, the current number of business schools in Asia – East, South and South-East – stands at 5532. *China* and *Hong Kong SAR* are joining major players in the region's management educational sector, namely *Singapore* and *India*.

Gradually, qualitative improvement in Asian business schools also occurred. A small number of Asian business schools are now accredited by the AACSB. Their country-wise division in 2012 was as follows: *China* (6), *Hong Kong* (7), *India* (2), *Japan* (2), *Malaysia* (2), *the Philippines* (1), *Republic of Korea* (12), *Singapore* (3), *Taiwan* (7) and *Thailand* (1). Korean business schools top the list of accredited institutions. However, the number of accredited business schools in Asia is low at 43. In the prestigious *Financial Times* Global MBA Ranking of 2012, there are 6 business schools from Asia in the top 30. They are as follows:

<i>Hong Kong UST Business school</i>	10
<i>Indian Institute of Management (A)</i>	11
<i>Indian School of Business (IBS)</i>	20
NUS Business School	23
CEIBS	24
CUHK Business School	28

Of these, two Asian business schools (the *Hong Kong UST Business School* and CEIBS) have featured prominently in several global business schools rankings since 2009.

Part-time and executive MBA programmes in Asia, particularly those in *China*, have high popularity. For instance, in CEIBS the EMBA programme had 800 students in 2011, versus only 200 in the MBA programme. The reason is that an overwhelmingly large part of the present managers and leaders was educated before management education became popular in Asia. When they were college age there were not many local business schools from which they could do an MBA. In a rapidly growing economy and business, these practicing managers now find it difficult, if not impossible, to quit jobs even for short periods to do a management degree. If they drop out even for a small interval, they would find it arduous to catch up with their peers. Therefore, part-time management students in Asia are considerable in numbers and generally very senior and experienced.

4. Western template of management education for the Asian business schools

Management education curricula in Asia are essentially based on their counterpart in the prestigious business schools in the USA, which is widely regarded as the pioneer in management education. As latecomers to management education, Asian business schools imitated the American model. They use virtually the same template in management education as that in the Western academic world (Section 2). The Asian curricula are

heavy on analysis and techniques and short on synthesis. They are wanting in areas of implementation and execution issues as well as cultural sensitivities. Asian business schools are often excoriated for intellectual subservience to Western thought (see Nair 2012, 'Asian Business Schools Cannot Remain Beholden to Schools in the West' *Financial Times*, October 1, p. 10).

This criticism is somewhat overdrawn because what is the logic in reinventing the wheel? Should centuries of classical and neoclassical economic thought, financial theories and concepts developed in business strategy be developed again in the Asian context by Asian business schools? A sagacious and thoughtful response has to be in the negative. Indeed, applicability of these concepts and theories to Asia and Asian economies is vital and the faculty members need to be conscious of this all-important fact. In addition, research done in Asian business schools could be of relevance to the Asian scenarios and business firms as well as based on the social, economic and political realities of the countries and the region, albeit not at the exclusion of the global business and financial issues.

Besides, knowledge cannot be made a parochial and contentious East-West issue because there is no dearth of Asian ideas in management flowing into the Western academic thinking. Asian values, *Confucianism* and the spectacular economic rise of the Asian economies and Asian multinationals led to a great deal of academic debate in the world, including the Western world (see Warner 2011, 2012, 2013). Several new and productive ideas and concepts have emerged from it. Numerous academics from the Western business schools have delved into these areas of research. Besides, large business schools in Asia have started developing their own cases and distributing them through the normal international channels. Additionally, Asian management theorists have relied on uniquely Asian concepts. For instance, unlike individualism of the Western world, Asia developed the relationship model based on networking. Asian management theories aim at consensus, with an emphasis on personal discipline.

5. Asia's own Budding Ivy League?

Business schools in Asia are growing in confidence and trying to create a brand name for themselves. Four of them joined hands to take a bold step to improve internationalization of their MBA intake. They are *CEIBS* in China, *HKUST Business School* in Hong Kong, *IBS* in India and *Nanyang Business School* in Singapore. The so-called Asia-4 are among the top ranking business schools of the region. They are regarded as *elite* schools in the region and three of them also have respectable positions on the *Financial Times* 2012 rankings. They purport to share similar values and direction and are fast becoming the hubs of creating the business leaders of the future.

Although difficult, this group of *elite* business schools is trying to create a cachet that is comparable to that of the highly coveted 'Ivy League' institutions. Senior officials from these schools have expressed this expectation in the media. They have established a web presence and have started competing for attracting high-calibre international students, particularly from North America and Europe. Increasing global and regional relevance of their MBA, lower costs and English as medium of instruction make the Asia-4 an attractive group for the international students. Their plan is to launch effective advertisement campaigns and send regular recruitment teams to large cities in North America and Europe. There is, thus, a dynamic which has been unleashed in Asian management education, which hopefully will enable to make a 'great leap forward' in the next half-decade.

Notes

1. Asia is defined as China, Japan, the four Asian newly industrializing countries (NIEs) and the Association of the Southeast Asian Nations (ASEAN) group and India. GDP of these sub-regions has been calculated from the World Development Indicator (2012) statistics, published in July 2012.
2. See Chapter 2, in *Globalization of Management Education*, Report of the AACSB, 2011.
3. The source of these numbers is Prof. *Qian Yingyi*, dean of the School of Economics and Management at *Tsinghua University*.

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