The Current State and Future Directions of Management Education in China: A Dean’s Roundtable Discussion

Participants:

Dean Leonard K. Cheng, HKUST Business School
Dean Santiago Iniguez, Instituto de Empresa Business School
Dean Paul Danos, Tuck School of Business at Dartmouth
Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business
Dean Weijiong Zhang, CEIBS
Dean Rolf Cremer, CEIBS
Dean Xiongwen Lu, Fudan University, Shanghai

Contents:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Topic 1—Faculty in China, Supply, Demand and PhD Training</td>
<td>3</td>
</tr>
<tr>
<td>Topic 2—Subject Matter Coverage, What does the Market Demand?</td>
<td>12</td>
</tr>
<tr>
<td>Topic 3—Student Experience, Background and Prior Education</td>
<td>13</td>
</tr>
<tr>
<td>Topic 4—MBA, Executive MBA, or Executive Education Courses—How is Demand Evolving?</td>
<td>15</td>
</tr>
<tr>
<td>Topic 5—Government Regulations and Funding of Chinese Business Schools</td>
<td>17</td>
</tr>
<tr>
<td>Topic 6—Alumni and Corporate Giving to Chinese Business Schools</td>
<td>20</td>
</tr>
<tr>
<td>Topic 7—Competition Among Chinese Business Schools</td>
<td>21</td>
</tr>
<tr>
<td>Topic 8—Undergraduate Offerings and Accounting Majors in China</td>
<td>24</td>
</tr>
<tr>
<td>Topic 9—The Future of On-line Business Education in China</td>
<td>25</td>
</tr>
<tr>
<td>Concluding Remarks</td>
<td>25</td>
</tr>
<tr>
<td>Summary of Major Points</td>
<td>26</td>
</tr>
</tbody>
</table>

Introduction

[Dean Paul Danos, Tuck School of Business]

First, thank you Dean Cremer for hosting us on this magnificent campus at CEIBS. I am Paul Danos, Dean of the Tuck School of Business at Dartmouth in the U.S.A. My partner in most of the Roundtables on the Future of Management Education has been Dean Santiago Iniguez of Instituto de Empresa in Madrid.

[Dean Santiago Iniguez, Instituto de Empresa Business School]

We have been running this series of seminars in different countries, Paris, France, Germany then in Washington, now in China and we plan to repeat this as well in Mexico very soon. The idea is to gather a number of Deans from the leading institutions in each country in order to exchange views about management education and also in order to exchange visions for the future. What we have
found in the past is that many times the challenges are the same regardless of the regions and the geographical areas. By the way I am Santiago Iniguez, the Dean of the Instituto de Empresa Business School of Madrid. I think our institution has been in contact with all your business schools and we run a number of programs both here in China in collaboration with your schools as well. We receive your students in exchange programs or in customized programs at our school in Madrid.

[Dean Paul Danos, Tuck School of Business]

Let’s go around the table and introduce ourselves. I was a professor at the University of Michigan in Ann Arbor for 20 years in the accounting area. I was Senior Associate Dean with responsibility for most of the degree programs in Ann Arbor and then I went to Tuck in 1995 and I have been there as Dean ever since.

[Leonard K. Cheng, HKUST Business School]

I’m Leonard Cheng, Acting Dean of the Hong Kong University of Science and Technology Business School. I have been in this position since July 1 of last year. My background is in economics and I stepped down two years ago as head of the department of economics. I have been in Hong Kong for about 14 years. Before that, I was at the University of Florida, where I had stayed for 12 years before I returned to Hong Kong.

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

My name is Yu-Sheng Zheng. I am Dean at Cheung Kong Graduate School of Business. This school is six years old. I was a professor at the Wharton School for 20 some years then I came back to join Cheung Kong graduate school since its foundation in about 2002. The school was founded by a private fund from Hong Kong. Now the school has an EMBA Program and an MBA Program and I am in charge of the MBA Program in Shanghai. We have the EMBA program both in Shanghai and Beijing.

[Dean Xiongwen Lu, Fudan University, Shanghai]

I am Dean Xiongwen Lu, from the Fudan School of Management at Fudan University. I entered the Fudan in 1984 and have been there ever since. I got all my degrees from Fudan and became a member of the faculty at Fudan. I spent some time in the States, especially at the Tuck School for one year and I really appreciated my time at Tuck because I also had my baby in Hanover. Now the school of management at Fudan is becoming more and more dynamic. We have over 4,700 students. We actually have a full range of the undergrad programs, the Masters of Science, PhD and MBA as well as EMBA. We have become quite internationalized and have received many honors and awards including the joint EMBA program collaborated with Washington University in St. Louise, No. 7 in the world by Financial Times. In each country we try to work with the leading schools so that is our strategy and this also helps us to become internationally recognized. We are trying to be a very research oriented school and we have a high number of overseas PhD’s and professors overseas returning to China. We believe in the future that we can take the responsibility to help Shanghai
and a much bigger area of China to develop managerial talent and also research which is much more Chinese focused. So that is our mission, we try to help China to develop as fast as possible. I am also the professor of marketing and I am still doing limited research, but I spend most time doing Dean’s duties.

[Dean Rolf Cremer, CEIBS]

I am Rolf Cremer, Dean of CEIBS, and I welcome Paul, Santiago, and Yu-Sheng Zheng. It is a great pleasure for Weijiong Zhang and me to welcome you here and to have an afternoon’s discussion with you at CIEBS. I will let Weijiong Zhang talk about CEIBS. I am German, an engineer and economist. I worked as a professor of economics since 1983. I found it strange that as I grow a little bit older, like many others, I used to be the youngest at the table and now I am at that age where I am competing to be the oldest in the entire group which is a feeling I do not enjoy but maybe one day I will get used to it. I have been at CIEBS since January 2003 and became Dean in late 2004. Before that I was in New Zealand for 10 years, and before that, 10 years in China, Hong Kong, and Macow and my home country is Germany. So I welcome you all today and am looking forward to the discussion about the future of education in China.

[Dean Weijiong Zhang, CEIBS]

My name is Weijiong Zhang, Co-dean of CEIBS and I work closely with Rolf. I am a Professor of Strategy. Before joining the school I was at the Shanghai Jiaotong University business school since 1984. A little bit of background about CEIBS; CEIBS is a joint project by European and Chinese governments. It was established in 1994. Right now it is still a very small school in China. We have the MBA Program which has 180 students per year, relatively bigger EMBA Programs which include 700 people per year and an Executive Education Program in which last year we trained around 10,000 people. So you can tell the big portion of our school is based on the EMBA and executive education. The school is still small. Right now we have 53 faculty which by any Chinese standard is a small school. We are trying to work hard to work better to cover the needs of the Chinese economy, especially in Shanghai and the Yangtze River region because in this region there are a lot of companies that need business education. This is what we are here for. Thank you.

Topic 1—Faculty in China, Supply, Demand and PhD Training

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Thank you very much. We are going to discuss several crucial topics and I will try to pace the discussion in order to cover most of the topics in the time we have. I will propose a topic and then we’ll just call on anyone who has a point of view on it. Please feel free to reformulate the questions and add any relevant issues.
The first topic is on the nature of the faculty and your perception of where that is going. What type of faculty will be doing the bulk of the teaching and where are they going to be trained? First, to give one model, I will describe Tuck which has what I call a very flat organization of faculty where you have five or 10 people in each department, all of whom who could be full professors, all of whom could be chaired full professors with little hierarchal structure in these departments. All are research oriented and all have PhDs. We strive to have as many top professors in every department as we can but that style certainly isn’t going to be dominant in the world just because of the cost and the numbers required. I’m not sure what I predict in terms of the mix for the future even in the schools I know. At Tuck we would be the last school to change. We have done it one way for many years and we are going to keep doing it that way because we believe in that model. Even in America where the tradition and the funding seem to support the old model there is a big change. Much more of the teaching is being done by non-researchers than ever before, adjuncts and part-time faculty. How are we going to do this with the decline in PhD output and expanding teaching programs everywhere? Is the old style of research-dominated faculty really part of the future of most business schools or not?

[Dean Leonard K. Cheng, HKUST Business School]

Paul, I think HKUST is probably the most North American style business school found in Asia. In fact that is true of our entire university because it was set up by people who returned from North America. Right now our school has about 100-110 regular faculty members, all with PhD’s, and research active, plus another 20-30 that we call adjunct faculty members or visiting faculty members, and the adjunct faculty are mostly hired for teaching purposes. Going forward due to Hong Kong’s shift from the three-year British style undergraduate program to the North American style or Chinese style four-year undergraduate program, we are looking at faculty expansion to 120-125 regular faculty and another 30 adjunct faculty. That will be the size we are looking at by 2012. For a long time all faculty members, whether adjunct or not, had PhD degrees but that is becoming more difficult in certain areas such as accounting and law. So we are beginning to hire adjuncts with only a master’s degree but have relevant professional qualifications. That is to say, PhDs are the predominant requirement but a small minority at the moment has professional qualifications rather than PhDs. We hire mostly from North America, some from Europe, and some from Asia, primarily in areas where the Asian schools are strong, such as in Information Systems. Our school has hired one person from NUS and he is ranked among the top 30 researchers in the world in the Information System area. So we are beginning to see some outstanding faculty members trained in Asia. As another example, recently we hired an alumnus back at the associate level who has performed very well in the area of Information System.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

That PhD is probably from an engineering school, not a business school, correct?

[Dean Leonard K. Cheng, HKUST Business School]
The person from NUS was trained in the School of Computing, which is not part of the business school there. But our own graduate whom we have just hired back was actually trained in our own business school, and then went on to get tenure elsewhere.

[Dean Xiongwen Lu, Fudan University, Shanghai]

I want to share you with some history and also the current happenings of the very traditional Chinese university, the state-owned university. Actually, China still does not have the tenure system in the university. It is assumed that once they are hired by any university here they are hired permanently for their whole lifetime. We are now changing a little bit but not significantly. We don’t officially have a legal requirement or regulation on the qualification of a faculty member in a university. We have certain regulations. The PhD is not a must. Fifteen years ago China didn’t require a PhD for the minimum requirement for a faculty member but Fudan School of Management has started to require a PhD as the minimum since then. Now in our school 86 percent of our faculty members have PhDs and it will be a larger and larger percentage as the senior professors retire and there will be new faulty members. We believe a PhD is the minimum requirement for the academic qualification if we want to develop a research oriented school. In the past we did not have a better source than the other schools in China. So we have mostly Fudan alumni working at our school. During the last three or four years things have started to change. We are hiring more and more from other schools in China and also out of China. We believe such change and new blood to our school is helpful. Five years ago we started hiring from overseas and also from North America, but usually the best prefer to stay in the States for some time and then they decide if they will return or not. Usually, once they get tenure, they also get married and also have their children, and then they don’t want to move back. Now we can usually get the second tier PhD graduates from the United States back to China and also we have very good graduates from Europe because it is not easy for them to stay in Europe. But because of demand in teaching, we have started to hire adjunct professors and they bring a different perspective on business. Often new faculty members, especially the new PHD’s, do not understand the changing situation. They don’t know the real business in China. Even though they have good training for academic research they seem too focused on their own academic progress. They don’t have a very broad experience, especially the people returning from the US. So, we encourage them to visit some companies but that takes time. So when we bring adjunct professors from industries it is helpful to the junior faculty to develop practical knowledge. We ask the junior faculty to be an assistant like TA so they can learn about the real business in China. But you know it’s very difficult to get a qualified adjunct professor. But another fact in China, I’m not sure if it is universal or not, is that business people are just too busy. We have a very limited number of adjunct professors, currently just seven to eight for the MBA teaching. We are starting to hire professors who already are tenured in the States and Europe to come back to China. Fudan has very strong alumni with backgrounds in math, physics, economics and also business. Now many of them are very successful professors in business schools.
We invite them to come back for a couple of weeks or months and ask them to deliver some workshop seminars or teach some courses and also to supervise PHD students and also to collaborate with our professors for the joint papers and this seems very successful because it is mutually beneficial for everyone and it allows them to do some research on China. China’s issues are very unique. You can use certain models from United States and Europe to test in China but a lot of the issues are very different. This uniqueness is valuable to researchers.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

What is the philosophy for faculty at CIEBS? Is it a blend? How would you characterize it?

[Dean Rolf Cremer, CEIBS]

We do need a blend of faculty. Some interesting forces are acting upon us. This school is not part of the international establishment of business schools. I think we share that with HKUST and the good domestic schools in China. But the international establishment through rankings, accreditation and peers, more and more draws us to comply with international standards. So they draw us into a conventional pattern. The result is the need for the PhD qualification for research, and that is a challenge for us. I agree with what Xiongwen Lu said, in order to make a contribution in China, one must understand how Chinese Business is different. In order to make a contribution here we need people who can communicate, teach very well and who direct their research toward issues that are relevant to China’s political and economic policy, management education, etc., and to the needs of different kinds of companies such as multinationals and others working in China. We do not have a particular problem attracting numbers of applicants, because of something I think Leonard said for HKUST, the number of Chinese scholars returning from North America and Europe is potentially a very large pool and it gives us an advantage in China and Asia in general compared to other people, and I think all of us will continue to draw on faculty returning from overseas for another 20 years. We cannot yet draw on faculty that are homegrown. I am not opposed to drawing in people from elsewhere and the reality at the moment is that we hardly draw anybody from inside China.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

There seems to be a tension between the demand for China-specific knowledge and the knowledge that most PhDs have. Rolf, what does CEIBS look to in new professors’ qualifications?

[Dean Rolf Cremer, CEIBS]

We do not recruit at the moment anybody who is not PhD qualified except as adjunct faculty, of course. But I want to come back to the issue of tension. There is no tension at all. There is a difficulty when you draw in people from outside. It is a task to direct them toward China relevant content, research, and teaching. The time where we could import people from outside with only knowledge of other economies is over already. The market here does not accept that. It has to be specific and aimed at China-specific content.
Let me briefly mention our school structure here. Currently we do not have a large number of faculty, only about 20 faculty members. Most of us are returnees from North America and a few from Europe. Up until now we have not hired many junior faculty members from the U.S. So among Asian schools, the most successful copy of the North American model is HKUST. We try to think innovatively since most of us are returnees. In a sense our minds are constrained by our training and knowledge from the North American model. So we try to stay research focused on top international journals and more well known journals. I would like to come back to the comments made about the connection or conflict between the need for local knowledge or local context and for research based from the outside. Most of us have been out of China for more than 10 years, but we came back. With roots in China we are different from pure outsiders. Pure outsiders, for example native Europeans come to China and it takes them 10-20 years to really understand the business culture in China. For us it might take three or four years. In Chinese, we call ourselves the “sea turtles” coming back from outside to China and then we need to be localized again before we can really become successful teachers in classrooms. One thing I can comment on, given my experiences at Wharton and Cheung Kong. I saw some difference. China is growing more quickly than anywhere else in the world. So relevance in teaching becomes really critical. For example, if I take a course which is taught successfully at Wharton without change and try to teach it in China, inevitably it will fail miserably.

Many of the problems you mention remind me of very similar situations in other regions, particularly in Europe, where in some countries we also encounter those difficulties in attracting that person who combines different facets, solid bases in research, performance in class, and be able to interface with the top management. Combining these three different aspects is not easy at all. In fact, it is sometimes contradictory. This leads me to say something that I firmly believe in blended faculties at our schools. We need to combine different profiles of faculty, those that can adapt better to the dialogue with corporations. This is very visible by the way you state that you need faculty who perform well in class. At the same time we are all competing increasingly for the same faculty. So, we are going to encounter the same problems in the future. We are going to fight for the same people. This brings me to another question which we have noticed in Europe and the U.S., which is this sort of brain drain that you mention has been happening in the past years. Many of the Chinese/American professors or the Chinese/European professors actually left their positions in the universities in order to come back and assume responsibilities here. So the world now needs more experts in China and we are all fighting for them at the European schools and probably at the American schools. We are fighting to attract experts in China to learn more about how to train our executives. The resource of good faculty prepared in Chinese culture is going to become even scarcer. I wonder if we can think about solutions here. As Paul was saying, preparing PhD trained faculty is a long-term process. I wonder if this panel can think of some initiatives that can actually serve the needs of the industry in terms of preparing people who are familiar with this culture and combine all of these different facets that we were mentioning.
[Dean Paul Danos, Tuck School of Business at Dartmouth]

It seems to me that everyone is saying that the PhD and the research base is a desirable thing, but that blend is necessary. The market demands a lot of specificity about doing business in China. I would imagine this is more so when you teach executive MBAs where the people are currently working. Do people in China believe in the scholarly model or is it just something we have all inherited that has always been part of our system? Is there any other way of getting outstanding professors other than the traditional way? I often observe that in many places it seems to me that there is a “think tank” and a teaching program and the connection isn’t necessarily that clear between the two. At Tuck, we try to keep them completely intertwined and we come close to that, but is it really necessary?

[Dean Leonard K. Cheng, HKUST Business School]

I think the issues we face in Hong Kong and at the other schools are also being faced by American schools. I recently attended a Dean’s meeting at USC and some participants complained about the tyranny of the academic journals. I think, for me, it might not be necessary for all faculty members to do applied research, but it would be desirable to have at least a small fraction of them to be in that mode. A PhD is definitely a desirable entry ticket, because at my school research performance for getting tenure is based almost totally on publications in the academic journals. But the question is whether the faculty only do research that target the journals or should they also engage in research that will help their teaching. So my challenge as Dean is to encourage and incentivize some faculty members after they get tenure to do useful applied research. Of course, teaching is only one factor behind doing applied research, because in terms of publications some faculty members do want to broaden their perspective and do more than just the same old thing. They want to write interesting and really relevant cases and build connections to the business community. If we can have that transition, I would prefer that everybody has a PhD. Because we have an undergraduate program, I can see some of those teachers doing the academic research and teaching the undergraduates with less knowledge of current practice. But for some of the other business schools that don’t have undergraduate programs everyone must be effective teachers for MBA and executive programs. So, having a big faculty and having a range of programs is an advantage, because there is no need to have everybody teaching senior executives. So it comes back to a question of faculty development for the different programs a school offers. How to put in place a better system of faculty development is the challenge.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

So you see a pivot in a person’s career and you accept the fact that we are going to promote them based on refereed papers and doing whatever it is in the field that gives them an academic reputation. Do you see a desirable pivot toward practical research, applied research more and more? That is your ideal model.

[Leonard K. Cheng, HKUST Business School]
Yes.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Does anybody have a counter position to that?

[Dean Xiongwen Lu, Fudan University, Shanghai]

Actually, it is really not easy to require a faculty member to do well in both fields. We have a certain percentage of faculty who specialize in teaching. We don’t give them the associate professor or professor title. We give them lecturer and senior lecturer. We cannot find a sufficient number of adjunct professors from industries so we ask faculty members who don’t have a very strong research to be focused on teaching. Such people are very capable, very smart, they learn very quickly. We still want them to do basic research but usually applied research even in of a case variety. The majority of faculty members, 80 percent or so, do both the teaching and research very well. But for the juniors you have to give them some time. If they want to get tenured and if they want to get an associate professor title they have to be focused on the academic research. Most of the academic research is irrelevant to teaching, irrelevant to anything, it may be just rubbish. But, it is more like training for the young professor.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

I don’t agree with that. Most of the published research of my faculty can be translated into very interesting practical things and we believe that most of the articles in the business journals are relevant. They are not all accessible to non-researchers necessarily. But you don’t believe that?

[Dean Xiongwen Lu, University, Shanghai]

For the junior faculty members, no, but they have the potential for the future.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Many of our new professors are more experienced. I think there comes a time when most of them will do a little bit more practical research. Rolf, you had a comment before.

[Dean Rolf Cremer, CEIBS]

I’d like to make two points. One latches on to something that Yu-Sheng Zheng said. This society and economy is growing and transforming itself at just below breakneck speed and has done so for 30 years and will continue to do so. Certain kinds of knowledge that is relevant here can only be learned by being there, not living elsewhere. Therefore, I come back to Santiago’s question as to whether we can come up with a good idea. The good ideas are what HKUST, Cheung Kong, Fudan, CEIBS, and a few other leading schools have done and that is bringing people back who are past the pivot point. My second point is that we have to direct them to adjust their work to be more relevant. People come back from overseas, the sea turtles, returning Chinese scholars who are very
good at what they do have left China 10, 15, 20 years ago. Those in the U.S. or Europe may decide to come back for private reasons, family reasons, or whatever. The situation has changed here. Shanghai is an important place now, but they do take a big risk. They don’t know whether they will be able to re-localize. They don’t know whether they will like it. They don’t know what their families will say, if their children will get used to school. If we hit them and say forget about what you did over there, do something entirely different, we increase their risk. We have to offer them opportunities to continue what they used to do and in many cases this is irrelevant research, irrelevant in our context. If we don’t do that the risk is too big for them. Therefore, the requirement or the pressure for us to support research, to value research is part of establishing a faculty. Not that it is relevant to an MBA or EMBA or executive education student in China. In general, it probably is not. Much of it is not. But it does take a long time to redirect. So I think these are two important things to remember. The first point is that this is turning over and changing very, very fast and one has to be here to understand this and feel it. The second point is one reason for us to support research and be able to build the faculty.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

That is very interesting. The notion of relevance is accentuated in China because events are moving so fast in China that students’ need specific information or they don’t think it is relevant. And, you’ve got this problem of bringing people back who are used to doing a certain thing and being rewarded for it. That’s a very interesting point. Any other comments about that?

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

I just want to add to Rolf’s comments. In terms of re-localization, it’s not that easy. For example, I have been doing academic research in the U.S. for many years. Now I came back and take a local case and give it up to a new assistant and so on. It takes a long time. It is not something you can do instantaneously. On the other hand, how you make your teaching more relevant based on what I have learned over the past 20 some years. Allow me to pick and choose the pieces which are more relevant to China’s context. That is something we can do easily. Not to create new knowledge but you can tell which is more relevant in China and what is less relevant in China and we repackage it and deliver it to the students making an impact as well to the business world.

[Dean Weijiong Zhang, CEIBS]

Paul, can I raise a question? I really find that this is a difficult situation for us. I want to hear your opinions. That is a faculty issue. I think all the universities across the world want to find the best PhD candidates. They all look into U.S. top school’s PhD students but I was informed that every year the U.S. top schools only produce 1,000 something PhD students. We are all competing for the same 1,000 PhD candidates. So can you see what the situation will be in the next 10-20 years? We are really puzzled about this.
As you probably know, many U.S. PhD programs have not grown at all but have reduced their output. Most of the U.S. PhD programs in science and medicine are supported by grants from the government. But business schools get very little in grants from the government. So none of the PhD programs are money makers. They are all money losers. The faculties then want them because they may help keep them at the forefront of their field, because they believe society should have more PhDs teaching and doing research. They want their own research to benefit from this regime. Most top schools have their own PhD programs but even they are competing for the PhDs from other schools for faculty. I think China, Europe, and Latin America are going to have to develop more and more of their own PhD programs. I don’t see the U.S. doing much more. I think the U.S. market is mature and will not grow much in the near future.

Very quickly. Now, some solutions for the problem of shortage of faculty which we actually share in the U.S. and Europe because the number of PhD graduates in the U.S. is dropping. You can fish and we can fish elsewhere. There are some PhD programs in Europe which are also very prestigious. Our own school started a PhD program three years ago but there are some other solutions that can actually provide faculty for your schools. For instance, in order to find professors for finance we can not only look for financial professors but also people who have a background in math. We can train them. And finally, I think we need to rely more on associates for the teaching activities for executive education. This is something that given the demand for executive education we cannot avoid.

In the world, there are just not enough PhDs to go around and you have to be very well funded to make the U.S. model work. If China would put out 10,000 PhDs in business in the next 20 years that would change things. You could do it if you wanted to but is it practical? Probably not. Is it going to be done? Probably not.

I think this is an issue that has been raised at different occasions and the ASCSB is talking about supplying more business school teachers through some conversion programs. For example, engineers with PhDs are given some training so that they become qualified as business school teachers. At the recent Deans’ meeting at USC, participants talked about how the Asian and Pacific rim schools that belong to an organization called the Association of Pacific Rim Universities, which
are mainly research universities, can work together to do a better job in turning out PhDs, including raising their quality.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

I believe that a small help could be in the form of more and expanded visitation programs. Our post-doctoral program has doctoral candidates or people that already have their PhD. I could easily see more post-docs coming to a place like Tuck for two years to observe and work with faculty members on research. They could sit through an MBA course and some certificate could be given. Those people would be reasonably well qualified to do research and to teach.

Topic 2—Subject Matter Coverage, What does the Market Demand?

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Tell me about what is demanded in terms of the topics, the subject matter. We say at Tuck that our faculty research the world’s best practices and that our faculty bring them and the underlying theories and models into classes. How would that sell in China? Do the employers of your graduates want Chinese material? Or do they want you to contrast it with what is happening in Europe, Latin America, and North America?

[Dean Rolf Cremer, CEIBS]

I think this is changing. If I date the beginning of the reform and opening up policy to something like 30 years ago, in the first 20 to 25 years the demand here was to learn the best practices overseas and to apply it here rather uncritically. Now, the success of China businesses means that the confidence is there to not entirely depend on the foreign model. Domestic doesn’t mean local or parochial or something like this. It is very international. So they are still looking for models but the models have to fit the situation. That is a change that I think we observe here more or less in the last five years very strongly. The knowledge overseas is irrelevant but it has to be contextualized. It has to be brought and presented such that people here see that it is relevant to their own situation. Ten years ago if somebody like you and me walked into a classroom here and taught other country practices it would still have been appreciated. You would have had applause at the end. There would be demand for it. Students would walk out now.

[Dean Santiago Iniguez, Instituto de Empresa Business School]

You will fail if you teach in Latin America or Europe cases only on large American corporations, given the diversity of the student body that you encounter, given the richness of business in many different regions. What I wonder is whether we still miss visions inside of China management because most the major contributions have been produced by people like you who have been studying in the United States or in other universities in Europe and who have an external view of your own culture. Then you came back and tried as Rolf was saying, I wonder how much time it
would take to produce a rich series of case studies on family businesses here in China, or startups, on new businesses, on large corporations? What is the model of the Chinese multinational as compared to the other emerging countries and of big international corporations? What are the distinctive aspects of the culture of management here in China? Can you see collaboration in the future with other centers to produce more materials of this kind?

[Dean Rolf Cremer, CEIBS]

I think the materials developed somewhere else can be a very good reference but not all of the findings are valid at the local level. In China, the macroeconomic environment is different and the political law and social environments are different. So, you have to adjust these truths to the Chinese situation but the basic business theory and the basic truths are universal.

Topic 3—Student Work Experience, Background, and Prior Education

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Let me go to a different kind of topic. When you think of the corporations that hire your students, what are they telling you about what age, background, and skills they want? What are you hearing from the corporations? In the U.S. many top schools with top MBA programs are now allowing fresh out of college students into the MBA. At Tuck, we don’t do it and we still are requiring at least three years of experience and the average age is about 27. But many top schools are allowing fresh bachelor students to come. What are you seeing in your MBA programs?

[Dean Leonard K. Cheng, HKUST Business School]

We have actually moved from that practice. In the beginning of our school we had no choice except to admit some students with limited work experience. But we found the situation to be totally undesirable because it’s like a vicious circle...lack of work experience, lack of good employment opportunity and low salaries, and lack of attraction to students with good work experience. So we made a painful choice to require at least three years of work experience and we actually had fewer students admitted after we imposed this requirement. Our class size shrank at first, but later on the program grew because we could place our more experienced students better, and their higher salaries attracted more students with good work experience. I think these days the employers are becoming more demanding than before: they want the students to know the general management skills as well as to have significant depth in the functional areas. Also, they want students to have both hard skills and soft skills. Therefore, it is really not a good idea to admit students who are not ready.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Can you be more specific in the sense of specific skills employers definitely demand?
[Dean Leonard K. Cheng, HKUST Business School]

Yes, they want general people skills in addition to functional knowledge, and now some of them are talking about industry specific skills. Some employers are telling us that while industry knowledge is not a requirement to consider for our graduates, such knowledge would be a big plus when they have a choice. But I am not quite sure we can really do everything they want us to do.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

But you don’t think as far as actually having a major in information technology or a major in healthcare or some other specialty?

[Dean Leonard K. Cheng, HKUST Business School]

We don’t do healthcare now, but there is a way of getting a concentration in information technology. While employers want industry-specific skills, we shall continue to focus on the general skills because our full-time MBA program is too small to have too many areas of specialization and some of the industry-specific skills such as healthcare could be too narrow for the majority of students. However, we do go some way towards meeting this demand from employers by increasing the students’ experiential learning, which is based on projects, business plans, and so on that increase their industry knowledge. In addition, our MBA students can develop certain industry-specific knowledge and skills by enrolling in our joint MBA/MSc programs. They can take MSc courses in financial analysis, investment management, and information management.

[Dean Xiongwen Lu, Fudan University, Shanghai]

We actually have a very good practice. We do a survey among the students every year for different programs. We listen to our students very closely and carefully and I also talk to the students every year in the different programs. Generally, we want to develop the professional managers and also the future leaders for business so we don’t provide any industry specific program except we have a sports management program which is mainly designed for the officials of Chinese Olympic Games Committee. We also provide a program for the very senior leaders of the media industries in China. But, generally we want to develop leaders for all kinds of business so we don’t offer specific industry programs.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

What about experience requirements?

[Dean Xiongwen Lu, Fudan University, Shanghai]

We have so many different programs. For the MBA we require three years of work experience. They should be the professional managers in the future so work experience is very helpful for their studies, for their communication with the faculty and their communication among their peers. We don’t see a very limited work experience as good enough. Students lately want to be general
managers. That is why when they finish the fundamental courses they are allowed to choose any courses they have interest in. They want to broaden their experiences; they want to prepare for the future. This is a very new thing in China. The young generation really wants to prepare for a long term future not just a short term career pursuit. That’s very different from five or ten years ago.

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

Let me answer Paul’s question more directly when he was referring to Wharton and Harvard’s trend. In a sense China is at a very different stage of historical development than the U.S. I would say that the current stage of China’s economy is similar to the U.S. economy 50 or 80 years ago. So we are at the very early stage of development so the needs of human resources are different. Harvard and Wharton can afford those with fresh bachelor degrees. Maybe they try to develop people for I-banks, for consulting, for such kind of jobs that are mostly Wharton’s graduate’s job target. For this type of job they probably don’t necessarily need work experience they just need to be very smart in a sense that you can listen and digest and understand and think then come up with a solution. They can also go through a company training program to become a professional in that area. In China, human resource is in a big crisis in the sense that we have a huge shortage of managers in supply. Since the growth in China was so rapid if you go to any organization and ask any CEO what is your biggest headache he will tell you people. They probably need people at all the levels but in general the higher the level the more difficult it is to find such candidates. If you ask me, based on what I observed after I came back, what I saw here is that the demand and supply is really unbalanced. The supply from premier business schools is so tiny compared to the needs of the society. If you look at our students, some students may want to follow the MBA path in consulting and banking but what the economy needs is the general managers. General managers, nothing else. We need hundreds of thousands of general managers at all the organizations, SOEs and private sectors and multinational companies. Even multinational companies cannot rely on experts anymore. They have to localize.

Topic 4—MBA, Executive MBA, or Executive Education Courses. How is Demand Evolving?

[Dean Paul Danos, Tuck School of Business at Dartmouth]

It has been stated that there is demand for hundreds of thousands of general managers immediately and that is multiplying. What is the nature of that demand, MBA, Executive MBA, or short courses? Do you think that the top schools in China are going to multiply fast enough to keep up? Are they going to meet the demand?

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]
The first thing, which is very different between U.S. and China, is the executive education market. So both CIEBS and Hong Kong face very changed situations here. They have 700 executive MBA students. We have something like 500. They have, after 10 years, something like 200 MBA students and we have 50 some MBA students. For MBAs to become general managers it will take another 10 years but society and the economy really want them immediately. So, there are so many generals that need to be trained but we are training very basic rank staff. In the U.S., you have a very small executive market and very large MBA market. Of course, you are in a mature economy.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

If you look back in the fifties and sixties in America, the top schools had massive executive programs in the summertime. The CEOs wanted business training. Now most CEOs have an MBA or other formal business training.

[Dean Leonard K. Cheng, HKUST Business School]

There are many people who are already in high positions who need to be trained and be trained very quickly. Now, can we claim that their training is as solid as the usual MBA? I’m not sure. They don’t have enough time but they certainly have a lot of experience. That is why they are more demanding in terms of relevance compared with the normal MBA students. I think for us the full-time MBA is still the center of our program.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

But you have more executive MBAs.

[Dean Leonard K. Cheng, HKUST Business School]

No, we don’t. We are different from the others because we are in Hong Kong rather than in China. Let me give you some ideas about our situation. Since our inception in 1991 we have had only one class of full-time MBAs until now. Next year we shall have two classes with 40 some in each, and our target is to grow to two classes of 60 each and stop. The full-time MBA program will be at the center of our program offerings. Even though we can get many full-time students directly from China, we are constrained by the number of qualified students from different parts of the world because we want to maintain a healthy mix of different cultures. From the very beginning we have run two classes of part-time MBAs for people who are working in Hong Kong and come to class on Saturday. Given the relatively steady pool of potential part-time applicants, we do not see an increase in enrolment of part-time students beyond two classes. Our demand is limited because we do not have direct access to the Chinese market’s working executives.

[Dean Santiago Iniguez, Instituto de Empresia Business School]

May I say that I find more similarities between the Chinese market and the European market than the U.S. market in terms of what is the business model of most business schools and what is the profile of participants and the profile of programs? Actually, if you look at the cluster of the leading
schools in Europe most of them have developed very intense executive education programs. They have blended faculties. Going back to your question, Paul, regarding the MBA program and the Masters of Science in Management, if you look at the European business schools most of them require at least a two-year experience previous to joining the MBA program because we have a very clear track for a Master of Science in Management along with MBAs. But what I wonder is whether there might be a different model to the classical American business school model more geared to executive education. It seems that you have actually modeled most of your schools on other schools like IMD or INSEAD than the classical university-based business school in the U.S.

[Dean Rolf Cremer, CEIBS]

Weijiong Zhang gave, in the beginning, the figures that are relevant to CEIBS. More than 50 percent of what we do is an executive MBA, average age 38-39 years, work experience between 12-14 years, 13 years something on the average that actually is a form of executive education. Less than 40 percent of what we do is executive education non-degree programs. Weijiong Zhang mentioned about 10,000-11,000 participants a year. The result is that more than 90 percent of what we do is executive education because that is what the market needs and to a much larger extent than we alone and some of the other good schools can provide. Growth of business schools in terms of making contributions to what is required by our economy here in the country is necessary. So that is the first point. We also require work experience for our full-time MBA and that also is important for the dynamics in the classroom. A student who comes fresh from the universities in China is not comparable. In terms of real life economic management, business conduct, even private business conduct, banking contact, etc., is not comparable to a student fresh from school in the U.S. and Europe. Students here that come immediately from school may not know what a loan is. The employers are very clear about what they want from us, specifically from CIEBS, and I assume it is very similar to Hong Kong. They want our students to be in terms of competence, skills, knowledge, theory, and sheer intellectual fire power on a par with students from the best colleges in the world and, in addition, they want them to be able to function in this rather unconventional and very demanding Chinese environment. And they want them to be ready for internationalization. That means that running your business school and teaching in the business school here in China for our faculty and the staff that supports it is very, very demanding. This is a difficult task and it will take a lot of time. As Xiongwen Lu said, we are well connected to non-Chinese schools but the interesting thing is we are not very well connected to each other. The Chinese business schools, just like the students, just like the faculty, have their main reference point always outside China not inside China. One of the most important things that I think we need to achieve in the region, which is one of the reasons why I like meetings like this, is we have to find what our common problems as an industry of business educators, as an industry of business education institutions, are and work together so that we become sustainable as fast as possible and that we make sure that our teaching is relevant to what is needed here.
Topic 5—Government Regulations and Funding of Chinese Business Schools

[Dean Paul Danos, Tuck School of Business at Dartmouth]
Can we talk about the role of the government in the creation and sanctioning of business schools?

[Dean Xiongwen Lu, Fudan University, Shanghai]
There are always the struggles between the universities and with the government. Now the government actually has approved 100 to 110 business schools in the universities to run MBA programs. They have established a committee to supervise the quality all over China. Each school has to report to the state council about what is going on in the program, the internal process, curriculum, quality of the faculty, and the students.

[Dean Paul Danos, Tuck School of Business at Dartmouth]
Are we referring to publicly funded schools and no limits on the private schools?

[Dean Xiongwen Lu, Fudan University, Shanghai]
Yes, these public schools and private schools should get a license. At the very beginning only nine schools in China could provide MBA education.

[Dean Weijiong Zhang, CEIBS]
Actually the number is now 146.

[Dean Xiongwen Lu, Fudan University, Shanghai]
Seventeen years ago only nine schools were qualified for MBA education in China. Then it grew and now there are 146, far beyond my expectations. Each new school applies and gets approval for the size of enrollment. In next three years the government sends a team of National MBA Education Supervision Committee to visit schools to check any documents, talk to students. It’s like the accreditation visit. Then they submit a report to the committee and the committee reports to the Degree Office of the State Council. So government has some quality control but when the number of schools is too large I don’t think they have a good system to control the quality of all of it. The good quality programs can charge high fees and survive well. The regional schools enroll students from the local sources and with less experienced students. Then the market actually differentiates across the regions.

[Dean Paul Danos, Tuck School of Business at Dartmouth]
They let you charge different tuitions?

[Dean Xiongwen Lu, Fudan University, Shanghai]
Basically yes, as long as they can get approval from the local bureau of the pricing and the local government. We still have the pricing bureau to monitor the commodity price and the service price. We also need submit some other application documents but usually we can get approval, especially in Shanghai.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

The 146 schools with government sanctions can charge whatever they want? As a private school you can charge anything you want?

[Dean Weijiong Zhang, CEIBS]

No, no, no. We are not a private school we are a government-sponsored school.

[Dean Xiongwen Lu, Fudan University, Shanghai]

Even CEIBS is one of the government sponsored schools, it runs independently, much more independent than the state-owned b-schools. We have to report to the government and get approval from the government. That is different. We also have to struggle with the university. The university approves us for this but not that so we also have to follow the policies of the university.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

But are the independent schools like a private business or something quasi public, too?

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

The reason I don’t use the word private is because in China the term “private” is used for profit organizations. The main purpose of our school is to provide service to society, not profit. In a sense, you actually have to rely on the nation or some other means to sustain a school.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Are there any significant for-profit MBA programs?

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

No, but we do have some high school training programs and even colleges which are called private. They are really private and they belong to somebody and it makes money for their owners.

[Dean Xiongwen Lu, Fudan University, Shanghai]

We may get 10 percent of our budget from the government but we pay back much more than that from our teaching fee. We may pay thirty percent of our revenue back to the university. So we are more like the private school but we are state controlled.

[Dean Weijiong Zhang, CEIBS]
I want to add something. The difference between all 140 business schools in other parts of China versus Cheung Kong and CEIBS funding. The other schools still receive funding from the government but our schools do not. We totally, 100 percent, depend on our own income whether for teaching fees, for sponsorship, or for publications or those kind of things we are totally on our own. That is a big difference. If you want to receive the funding from the government you have to follow the policies. You are price controlled; you have a quota. If you are not receiving the basic funding from the government you are literally independent so we have a little bit more flexibility.

[Dean Xiongwen Lu, Fudan University, Shanghai]

Let me assume, even if we don’t pay any money to the university, we are 100 percent self funded but still we have to follow the legal system, the regulations, and the policy of the government. So that is the difference between us. They have a large discretion to do what they want; we cannot. But we still want to develop, so we are like state-owned companies. On one side we have to compete with the market and on the other side we have to conform internally.

[Dean Leonard K. Cheng, HKUST Business School]

Well, our undergraduate and PhD programs are almost 100 percent funded by the Hong Kong government, but it is not the case for other programs. About four years ago the Hong Kong government decided to withdraw funding for all programs at the master level and for professional degrees. MBAs are not funded by the government, so we are on our own. They are called self-financed programs. In China, you need to have the approval of the Ministry of Education to offer MBA programs or any other degree program. If you want to come in and apply for approval, you need a local partner.

**Topic 6—Alumni and Corporate Giving to Chinese Business Schools**

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Is there an appreciable amount of development work and annual giving and capital giving by alumni or by corporations? And if you did have it would you be able to use it and keep it or what is the regime for money that you get as gifts in your universities? Tuck has an operating budget that is only 40 percent tuition and 60 percent other—mostly alumni giving and endowment earnings. But that is true for only a few schools even in America. Most schools are financed by tuition and by government subsidy. What is the regime here? Do you keep the money that you raise as gifts?

[Dean Xiongwen Lu, Fudan University, Shanghai]
I think so. That is the truth in every school either for Fudan University or even Cheung Kong University. If they can get a donation from alumni I think they keep the money for their own use. Also for our school, part of the operating revenue is from sponsorship money. We try to increase both donations from corporations and alumni.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Do you have professional people who do it? Specialized money raisers?

[Dean Weijiong Zhang, CEIBS]

We do have a team, which we call a development team. They specialize in fundraising.

[Dean Xiongwen Lu, Fudan University, Shanghai]

Yes, but China does not have the tradition, the culture, to give money to the universities. Even if the school is not state owned, it doesn’t seek money from alumni. So far, maybe CEIBS has started to get money from the European companies and they are the sponsors. We get a little money mostly from the United States and overseas and Hong Kong.

[Dean Leonard K. Cheng, HKUST Business School]

Let me explain. We do have people whose job it is to get donations and to raise endowments for the university. But at my university, the president and others raise money, but not the dean. So we would like to do some of that and hopefully with some sort of understanding about the division of labor and respect for boundary. The tycoons contribute to the universities in Hong Kong but they increasingly look north in giving money. Still, the money generated from the endowment only accounts for a very small percentage of the university’s budget—three to four percent.

[Dean Santiago Iniguez, Instituto de Empresa Business School]

I find many similarities with the European context where now some institutions are starting to run fundraising campaigns. But fundraising is still embryonic at most European universities so maybe we can learn from each other since we will probably have to follow the steps of our American counterparts.

**Topic 7—Competition Among Chinese Business Schools**

[Dean Santiago Iniguez, Instituto de Empresa Business School]

You have a very competitive context although at the same time listening to you I have the perception that you don’t need to compete with each other. You have enough demand, you have lots of students and maybe you compete for faculty but it seems that the market is so huge that you don’t need to compete for the best possible students. At the same time you have an overregulated
market as you were telling us before and if I compare Europe with China I was wondering if we will see in the future the entry of some large American universities as has happened in continental Europe.

[Dean Weijiong Zhang, CEIBS]

I think there are two points here. One, the competition among Chinese business schools is not so serious because if you think of the numbers we have 1.3 billion people and we have only 140 business schools compared to the U.S. which has 350 million people and almost 2,000. The supply is not enough so the competition such as with Fudan is really symbolic. We do not really compete with each other. The market is big enough for us to cooperate. That is on the one hand. On the other hand, the foreign business schools have been cooperating in China. I think that some publications recently have really biased information, at least where it concerned CEIBS. The journalist that said the CEIBS is withdrawing from Beijing is simply wrong. I think the top foreign business schools are entering the Chinese market. If their purpose is not purely profit driven they will be successful in China but if those schools come to China only for profit they are going to fail.

[Dean Leonard K. Cheng, HKUST Business School]

I want to add just a few comments about the Chinese market. At this point we are not allowed to offer degree programs in China without having a local partner. I was in Beijing yesterday and part of what I did was try to lobby the government to consider the government-funded universities in Hong Kong as Chinese universities. Even if we are allowed to come in we will not be able to operate on the same scale as the Chinese schools represented here. We are far away and operate with high cost. So I think it is about using the program to get us into the market and to learn about the Chinese management practices.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

That is so interesting. You just said we are high cost and we want to be there to learn about China. For someone as close as Hong Kong to say that shows how much more it is true for Europe and North America.

[Dean Leonard K. Cheng, HKUST Business School]

But in Hong Kong we more or less pay North American salaries.

[Dean Weijiong Zhang, CEIBS]

The issue with schools like HKUST is that they have lots of returnees who we call sea turtles. It is true that to understand Chinese business, one must know a lot of very specific facts about the different locations—every city in China has unique financial structures and rules.

[Dean Xiongwen Lu, Fudan University, Shanghai]
I predict strong growth in business schools will continue, and may even increase. In the future it will be faster than before so an annual growth rate of 20 percent or even higher is very possible because the demand is there. I believe that either Chinese schools must expand to meet the market or you must allow the foreign schools, including the Hong Kong schools, to come. That’s a basic fact. We have only 140 schools in the university system.

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

The history of business education in China is no more than 25 years; 1979 was the first year some two-year universities in China offered a Masters program in management. It didn’t become sizable until very recently so in a sense it is lagging behind not only the U.S. system but also behind the economy. So, from my perspective, it should be driven by the economic needs. Number two is the recognition of the MBA degree. If you ask us if we are competing we say yes, but not among ourselves, with the top U.S. schools. Basically, we lose our students to the top 10 U.S. business schools because students believe in brand names such as Harvard, Dartmouth, and so on. If they get admitted by these schools, they go. It will take some time for us to build the Chinese brand. The size of our programs is so small here compared to the demand. On the other hand it is very strange that the demand is only potential demand. It is not a real realized demand. It is not like 100 people apply for one position. The reason is because we are so tiny the entire society including parents and potential students really do not know much about business education.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

That has changed a lot. Just in the last 20 years. Now everyone I know, including professors and scientists, has a son or an aunt or someone who has an MBA. That wasn’t the case 20 years ago. It wasn’t as popular even in America. Now everybody knows.

[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

So in a sense it takes a while for the society to recognize the value of an MBA degree. It is quite a puzzle to me.

[Dean Weijiong Zhang, CEIBS]

It really depends on the full-time/part-time program. Here in China you offer part-time MBA programs and you receive many, many applications. I believe Fudan must get a very big number of applicants for the part-time MBA program.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Do you turn people away from the part-time program?

[Dean Xiongwen Lu, Fudan University, Shanghai]

Most of the most successful managers do not want to quit their jobs. If they are not so good we don’t recruit them. If they are good they cannot afford to quit. That’s the dilemma. The 120 full
time students have less experience, younger, lower pay and want to change their lives. The part
time students are older and they come from any industry. I am not sure about CEIBS but in our
programs ten years ago 80 percent of Shanghai’s admitted students were born in Shanghai now 80
percent of our students were not born in Shanghai. They work in Shanghai for a couple of years and
apply for the program but they are not originally from Shanghai. Shanghai is like the melting pot for
new immigrants. They come from many industries but in our school roughly 50 percent are from
the manufacturing industry but when they graduate they want to join the service industry.

Topic 8--Undergraduate Offerings and Accounting Majors in China

[Dean Paul Danos, Tuck School of Business at Dartmouth]
Thirty percent of all graduates in all America are business majors. What percentage of undergrads
in China are business majors?

[Dean Xiongwen Lu, Fudan University, Shanghai]
Less than 10 percent. Very low.

[Dean Paul Danos, Tuck School of Business at Dartmouth]
Therefore, business isn’t really taught much at the undergraduate level.

[Dean Xiongwen Lu, Fudan University, Shanghai]
No, not yet.

[Dean Paul Danos, Tuck School of Business at Dartmouth]
Now few MBAs go to the accounting industry. How does the accounting industry in China get its
people?

[Dean Weijiong Zhang, CEIBS]
Actually, there are a couple universities with undergraduate students that have an accounting
department so they train many, many accountants.

[Dean Xiongwen Lu, Fudan University, Shanghai]
Undergrad programs, Bachelor of Science in Accounting, and another new one for the last four to
five years is a professional accountants master’s program, Master of Public Certified Accounting.

[Dean Weijiong Zhang, CEIBS]
The demand from companies is for MBA students in marketing, in HR, investment, finance, and
service. Accounting is very few people.
[Dean Leonard K. Cheng, HKUST Business School]

In Hong Kong, the accounting undergraduate major is very big. Among our seven majors, accounting is the biggest. However, at the MBA level, the more popular concentrations would include finance and marketing.

Topic 9—The Future of Online Business Education in China

[Dean Santiago Iniguez, Instituto de Empresa Business School]

I was wondering, watching the size of your market and the needs for education, whether online education has a place in order to cope with such a huge demand. What is your view related to online education in China given that you have a country with more internet users than the U.S., for example? Will your schools embark, in time, on online education?

[Dean Weijiong Zhang, CEIBS]

Online education should have a great future. Now online business education or some kind of correspondence education here in China does not have a good reputation. But that may change for the young generation. They are more dependent on IT, more on the web, and more on computers so online education has a great potential.

[Dean Paul Danos, Tuck School of Business at Dartmouth]

Does anybody have any plans for distance education in the future?

[Dean Xiongwen Lu, Fudan University, Shanghai]

I don’t see this happening soon. People really want to meet with people and interact in person. Most people don’t have the access at home and also the technology is still not so good, not very fast. Another very important reason is regulation by the government. I don’t think the government will seriously review and approve online business management programs. You also asked about the future growth of the business schools and MBA programs in China and it also depends on the reform of higher education in China and on deregulation by the Minister of Education. I don’t see in the near future that they would want to deregulate business education in China. So far, higher education in China is very centralized. That is why I said both Cheung Kong and CEIBS are exceptional.

Concluding Remarks
[Dean Yu-Sheng Zheng, Cheung Kong Graduate School of Business]

I just want to comment on Paul and Santiago’s initiative with this roundtable. First of all, I really appreciate your efforts to organize this roundtable. I think that it is a very, very useful event. Let me say something very direct. I just came back from the U.S. and from the top schools. My impression of the U.S. top schools is everybody is talking about globalization but they really haven’t done much yet. So, Paul came from Dartmouth and came to Europe and China and organized this kind of meeting. In a sense you are one of the pioneers from the U.S. standard. Europeans are better in terms of globalization. For some reason the U.S. has been too successful for too long so they became very much U.S. [focused]. Many people in the U.S. just think the U.S. is the world. China only allows partnerships. Globalization cannot wait anymore. I just tried to respond to your initiatives. We really need to co-operate in many ways. Most of the Chinese institutes still look up to the U.S. top schools. They feel the U.S. schools are the models for Chinese universities but on the other hand China, at least, provides a very unique context for top researchers to understand. You really have a lot of things to do in China. Growth in China is so rapid and you have so many new issues to address. When I was in the U.S. I wondered how researchers come up with ideas. You read papers, you read other people’s papers, and you are inspired to come up with a new idea. It’s really not directly from business practice. In China, it is a very different situation.

[Dean Santiago Iniguez, Instituto de Empresa Business School]

Just to share with you that I learned a lot from this panel and it seems that you have fascinating times ahead. You are going to face many challenges which remind me of the many difficulties that we also face in Europe and elsewhere, but the thing is that those problems are common to the business schools in Europe and probably common to many other programs...Brazil, Latin America. Faculty is probably the thing that keeps us awake at night but there are many other advantages and I think you also have resolutions. You told us during the panel about the problems and many of the resolutions you already have. So good luck and I support the offer if you are interested in sharing experiences or sending members of your staff.

[Paul Danos, Tuck School of Business at Dartmouth]

Santiago and I appreciate your participation. It has given us insight into the challenges you all face in your dynamic economy. In goes without saying, of course, that your progress has been very impressive. I know that this discussion will give us all ideas as to how to partner among ourselves. I hope that we are going to propose some things in the future that will help us all cope with the issues we discussed today. Thank you for hosting us and we look forward to mutually advantageous collaborations.

Summary of Major Points

Topic 1—Faculty in China, Supply, Demand, and PhD Training
Chinese business schools have tremendous potential because of the explosive growth in businesses.

Chinese business schools have mixed faculty models with some PhD researchers but most schools have more teachers who have a practical orientation.

Research is highly valued, but few faculty have sufficient time or training for a significant research effort.

Knowledge of local markets is highly valued in teaching.

Young PhD professors are scarce and don’t have much business experience.

Much use of visitors, especially Chinese working abroad.

Global standards and rankings based on research force conformance to a research model, but the needs for teaching are more practical.

Homegrown faculty is scarce, but the market demands China-specific knowledge and this leads to many challenges.

Returnees and outsiders must be “localized.”

Europe and the U.S. are starting to lose Chinese faculty who are returning to China.

Faculty can specialize in different kinds of teaching with Executive MBA and Executive Education demanding practical knowledge.

Returnees from the U.S. want to continue their research programs to keep their non-Chinese options open.

Non-business PhDs (math, psychology, etc.) could be “converted” to business teaching with special training.

**Topic 2—Subject Matter Coverage, What Does the Market Demand?**

- Knowledge must be contextualized to Chinese situations.
- Universal truths must be covered, but in the Chinese context.

**Topic 3—Student Experience, Background, and Prior Education**

- Some top U.S. schools are allowing some MBAs to enroll without work experience.
- In China, the trend for MBA programs is to require some work experience.
- Most MBA students are currently employed and go to school part-time.

**Topic 4—MBA, Executive MBA, or Executive Education Courses—How is Demand Evolving?**

- The big demand in MBA programs seems to be for general management training.
- Executive MBAs have the experience to be general managers and the demand among them is the greatest; demand is not as great from the young students that U.S. schools specialize in.
- Hong Kong is more like the U.S. than mainland China, with younger MBAs predominating.
- Young students in China know little about business and would not make good MBA students without experience.

**Topic 5—Government Regulations and Funding of Chinese Business Schools**

- Only about 146 schools grant the MBA and they must be approved by the government, but that has grown from under 10 a few years ago.
- There are no government-sanctioned “for-profit” business schools in China.
• Most schools get some funding from the government, but some are run much like private schools.

**Topic 6—Alumni and Corporate Giving to Chinese Business Schools**

• In general, donations to business schools from alumni or corporations can be kept and used by the school.
• China does not have a culture of giving to educational institutions.
• Hong Kong is more like the U.S. model with specialized development staff.

**Comments on Other Topics**

• Chinese business schools need more cooperation in order to meet the hard challenges they face.
• Chinese schools do not need to compete among themselves for students.
• Foreign schools are coming but the goal should not be to make a profit, because that outcome will not be successful.
• U.S. and Europe have better brands for the MBA. It will take time for Chinese schools to compete for full-time MBA students with U.S. or European Schools.
• Accountants in China are trained in special undergraduate programs, not MBA programs.
• In Hong Kong, the accounting major is the biggest undergraduate major.
• Online programs are not big in China. The demand is mostly for face-to-face education.