

Jordi Díaz outlines three key challenges currently faced by established Western business schools

BUILDING BUSINESS SCHOOLS FOR THE FUTURE

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Recently I had the opportunity to take part in three conferences on business education held in three different continents.

Several ideas put forward by leading experts in the field made me reflect on the significant role that business schools fulfil today.

On my return to Barcelona, one question kept nagging me: what is it that keeps directors of managerial training institutions awake at night?

In answer to this question, I have identified three main challenges that, in my opinion, encapsulate the new expectations of participants on business training programmes and hence the challenges to providers of management education.

CHALLENGE NUMBER ONE *Globalisation and the role of China and Latin America*

We need to start with China and Latin America because the penetration of both these markets in the field of training is becoming increasingly evident.

BBVA Research 2014, presented during the last meeting of the Consejo Latinoamericano de Escuelas de Administración (Cladea), stated "the Pacific axis, which includes China, Japan, Oceania, North America and Latin America, will account for 77.5% of global growth from here to 2022". (www.bbva-research.com)

For all higher education, China attracts 8% of the 4.3 million globally mobile students, according to the Institute of International Education. The US, by comparison, has 11%.

The latest ranking of the top Executive MBA programmes states that "four out of the top 10 programmes worldwide are taught entirely in China or in partnership".

It is also interesting to see how China has shifted from being an "importer" of management programmes from all over the world (usually from the best institutions) to setting the rules of the game.

The most recent move by the Chinese government, for example, has been to prohibit state officials from taking such programmes. Executive MBAs are popular among officials and can cost about 600,000 yuan (€85,000) a year, more than 10 times the annual salary of some officials. A government document issued in July said that all Executive MBA programmes would be classified as "expensive" and cadres prohibited from studying for them.

Rather than paying for postgraduate education out of their own pockets, officials have been known to cover the expense by using public funds or money from companies or the schools themselves, creating various openings for corruption.

Chinese institutions are well aware of their relevance in the global training market. What is more, there is a clear trend away from the model of exporting students all over the world or importing programmes from top institutions in order to offer them inside China. The main challenge now has to do with seeking alliances.

These are primarily alliances with partners who are willing to risk the option of a true China-Western model such as the CKGSB China EMBA programme; launched with IMD in Switzerland.

Another example is the New York University Shanghai. NYU Shanghai is a joint venture between East China Normal University (ECNU) and New York University, "the first Sino-US joint venture university" according to NYU Shanghai's website, whose first undergraduate class was inaugurated in autumn 2013.

China has a 51% share in NYU Shanghai and is the controlling party. Correspondingly, 51% of each entering class must be Chinese nationals, while the remaining 49% come from around the world, mostly from the U.S.

Meanwhile, as Della Bradshaw, editor of the London *Financial Times*' business education section, has noted, Latin America is and should be another area where directors of global business schools need to focus. This is where Spanish institutions are in a privileged position thanks to existing agreements and collaboration in the region.

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CHALLENGE NUMBER TWO

New technologies and the upsurge in online programmes

Special attention also needs to be paid to “massive open online courses” (MOOCs), which are becoming increasingly significant, particularly in the US.

The example of Wharton, as John Byrne, editor of *Poets and Quants*, has pointed out, is paradigmatic. A total of 875,000 students on nine courses, 75% outside the US and half of them from emerging countries, with one out of 12 students still watching the videos after eight weeks.

Harvard Business School has set up its own HBX division, which already employs 35 full-time staff and has offered its first programme for 600 participants at \$1,500 dollars a course. Where top American institutions enter, others shall surely follow, either as an opportunity to develop a new set of programmes or as a potential marketing tool.

The objective of MOOC programmes can be outlined by four ideas:

- The first is the social mission of these institutions in providing global access to courses at very low or zero cost
- Second, MOOCs allow business schools to increase their expertise in the use of technology because of the nature and structure of the courses
- Third, they can reinforce their brand at a worldwide level
- Finally, these courses may stimulate demand for future management training programmes or even MBAs

An interesting offshoot of MOOCs are SPOCs and Freemium services. SPOCS are also online but replace the “massive” concept with “small”. The intention is to have a closer relationship with registered participants in order to avoid the extremely high dropout rates seen in the mass programmes.

Freemium is currently applied to wi-fi access in hotels or at airports, free basic access as opposed to Premium access at an extra cost.

Although a lot of time and attention is currently being devoted to the MOOC sector, it is becoming increasingly obvious that programmes for managers (rather than university programmes or masters for recent graduates) are increasingly heading towards a more blended or hybrid format. These are basically programmes that combine face-to-face training with distance training.



CHALLENGE NUMBER THREE

Added value in the training experience

However, it is not all about new technologies. Participants also expect benefit from training programmes. The majority of students that fill our classrooms belong to the “millennial” generation. In other words, young people who have grown up with distinct possibilities and who have adopted technology as a regular part of their lives.

They are also a generation that demands a training experience that brings added value. And it is precisely this value that we must improve in classrooms, in how richly our participants live the experience with customised support from professional careers teams and executive coaching services. To accomplish this we need to engage the corporate community in order to ensure all training reflects the demands of the market.

Within this constantly changing environment, the training sector for managers must rethink its added-value proposal.



ABOUT THE AUTHOR

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