

The Asian Equation

The problem: Demand for quality business education in Asia vastly exceeds supply.

The solution: East and West must work together to foster more first-class business programs to serve the world's fastest growing economy.

Last year, I gave a presentation before members of the Association of Indian Management Schools (AIMS) in Goa, India. As I spoke to the group of Indian business school directors, I emphasized a troubling reality: Not a single Indian business school is represented on any of the world's rankings. No Indian business school has achieved AACSB accreditation. And few, if any, Indian business schools have truly pinpointed their unique missions in the global marketplace. Without a focus on research, without attention to developing more full-time doctorally qualified business faculty, and without a commitment to mission-based development, I told them, no Indian business school ever will.

Many directors came up to me after my presentation to say that they agreed with my argument and were very interested in creating world-class institutions. But, they added, a scarcity of qualified faculty, shortages of private funding, and a lack of world-class research orientation have made such objectives seem out of reach.

Their perspective is not uncommon at business schools throughout Asia. In fact, schools of global standing in Asia are the exception, not the rule. Outside a handful of schools in China, Hong Kong, Singapore, and South Korea, most Asian business programs have not gathered enough momentum to achieve international standing. Barriers to their growth are numerous:

- Business schools in Asia typically have a small number of full-time faculty, relying heavily on adjuncts.
- Adjunct faculty often teach at several schools using the same material, even when teaching different courses.
- Most faculty carry large teaching loads in programs with high student-to-faculty ratios.
- Schools encourage faculty research but often do not require it.
- Doctorally qualified business faculty are rare.
- Many top-tier Asian schools use tests other than the GMAT for admission, failing to leverage the cachet of the GMAT for their programs.
- Schools outside the top tier have scant resources. As a result, they often take a cookie-cutter approach to education.

■ Numerous for-profit business schools, established by private investors, place little emphasis on quality of education.

Despite these circumstances, the market for graduate business education in the region is on the rise. Top-tier schools have excellent facilities, the latest technologies, and high-quality teaching faculty. They admit the brightest and most motivated students, even as they struggle to earn international reputations and earn globally recognized accreditations.

Given this progress, no accreditation organization can afford to ignore the Asian continent or stand back while other organizations offer their own designations. Western-based accreditation organizations such as AACSB International need to set standards for accreditation that recognize and incorporate the Asian perspective. They need to offer face-to-face informational and advisory assistance to help Asian schools excel not only in their own regions, but in the global marketplace. Only then will the Asian business school market truly equal its population's rising demand for quality business education.

by Arvind Phatak

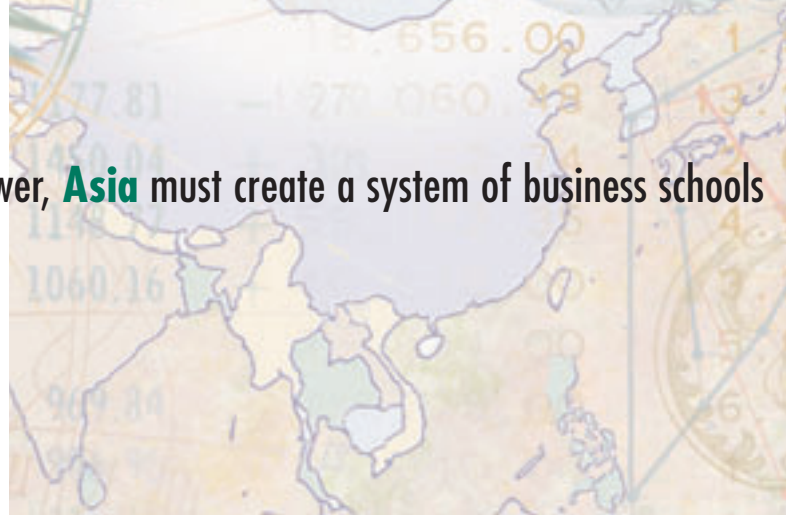
The Asian Context

It's no surprise that Asia's demand for business education is on the rise. Asia's economy is growing twice as fast as those of Europe and the United States. Asia accounts for 25 percent of the world's gross national product and is expected to account for 30 percent within a decade. Its traditional agrarian cultures are rapidly being transformed into societies based on industry and information technology. Since the economies of China and India have grown more liberal and their memberships to the World Trade Organization have been accepted, all eyes have been focused on Asia's ascension into a global economic power.

It's no surprise that China, India, and other Asian countries represent a huge market for business education. Asia boasts two-thirds of the world's population; and unlike the graying population in the West, half of Asia's residents are less than 25 years of age. Most important, Asia's cultures place a high premium on education. Most families will do everything they can to pay for their children's education.

Yet Asia's management education infrastructure lags far





To become a globally competitive economic power, **Asia** must create a system of business schools

behind that of the West, unable to satisfy the intense demand. For example, the prestigious Indian Institute of Management in Bangalore accepts only 60 to 100 students per year—from a pool of 50,000 applicants. That kind of discrepancy between supply and demand exists at most of the top programs in Asia, forcing hundreds of thousands of qualified students to settle for less desirable schools or leave the continent altogether for their business education.

Federal governments in China and India serve as one formidable obstacle to private organizations that want to create more top-tier programs. In the United States, many of the very best universities are private; but in China and India, private universities find themselves in a kind of educational no-man's land. In China, for instance, no international university can gain government consent to open its doors on the mainland; and no native school can teach anything but a government-mandated curriculum.

In India, the University Grants Commission (UGC), which was created by an act of India's Parliament, establishes and maintains higher educational standards throughout the country. However, an Indian school can receive "deemed university" designation only through the UGC. Only a deemed university can call its graduate business degree an "MBA." Under this system, very few private deemed universities exist. It is widely alleged that private universities in India achieve "deemed university" status not by virtue of their programs, but by the influence they can generate within the political system.

As a result, many high-quality private schools are unable to offer a legally recognized MBA degree. Instead, top-tier schools such as the Indian Institutes of Management (IIMs) offer Post Graduate Diplomas in Management (PGDM). Unfortunately, the PGDM is a degree that some accreditation organizations refuse to recognize.

Moreover, the tradition of Ph.D. programs in business administration does not exist in India. To meet the demand for doctorally qualified faculty, the IIMs, for example, have established the Fellow Program in Management (FPM). This program is recognized as the equivalent to Western Ph.D. programs by the Association for Indian Universities and the Indian government.

I do not know of any organization that has done a true audit of these alternate programs to determine whether the PGDM is truly equivalent to a Western MBA or whether the FPM is equivalent to a Western Ph.D. But it has become crucial for international accreditation organizations to look at such designations more closely and work with schools in Asia that are interested in continuous improvement. To follow a

truly global course for education and accreditation, Western organizations must do more to understand business education in the Asian context.

Collaborative Standards

Many directors of Asian business schools would welcome direct interaction with Western management education organizations, both to share their circumstances and learn strategies to set their missions, increase research output, and develop their faculty and curricula. These directors share a common objective—to raise the international profiles of their schools. The stakes, however, are much higher for the Asian business education market. To become a globally competitive economic power, Asia must create a system of business schools better equipped to serve its large population efficiently, effectively, and on par with educational systems elsewhere in the world.

In my interactions with Asian business school directors, I have learned that, given the market, many feel forced to curtail their international ambitions. Instead, they settle for cornering their local markets rather than establishing truly national and international status.

Western organizations, however, have an opportunity both to work with Asian business schools and to build their brands in the Asian market. By offering sustained guidance and mentorship, accreditation organizations such as AACSB International can work to develop a truly world-class system of education throughout the Asian continent. They could work within the region and culture to put mission-based continuous improvement into practice.

Such collaborative work could focus on three primary areas of improvement for schools: inputs, processes, and outputs. To improve inputs, for example, schools would work to strengthen their operational frameworks with several strategies:

- Monitoring the quality of students admitted into the programs.

- Requiring the GMAT for admission.
- Mandating learning outcomes in each course of study.
- Setting the standard for IT infrastructure.
- Evaluating classroom design and ambiance.

To ensure the quality of their processes, school administrators and faculty would develop systems such as the following:

- Evaluating teaching methods and pedagogy, while recognizing the need to rely on adjunct faculty in a market where

better equipped to serve its large population efficiently, effectively, and on par with educational systems elsewhere in the world.

doctorally qualified business faculty are nearly nonexistent.

- Monitoring teaching quality for consistency.
- Requiring and evaluating faculty development programs.
- Evaluating program content and alternate designations such as the FPM.

Finally, to guarantee the quality of their output—their graduates—schools would use best practices such as the following:

- Assessing the quality, breadth, and depth of student learning, partially by requiring an exit exam for all graduating seniors.
- Evaluating the quality of job placements.

All areas could be monitored and evaluated with the help of external reviewers from Western countries. Through collaboration, Asian and Western educators could develop a diverse and dynamic learning environment at Asian schools. As a group, these schools could better meet the needs of Asia's large population of students *and* its growing number of companies seeking highly qualified business graduates.

The Faculty Dilemma

The strategies mentioned above would not only improve each school's offering, but also put them in a better position to meet international accreditation standards. Even so, there is an area where Western accreditation organizations could be adjusted to suit the circumstances of Asian higher education: faculty requirements. With Asian schools relying so heavily on adjunct faculty, and with doctorally qualified faculty at such a premium in their markets, some international accreditation processes place accreditation out of reach for many schools where faculty are concerned.

For example, current AACSB accreditation standards require that at least 90 percent of faculty resources be either academically or professionally qualified, and that a minimum of 50 percent of faculty resources be academically qualified. Few schools in India and other parts of Asia would be able to reach that goal all at once. Again, this may be an area where international accrediting bodies could—and should—view accreditation with culture, as well as quality, in mind.

To take into account the challenge Asian schools face in hiring faculty, processes could be put in place that worked with schools to meet accreditation standards while also recognizing cultural circumstances. For instance, AACSB standards could set up faculty requirement on a graded scale, allowing schools to meet a 60 percent mark at one level, for example, and work up to the current benchmark for full accreditation. AACSB could also provide more assistance to Asian business schools in finding and hiring qualified faculty.


No standard of accreditation should allow for ineffective

teaching or accept inconsistent learning outcomes; but neither can any accreditation organization afford to overlook Asia as a rapidly emerging market for management education. As it stands, certain elements of the Western accreditation formula have locked Asian business schools out of the accreditation process. To invite them into a community of continuous improvement, we must take into account the realities of their markets.

East + West = Excellence

Interest in business and business education in Asia should remain extremely buoyant, especially as new entrants into the workforce realize that climbing the corporate ladder requires a sound foundation in management theory and practice. As Asian business schools form alliances with other schools, both in Asia and elsewhere, they are furthering their goal to provide leadership in management education in South Asia and the Asia Pacific region.

Even so, it's telling that only eleven business schools in the Asia Pacific region, excluding those in Australia and New Zealand, have received AACSB accreditation. The reason, many Asian educators believe, is that some current international accreditation standards do not address the needs of Asian schools. Organizations such as AIMS and the Asian Association of Management Schools (AAMS) have emerged to fill that role, instituting an Asian-oriented evaluation system for management education, building an accreditation and ranking system for Asian management institutions, and promoting the development of original Asia-centric management concepts and methods. If Western accreditation organizations do not do the same, they may find that their brands take second place to other designations in an increasingly important Asian market.

As I learned at my presentation to AIMS and in my interactions with Asian colleagues, many of Asia's business degree-granting institutions feel forgotten by the West, even as the region becomes a growing force in global business education. It's time to open up lines of communication and create a system of improvement and a set of standards that benefit both East and West. In doing so, management education not only better serves Asia, but also strengthens business education in the global context. 

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