

Building Asian Business Schools: Hindsight, Insight & Foresight

Management education for the 21st century.

By Dipak C. Jain

Management education has been through many changes since the first graduate business school was established at the beginning of the 20th century. Pedagogical tools and methodologies have changed; student profiles are much different than they were one hundred years ago; and even the focus of management education has shifted from North America and Europe, to Asia, South America and Africa.

Global trends

Global business has also changed. Throughout the 18th century, global business was focused on land and natural resource acquisition (colonialism), the players were countries, impact was measured by strength relative to other colonial powers, and the metric of success was power. From the 19th century through to the 20th century, the focus shifted to free market competition (capitalism). During this era, countries gave way to corporations as the major players, and impact was determined by financial success, which in turn was measured by profits.

Today's global economy has undergone a dramatic change in a relatively short period of time. Technology has enabled us to change the way we live, the way we work, and the way we communicate. Hyper-competition across markets and industries has become extremely complex, while business, government and society in general

have become more integrated. Transparency, aided by our unprecedented 'fingertip-access' to information, has become a maxim of modern society as well as increased public scrutiny of most aspects of our lives.

So far, the 21st century has been an era of entrepreneurship. Human capital, or talent, is now the focus. Citizens, armed with the tools of modern technology and constant connectedness, can be major players in global business. Anyone, anywhere, can launch a viable global business from their living room, their local coffee shop, or like the Mark Zuckerbergs of the world, from their dorm room.

But for today's global citizens, impact is no longer just about success and performance. It is now measured by significance or purpose. Entrepreneurs and business leaders, especially among the so-called Millennials, or Gen-Y, have embraced the idea of having a purpose in everything they do. The result is that many are now questioning the meaning of business and the way it's done. While previous generations may have accepted traditional or conventional ways of doing things, today, the most popular word seems to be: "Why?"

Technology has also affected the way that we work. Business has become more mobile, with 'digital nomads' working from anywhere around the world. Business travellers can now be in constant contact with their offices no matter where they are, and head offices can communicate with their satellite offices, with their suppliers and their customers in real time.

Corporations have also undergone significant changes and markets have shifted from local, to regional, to global, and especially to emerging economies. Supply chains have also become global, as communication and transportation advances

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have made outsourcing production to emerging economies more efficient and cost effective, and more accessible to businesses, even to small and medium enterprises.

Demographic disruptions

Many countries around the world are facing significant demographic disruptions, in other words, ageing societies. Japan, the U.S. and many European countries have been dealing with falling birth rates for some time. And as the baby-boomer generation in these countries has approached and passed retirement age, politicians and business leaders have had to respond to this growing crisis.

These changes in developed countries have been more or less gradual, and predictable. Asia, especially its emerging economies, is seeing the same demographic disruption, but at a much faster rate. In 2011, the chief economist of the Asian Development Bank said that “Asia’s population is ageing at a speed unprecedented in human history.”

Thailand is a perfect example of an ageing, greying society. After explosive population growth before 1970, the Kingdom saw declines in fertility through to 1996, and since then, fertility rates have been lower than those needed to maintain its population numbers. According to the United Nations, by 2030, 17.4 percent of the population will be aged 65 years and over. Essentially, Thailand’s age pyramid will soon be inverted.

Demographic changes in Asia are the result of increased urbanisation, growing economies and increasing opportunities, as well as changing attitudes toward work and family in Asian societies. Having more upwardly-mobile women in the workforce also affects birth rates, as does the rising cost of raising a child. Combined with increasing overall longevity as healthcare becomes more effective and available throughout the region, these factors mean that many Asian countries like Thailand are facing significant demographic challenges.

In economic terms, this will mean a smaller workforce, shrinking tax bases and budgets (especially for education as fewer children will enrol in public schools), and an increasingly urgent need to care for and support the elderly members of society. Governments, in conjunction with business, will be forced to come up with innovative ways to deal with these social and economic changes.

What do all of these changes mean for management education, and especially for Asian business schools?

Adapting management education

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Today, as business cycles have shortened dramatically, people have less time to take off from their careers. So the first shift is away from longer programmes like the traditional two-year MBA model to a one-year model. There is also a trend to bring in students with less work experience, so a bachelor’s degree plus one year of work experience is becoming a more common standard for enrolment. This is a tremendous growth opportunity for business schools around the world, and especially so for Asian business schools.

Content is the second area of change in management education. Standard pedagogies have expanded from case studies, to more analytical frameworks, to the 21st century tool of experiential learning. But these global methodologies can be used to solve local problems. By doing research into Asian business, creating Asian case studies, and developing Asian business experiences for our students, business schools in the region can create a unique identity and become a



hub of knowledge for the region and for the world.

INSEAD thought of this more than 15 years ago when they set up a campus in Singapore. While some thought that it was a move to attract Asian students, the reality was that it gave the Europe-based school a geographical reach that resulted in students and faculty researchers from other regions going to Singapore to study business in Asia, and about Asia. If someone is interested in learning about the fastest growing economies and business environments in the world, why not study them at ground zero?

The third shift is away from the traditional MBA to more specialised, one-year Master’s programmes. While Asian business schools have created highly-ranked MBA programmes over the past 20 to 30 years, it was always going to be difficult to establish any significant differentiation between these programmes and the more well-established MBA programmes in the West.

Schools like Singapore Management University (SMU) and City University of Hong Kong (CUHK) have been pioneers in developing specialised Master’s programmes that meet their market needs. SMU’s Master of Science in Applied Finance and Master of Science in Wealth Management and CUHK’s Master of Science in Management of Real Estate and Hospitality Assets are examples of such innovative course offerings. They reflect the growing demand for specific, tailored curricula that meet the needs of today’s global business people.

Growth segments

Considering the demographic changes in Asia that I mentioned previously, I see opportunities for business schools to grow in three specialised areas: consumer

wellness, consumer engagement and consumer hospitality.

CONSUMER WELLNESS



Consumer wellness, specifically healthcare and wealth management, is probably the biggest growth opportunity for Asian business. As people live longer, their physical and financial wellbeing will become a major issue. The rise of medical tourism in countries like Thailand has resulted in significant growth in the overall tourism sector. This niche segment of the tourist industry will only increase as insurance premiums and healthcare costs in western countries continue to rise. And as pension funds and social security schemes begin to feel the strain of larger outlays combined with fewer workers paying into the system, alternative, more affordable healthcare will be encouraged.

Many retirees will also need to manage their wealth and finances for longer periods of time, and possibly privately rather than through the traditional channels. At the same time, younger workers will see opportunities to pay into corporate or government schemes decrease and will need to manage their individual retirement accounts on their own. Again, the opportunities for specialists in both healthcare and wealth-care management will soar.

CONSUMER ENGAGEMENT



A number of factors will affect the customer engagement, or media and entertainment, market. One effect of increased longevity is more leisure time. Ageing societies such as Thailand will have a larger percentage of the population who are over 65, and even if some of these people stay in

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the workforce longer, the majority of retirees will have a lot of free time to consume media and entertainment products.

Advances in technology also mean that more consumers have access to media and entertainment wherever and whenever they want it. They will also seek customised, niche products that match their specific interests.



CONSUMER HOSPITALITY

Global tourism is one of the growth industries in the world economy, and travel to Asia is especially trendy and popular at the moment. Many Asian economies rely on the tourism sector for economic growth, and this influences the hotel and restaurant industries in these markets. As travel becomes easier and more affordable, and as the populations of ageing societies enjoy more leisure time, tourism will continue to grow and expand in both traditional markets and to new destinations.

The rise and success of entrepreneurs like Facebook's Mark Zuckerberg, Airbnb's Brian Chesky, or Uber's Travis Kalanick show the tremendous growth opportunities in these sectors. By capitalising on the rapid advance of technology in recent years, they have built disruptive multi-billion dollar companies that focus on consumer engagement, hospitality and wellness. While Asian entrepreneurs have already begun to make their mark on the start-up world, the number of entrepreneurs in the region continues to grow, and it won't be long before a 'local' entrepreneur achieves the kind of global success that we are seeing from western entrepreneurs.

Collaborative opportunities for Asian Business Schools

For many years, I have been saying that the future of competition is collaboration. Over the past 20 years, we have seen a proliferation of Western-Asian business school partnerships. In 1982, my school, Sasin Graduate Institute of Business Administration, in Bangkok, Thailand, was one of the pioneers in setting up a collaboration between two established business schools in the United States (the Kellogg School of Management of Northwestern University and The Wharton School of the University of Pennsylvania) and Thailand's Chulalongkorn University. Today, programmes such as the Kellogg-HKUST Executive MBA in Hong Kong, the IE-SMU MBA, the UCLA-NUS MBA and others are among the top-ranked programmes in the world.

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But we need to take this collaboration model to the next level. Rather than just adopting the western model, Asian business schools should create an Asian model that focuses on Asia-based research and thought leadership. Schools should cross-pollinate and create Asian case studies that can be taught in both western and Asian schools. This would lead to better incentives for collaboration and deeper connections among academia, business and government.

And with the strong evidence of start-up ecosystems emerging in countries like Thailand, Indonesia and the Philippines, Asian business schools can focus on entrepreneurship and make it an integral part of their curriculum.

All business schools need to provide a balance among academic excellence, business relevance and social significance. But we should never abandon the fundamental management skills that future business leaders need: communication, decision-making, leadership and teamwork. And we should never lose sight of the importance of input (quality students), throughput (curriculum) and output (placement). And today, with the forces of migration affecting social make-up and hiring practices, business schools also need to cultivate diversity at all levels of the school (students, faculty and staff).

With all of these significant changes affecting the worlds of business and education, Asian business schools need to develop a leapfrog mindset in order to move away from traditional management education and corporate thinking. Today's global citizens and future business leaders want innovative, action- and project-oriented entrepreneurial programmes that match their needs and help them develop the skills required for the modern workplace.

Asian business schools are uniquely positioned to take advantage of the forces of advancing technology, changing cultures and evolving business models that are sweeping across the world. By creating a distinct Asian identity, business schools in the region can tailor their programmes to meet the specific needs of students in the region, while attracting students and faculty from around the world who have an interest in business in Asia. And they can help their graduates prepare to meet their career challenges and succeed in today's hypercompetitive business environment.

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