

EDITED BY  
STÉPHANIE DAMERON  
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# THE FUTURE OF MANAGEMENT EDUCATION

Differentiation Strategies for  
Business Schools  
**Volume 2**



# The Future of Management Education

Stéphanie Dameron • Thomas Durand  
Editors

# The Future of Management Education

Volume 2: Differentiation Strategies  
for Business Schools

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# 1

## Beyond Strategic Convergence: Designing Differentiation Strategies for Business Schools in a Multipolar World

Stéphanie Dameron and Thomas Durand

The last decades have seen a significant development of management education and research around the world. In that sense, the business of business schools, as some call it, is flourishing.

Yet, business schools are facing several challenges that are structuring the arena for the years to come (Dameron and Durand 2017). First, there is an increasing role played by external third parties in evaluation (accreditation, rankings), pushing for some form of strategic convergence among business schools (Dameron and Manceau 2011); second, business schools are under severe financial stress as their business models are built around a permanent search for funding to grow their reputation in a context of salary inflation for faculty (Durand and Dameron 2008; Menger et al. 2015);

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They jointly coauthored and coedited *The Future of business schools: Scenarios and Strategies for 2020* (Palgrave Macmillan, 2008)

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third, there is the emergence of a line of divide among faculty with the ongoing recruitment of non-tenure track faculty to limit costs and the corollary risk of separating knowledge dissemination from knowledge production—a combination that stands at the very heart of academia (Dameron and Durand 2011); fourth, as some national markets in management education have matured while others have just begun to grow, business schools are pushed to look at internationalizing as a way to balance and secure their development (Dameron and Durand 2013; Ramanantsoa and Delpech 2016); fifth, distance learning opens up competition among business schools on a global basis while requiring significant investments; sixth, the entry of private operators into the sector may intensify competition between management education organizations, if not change the rules of the game (Durand and Dameron 2005).

We have analyzed these trends and challenges in the first chapter of the first volume of this book.

Based on the deep knowledge brought into the two volumes by the 55 contributors on 23 different national management education systems, this chapter discusses how business schools may face these challenges depending—or not—on the context of their specific national systems of higher education in management. More specifically, our findings depart from the view of a general strategic convergence by which business schools would seem to all be running for some sort of “global excellence”, supposedly measured by rankings, as if local and national embeddedness to serve business communities in their territorial and institutional setting was no longer enough of an ambition (Durand and Dameron 2011). In fact, we find that only a handful of business schools may be seen as global. Hence, the conventional view of a worldwide strategic convergence in the business schools’ arena is only a very small part of the story.

Based on our closer look at the dynamics of the “industry”, as reported in the 23 country-specific chapters of the two volumes of this book, the picture that we see coming out is more contrasted and complex. There may be indeed a strong push towards internationalization and even globalization, but most business schools worldwide are in fact strongly embedded in their national or even local institutional contexts. Many are torn apart between the aspiration for globalization and the reality of their constituencies’ needs. A few B-schools indeed try hard to stand as global—non-embedded in institutional settings. However, the vast majority of

business schools do focus on their local/regional business communities. Some others try to combine serving the needs of their specific home base with the aim to be internationally visible and influential. All in all, we suggest that there are ways to escape the strategic convergence. This is what this chapter discusses.

*As the introductory chapter of the first volume aimed at proposing a reflexive stance in analyzing the way the world arena of business schools evolves, our purpose here is to show how contextual forces are at work that may help business schools escape from strategic convergence and the attached lock-in, thus giving room for differentiation among business schools in a multipolar world.*

## Traits That Make Business Schools Different

What is it that makes a business school different? The 23 country-specific chapters helped us identify an array of characteristics that may contribute to shaping a different kind of strategic positioning for a business school with specific learning atmosphere, audience, set of external linkages and market targets.

- The location where the school is geographically situated: the country; whether the campus is situated in the countryside or in the middle of a vibrant city; the surrounding continent from which students and managers may be attracted; a region with headquarters of large multinational corporations, with entrepreneurial activities, with manufacturing plants, or with essentially SMEs, and so on
- The countries of origin of the students/managers attending the Executive education programs
- The countries of origin of the faculty: primarily nationals, heavily international, mostly nationals plus some neighboring countries, and so on
- The cultural context: deeply embedded locally or highly transnational, or drawing from specific regional cultures (oriental philosophy, Western analytically based efficiency, etc.)
- The political spheres in which the business schools operate, being influenced by this setting and trying to influence it in return: the local institutional and political constituencies and the connected business

community; the regional or national arena and close connections to the leading national companies; the multinationals locally or nationally headquartered but operating worldwide and thus connected to a diversity of governments around the planet, and to some international organizations as well

- The organizational context of the B-school: part of a larger public or private university, with some autonomy or not, with part of the financial resources captured by the mother; independent, self-regulated body; part of a larger non-academic institution such as a chamber of commerce or religious orders; created and backed by, if not a subsidiary of, a large corporation; a private entity part of a group that owns private universities
- The role, importance and footprint of the alumni: this signals the scope of the influence of the B-school and who influences the B-school in return
- The board of the school: where the board members are from; in which circles they operate; the extent to which they come from public institutions, from small businesses, from large companies, from professional associations or Unions, from NGOs and the society at large; which nationalities and to what extent are they alumni from the school
- The profiles of Deans and assistant Deans: whether they are local, alumni from the school; international high flyers brought in by the board
- The language used: the language in the classroom, on the campus or in the faculty meetings; in the publications; on the website; the languages heard at the cafeteria
- The portfolio of programs offered (BA, MSc in management, MBA, DBA, PhD, Executive Education) and the balance in strategic priorities between (1) education, (2) research and (3) linking to business and society
- The sources of funding deriving from both the portfolio of activities and the institutional setting
- The attention paid to innovation in education and research, including distance and blended learning

There may be additional characteristics that contribute to make a business school specific.

Yet, more than adding items to the above list, we believe that it may be important to consider the strategic intent beyond the present state. Deciding to go for a policy of reaching out for international faculty is an intent that says something important about a strategy, especially if the current faculty is primarily or almost exclusively made up of nationals. Similarly, planning to adopt English as the teaching language is a strategic intent that may be far-reaching if the vast majority of current students are non-native English speakers ill-prepared to interact in English both within the classroom and in work groups. “Intended traits” may be more important than “as is” traits.

In this sense, each of the items in the list above may be assessed in the current situation, that is, as it stands today, while it may be as important to identify the strategic intent regarding the item and the consistency of that intent with both the overall profile of the B-school today and its overall intended trajectory into the future.

Given the context of the challenges and trends discussed in Chap. 1 of Volume 1, we looked here to extract key dimensions from the array of business school traits listed above, keeping in mind the mirror image set of “intended” traits stemming from the school’s strategic intent. As a result, we identified two fundamental dimensions that we used to map the business school arena(s). See Fig. 1.1.

- The first key dimension relates to the “*playground*”. This has to do with the main geographical scope covered (and/or targeted) by the B-school. It corresponds to reaching out, that is, the zone in which the business school exerts or intends to exert its *market influence*. This means attracting and educating students (and managers for executive education) from these countries, as well as placing graduates in these countries, while subsequently keeping in touch with these alumni to exert some local influence and attract more students from the zone. It may mean partnering with a B-school in some of these countries. It may also mean deploying distance learning to address these geographical zones. However, it does not necessarily mean recruiting faculty from these countries.



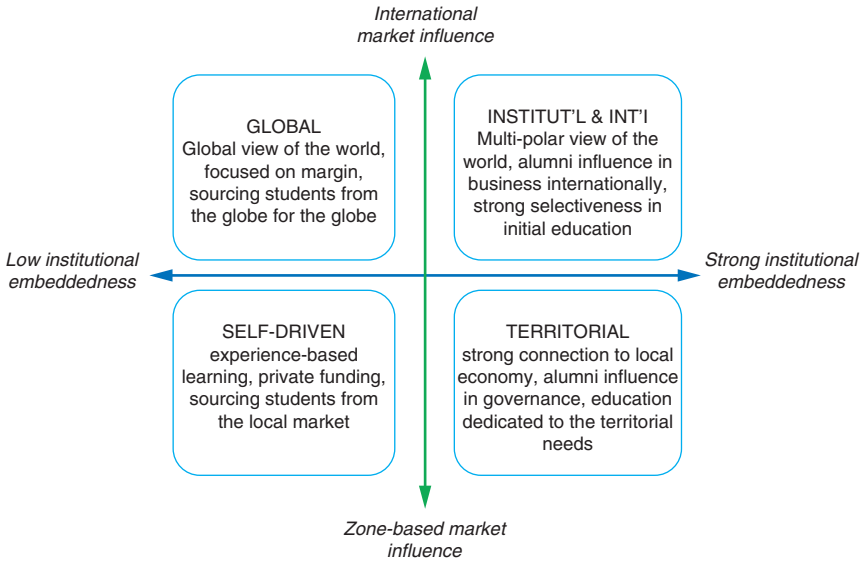


Fig. 1.1 Mapping four types of strategic intent of business schools

We choose to use the word “influence” to name this first dimension. It goes from *home-base market influence*, where the B-school essentially focuses on its home base, serving the needs of the surrounding business community, to *international market influence*, where the B-school reaches out or does its best to reach out from its base.

- The second dimension relates to the “roots”. This has to do with the context in which the B-schools can be considered as being embedded into a socio-political and business context, that is, a set of close ties with privileged and direct access to decision and policy makers. These decision-makers see a strongly embedded B-school as an institution that trains the future elite of the society. They play the role of sponsors, both supporting and orientating the B-school’s choices. Consistently, these sponsors support the B-school financially.

We choose to use the word “institutional embeddedness” to name this second dimension. It goes from *low institutional embeddedness*, whereby the B-school is essentially independent from national regulations, with

no active presence in any specific socio-political context, to *strong institutional embeddedness*, where the B-school maintains and activates useful political and powerful ties that secure its sustainability and permit future development.

It is important to recognize the conceptual difference between embeddedness in a base through institutional roots and market influence onto a playground. Both may sound a combination of territory and influence, but not in the same sense. Here, institutional embeddedness means “where one belongs”; market influence means “where one tries to reach out”.

## Mapping the Arena

The mapping displayed in Fig. 1.1 identifies groups of business schools that have similar or distinct embeddedness and market influence strategies.

## The “Territorial” Business Schools: Educating for and Promoting Their Own Business Culture

The territorial B-schools belong to the South-East quadrant of Fig. 1.1. They aim at serving the needs of their local business communities, recruiting and offering business education to students who may subsequently be hired by companies from the same territory. These B-schools are highly conscious of being both located and embedded somewhere. They may be seen as local. Some may want to call them parochial and low key. This would be unnecessarily judgmental. These territorial B-schools provide the kind of business education that their constituencies ask for. Recruiting “global” managers may not be the priority for the geographical and institutional players that such B-schools serve. Becoming global is not a relevant path for them as they seek for a deep territorial recognition. They aim at engaging local business leaders and institutions that may give time and money to the B-schools to promote their own business culture, in their territory primarily and abroad if necessary.

Many B-schools in most countries are *de facto* anchored in their territory. In fact, most business schools are in that category. Nonetheless, faced with the globalizing pressure stemming from rankings and accreditation, few take it for granted that their mission is primarily to fulfill the territory's needs. Part of their governance, especially their Dean's team, might be dreaming of a more visible ambition through global rankings such as the Financial Times (FT's). However, the best B-schools from this quadrant could promote specific territorial know-how and expertise across the world. For instance, the EM Normandie, located near one of the biggest harbors of France, could promote its competency related to maritime logistics internationally.

## The “Global” Business Schools: Educating Managers for the World

In sharp contrast to the above, some business schools seek to develop and strengthen a worldwide general management influence regardless of their physical location, while staying away from being caught into specific sets of links with business or political communities in the territory where their main campus(es) is/are located. These global B-schools appear in the North-West quadrant of Fig. 1.1.

The global B-school does not want to appear as embedded in a local or national context. It may be embedded somewhere to a certain extent, but this is left aside—if not intentionally played down. Another way to look at it would be to observe that the global B-school aims at being embedded in the “sixth economic continent” made up of companies that intend to stay away from the control and pressure of governments, such as some companies from the digital economy.

The global B-school carries its own understanding of what business can bring to the public good on the planet, without being constrained by the political agenda and priorities of any specific government.

As we see it, INSEAD, IMD or LBS are typical examples of global business schools.

## The “Institutional-International” Business Schools: Educating Leaders for the Competitiveness of the Nation

When a B-school intends to become international to better serve its constituencies, while remaining strongly embedded institutionally, it is not trying to go global. The B-school may accompany abroad the international activities of the multinationals that have home-based headquarter. Training international managers and executives does not necessarily mean losing its institutional embeddedness. The institutional-international B-schools appear in the North-East quadrant of Fig. 1.1.

In other words, these business schools cater their home-base constituencies by reaching out internationally to cover needs that a “territorial” scope would not permit to serve. These business schools thus more or less explicitly seek to develop and strengthen their political embeddedness while extending their market influence internationally to better serve their business community. In that sense, by educating managers and executives for organizations based in their home territory, the “international & institutional” business schools are both strongly institutionally embedded and actively supporting the internationalized side of the institutions and firms that they are linked to.

These B-schools ideally take the form of some kind of a platform or hub, gathering public bodies, academic networks, business federations, multinational companies, leading start-ups and incubators. They maintain very strong relationships with home-based institutional bodies and actors such as politicians, military, regulators, and so on. In our view, Harvard BS, HEC, Copenhagen BS, ESSEC, Wharton BS of the University of Pennsylvania, Wuhan University, Kyoto University, University of Stuttgart, Bocconi, Stockholm School of Economics illustrate that type of “inst'l & int'l” business schools. HEC is a typical example of this group (see for instance the Alma Mater Index), but is most probably striving to move to the “global B-schools” group despite its fundamental embeddedness in the French context. If so, this would illustrate how some B-schools could neglect or forget the essence of their embeddedness when developing their

international influence. This is a typical example of a confusion between being institutionally non-embedded and being international business schools, whereas these two strategic intents are significantly different.

## **The “Self-driven” Business Schools: Generating Self-experienced Entrepreneurs and Managers**

Some B-schools are not institutionally embedded while not trying to reach out beyond their market of influence. They are not trying to become international nor embedded in any way. They may not have the political base for it or they may not want to manage the complex set of socio-political ties needed to maintain and benefit from some form of embeddedness. Also, they may not be ready to accept to be constrained by such institutions in designing, deploying and delivering their management education. They even may be quite critical regarding the institutional regulation of the higher education system. In addition, these B-schools do not aggressively embark on internationalizing initiatives nor aim at training global leaders in management at large. They are focused on specific needs that are not initially satisfied by their home-market higher education system. As a result, these B-schools are often focused on their task of educating students and/or executive for specialized business practice. They bring something tailored to the needs of all or part of the local needs. These “self-driven” B-schools are in the South West quadrant of Fig. 1.1.

As the self-driven B-school results from a dissatisfaction of what the local institutional bodies may develop and support regarding the education system, this type of B-school may offer “non-academic” training, mainly through a pedagogy based on practical experience and problem solving. There are several ways for the self-driven B-school to propose a sort of “blue ocean” offer. It may be associated with general management in a specialization such as an industry focus (fashion, digital, automotive, agro-food, real estate, etc.) or a specific business theme (innovation, project management, e-commerce, digital transformation, corporate social responsibility, etc.) or a functional specialization (finance, advanced manufacturing, logistics and the supply chain, purchasing, etc.). Nonetheless,

the self-driven B-school experiences specific pedagogic modes that seem to be better fit to train managers (coaching, problem-solving, mutual feedbacks, etc.). To sum up, the portfolio offered by the self-driven B-school depends on local unsatisfied needs.

Whatever the focus be, these self-driven business schools are likely to invest less in research than in experience-driven education: leveraging the experience of managers to create a learning process that builds upon that practical experience. This means bringing some conceptual insight into it, comparing practical experience among participants, discussing alternate ways of coping with a difficult managerial problem, assessing options and potential outcomes, and so on.

Consistent with the depiction above, “Hupan College” established by Jack Ma, CEO of ALIBABA and aiming at preparing potential business leaders, is a typical example of a “self-driven” business school. In some ways, corporate universities may be close to this type of business schools.

## In What Sense Is Strategic Convergence an Issue?

There are commonalities in the strategic arena where B-schools operate. (We discussed these in Chap. 1 of Volume 1, Dameron and Durand 2017). They all experience financial stress as costs keep rising due to salary inflation for faculty and the additional costs attached to investments required by distance learning. (The cost of internationalization only affects those reaching out beyond their historical territory). They all face new competition stemming from the entry of private operators and the disruption of distant learning offerings into their own backyards. They all face some form of “adjunctification” of tertiary education (hiring non-tenure track faculty) to decrease the cost of teaching. (The Global or inst’l-int’l schools can use the savings permitted by adjunctification to focus the resources on hiring academics who publish in top-ranked journals for the sake of their international reputation, while other schools use it to improve the students’ learning experience.) In addition, among the challenges listed at the beginning of this chapter and discussed in Chap. 1 of Volume 1, the first challenge on

### The Hupan College

"Alibaba founder Jack Ma and seven other entrepreneurs opened a school for business startups in Hangzhou, Zhejiang province, on Monday. Hupan College is in the city's West Lake scenic area and aims to provide lectures to those whose own businesses, are in the beginning stages or who want to start their own businesses. Ma is president of the school. (...) The school intends to offer them a platform to receive lectures from professors and successful entrepreneurs," Zhang said. "Ma used to be an English teacher in college before he founded Alibaba, so teaching and education have always been important for him," said Zhang. "Ma and the founders of the school aim to nurture emerging entrepreneurs with strong social responsibility and a high business moral standard." Zhang said that some courses will be free to anyone interested in the topics, while other courses will be open only to those selected by the founders. Candidates must have at least three years' experience in their own businesses and have a team of more than 30 people. Tuition is 280,000 yuan (\$44,840) for three years, according to Liu Jingwen, one of the candidates. Liu, founder of Shenzhen Vizdan Eco-Agricultural, said that he is looking forward to the breakthroughs Hupan College is going to make. *"I don't like the so-called MBA courses, so I hope the school can break the fixed patterns,"* he said. Zhao Jianhua, a researcher at Zhejiang Academy of Commerce, said that Hupan College might stimulate a more prosperous business environment in Hangzhou and Zhejiang province. *"Private business is vigorous in the province, partly encouraged by the success of Alibaba. With a school where the tycoons can share their knowledge and experience with startups, I believe the atmosphere will be better,"* he said. Data showed that undergraduates from Zhejiang University are the most likely ones in the country to start their own businesses."

In *China Daily* (28th of January 2015), by Yan Yiqi

the role of third-party evaluation—accreditation and rankings—tends to push all B-schools into the same direction: hiring more permanent faculty; hiring more PhDs in the faculty; investing more in research to generate more publications; publishing more in starred journals; giving their audiences (students, managers in executive education programs) more exposure to international business issues. Nonetheless, as we saw from the discussion of Fig. 1.1, this is not relevant for all quadrants, at least not in the same way and not to the same extent.

If research published in leading management journals (e.g., from the *Financial Times* list) is essential for a global B-school or an inst'l-int'l B-school, it may be much less important for a territorial or a self-driven

B-school. Arguably, one would not expect the same type of starred publications from all faculty, regardless of the degree of both internationalization and embeddedness of the B-school. The institutional context and the territorial scope play a role here; so does the B-school's strategic intent. Not all of them strive to become global; why evaluating them as if they had to be global?

As they stand, external evaluations conducted by third parties tend to convey a globalized single view of the key success factors of higher education systems. Research evaluation in the field of management may end up counting publications in listed starred academic journals, in which the highly ranked journals are essentially American. As a result, all business schools may have the temptation to follow the same strategy by focusing essentially on research publications in top-ranked journals in English. This game has a cost: the booming of wages of academics publishing in those journals. This game is hazardous: business schools may move away from their core purpose, namely educating managers and leaders to prepare them to run and develop organizations and businesses in a competitive environment. This game is asymmetric: most of the first-ranked journals are institutionally connected to American universities and affiliates. As management is a social science, this game reduces diversity: in many countries, publishing means writing in English, using the theoretical lenses that are dominant within the American culture, thus losing part of the depth of the thinking in the researcher's mother tongue and in the researcher's intellectual traditions.

We claim that the extremely violent pressures for convergence that are now built in the B-schools' arena (a) do not succeed in obtaining strategic convergence across the entire arena, while (b) they generate damages within business schools' governance by creating tensions, dissonance and misalignment.

Think of a Dean brought into a "territorial" B-school from the outside, hired with an ambition to transform the B-school into an international player (moving up North on the right of Fig. 1.1): this would most probably generate a lot of dissonance with the business context in which the school is embedded. There would be a major risk of misunderstanding and strategic misalignment.



Similarly, think of a new Dean with a unique global vision of the world of business and business education, brought into a “institutional-international” B-school with the intent to transform the place into a global B-school. Should that new Dean, typically a non-national, non-fluent in the local language, know little of the institutional tacit rules and cultural values of the context, it is very likely that this hiring would generate some form of dissonance between the new Dean and the school’s historical embeddedness. Again, there would be risks of misunderstanding and strategic misalignment.

Think of a self-driven private B-school being acquired by a territorial B-school deeply embedded in its socio-political context: one may expect some difficult times for the target to adapt to the political games now needed to survive in the new setting. And vice versa for a territorial B-school that would fall under the control of a private self-driven school.

In other words, applying the same recipes for B-schools regardless of their specific context and strategy not only may not work but may also turn out to be damaging as it would create tensions and dissonance internally and eventually may lead the B-schools to lose their relevance for society. This is where a worldwide ranking that not only lists but also ranks B-schools in a single list without recognizing that they do not all play the same global game is dangerous. Such a one-ranking-for-all may end up with some components of a business school’s governance dreaming of a more international market influence, while some other components may want to stick to their embeddedness, catering for constituencies in their home base.

This explains why, despite exerting similar pressures (towards strategic convergence) onto all B-schools in apparently similar ways, the accreditation and ranking mechanisms do not necessarily lead to strategic convergence as the responses generated vary according to context specificities, while potentially creating dissonance and misalignment within the schools.

In other words, if the thrust for research and publications, the race for rankings or the rationale for internationalization may operate as key engines of the strategic convergence for the “global” B-school, these are not as relevant for schools in the other quadrants and should not be expected to have the same effect on them. As an example, territorial or self-driven B-schools should not be concerned too much by their position

in a worldwide ranking. If part or all of their governance feel they are, it is a clear signal of a strategic misalignment somewhere, between their position, their embeddedness, their targeted playground (market influence) and the indicators of evaluation that they see relevant.

All in all, this suggests that despite the very strong pressure exerted by rankings and accreditation for strategic convergence, there is in fact room for differentiation.

## **Strategies for B-schools According to Quadrants: How Can Business Schools Find Their Own Ways to Tackle the Six Main Challenges Identified?**

Most business schools around the world strive to find ways to differentiate. As a result of the above discussion, we may depict at least five ways for differentiation. Firstly, differentiation may be based on specialization on specific topics, such as finance, entrepreneurship or corporate social responsibility. Secondly, some business schools may focus on some specific activities such as executive education or bachelor's diploma instead of addressing the full range of offerings, from BA to MSc in management, MBA, PhD, DBA and executive education. Thirdly, different modes of internationalization may be carried out; while some business schools may set up campuses in foreign countries, some may tend to export diplomas through partnerships with local institutions or some may focus on attracting foreign students to their campus. Fourthly, some business schools may focus more on recruiting students from local territories while others seek to expand their recruitment on an international base.

More specifically, each type of business schools may carry out specific strategies to tackle the six challenges that we have depicted in the first volume of this book. Table 1.1 sums up the main strategies that may be implemented. Depending on the type of B-schools, some challenges are more stressful than others: we put them in bold.

Table 1.1 Strategies for business schools

Types of BS challenges	Global BS	Institutional-International BS	Territorial BS	Self-Driven BS
External evaluation	Strong dependency on private and international evaluation	Strong dependency on public and private evaluation bodies	Strong dependency on national (local) evaluation	Less dependent thanks to a communication based on students' experiences
Type of evaluation in fit with strategy	Ex: the FT ranking (especially MBAs)	Ex: The Alma Mater Index (Times)	Ex: National newspapers' evaluation	Evaluation from third bodies is not sought
Business model and revenues	<b>The majority of revenues come from executive education programs essentially</b> e.g., Insead: 85%	Based on funding from the institutional "sponsors" as well as endowment, public taxes, tuition fees, exed,	Based on taxes and local business community (chambers of commerce, apprenticeship taxes, ...)	Tuition fees and low costs
Portfolio	Focus on MBAs and Exed	Focus on Master/MBA and PhD	Focus on Bachelor	Focus on Bachelor and Master
Faculty	Research faculty and faculty with close ties with the largest multinational companies: Faculty segmentation	<b>Research faculty with strong ties with decision-makers and internationalized companies originating from the territory</b>	Strong ties with local business networks	Almost no faculty Teachers are practitioners

Internationalization	Based on attracting students from all over the world for all over the world	Based on partnerships and international tracks for students coming partly from the home base	Local base of recruitment/ offshore campuses as international track for their students	Local base of recruitment/ franchise campuses to replicate the model
Innovation related to pedagogy	More inductive approach of pedagogy through case studies and work groups, even if research readings are included	More research-based lectures and assignments, even if case studies are included	Case studies based on territorial needs	<b>Pedagogy based on "real" problem solving, role-play, simulation and work situation</b>
Private/public	Private funding	A mix of public/private funding	A mix of public/private funding	Private operators
BS close to this ideal type (kind of)	Insead, IMD, LBS	Harvard BS, Copenhagen BS, ESSEC, ESADE	EM Strasbourg	Hupan College

As far as the global B-school is concerned, the main strategic issue is revenue and profitability. (Note that B-schools do not primarily look for profit *per se* as they reinvest the gross margins into building their reputation). These B-schools focus on creating and developing cash-cow programs, that is, they need to sell very expensive programs that generate high contributions. Typically, these B-schools promote executive education where the margins can be very high. Moreover, global B-schools search for a large and international recruitment base to reach a sufficient critical mass to cover direct cost (especially real estate), recruit students that may be able to pay high tuition fees and build an alumni network that promotes the B-school around the world. These B-schools may focus on one or two main programs, especially those that build their reputation, typically an MBA that is ranked internationally. Based on the MBA ranking and the brand's image, the global B-school can then develop profitable specific executive programs. Brand management is a critical competence: it stems from programs' rankings, students' experience during their training and subsequent alumni's attachment to the brand.

For territorial B-schools, the main strategic issue is to fulfill the needs of their home market. Consistently, the governance is often driven by the main stakeholders of the territory in which B-schools are embedded, such as companies, cities, chambers of commerce, and so on. As the purpose of these B-schools is to be aligned with the territorial needs, revenues should come from public and private funding thanks to these territorial stakeholders. One of the challenges is to stay aligned with the local objective and keep on satisfying the territorial needs despite the strategic convergence pressures exerted via external evaluation pushing for some form of "globalization" of the school.

The institutional-international B-school needs to show its legitimacy as the place where business elite is to be trained for the international activities of companies headquartered in the home base. As a consequence, the faculty needs to share close links with decision-makers and policy regulators in the home base, while being visible in the international academic landscape. By catering their home-based constituencies, faculty and governance build a deep knowledge of their needs. They also develop close relationships with those policy-makers who may end up being the public-sector counterparts of the business executives that they train for the

multinational companies headquartered in the home base. In other words, the institutional-international B-school is also where the executive-to-be and the high public officials-to-be start weaving the social connections needed for their future interactions. By developing their international visibility through publications in top-ranked journals, the faculty promote the international reputation of the B-school and build recognition within multinational companies for the diploma that they award.

The self-driven B-schools build their legitimacy through the weaknesses of institutionalized business schools. They do not seek accreditation or to be aligned with existing norms and standards. They put the focus on their ability to fulfill home-based needs that are not satisfied by standard business schools. As a result, funding an institutionalized faculty that follows the rules of the higher education system is not consistent with the purpose of self-driven business schools. Conversely, teaching is based on practical experience, simulation and learning-by-doing. Regarding the business model, the costs tend to be lower than in other contexts and the funding may come from tuition fees and/or private endowments.

## **Conclusion: Differentiating Away From the Strategic Convergence**

Business schools can escape the push towards strategic convergence and differentiate.

First, business schools are more or less embedded in global, regional, national or local institutions. While the world becomes multipolar and many business schools more internationalized, the existence of historical links between business schools and institutions such as States, business federations, chambers of commerce, and so on, is likely to structure business schools' development and strategies. Second, some business schools may have strong relationships with the businesses operating and/or headquartered in their home base, aiming at fueling both the economy of the territory in which they are located and the companies that reach out internationally from this territory. In that sense, modes of institutional and territorial influences may be seen as generative mechanisms of significant differentiation for business schools.

*In conclusion, we argue that, in a multipolar world, specific institutional embeddedness and territorial market influencing may be the fundamental drivers of differentiations for business schools. We argue that these types of differentiation may be claimed by business schools to strengthen their relevance for societies, while this differentiation could (and possibly should) be more recognized and valued by external evaluation.*

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# 2

## Higher Education in Management: The Case of China

Zhiqiang Lu, Bernard Fernandez, and Tianchu Lu

Education is one of the most important cultural values in the Chinese mindset. Business schools have been developing rapidly in China since 1978 to the extent that they are now offering the largest number of degree programs in the world. As China was isolated for years, business schools were under great pressure to reform their model. After looking at best practices in higher education worldwide, Chinese business schools,

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whether public, private or corporate, developed in their own ways, building international bridges in the academic world, via international cooperation under the control of the Chinese government.

The development of management education in China can be divided into three stages. The first stage started slowly from the end of the nineteenth century (1896). In 1903, the Advanced Business School of Nanyang University (formerly Shanghai Jiao Tong University) was established. In 1910, the Imperial University of Peking (formerly Peking University) established a business school. Later on, Tsinghua University, Peking University, Nankai University and Fudan University started to set up their own business and management courses whilst still not having a very clear idea about what the “management concept” really was about (Huang and Wan 2005; Zhang et al. 2014).

The second stage was that there were no business schools. Indeed, during the Cultural Revolution (1966–1976) all universities and the “gao-kao” (Chinese university entrance examination<sup>1</sup>) were closed; the students were sent to rural areas. In 1978, President Deng Xiaoping (1904–1997) adopted new reforms with the “Open-Up Policy” transforming the centralized planned economy to a market-oriented economy, which increased the importance of management issues and the so-called Chinese socialist pragmatism. In the more “open” economy, new management skills appeared and different talent management arose based on Deng’s principle: “*Follow the stone of the ford across the river*” (*mo zhe shi tou guo he*), meaning the experimental process of trial and error that ends in success. The first private SME (small and medium enterprise) started in 1984. In the same year, the first doctoral degree in Management Engineering was launched. However, due to the fact that China’s socialist market economy was still at an exploratory stage, the development of management education was restrained (Huang and Wan 2005).

Finally, since the 1990s, the Chinese socialist market economy has developed rapidly. This marks the beginning of the third and last stage. It brought new opportunities for management education by focusing less on engineering than on management.

In 1992, President Deng Xiaoping gave his last major speech in the South of China, and encouraged Chinese entrepreneurs to develop their own businesses. In addition, in December 2001, China joined the WTO offering new opportunities to private Chinese firms, SOEs (state-owned

enterprises) and joint ventures with different management styles. As required, programs were more closely connected with business challenges and Chinese internationalization gained speed with the new Chinese slogan “*Going abroad*” in 2003, encouraging Chinese firms to invest abroad (Huang and Wan 2005). Many higher education institutions set up pilot projects of practice-based master’s programs. Financial schools, engineering colleges and comprehensive universities were also catching up and aligning with international standards. Moreover, nongovernment education institutions also organized management training courses. In short, management education in China entered a more mature stage of development.

## **The Development of Business Administration Education and Typical Business Schools in China**

### **Typical Business Schools in China**

There are four types of business schools in China. Firstly, comprehensive universities like Tsinghua University and Peking University have established their own business schools in cooperation with international education institutions. Secondly, independent business schools, represented by China Europe International Business School (CEIBS—based in Shanghai) and Cheung Kong Graduate School of Business (CKGSB—based in Beijing), aim to develop world-class entrepreneurs. Thirdly, there are special business schools such as “Hupan College”, established by Jack Ma, CEO of ALIBABA, and Confucius Institute for Business, which tap potential business leaders and promote domestic business culture. Finally, the fourth types are companies’ own in-house training centers.

### **Business Schools in Comprehensive Universities Increase their International Ranking**

Most comprehensive universities such as Peking University, Tsinghua University and Fudan University have Schools of Economics and Management. With distinctive features, these business schools usually

have undergraduate, graduate, PhD, MBA and EMBA programs; some of them also provide DBA and EDBA programs. This paper adopts the Guanghua School of Management and Tsinghua School of Economics and Management (SEM) as samples.

The Department of Economic Management of Peking University was established in 1985 and officially renamed as “Guanghua” in 1994. Guanghua School of Management is one of the most outstanding business schools in the Asia Pacific region. Guanghua’s educational missions are: “*Creating management knowledge, cultivating business leaders and promoting social progress*”. In the 2014 Global Top 100 MBA ranking published by the *Financial Times*, Guanghua’s MBA program ranked 57th worldwide, the only one in China. In the *Financial Times*’ 2012 ranking, Guanghua’s Master of Finance program was listed as the 8th best program and was the only program provided by an Asian business school among the Top 35. Furthermore, Guanghua set up its Executive Education center (ExEd) to offer nondegree programs, customized courses and international modules.<sup>2</sup>

Since being founded in 1984, the SEM of Tsinghua University has maintained a leading position in executive training, scientific research, social influence and international exchange, and is striving to become a world-class business school. There are seven departments in the SEM,<sup>3</sup> plus the National MBA Education Advisory Committee Secretariat. In addition, the SEM provides PhD and research master’s programs. In April 2013, Tsinghua SEM and 12 schools jointly founded the “Tsinghua x-lab”, providing an educational platform for creativity, innovation and entrepreneurship.<sup>4</sup>

## **Independent Business Schools Aim to Challenge Public Business Schools**

Most famous independent business schools in China are nonprofit educational institutions with independent legal personalities, such as the CKGSB and the CEIBS. They provide MBA, part-time MBA and EMBA programs, executive management training courses, DBA programs and so on.

Founded by Li Ka Shing,<sup>5</sup> and formally approved by national education authorities, CKGSB is a member of The Association of Advanced Collegiate Schools of Business (AACSB) and the European Foundation for Management Development (EFMD). The State Council Academic Degrees Committee has approved CKGSB's qualification. CKGSB aspires to become one of the world's top 10 business schools within 10 years, "*cultivating world-class entrepreneurs for Chinese enterprises*". CKGSB launched overseas offices in London and New York, creating opportunities to promote ancient Chinese philosophical ideas.<sup>6</sup>

The CEIBS is a nonprofit higher education institution, established in 1994 and co-funded by the Shanghai Municipal government and the European Commission. CEIBS launched the first EMBA program in China. It is also one of the first business schools that offer full-time English MBA, EMBA and Executive courses. CEIBS has over 17,000 alumni in China and around the world, whilst offering a variety of management training for more than 100,000 high level managers. In 2012, Finance MBA (FMBA) programs were developed and a doctoral program was set up in 2015.<sup>7</sup>

## Special Business Schools

With the development of China's economy, other types of business schools also emerged. Confucius Business School and Hupan College are two typical examples.

Supported by the Communauté d'Agglomération de Rouen (CREA), Nankai University and NEOMA Business School jointly established in March 2014 the NEOMA Confucius Business School, which is based in Suzhou. The NEOMA Confucius Business School became a platform for the communication and exchange of Chinese language and Chinese culture. A business club was established by the NEOMA Confucius Business School to build a platform for business communication between Chinese and French companies. These are based in Paris, Rouen and the Reims Region.<sup>8</sup> This is the world's 7th Confucius Business School and the first France-based Confucius Institute run by a business school. So far, there

are six Confucius Business schools, which are located in London, Leeds, Copenhagen, Athens, New York and Sao Paulo. The world's top universities or business schools such as London School of Economics, Leeds University Business School and Copenhagen Business School are all in partnership with the prestigious Chinese Universities of Tsinghua University and Renmin University, which manage all of these schools.

On January 26, 2015, eight entrepreneurs, including Jack Ma, CEO of ALIBABA, launched HUPAN College in Hangzhou.<sup>9</sup> HUPAN College sticks with its bottom line, which is to build an ideal society and to cultivate the Chinese new business leaders for the next 15 years. On that same day, 30 students out of 150 were selected through interview to be the first batch of students of HUPAN College. The tuition fee for three years is 280,000 RMB.

As defined by Jack Ma, one of the richest men in China, HUPAN College “*discovers new entrepreneurs and doesn't create them!*”. HUPAN College wants to create a high-level business school in Hangzhou using the “MBA + entrepreneurship” model. Through analyzing failures, learning from mistakes and better understanding western management, students in HUPAN College can draw lessons and experiences to be successful.

On the first day, March 25, 2015, after the opening ceremony, Jack Ma took 36 students to do woodworking and gave them 93 pages of learning materials, which contained his internal speeches in ALIBABA since 2003. These speeches touched on the topics of corporate governance and strategy adjustments, which echo the college's concept of “strategy as priority”<sup>10</sup> and the spirit of new Chinese entrepreneurship.

## Enterprise Business Schools

Over the past decade, global Chinese firms built up their in-house business schools, such as: CHUNLAN College, HAIER University, LENOVO Business School, YILI Business School, Mengniu Business School, AsiaInfo Business University, the Business School of New Hope Liuhe, NEWHUADU Business College, the Business School of the Golden Land Group, the Business School of Xiaolanjing Group and so on (Han Xue 2015a, b).

## Typical Programs Offered

In China, the evolution of business administration education is in five stages: the first stage (the late Qing Dynasty to 1949) of BA education only included business subjects (with no economics subjects); the second stage (1949–1987) included general finance and economics education; the third stage (1987–1999) included both economics and management. In the fourth stage (1993–1998), BA education was categorized as an economic major that covered level-2 disciplines of economics and business administration). In the fifth stage (1998–present), it has developed priority into a management major with no economics majors involved (Li Yunmei 2010).

Nowadays, business administration education in Chinese business schools typically includes undergraduate education, graduate education by research, MBA, EMBA, DBA and executive education (nondegree training courses of business administration) programs. However, as can be seen from Table 2.1, not all business schools provide the same programs.

## Undergraduate Education

In 2012, China's Ministry of Education issued a new Catalogue for Undergraduate Majors, emphasizing "*independent, simplified and strengthened*" characteristics of future higher education in China. "*Independent*" referred to greater freedom being granted to universities to set up their

**Table 2.1** Management education program in higher education

	Undergraduate	Graduate	MBA	EMBA	DBA	EE
Comprehensive universities	√	√	√	√	√	√
Independent business school			√	√	√	√
Special business school	*	*	*	*	*	√
Enterprise business school						√

Note: \* means that programs offered depend on the governance of the special business school

own undergraduate majors; “*simplified*” indicated less major approval procedures and a reduced number of approvals; and “*strengthened*” meant increased efforts in terms of information and publications, an increased role of specialists and more quality control for new majors.

Within China’s undergraduate education system, there are 12 level-1 disciplines (i.e. general disciplines) and management is one of them. Under the umbrella of Management, there are nine level-2 disciplines (i.e. subdisciplines), including Management Science and Engineering.<sup>11</sup> Currently, most universities and colleges in China have four-year undergraduate BA programs, offering various BA majors. Some business schools also include majors that do not belong to the category of BA, such as Tourism Management and Logistics Management. Tuition fees for such BA programs are roughly RMB 5000–10,000 per year.

## Research-based Graduate Education

Research-based graduate education programs in China contain both PhD and Master level education. Full-time Business Administration graduate degree modules aim to cultivate high-level talents with solid theoretical foundations, a strong capacity for scientific research and teaching ability. Applicants are not required to have working experience, but they need to participate in national entrance examinations. Upon finishing their full-time studies (with focuses on management and economics), graduates obtain an academic degree. Master’s degrees are can be finished in 2–3 years, PhD degrees are in 3–4 years and the Master-PhD continuous study projects last for 5–6 years. After passing all examinations and thesis defense, qualified students with proved academic capacity will receive master’s or PhD degrees. Universities with strong teaching and scientific capacity can set up their master’s or PhD degree programs when the State Council Academic Degrees Committee approve their qualification, with advice and opinions from expert consultants.

In 2012, the China Academic Degrees and Graduate Education Development Center (CDGDC) conducted a comprehensive evaluation project on approved master’s degrees and graduate diploma programs.



According to the results, 54 Chinese universities obtained the qualification of level-1 business administration PhD programs.

The tuition fees for research-based graduate education programs are roughly RMB 8000–15,000; however, most universities have a policy of scholarships to encourage such programs.

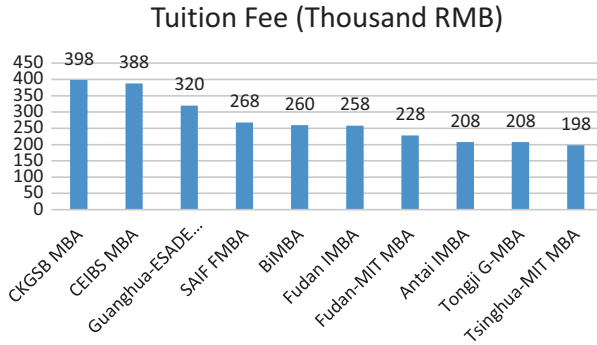
## MBA

Born during the country's reform and "opening up" phase, China's MBA education began in 1990, when the State Council Academic Degrees Committee officially approved the MBA degree and developed MBA pilots. Pilot programs were first launched in nine universities. After experiencing three development stages (10 years of Sino-American cooperation, 10 years of piloting and another 7 years of deepening, Teng Binsheng 2011), China now has 236 MBA<sup>12</sup> schools and 330,000 MBA students (Wang Yalin 2015).

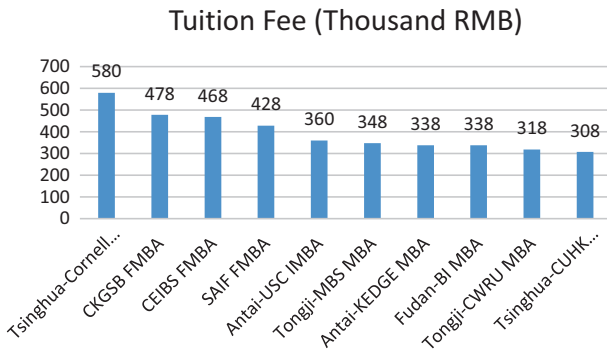
MBA students must finish 45 standard credits (mostly through examinations), complete at least 600 credit hours on specialized courses and finally they must complete all taught contents of the master's degree as required by regulations of the State Council Degree Committee.<sup>13</sup> Moreover, at least one quarter of teaching hours within the core course should be devoted to case studies. In addition, detailed contents on corporate social responsibility (CSR) and business ethics should be taught.

MBA courses are delivered in both full-time and part-time programs of two to three academic years. The Joint National Master's Degree entrance examination is an entrance examination for part-time students. Full-time students were recruited through the annual national entrance examination for master's degree candidates. In total, there are 60 universities offering part-time MBA programs for private and SOE managers. Full-time MBA programs recruit candidates that have an undergraduate degree with three years working experience whilst candidates with higher vocational or professional college diplomas that have at least five years working experience are recognized as having the equivalent of an undergraduate degree for application purposes. MBA certificates are printed and managed by the State Council Academic Degrees Committee.

Tuition fees of MBAs in mainland China range from RMB 50,000 to 600,000, according to different levels of quality, brand and faculty. The following tables list the top 10 most expensive MBAs in mainland China in 2016 (Figs. 2.1 and 2.2).



**Fig. 2.1** Ten most expensive full-time MBAs in mainland China  
Source: Adapted from WhichMBA China ([www.whichmba.net](http://www.whichmba.net))



**Fig. 2.2** Ten most expensive part-time MBAs in mainland China  
Source: Adapted from WhichMBA China ([www.whichmba.net](http://www.whichmba.net))

## EMBA

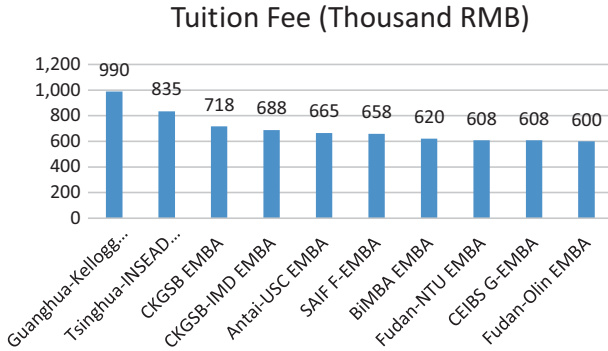
The first EMBA programs were introduced in 1995 as joint projects between Chinese universities and foreign education institutions. By July 2002, State Council Academic Degrees Committee had approved EMBA programs in 30 universities (Fu Changle and Run-Tian Li 2006). At present, 60 colleges and universities in China offer EMBA programs. EMBA programs are a learning platform for senior executives to improve their management skills (Meng Fancui 2008). With a 60% growth rate, EMBA in China currently attract more social elites to enroll and the country is becoming the world's biggest EMBA market. Since it was established, tens of thousands of members of the business elite applied for Tsinghua's EMBA program. The number of enrollments has been increasing rapidly year on year. In the *Financial Times* global EMBA ranking, TIEMBA, the EMBA program co-organized by Tsinghua University and Insead (Institut Européen d'Administration des Affaires) ranked first among the world's top 100 EMBA programs.

According to a survey by WhichMBA China conducted in 2013, there were about 50 EMBA programs in mainland China, which produced nearly 6500 graduates per year. Three-quarters of the EMBA programs are taught in Chinese (including pure Chinese and English with translation), while others are taught in English. From the perspective of student numbers, 90% of the students follow EMBA taught in Chinese, while only 10% are taught in English.

Tuition fees of EMBA in mainland China range from RMB 100,000 to 1,000,000, according to different levels of quality, brand and faculty. The following table lists the top 10 most expensive EMBA in mainland China in 2016 (Fig. 2.3).

## DBA

In comparison to PhD programs, DBA programs are more popular among executive managers. They require that candidates hold an MBA or equivalent master's degree, with more than five to eight years' management experience. DBA programs aim to develop practitioner researchers.



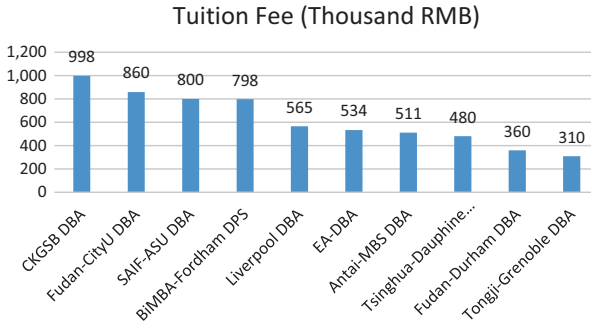
**Fig. 2.3** Ten most expensive EMBA programs in mainland China

Source: Adapted from WhichMBA China ([www.whichmba.net](http://www.whichmba.net))

Currently, without approval from the Chinese Ministry of Education, Chinese business schools can't award DBA degree by themselves. However, nowadays more and more Chinese business schools are trying to launch cooperative DBA programs in collaboration with foreign business schools.

Introduced in September 2002, the first formal DBA program was a joint project between a French business school, the Grenoble Ecole de Management (GEM) and Tongji University in Shanghai. Tongji-GEM DBA program obtained the certification from the Association of MBAs (AMBA) and became the first mainland DBA project with international certification.<sup>14</sup> The DBA degree is under the name of the foreign business school. DBA programs last for three to four years (Cui Keliang 2006).

At present, available cooperative DBA programs include: Fudan University–City University of Hong Kong DBA program; Fudan University–Durham University (UK) DBA program; Shanghai Jiaotong University–University of Manchester DBA program; Shanghai Advanced Institute of Finance (Shanghai Jiaotong University)–Arizona State University DBA program on global finance; Tongji University & GEM; Sun Yat-sen Business School & GEM; Chongqing University & GEM; Renmin University & KEDGE Business School; Hong Kong Polytechnic University & KEDGE; Tsinghua & INSEEC, Jinan University–Toulouse Business School DBA program and the EDBA program of Paris Dauphine University and Tsinghua (Wang and Li 2013).



**Fig. 2.4** Ten most expensive DBAs in mainland China

Source: Adapted from WhichMBA China ([www.whichmba.net](http://www.whichmba.net))

Tuition fees of DBAs in mainland China range from RMB 300,000 to 1,000,000, according to different levels of quality, brand and faculty. The following table lists the top 10 most expensive DBAs in mainland China in 2016 (Fig. 2.4).

## Executive Education (Nondegree)

Chinese enterprises develop as the Chinese economy grows, and they drive Chinese economic growth. Rapid development of enterprises is also constantly increasing demand for top-level management, which requires enterprises to strengthen business administration training to improve their administrative capacity. Since the 1980s, in order to deal with the rapid growth of Chinese enterprises and meet the need to train executives, Chinese business schools have set up executive education programs, aiming to encourage entrepreneurs' and senior executives' lifelong learning, to improve their leadership and management abilities, to further tap into the enterprises' potential, as well as to promote their sustainable development. With more and more Chinese enterprises entering the international arena, a training mechanism for enterprises' senior executives that is adapted to Chinese characteristics and management styles is gradually taking shape, after several years during which other countries' models were imitated. Today, business schools in China not only meet

business practice requirements in terms of knowledge structure, they also give forward-looking guidance from both domestic and international perspectives, to teach Chinese executives more about the domestic market, but also how to understand international standards of company management, social responsibilities and internal operation-related issues like marketing and financial management (Tang Ye 2011). As relevant research and statistics show, the number of students studying in executive education programs is significantly higher than that in training courses of business administration degrees.

There are three types of executive education programs in China: courses given by business schools in comprehensive universities, courses run by schools of continuing education at famous universities and those set up by independent business schools. All three types, providing management education service to Chinese enterprises and entrepreneurs, compete with and complement one another.

1. Business schools in comprehensive universities. According to our study, in 2015, PBC School of Finance in Tsinghua University opened more than 40 training classes in executive education for over 2500 students. Tsinghua University School of Economics and Management has been conducting executive education for more than two decades, with a first-class management education and teaching system and over 60,000 managers who have profited from them. Enterprise executive education now serves as a bridge between schools and enterprises, a bond between schoolteachers, entrepreneurs and managers, as well as a key platform for school teaching, research and case studies. In 2015, the Training Center at the School of Economics and Management held around 130 training programs for 6600 students.
2. Schools of continuing education at famous universities. Tsinghua University School of Continuing Education, the very first school of continuing education to open at any Chinese university, was founded in 1985, and is now the physical school at Tsinghua specialized in carrying out training programs. It gives high-quality and high-level training to the public, thus meeting executives' learning requirements and implementing leapfrog development for continuing education. By the

end of 2015, over 900,000 students had graduated from the school, plus over 3 million students having taken distance classes.

3. Independent business schools. Represented by Cheung Kong Graduate School of Business and China Europe International Business School, independent business schools open management classes for executives. In 2006, Cheung Kong Graduate School of Business took the lead in the global management education field to introduce humanities courses, becoming the world's first business school proposing to cultivate entrepreneurs' "humanistic spirit". To date, it has offered high quality and high-level management education to approximately 10,000 executives. Senior managers' training courses given by China Europe International Business School rank in the top 30 globally<sup>15</sup> according to the *Financial Times*, and the school has provided management training to more than 130,000 mid- and senior-level executives both at home and abroad.

## Current Development of Pedagogy

After two decades of development, business schools in China have passed the stage that simply relies on introducing foreign textbooks and courses (Yuan and Wu 2015). Apart from a number of popular foreign cases, most case study textbooks are based on the cases jointly compiled by Chinese scholars. China has gained some experience in this and established a management case shared platform in Beijing. The motto of this platform is "*unified standard, decentralized construction, joint participation and resources sharing*".

The Secretariat of China's National MBA Supervisory Committee has organized experts to choose the "Top 100 National Management Case Studies" and the "Top 100 Teaching Cases". Since December 2009, every year, rewards are given to the authors and universities who were chosen to be in the top 100. The Secretariat also aims to compile and publish those high-quality cases in order to share them with Chinese universities (Wang and Hu 2008).

## Business Models of Business Schools and Their Sustainability

### Chinese Business Schools Still in Exploration

*“If you want one year of prosperity, grow rice; if you want ten years of prosperity, grow trees and if you want it last a hundred years, educate people.”* (Guanzi, 645 before J.C.) How could we make this very famous sentence taught by Guanzi, a well-known educator in China, come true? In 1980, President Deng Xiaoping initiated the “China industrial technology management school Dalian training center”, established by Dalian University of Technology and the business school of the State University of New York. It offered the first MBA degree program in China (Cheng Zhixiang 2009). In the past 35 years, management education in China was mainly about applying Western theories or practices, and even curricula from European countries and the USA. Thanks to economic development and the reform of its education system, an increasing number of Chinese firms are competing on an international level. This puts new responsibilities on the shoulders of business schools. Today, business schools in China not only provide comprehensive knowledge structures to satisfy demands from business, but they also give predictive guidance from both international and domestic points of view (Tang Ye 2011). This is why business schools in China have started to develop innovative programs. For instance, through cooperating with more than 10 world-class universities and over 50 internationally renowned scholars, Antai College of Economics and Management of Shanghai in Jiaotong University has participated in research projects at the forefront of their fields and aims to become a top player of great international influence.<sup>16</sup> Business schools in China have learnt and absorbed experiences from their counterparts around the world and have formed an education system of their own.

### Internationalization of Chinese Business Schools

Business schools in China do believe that internationalization is an unavoidable path. After struggling for 30 years, steps of internationalization are still challenging for business schools in China. As Chinese enterprises enter into



global competition, management skills, international vision and practical knowledge become crucial. Internationalization and “going abroad” strategies are prerequisites. Chinese business schools have always attached great importance to internationalization strategies from the perspectives of teachers, students, teaching contents, academic research and international cooperation.

### **Teaching Faculty**

International teaching faculty in Chinese business schools are mainly categorized into two types: (1) Chinese lecturers who have studied abroad in world-famous universities; (2) visiting foreign scholars from top western education institutions. For example, in Tsinghua SEM, more than half of the teaching faculty obtained PhD degrees from over 40 top universities around the world. Likewise, in Guanghua School of Management, about 70% of the teachers graduated from PhD programs of renowned overseas universities. On the other hand, many Chinese business schools hire lecturers from world-class universities abroad.<sup>17</sup>

### **Student Enrollment**

Business schools in China always allow a certain number of international students. International exchange programs with mutual shared credits in both universities are another effective way to promote internationalization of student enrollment. For example, the School of Management at Fudan University registers about 110 overseas exchange students and sends over 200 students<sup>18</sup> to study abroad<sup>19</sup> amongst roughly 1543 students registered every year.

### **Teaching Contents**

Globalized teaching content is the driving engine for business schools. Although more bilingual and English courses had been added into the curriculum of Chinese business schools, facing a lack of qualified Chinese

professors who could teach in their ‘major’ in English and not only in Chinese. For example, some business schools may choose English textbooks but deliver the courses in Chinese to engage more Chinese students in the class. On the other hand, business schools in China tend to adopt internationally accepted teaching models such as case studies and have already published some of their own as well as other academic papers. For example, in 2014, teachers and lecturers of Tsinghua SEM published 373 papers and 36 books. Among these works, 70 papers were published on foreign journals and 101 were published on Chinese core magazines or journals. According to statistics, there are 59 SCI/SSCI papers and 1 ABI paper; 8 cases from Tsinghua SEM China Business Administration Cases were included in Harvard Business School Case collections.<sup>20</sup> During the decade between 2001 and 2010, there were 371 SCI/SSCI papers published by the teaching faculty of Guanghua School of Management.<sup>21</sup> Nevertheless, there is still a lot to improve due to the issue of language barrier.

### **Cooperation Programs**

Cooperation programs have played an important role for the development of business schools in China. For example, Guanghua School of Management has signed cooperation agreements with nearly 100 foreign business schools in 28 countries: regions of North America, Europe, Asia and Oceania, which provide abundant opportunities for students to study abroad. SEM in Tsinghua University also maintained long-term and close partnerships with first-class foreign business schools, including MIT Sloan School of Management, Harvard Business School, HEC Paris, Paris Dauphine PSL, and so on. These cooperation projects promote the reputation and the status of Chinese business schools on the international level. They also help students and teachers to expand their international horizons.<sup>22</sup>

### **An Accelerating Internationalization Process**

Internationalization of domestic business schools does not only require well-constructed international brands and images in line with global

standards. It also requires a solid foundation brand domestically. In other words, the missions and development plans for business schools should be deeply rooted in Chinese context. Once they have established a strong brand nationally, the international reputation of Chinese business schools can be improved rapidly.

So, to hire world-class scholars, Chinese business schools must keep themselves in line with international standards. Secondly, internationalized teaching faculties may lead to structural adjustment within the Chinese teaching team, which will then directly impact teaching staff. For example, on research methodologies, student management and alumni services, teaching methods and cross-cultural communication, professors have to adjust and adapt themselves to a student-oriented teaching mode. It also indicates that Chinese professors may face uncertainties and challenges in classrooms where they need to be equipped with in-depth insights on specific business practices. (Liu Shenjun 2009). That's why business schools should encourage their teaching staff to cooperate with world-class experts and scholars, as they need to publish research results that meet strict international standards.

Cooperation with global international business schools do not only offer shortcuts to upgrade capacity and education level and build brands; it also provides opportunities to learn from the best (Liu Shengjun 2009). In addition, by teaching in the same programs, local lecturers may learn from foreign scholars which will indirectly promote innovations in teaching methods. For example, in the CEIBS-Harvard-IESE global CEO program, professors from CEIBS teach and compete with professors from Harvard (Xu Jinjin 2010).

## Faculty

### Teachers

Teachers in business schools are usually professors, associate professors, assistant professors or lecturers. For example, the School of Economics and Management at Tsinghua University has 165 full-time teachers, including 44 professors, 7 distinguished professors, 1 researcher,

77 associate professors and 36 assistant professors. Besides, there are also 5 visiting professors and 1 Yangtze River scholar Professor.<sup>23</sup>

Indeed, it takes longer to become a professor in China than in the USA or in Europe (Qian Yingyi 2013). The procedure is very long and not easy. For example, the SEM at Tsinghua University had adopted the tenure-track system and classifies teachers as Assistant Professor, Associate Professor without Tenure, Associate Professor with Tenure and Professor. Assistant professors do not have tenure, whereas all professorships are with tenure. Before attaining tenure, there is a probationary period; and once attained, teachers may get life tenure. Associate professors and professors have tenures, but promotion to these positions not only depends on one's teaching quality but also on the amount of places that are very limited. Furthermore, assistant professors and associate professors without tenure can be promoted to associate professors or professors with tenure. Assistant professors can apply for positions as associate professor without tenure or associate professor with tenure. Usually, only associate professors with tenure could apply for professorships. However, there are a few circumstances where associate professors without tenure apply for a position as professor and attain tenure.

## **Compensation, A Hierarchical System**

Business schools in China adopt a monthly salary system, and a monthly salary consists of a state salary, a university position salary, a school position salary, student dissertation tutoring fees, publication rewards, class fees, and to finish it has a bonus for science & research projects. For teachers recruited from overseas, schools adopt an annual salary income and a contract usually lasts for three years. These contracts set out requirements on class hours and number of published papers. In certain circumstances, teachers with fixed annual salaries would also be paid for extra teaching hours, tutorial for dissertations, thesis defenses and publications. The annual salary compensation system for a foreign teacher and the monthly salary compensation system thus form a double-track compensation mechanism in business schools in China. In addition, universities can also provide flats for teachers at very competitive prices. There are

three parameters that influence basic salary: titles, years of experiences and overall scores. This compensation structure is quite similar to the one used by the University of California in the USA. However, to weaken the idea of compensation hierarchy, the Compensation Committee does not usually specify this in the contracts and only states the overall salary (Qian Yingyi 2013).

For example, the average annual salary of teachers in the universities administrated by the Chinese Ministry of Education is about RMB 200,000–600,000; however, it is only RMB 200,000–250,000 for teachers in universities administrated by the municipal government of Beijing. The salary in independent business schools is much higher, e.g. average annual salary of finance professors in CEIBS is more than RMB 650,000, while for professors in CKGSB, it's even more than RMB 1,500,000.

## Demand

### Market Demand of Management Education in China

On December 11, 2001, China officially became the 143rd WTO member country and made promises to education service, which brought about new opportunities and challenges for China's business administration education. Economic globalization had led to opportunities for Chinese business schools to fully employ overseas education resources. Domestic business schools' development opportunities lie in China's rapidly boosting economy, and its huge market has a tremendous demand for business talents.

According to the market supply and demand analysis of talent service agencies in 2013, machinery, electronic information and business administration programs, ranking in the top 3 all year long, became employers' favorite professions, and marketing-related positions ranked first all year long. The Chinese economy is completing its evolution from "bringing in" since the "Open-Up Policy" to "going out", after joining WTO, which is also a common trend for most domestic enterprises. In recent years, the rate at which Chinese enterprises have been entering the international market has been accelerating. On the one hand, an increasing

number of Chinese enterprises step into the international arena; on the other, a majority of these enterprises lack the experience of engaging in the international market. Therefore, Chinese business schools are about to shoulder more responsibilities.

In 2015, business schools in China came to a key turning point: a continuous upward growth curve lasting more than a decade started to drop suddenly from the peak, followed by a fluctuating periodic change. In 2014, the Chinese government responded to an anti-corruption campaign and issued documents prohibiting executives and cadres from attending EMBA and other “expensive” training programs. This “restriction order on studying” caused a chain reaction, which exerted differentiated effects on different business schools. Traditional core EMBA, MBA and EDP courses have lost at least one-third of their students and revenue, and many business schools postponed plans to increase tuition fees.

Overall, Chinese business schools and high-level management education have played an important role in driving Chinese economic growth, and this has been beneficial to the business schools themselves as well. At present, although it is difficult to avoid short-term impact, we are still optimistic about the development prospect, from the perspective of market demand. High-level management education and training are still popular, especially in the current era of globalization and the Internet revolution; regarding emerging industries like Internet finance, there is a strong need for both SOE executives and government officials to keep learning. To seek opportunities out of risks will be a new challenge for business schools’ overall strength, self-adjustment and innovation capabilities.

## **Alumni Associations**

Alumni associations have begun to play an important role in China. They are a crucial platform that promotes centripetal force and cohesion, (Yang and Zhao 2001). Alumni networks are organized in forms of University alumni centers, alumni chapters, alumni clubs, alumni associations and so on. In the future, these networks will play a bigger role in strengthening contacts among alumni, giving full play to their advantages, providing mutually beneficial resources and contributing their efforts to the

development of the schools concerned and the alumni associations themselves.

For example, Tsinghua University SEM Alumni Association was established on April 26, 2014, on the 30th anniversary of SEM. So far, alumni associations for undergraduates, graduates and PhD alumni for various programs were established; MBA and EMBA alumni networks were also developed throughout China and overseas.<sup>24</sup> At Peking University, the Alumni Center of Guanghua School of Management that was established in 2003 was renamed the “Alumni Affairs Center”. Now over 20,000 Guanghua alumni have graduated from EMBA, MBA, EDP, MPAcc and undergraduate/graduate/PhD programs touching various domains of political, business and academic circles.<sup>25</sup> The CEIBS has 17,000 alumni all over the world, among which 52% graduated from EMBA programs, 21% from MBA programs and 1% from FMBA programs.<sup>26</sup>

## Regulatory Bodies

### Chinese Ministry of Education and Education Commissions at Provincial Levels

China’s business administration education has a clear management system and framework. For undergraduate education, the Department of Higher Education, at the Ministry of Education (MoE) of P.R.C. assumes macro management of business administration education and teaching, guides the basic structure and reforms of higher education in business administration, guides and improves evaluation work, as well as drafts discipline catalogues and teaching documents. Administrative departments for education at provincial (municipal or district) levels, national key universities directly under MoE and industrial sectors (associations) together establish education steering committees, entrusted by MoE, and carry out research, consultancy, guidance, evaluation and service of undergraduate education in universities. National key universities directly under MoE and local universities all have offices of academic affairs as teaching departments to comprehensively manage the education service in their business schools.

Concerning MBA and DBA education programs, the Office of the State Council Academic Degrees Committee is co-located with the Department of Degree Management & Postgraduate Education of MoE to organize and implement the *Regulations of the People's Republic of China on Academic Degrees*. They draft reform and development plans for degrees and postgraduate education. They guide and manage graduate education work, and are responsible for “building first-class universities and first-class disciplines”. They also cover regular daily work of the State Council Academic Degrees Committee. Meanwhile, the State Council Academic Degrees Committee and MoE hire Chinese management education experts and entrepreneurs to form the National MBA Education Supervisory Committee, an organization providing guidance and advice for all MBA programs in China, led and supervised by the State Council Academic Degrees Committee and MoE. Its main responsibilities include assisting national education authorities in formulating development plans for business administration education. They provide advice and suggestions to education authorities and MBA programs on their teaching activities, and coordinate teacher training in all training units. They formulate and revise MBA curricula and guiding teaching syllabi, and are entrusted by national education authorities to formulate and revise MBA degree evaluation standards, procedures and methods.

Chinese independent business schools, e.g. Cheung Kong Graduate School of Business and China Europe International Business School, are all China-foreign nonprofit educational institutions with independent legal personalities, and are required to be examined, approved and overseen by the Department of International Cooperation and Exchanges, MoE. This department is responsible for quality supervision of independent business schools, which can be authorized by the State Council Academic Degrees Committee to be “MBA Degree Awarding Institutions”.

Apart from being comprehensively supervised by the above authorities, the China Academic Degrees and Graduate Education Development Center (Degree Center) and the National MBA Education Supervisory Committee (MBA Supervisory Committee) both hold Chinese Advanced Management Education Accreditation (CAMEA), valid for up to five years. CAMEA was launched in 2012 by the China Academic Degrees



and Graduate Education Development Center and the National MBA Education Supervisory Committee. This accreditation is devoted to urging business schools to constantly reflect on themselves and learn lessons, thus continuously innovating to improve education quality. The accreditation procedures emphasize two elements, namely, fitting into Chinese conditions, and innovation and characteristics, based on drawing merits from the international accreditation and evaluation system. By the end of 2014, there were seven CAMEA organizations: the School of Economics and Management of Tsinghua University, the School of Management of Fudan University, Antai College of Economics and Management of Shanghai Jiaotong University, the School of Economics and Management of Tongji University, the Business School of Shanghai University of Finance and Economics, the Business School of East China University of Science and Technology and the Business School of Nankai University.<sup>27</sup>

## International Quality Certification System

Certification systems form a platform for business schools to become international. The three major certification systems are: AACSB, EQUIS and AMBA. They put Chinese business schools on an equal footing to communicate with overseas business schools (Zhao Zhenxin 2011). Internally, they create a competitive domestic environment and encourage business schools to keep evolving. Attaining international certification is a key step to becoming international for Chinese business schools (cf. Annex).

In May 2015, mainland China had nine business schools certified by two of the top international administration education certification systems: AACSB and EQUIS.<sup>28</sup>

Antai College of Economics and Management of Shanghai Jiaotong University, the Business School of Sun Yat-sen University and Lingnan (University) College of Sun Yat-sen University and the School of Management of Zhejiang University are the only ones that have been certified by all three major certification systems, AACSB, AMBA and EQUIS.

## Certification Systems in China

In 2012, CAMEA was initiated by both the China National MBA Supervisory Committee and the China Academic Degrees Graduate Education Development Center (which was under the Chinese Ministry of Education). This certification encourages business schools to review and keep improving through innovation. In 2014, there were seven institutions certified by CAMEA as mentioned above.

## Conclusion

### Challenges

#### New Stakes for Chinese Business Schools

It is an important step for business schools in China to proactively engage in international rankings and certifications. Currently, only a few Chinese business schools meet the requirement of international accreditation. With regard to the EMBA ranking of the *Financial Times*, the EMBA program of CEIBS, Sino-European cooperative programs or the Jiao Tong and Sun Yatsen MBA program are among the few meeting international standards. Cooperative education programs could not reflect the capabilities of a business school and could not be regarded as the business school's proprietary brand. If internationalization merely stays on the level of cooperative education programs and student exchanges, Chinese business schools might face difficulties to improve their competitiveness around the world.

### Tough Policy Impact

2015 was a turning point for business schools. After over a decade of fast development, business schools in China faced a sharp drop in student numbers followed by strong cyclic variation. In 2014, the Organization Department of the Central Committee of Communist Party of China

issued the restriction for officials to register in MBA, EMBA or other “expensive” education programs, which had impacts on various business schools, with core business programs such as EMBA, MBA and EDP losing one-third of its student headcounts and incomes, and plans to increase tuition fees of Chinese business schools were aborted.

From the perspective of market demand, it is a paradox. Business schools still face high demand in executive education and training courses. The mix of challenges and opportunities is a new test for business schools to improve their comprehensive capabilities, to adjust themselves and to innovate.

### **Back to the “Education Nature”**

Today the Chinese government judges EMBA, EDBAs or DBAs more as a platform to build up business connections, develop business and look for cooperation than for learning new knowledge and skills. In this way, these programs became an “entrepreneurs’ club”. Academic research became more important than practice. International certification became a “face-saving project” for business. Some people even consider they had entered inside the club of the rich with high tuition fees. Deans of various business schools called out the schools to come back to rational development and thought that it was necessary to adjust and come back to their initial mission: education.

The document issued by the Organization Department of the Communist Party of China Central Committee encouraged EMBA programs to come back to what was termed “*their educative nature*”. It means that students and teachers should come back to their role, function and position. Certainly the schools need to pay more attention to the students, devoting and educating them instead of simply charging them for tuition fees or/and transforming their education philosophies, pedagogical methods and evaluation systems. In other words, education in business schools needs to remove elitism and pay attention to the grassroots managers and to small and micro-businesses in order to promote the economic transformation and social harmony of Chinese education.

## Visions for Chinese Business Schools

In the past three decades, the Chinese economy developed fast and China has become the second largest economy in the world (December 2014). Therefore, business schools in China were also experiencing the leapfrog development. After joining the WTO (December 2001), the Chinese economy gradually became more integrated into the world economy. Therefore, the SOE needed to transform their model, multinational companies needed to globalize, private SMEs needed to develop and survive.<sup>29</sup> Professor Yingyi Qian, the Dean of School of Economics and Management of Tsinghua University, has pointed out three words that could be used to describe the orientation of those business schools in China: “*leadership, entrepreneurial spirit and experience study*”. Consequently, business schools should recognize those core values and become a true educational model for Chinese society (Confucian principles). Chinese business schools should also rise to the responsibility of promoting the country’s economic and social development and encouraging the emergence of high-level management talents who have international perspectives, innovative capabilities, entrepreneurial spirit and social responsibilities. The challenges are still great, but much less difficult than the tremendous changes in infrastructures, transport and urbanization that have been faced by China since the Open-Up Policy began.

## Annex<sup>30</sup>: AACSB, EQUIS and AMBA Accreditation and Certification in China

Certification system	School	Year of certification
AACSB	School of Economics and Management of Tsinghua University	2007
	China Europe International Business School	2008
	School of Management of Fudan University	2010
	Antai College of Economics and Management of Shanghai Jiaotong University	2011
	School of Management of Xi'an Jiaotong University	2011
	Business School of Hohai University	2011
	Guanghua School of Management of Peking University	2012
	School of Business of Renmin University of China	2013
	School of Business of Nanjing University	2013
	Business School of Sun Yat-sen University	2013
	School of Management of University of Science and Technology of China	2015
	Lingnan (University) College of Sun Yat-sen University	2015
	Faculty of Management and Economics of Dalian University of Technology	2015
	School of Management of Zhejiang University	2015
	Chinese University of Hong Kong	1999
	Business School of Hong Kong University of Science and Technology	2000
	College of Business of City University of Hong Kong	2005
	Hong Kong Polytechnic University	2010
	Hong Kong Lingnan University	2010
	Hong Kong University	2010
Hong Kong Baptist University	2010	

(continued)

(continued)

Certification system	School	Year of certification
EQUIS	China Europe International Business School	2004
	School of Economics and Management of Tsinghua University	2008
	Antai College of Economics and Management of Shanghai Jiaotong University	2008
	Antai College of Economics and Management of Shanghai Jiaotong University	2009
	Guanghua School of Management of Peking University	2010
	Business School of University of Nottingham Ningbo China	2010
	School of Business of Renmin University of China	2010
	Lingnan (University) College of Sun Yat-sen University	2010
	Business School of Sun Yat-sen University	2011
	Zhongnan University of Economics and Law	2011
	Business School of Hohai University	2011
	School of Management of Zhejiang University	2012
	School of Economics and Management of Tongji University	2013
	School of Management of Xiamen University	2013
	Business School of University of International Business and Economics	2014
	School of Business Administration of Southwestern University of Finance and Economics	2014
	Economics and Management School of Wuhan University	2014
	School of Management and Economics of Beijing Institute of Technology	2015
	Cheung Kong Graduate School of Business	2015
	Hong Kong University	2004
City University of Hong Kong	2007	
Hong Kong Polytechnic University	2007	
Hong Kong Baptist University	2013	

(continued)

(continued)

Certification system	School	Year of certification
AMBA	Zhejiang University School of Management	2006
	Business School of Sun Yat-sen University	2009
	Economics and Management School of Wuhan University	2010
	Lingnan (University) College of Sun Yat-sen University	2010
	Business School of University of Nottingham Ningbo China	2010
	Management School of Jinan University	2011
	School of Economics and Management of Tongji University	2011
	School of Management of Xiamen University	2011
	Central University of Finance and Economics	2011
	MBA School of Zhongnan University of Economics and Law	2011
	School of Management and Economics of Beijing Institute of Technology	2011
	South China University of Technology	2012
	School of Management of Harbin Institute of Technology	2012
	Shanghai University of Finance and Economics	2012
	School of Management of Huazhong University of Science and Technology	2012
	University of Electronic Science and Technology of China	2012
	Business School of Nankai University	2013
	School of Economics and Business Administration of Chongqing University	2013
	School of Business of Guangdong University of Foreign Studies	2013
	Antai College of Economics and Management of Shanghai Jiaotong University	2013
	Dongling School of Economics and Management of University of Science and Technology Beijing	2013
	Business School of Hunan University	2014
	School of Management of Lanzhou University	2014
	Business School of Hohai University	2015
	Faculty of Business of Hong Kong Polytechnic University	2005
	College of Business of City University of Hong Kong	2008
	School of Business of Hong Kong Baptist University	2012

## Notes

1. Created in 1950; was restored only in 1977.
2. Source: Peking University Guanghua School of Management, <http://www.gsm.pku.edu.cn/index/index.html>
3. It includes the department of Economics, the department of finance, the department of innovation, the department of entrepreneurship and strategy, the department of leadership & organization management, the department of management science & engineering and the department of marketing. These cover four Grade 1 disciplines, namely management science and engineering, business administration, theoretical economics and applied economics.
4. Source: Tsinghua University School of Economics and management website: <http://www.sem.tsinghua.edu.cn/portalweb/appmanager/portal/sem>
5. One of the biggest tycoons in Hong Kong.
6. Source: Cheung Kong Graduate School of Business website, <http://www.ckgsb.edu.cn/>
7. Source: China Europe International Business School website, [http://www.ceibs.edu/index\\_cn.shtml](http://www.ceibs.edu/index_cn.shtml)
8. Source: Netease Education <http://edu.163.com/14/0328/12/9OE2E0TU00294MA1.html>
9. Including the first Chairman of the college Jack Ma and Feng Lun, Guo Guangchang, Shi Yuzhu, Shen Guojun, Qian Yingyi, Cai Hongbin and Shao Xiaofeng. All eight of them are members of the first Board of Directors of Hupan College, which used to be Jack Ma's private club "Jiangnan Club" and was built upon the waterfront of the Yuhu Bay, West Lake.
10. Source: HUPAN College, <http://www.hupan.com/>
11. As a level-2 discipline, Business Administration covers 10 majors, which are Business Administration, Marketing, Accounting, Financial Management, International Business, Human Resource Management, Auditing, Property Appraisal, Property Management and Cultural Management. Source: *Ministry of Education Official website*: <http://www.moe.edu.cn/>
12. Source: National MBA education Advisory Committee: application requirements for full-time and part-time MBA candidates <http://www.cdgd.edu.cn/>
13. Source: National MBA education Advisory Committee: requirements on MBA teaching <http://www.cdgd.edu.cn/xwyyjsjyxx/gjil/szfa/gsglss/>



14. Source: Tongji University, School of Economics and Management website <http://www.grenobledba-shanghai.com/>
15. FT business Education World ranking, with Executive MBA ranked 13th in 2016, Executive Education-Open ranked 21st in 2017, Global MBA ranked 11th in 2017.
16. In 2003, a group of people belonging to the Institute of Higher Education from the Jiao Tong University in Shanghai published on their website their first “Academic Ranking of World Universities” (ARWU 2003–2009), more commonly known as the Shanghai ranking.
17. For instance, 30 professors and visiting scholars hired by Guanghai abroad have taken part in teaching and academic research activities as visiting professors. The School of Management in Fudan University appointed 90 foreign experts and experienced managers as special term professors and part-time lecturers. Sources: Peking University Guanghai School of Management, <http://www.gsm.pku.edu.cn/>; Tsinghua University School of Economics and management website <http://www.sem.tsinghua.edu.cn/>
18. Today there are around 25 million Chinese students studying abroad out of 140 million.
19. Source: School of Management Fudan University, <http://www.fdsu.fudan.edu.cn/>
20. Source: Tsinghua University School of Economics and Management website.
21. Source: Peking University Guanghai School of Management, <http://www.gsm.pku.edu.cn/>
22. Source: Tsinghua University School of Economics and Management website.
23. Source: School of Economics and Management of Tsinghua University: <http://www.sem.tsinghua.edu.cn/>
24. Source: Tsinghua University School of Economics and management website <http://www.sem.tsinghua.edu.cn/>
25. Source: Peking University Guanghai School of Management, <http://www.gsm.pku.edu.cn/>
26. Source: China Europe International Business School, <http://www.alumni.ceibs.edu/>
27. Source: China Academic Degrees and Graduate Education Development Center <http://www.cdgd.edu.cn/>
28. Namely, China Europe International Business School (CEIBS), School of Economics and Management of Tsinghua University, Antai College of

- Economics and Management of Shanghai Jiaotong University, School of Management of Fudan University, Business School of Sun Yat-sen University, Lingnan (University) College of Sun Yat-sen University, School of Business of Renmin University of China, School of Management of Zhejiang University and Faculty of Management and Economics of Dalian University of Technology.
29. In 2005, there were more than 10 million SME. The standard and definition for SMEs is based on “SME Promotion Law of People’s Republic of China”. There are three types of SMEs, i.e. medium, small and mini.
  30. Data listed above abstracted from business school websites.

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# 3

## Higher Education in Management: The Case of the Netherlands

Aswin van Oijen and Niels Noorderhaven

### Introduction

Higher management education in the Netherlands is mainly offered by two types of suppliers: universities of professional education and research universities.

Management education offered by universities of professional education was preceded by a separate type of school, labeled HEAO (Higher Economic and Administrative Education). HEAOs focused on the financial, commercial, administrative, and legal aspects of business. They were created as a result of the implementation of a new law on education (the *Mammoetwet*) in 1968. Increasingly, they were absorbed by larger universities of professional education, offering a broader portfolio of educational programs. HEAOs ceased to exist as separate schools after the Bologna Process.

Management education offered by research universities used to come in two kinds: Business Economics (*Bedrijfsconomie*) and Business Administration (*Bedrijfskunde*). Business Economics is an offspring of the programs

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in economics originating from the 1930s. Originally, Business Economics was dominated by accounting, but later finance, marketing, and management were added. Business Administration started in 1970, as a response to the perceived lack of practical orientation and reliance on the economics field of the existing Business Economics programs. Gradually, Business Economics and Business Administration grew more alike. Also, more flavors were added, such as International Business Administration.

Superficially, there also seems to have been some convergence between universities of professional education and research universities. For example, universities of professional education have highlighted research to a greater extent. To facilitate this, they have introduced a rank more or less equivalent to full professors, labeled *lector*. At the same time, research universities have put more emphasis on education, including teaching more practical knowledge and skills. However, while research universities perform both fundamental and applied research, universities of professional education perform only the latter. Furthermore, research universities have more difficulty in accommodating practical internships at companies in their programs than universities of professional education do. Also because of differences in funding, international accreditations, academic qualifications of the staff, and admission criteria for students, the gap between the two school types remains substantial.

Although universities in the Netherlands still enjoy a considerable degree of freedom, regulation by the Dutch government has increased in the past decade. For instance, since 2012, universities have to meet performance agreements, at the penalty of losing part of their budget. The increased government regulation has met with criticism, as it has led to an increase of the administrative burden (also see section “Regulatory Bodies” of this chapter).

## The Supply Side of Higher Education in Business

### Suppliers and Programs

As mentioned, higher management education in the Netherlands is mainly offered by two types of suppliers: universities of professional education and research universities.

According to the Dutch government (Rijksoverheid 2017b), programs taught by universities of professional education are aimed at professions. Students learn skills that match practical needs. In contrast, programs taught by research universities are aimed at teaching students how to perform research autonomously and how to solve more abstract problems.

Another important difference is related to admission (Rijksoverheid 2017b). To be admitted to a bachelor's program at a university of professional education, an applicant needs to have completed higher general secondary education (HAVO) or intermediate vocational education (MBO). The admission requirements for research universities are higher, involving pre-university secondary education (VWO) or a propaedeutic degree from a university of professional education. With respect to master's programs, both types of schools are free to set their own admission requirements. Research universities usually require graduates from universities of professional education to complete a premaster's program before they are admitted.

### Universities of Professional Education

There are 37 universities of professional education (HBO) that are funded by the Dutch government (Vereniging Hogescholen 2017a). This number is the result of mergers in the past 20 years of originally close to 400 schools (Vereniging Hogescholen 2015c). Management education is offered at 19 of these 37 universities, often at several locations.<sup>1</sup>

However, an additional 38 suppliers offer private management education at this level. There is significant variation among these suppliers.<sup>2</sup> For example, while LOI Hogeschool is active in many fields, IVA Driebergen Business School and TMO Fashion Business School are specialized (in the automotive and fashion business, respectively). Some, such as NHA and Netherlands Business Academy, offer only one educational level (bachelor and master, respectively), while NTI offers all relevant levels (bachelor's, master's, and associate degree). Most players, such as ABC Hogeschool and Markus Verbeek Praehp, are local, but Webster University, for example, is active in more than 50 countries. The exact governance structure is usually not very transparent, but many of these

suppliers seem profit-driven. Some (Koninklijk Actuarieel Genootschap & Actuarieel Instituut and Register Belastingadviseurs) are owned by professional organizations.

The 57 suppliers (19 plus 38) can offer three degrees: bachelor's, master's, and associate degree. The associate degree is a relatively recent phenomenon that requires some further explanation. It is based on a two-year program that is offered only by universities of professional education. It was created in 2013 for intermediate vocational education (MBO) graduates and for students with some years of work experience (Rijksoverheid 2017b). After obtaining the associate degree, students are allowed to enter a shortened version of a regular bachelor's program at a university of professional education.

Table 3.1 displays the total number of relevant management programs that are offered at each of the three levels, as well as the number of different labels or names they are offered under.<sup>3</sup> The relatively low number of programs at the master's level is due to the fact that, for historical reasons, master's programs offered at universities of professional education are generally not funded by the Dutch government and thus relatively expensive for students.

The programs that are offered at the bachelor's and associate degree levels are quite similar. They can be broader or more specialized. Examples of broader programs are *Bedrijfseconomie* (Business Economics), *Bedrijfskunde* (Business Administration), International Business, and *Technische Bedrijfskunde* (Technical Business Administration). Examples of more specialized programs that are offered at both levels are Accountancy, *Commerciële Economie* (Commercial Economics), Financial Services Management, *Hoger Hotelonderwijs* (Higher Hospitality Education), and Small Business and Retail Management.

**Table 3.1** Number of programs and labels offered by universities of professional education in the Netherlands

University of professional education degree	Number of programs	Number of labels
Bachelor	249	56
Master	50	38
Associate degree	73	31



Programs at the master's level can also be broader or more specialized. The broader programs here are Business Administration (MBA), International Business and Management, and International Business. Some examples of more specialized programs at this level are Accounting and Auditing, *Belastingadviseur* (Tax Consultant), Customer Management, Facility and Real Estate Management, International Leisure and Tourism Studies, *Kwaliteitsmanagement* (Quality Management), Pensions, and Project Management.

### Research Universities

Apart from four theological and humanistic universities, there are 14 publicly funded research universities in the Netherlands (Association of Universities (VSNU) 2017b). In addition, there is one private research university, Nyenrode Business Universiteit, which is particularly relevant for this chapter.

All research universities except one (so 14 in total) offer management education. They can be divided into three categories (see Table 3.2): broad (involved in many scientific disciplines), technical (focusing on the technical disciplines), and specialized (focusing on disciplines other

**Table 3.2** Overview of Dutch research universities offering management education

Category	Research university
Broad	Maastricht University
	Open Universiteit
	Radboud Universiteit
	Rijksuniversiteit Groningen
	Universiteit Utrecht
	Universiteit van Amsterdam
Technical	Vrije Universiteit Amsterdam
	Technische Universiteit Delft
	Technische Universiteit Eindhoven
Specialized other than technical	Universiteit Twente
	Erasmus Universiteit Rotterdam
	Nyenrode Business Universiteit
	Tilburg University
	Wageningen University

**Table 3.3** Number of programs and labels offered by research universities in the Netherlands

Research university degree	Number of programs	Number of labels
Bachelor	25	9
Master	96	69

than technical). Among the broad universities, the Open Universiteit is a special case, because it is based on distance learning.

Almost all of these suppliers offer both bachelor's and master's degrees in management. The only exception is the Technische Universiteit Delft, which offers only one master's program in the area of business (labeled Transport, Infrastructure, and Logistics). Table 3.3 shows the total number of relevant programs that are offered at each of the two levels, as well as the number of unique labels or names they are offered under.<sup>4</sup>

The number of programs at the master's level is much higher than that at the bachelor's level. The reason is that master's programs offered by research universities tend to focus more on a particular business aspect, which enables a much wider diversity.

At the bachelor's degree level, the most common labels are *Economie en Bedrijfseconomie* (Economics and Business Economics), *Bedrijfskunde* (Business Administration), International Business or International Business Administration, and *Technische Bedrijfskunde* (Technical Business Administration). Programs that are only supplied by one or two research universities are Accountancy, *Bedrijfseconomie* (Business Economics), *Bedrijfs- en Consumentenwetenschappen* (Business and Consumer Sciences), and *Economie en Bedrijfskunde* (Economics and Business Administration).

At the master's degree level, we can make a distinction between pre-experience, post-experience, and research master's programs. Pre-experience programs are offered by all 14 relevant research universities. They can have a broad label (e.g., Business Administration or Management), but most are more specialized (e.g., Accountancy, Entrepreneurship, Finance, Innovation Management, Management Consultancy, Marketing, or Strategic Management).

Post-experience programs are of two kinds: MBA and executive master's programs. The latter focus on specific business fields, such as accountancy, control, finance, information management, marketing, or

operations and supply chain management. The main competitors, with the widest range of post-experience programs, are Nyenrode Business Universiteit, Rotterdam School of Management (from the Erasmus Universiteit Rotterdam), and TIAS School for Business and Society (from Tilburg University and the Technische Universiteit Eindhoven). The Rijksuniversiteit Groningen, the Universiteit van Amsterdam, the Vrije Universiteit Amsterdam, and Maastricht University offer post-experience programs in business as well, but on a smaller scale.

Finally, five research master's programs in business are offered by six research universities in the Netherlands (Erasmus Universiteit Rotterdam, Maastricht University, Tilburg University, Rijksuniversiteit Groningen, and the Universiteit van Amsterdam in collaboration with the Vrije Universiteit Amsterdam). These programs are aimed at students who want to pursue an academic career.

Although it is not a requirement for admission, the successful completion of a research master's program often leads to studies at the PhD level. All 14 relevant research universities offer the opportunity of pursuing a PhD degree related to management, but the design and level of the programs vary significantly.

## Structure and Fees

Table 3.4 shows the structure of higher management education in the Netherlands, divided according to the main type of supplier and the programs that they offer.

Some elements of Table 3.4 require more explanation. With respect to the typical degree, for instance, it should be noted that, as of January 1, 2014, graduates from bachelor's and master's programs offered by universities of professional education can use, respectively, the BSc and MSc degrees, if permitted to do so by the Dutch-Flemish Accreditation Organization (Rijksoverheid 2017c). The reason is that many of the degrees were unknown outside the Netherlands and thus implied reduced job opportunities abroad (Vereniging Hogescholen 2013).

Concerning the annual tuition fees, a distinction can be made between the legal tuition fee and the institution's tuition fee. The €1951 mentioned

**Table 3.4** Structure of higher education in management in the Netherlands

Supplier	Program	Work load (ECTS credits)	Duration (# years)	Typical degree	Annual tuition fee (2015–2016)
University of professional education	Bachelor	240	4	B (followed by an indication of the broad field)	€1951
	Master	60–120	1–2	M (followed by an indication of the broad field) or MBA	Varying
	Associate degree	120	2	Ad	€1951
Research university	Bachelor	180	3	BSc	€1951
	Pre- experience master	60–120	1–2	MSc	€1951
	Post- experience master	60–73	1–2	MSc or MBA	Varying
	Research master	120	2	MPhil	€1951
	PhD	180–240	3–4	Dr., D., or PhD	€0

in the table is the legal tuition fee. To put it simply, it applies if a student: (1) is registered for an educational program that is funded by the Dutch government, (2) is from an EU country, Iceland, Lichtenstein, Norway, Surinam, or Switzerland, and (3) has not already completed another bachelor's or master's program funded by the Dutch government when (s)he registers for, respectively, a bachelor's or master's program. If these conditions are not met, the student pays a tuition fee whose height is set by the individual institution (Dienst Uitvoering Onderwijs 2017a). For the academic year 2015–2016, the average institution's tuition fee charged by universities of professional education is roughly €7500 for bachelor's programs. The average institution's tuition fee charged by research universities is roughly €8000 for bachelor's and €12,000 for master's programs.

The tuition fees charged for master's programs offered by universities of professional education vary significantly per institution and per program. For example, LOI Hogeschool offers a distance-learning MBA program for €9480, or €4740 per year (LOI 2017), while the Hotelschool The Hague offers a 13-month Master of Business Administration in International Hospitality Management for €19,500 (Hotelschool The Hague 2017). The average of the annual fees that we retrieved was roughly €10,500.

The tuition fees charged for post-experience master's programs offered by research universities and their associated business schools vary. The MBA programs are the most expensive. For example, the one-year, full-time MBA programs, which are included in the 2014 FT Global MBA Ranking of Rotterdam School of Management (from the Erasmus Universiteit Rotterdam) and TIAS School for Business and Society (from Tilburg University and the Technische Universiteit Eindhoven), are, respectively, €47,000 (Rotterdam School of Management 2017) and €37,500 (TIAS School for Business and Society 2017). The average of all the annual fees that we retrieved was about €22,500.

Finally, as to the duration, a PhD program nominally takes four years. However, this can be reduced with one year if it is built on a preceding research master's program.

## Strategies

Until a few years ago, mergers between universities seemed to be the road ahead. However, mergers among universities of professional education reached their limits as they had in some cases led to huge and unwieldy organizations. Mergers between universities of professional education and research universities, such as the one between Hogeschool van Hall Larenstein and Wageningen University, did not meet expectations and were reversed (de Kok 2012). Plans for mergers among research universities, such as the one between Delft, Leiden, and Rotterdam, were aborted (Bongers 2012). Instead of merging, universities are increasingly collaborating. For example, the Universiteit van Amsterdam and the Vrije Universiteit Amsterdam offer a joint master's program in entrepreneurship (Amsterdam

Business School 2017). Also, agreements are made that allow students of universities of professional education to follow programs at research universities that help them meet the latter's admission requirements.

Differentiation in Dutch higher management education is limited. As explained earlier, suppliers differ (e.g., government-funded or private and broad or more specialized), which leads to some variation in the types of programs offered and teaching modes used. However, universities of professional education have created national profiles and consultative meetings for related educational programs, which implies standardization (Vereniging Hogescholen 2017c). Research universities have been criticized for their lack of differentiation. The 2010 accreditation round of educational programs in economics (including most bachelor's and master's programs in management) led to the recommendation to create programs that are more distinctive with respect to contents and form (QANU 2010). Institutions such as Wetenschappelijke Raad voor het Regeringsbeleid, the Reviewcommissie Hoger Onderwijs en Onderzoek, the Veerman Committee, and the Rathenau Institute also voiced their criticism (Aan de Brugh 2015).

Internationalization of Dutch higher education has increased (NUFFIC 2015).<sup>5</sup> Between 2006 and 2014, the number of incoming degree-seeking international students increased by 70 percent. By far, the most students originate from Germany, followed by China. Other important countries of origin are Belgium, the United Kingdom, Greece, and Italy. The most popular fields by far are economics and business. Between 2006 and 2014, the number of outgoing degree-seeking Dutch students increased by 80 percent. However, for outgoing students, business ranks only third, after veterinary and human medicine. We expect internationalization to rise even further. Dutch universities generally welcome the diversity and additional revenues that students from abroad bring in. Furthermore, a new law that removes obstacles to the creation of joint and dual degrees with foreign partners is implemented (Rijksoverheid 2015b).

## Development of Pedagogy

As suggested earlier, at both the undergraduate and graduate level, programs can be broader (integrating more business fields) or more specialized (focusing on a particular business function). Programs at the

graduate level tend to be more specialized, but here we also find broader education, such as MBA programs. At the bachelor's level, we have witnessed the emergence of university colleges. These offer programs that encompass several academic disciplines, including economics and business. However, this does not imply that business programs have become more multidisciplinary.

Offline teaching modes continue to be the norm. Even Dutch players that are traditionally strong in distant learning offer the opportunity of face-to-face teaching. For example, the majority of the bachelor's programs in business of the LOI Hogeschool can also be followed in a classical classroom setting (LOI Hogeschool 2017) and the Open Universiteit has local study centers that students can visit to receive coaching and advice and to participate in academic activities (Open Universiteit 2017). The other players are of course adding online teaching methods in the form of web lectures and games, for example. Nevertheless, the role of these elements still seems to be supplementary rather than substitutive.

When it comes to the locations where offline teaching is offered, universities of professional education and research universities differ. Universities of professional education generally concentrate on a region, where they have several campuses. Among research universities, a small trend toward the establishment of a separate campus for specific programs can be observed. For example, Maastricht University offers a master's in supply chain management in Venlo (Maastricht University School of Business and Economics 2017). However, also given the small distances in the Netherlands, research universities continue to be concentrated in one location.

## Business Models

Funding of Dutch universities originates from four sources (Rijksoverheid 2017a; Association of Universities (VSNU) 2017c).<sup>6</sup>

1. Direct government funding for education and research. Important criteria are student numbers, number of graduations, and meeting specific performance agreements. Universities have a lot of discretion when it comes to spending these funds.

2. Indirect government funding through grants awarded by the Dutch Organization for Scientific Research (NWO) and the Royal Netherlands Academy of Arts and Sciences (KNAW). The allocation is usually based on competition, taking into account the relative quality of the applying researchers and their proposals.
3. Other revenues, from education and research for third parties, fundraising, specific grants from Dutch ministries and the EU (e.g., FP7 and Horizon 2020), and commercial activities such as catering and renting rooms.
4. Tuition fees.

Table 3.5 presents the division of the total revenues of Dutch universities according to the different sources. The percentages were obtained from the websites of the Vereniging Hogescholen (Vereniging Hogescholen 2015b) and the Association of Universities (Association of Universities (VSNU) 2015c). The second and third revenue sources had to be merged for universities of professional education, due to lack of data.

The table indicates an increasing divergence between universities of professional education and research universities. For universities of professional education, the main revenue source is direct government funding, which is followed by tuition fees and the combination of indirect

**Table 3.5** Sources of revenues of Dutch universities as percentage of total revenues in 2004 and 2012

Revenue stream		Universities of professional education		Research universities		Revenue stream	
		2004	2012	2004	2012		
1	Direct government funding	67	69	61	56	1	Direct government funding
2/3	Indirect government funding and other	15	11	22	27	2	Indirect government funding
				10	9	3	Other
4	Tuition fees	18	20	7	8	4	Tuition fees
Total		100	100	100	100	Total	



government funding and other revenues. For research universities, direct government funding is also the main revenue source. However, it is less important than it is for universities of professional education and its importance has decreased over the years, because of a transfer to indirect government funding through grants. Tuition fees represent a relatively small source of revenues for research universities.

Three issues related to the funding of Dutch universities should be mentioned here. First, in absolute terms, direct government funding has increased, but the number of students has increased to a much larger extent.<sup>7</sup> The association of Dutch research universities VSNU indicates that, between 2000 and 2014, funding increased by 12 percent, while the number of students rose by 54 percent. This has resulted in a decrease of government funding per student from €19,600 to €14,300 (Association of Universities (VSNU) 2015b). In the same period of time, demands placed by students, employers, and the government on the quality, intensity, and innovativeness of education have escalated. This has put a great strain on the primary process of education and has, to some extent, also crowded out research activities. Besides, both education and research are burdened by an increasing overhead driven by the need for more accountability toward the government.

Specifically with respect to research, developments are mixed.<sup>8</sup> Expenditures on research in higher education are relatively large and have grown in the past two decades. Among European countries, the Netherlands ranked sixth (after Switzerland, Denmark, Sweden, Norway, and Austria) when it came to expenditures per capita. Between 1995 and 2013, expenditures grew from 1.7 to 4 billion euros (uncorrected for inflation), although growth was not as fast as in other European countries. The number of researchers increased in all major scientific fields, including economics and business. With these resources, the Netherlands has been able to realize excellent quality and productivity. In terms of relative citation scores and numbers of publications per researcher, for example, the Netherlands is among the topmost in the world (Ministerie van Onderwijs Cultuur en Wetenschap 2014). Öquist and Benner (2012, 47) observe that “The Netherlands is something of an enigma”. “Unlike two other successful reference countries, Denmark and Switzerland, where resource hikes and sustained high investment levels have underpinned research quality, the

Netherlands seems to perform well despite relatively meagre resource inputs” (Öquist and Benner 2012). However, productivity is threatened by the transfer of direct government funding to indirect government funding through grants, which we mentioned earlier. Researchers are forced to spend a lot of time on writing and reviewing proposals, because competition is fierce and success rates are low. Moreover, academic freedom is negatively affected. Almost half of the funding provided by the NWO is allocated to research in collaboration with private parties in nine designated top sectors. Besides, Dutch and European grants for research projects are often not sufficient to cover all expenses and increasingly require matching from internal sources (Association of Universities (VSNU) 2014).

The third issue related to funding is the replacement, as of September 2015, of the basic grant for bachelor’s and master’s students by a government loan (Rijksoverheid 2015c). Realized savings should be reinvested to increase the quality of higher education. Although a supplementary grant is available for students whose parents have insufficient income, the measure may have negative consequences for the accessibility of higher education.

## Faculty

Labor conditions at Dutch universities, including ranks, salaries, leave, and pensions, are governed by collective labor agreements. These agreements result from negotiations between trade unions and the Vereniging Hogescholen for universities of professional education and the Association of Universities (VSNU) for research universities. So the Vereniging Hogescholen acts as the employers’ association of the Dutch publicly funded universities of professional education. Besides, it represents their interests in discussions with politicians, national and international governments, and civic organizations (Vereniging Hogescholen 2017b). Similarly, the Association of Universities acts as the employers’ organization which consults with government and labor unions about employment conditions for the 14 publicly funded Dutch research universities. Furthermore, it represents the research universities to the government, parliament, and various other governmental and civic organizations (Association of Universities (VSNU) 2017a).

**Table 3.6** Main ranks and gross salary ranges in Dutch universities of professional education

University of professional education	
Rank	Gross salary range (€)
Lector	5180–7359
Lecturer ( <i>Docent</i> )	3273–6095
Instructor ( <i>Instructeur</i> )	2325–3854

**Table 3.7** Main ranks and gross salary ranges in Dutch research universities

Research universities	
Rank	Gross salary range (€)
Full professor ( <i>Hoogleraar</i> )	5154–9061
Associate professor ( <i>Universitair Hoofddocent</i> )	4653–6222
Assistant professor ( <i>Universitair Docent</i> )	3357–5223
Lecturer ( <i>Docent</i> )	2501–5664
PhD student	2146–2744

The main ranks in the primary processes of education and research and the associated gross monthly salary ranges are shown in Tables 3.6 (Vereniging Hogescholen 2015a)<sup>9</sup> and 3.7 (Association of Universities (VSNU) 2015a).<sup>10</sup> Universities can deviate from the salary ranges by giving extra allowances.

In PhD education, Dutch research universities have moved to a “2 + 3 model”. A two-year research master’s program is often viewed as a prerequisite to enter the PhD program, in which there typically are three years for independent study. In some cases, mostly when there is external funding for a more applied project, candidates have a single four-year contract, with a mix of independent study and coursework in the first two years. PhD students are employees of the university and receive a modest salary, plus funding for research travel and other costs. Dissertations in the area of business nowadays typically consist of three or four publishable papers, written in English. In most cases, one or more of these have been submitted to a journal at the moment of the defense. At most Dutch research universities, there is a formal, public defense, instead of an examination. A new trend (e.g., implemented at Tilburg University) is to have a nonpublic pre-defense before the committee, after which the

dissertation is admitted to the formal defense (or not), mostly subject to a number of changes and additions.

For a career at a research university, a PhD degree is the minimum requirement. Graduates from a PhD program at one university typically apply for a tenure-track assistant professorship position at another university. Even temporary lecturer positions are increasingly filled by holders of a PhD degree. In contrast, universities of professional education generally only have a preference for hiring more staff with a degree from a graduate (in particular master's) program.

For decisions regarding hiring, tenure, and promotion at research universities and universities of professional education, potential criteria are research output, teaching performance, institutional service, and practical experience. However, research universities put great emphasis on research output (i.e., publications in international top journals). Universities of professional education (and business schools associated with research universities) focus on teaching performance and practical experience. For both types of universities, valorization, or the use of knowledge for economy and society, is becoming increasingly important (Vereniging Hogescholen 2012; Association of Universities (VSNU) 2017d). This may translate into more convergence of the criteria employed by the two types of universities.

Another development that we would like to mention here is the increase of temporary faculty at research universities. The Dutch and European grants that have replaced direct government contributions are allocated on a temporary project basis. This has contributed to an increase of the percentage of scientific staff with a temporary contract to 40 percent. Many junior researchers have become nomads who move from one university to the other (NRC Handelsblad 2015).<sup>11</sup>

## The Demand for Higher Education in Business

Table 3.8 presents data about graduations in higher management education in the Netherlands. We make a distinction between university type, degree, and year. The absolute numbers in the table refer to the numbers of students who graduated from various programs related to

**Table 3.8** Graduates in higher management education in the Netherlands

University type	Degree	2009	2010	2011	2012	2013
University of professional education	Bachelor management	20,737	20,089	21,712	19,309	19,875
	Share of bachelor total	33.3%	32.5%	33.3%	32.5%	32.6%
	Associate degree management	480	551	687	715	801
	Share of associate degree total	47.1%	52.1%	57.3%	54.1%	56.4%
Research university	Bachelor management	4110	4627	5142	5138	5194
	Share of bachelor total	12.5%	15.1%	14.5%	15.5%	15.6%
	Master management	5103	6436	7490	6872	7739
	Share of master total	17.2%	18.9%	19.2%	19.4%	20.6%

management and business. The numbers are also expressed as percentage of the numbers of students who graduated from all programs (so not only management and business) in a given year. So, for example, in 2013, 32.6 percent of all graduates from all bachelor's programs offered by universities for professional education obtained a degree involving management and business, while for research universities this percentage was only 15.6 percent.<sup>12</sup>

The numbers of graduations from bachelor's programs in management offered at universities of professional education are high, but the trend is slightly downward. For research universities, the numbers of graduations from bachelor's programs are much lower, but here the trend is definitely upward, and this also holds for the numbers of graduations from master's programs offered at these universities. Here, more students graduate from master's programs than from bachelor's programs. Reasons could be that the vast majority of graduates from bachelor's programs continue with at least one master's program and that master's programs in management absorb graduates from programs in other fields, as well as from universities of professional education. The number of graduates from associate degree programs offered by universities of professional education is clearly increasing.

Table 3.9 indicates the prospects of higher education graduates in the labor market (Centraal Bureau voor de Statistiek (CBS) 2015).<sup>13</sup> The percentages of graduates with a job are rather high, although the decline following the financial crisis in 2007–2008 has not been reversed yet. Employment rates among graduates from programs in economics are slightly lower than the average.

Table 3.10 shows the main results of large surveys administered annually to recent graduates from universities of professional education and research universities.<sup>14</sup> We make a distinction between economic programs and all programs (including economic ones). Similar to Table 3.9, “economic” implies a certain misrepresentation of management education.

Taken together, Tables 3.8, 3.9, and 3.10 indicate a quantitative match between supply and demand in higher management education in the Netherlands. There are many graduates, but their employment rates are high, they manage to find a job rather quickly, and they are relatively well paid.

However, Table 3.10 also suggests a possible qualitative mismatch between supply and demand. Scores on the preparation for the profession are particularly low. Also, quite a few graduates work in a field unrelated to their educational program, work on a level below what their educational program was supposed to prepare them for, and are not impressed with the connection between their educational program and their profession.

Universities put increasing efforts into reduction of this gap. In the design of educational programs, demands from practice are taken into account. In the execution of those programs, collaboration with practice increases. For research universities, this is particularly challenging. They have to meet scientific standards as well, their faculty is not hired because of business experience, and the duration of the programs they offer is short (generally three years and one year for bachelor’s and master’s programs, respectively).

**Table 3.9** Percentages of Dutch higher education graduates with a job

Reference date	Percentage of graduates with a job from	Academic year of graduation										
		2006–2007	2007–2008	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013				
Directly after graduation	Economics	83.0%	82.5%	80.1%	79.3%	79.1%	77.7%	75.7%				
	All fields	84.2%	84.3%	81.5%	80.6%	80.9%	79.0%	76.5%				
One year after graduation	Economics	88.2%	85.4%	84.9%	84.8%	84.3%	82.1%	N/A				
	All fields	88.5%	86.7%	85.9%	85.3%	84.9%	82.3%	N/A				
Two years after graduation	Economics	87.2%	86.9%	86.3%	84.8%	83.9%	N/A	N/A				
	All fields	87.9%	87.5%	86.6%	85.6%	84.1%	N/A	N/A				

Table 3.10 Main results of 2013 surveys among recent graduates

Item	University of professional education		Research university	
	Economic	All fields	Economic	All fields
Graduates who have a job between 0 and 4 months after graduation	79%	81%	69%	70%
Graduates who have a tenured position (1.5 years after graduation)	37%		49%	36%
Graduates who have a job in a field related to their educational program	62%	74%	72%	72%
Graduates who have a job at a level minimally corresponding to their educational program	73%	73%	67%	69%
Graduates who believe that the connection between their educational program and their job is sufficient or good	67%	72%		
Graduates who believe that their educational program provides a strong or very strong foundation for a start in the labor market			69%	52%
Graduates who are satisfied or very satisfied about their preparation for the current profession	44%	48%		
Average grade given by graduates to preparation for the current profession (range 1–10)			5.9	5.9
Graduates who believe that their education provides a good foundation for further development of knowledge and skills	62%	65%	78%	75%
Average gross monthly wages earned by graduates	€2037	€2090	€2904	€2579

## Regulatory Bodies

In Dutch higher education, four regulatory bodies play an important role: the CDHO (Committee Efficiency Higher Education), the NVAO (Dutch-Flemish Accreditation Organization), the *Inspectie van het*



*Onderwijs* (Inspectorate of Education), and the *Reviewcommissie Hoger Onderwijs en Onderzoek* (Review Committee Higher Education and Research).

The CDHO advises the responsible minister and state secretary on the efficiency of government-funded higher education, in particular on relocations, branches, and mergers (CDHO 2017). Requests for the funding of new educational programs also need to be submitted to the CDHO.

The NVAO reviews the quality of higher education in the Netherlands and Flanders (NVAO 2017b). If the submission to the CDHO results in a positive decision, a new program has to be proposed to the NVAO as well. Existing educational programs are also evaluated and accredited by the NVAO. Both new and existing programs can be accredited for a period of up to six years. The period is shorter and, in case of existing programs, the review is more elaborate if the NVAO has not granted a positive decision on the quality control of the entire responsible institution (the so-called *Instellingstoets Kwaliteitszorg*).

The Inspectie van het Onderwijs reviews and promotes the quality of the entire higher education and accreditation systems and the financial legality, efficiency, and continuity of institutions, especially those funded by the Dutch government (Inspectie van het Onderwijs 2015). In case of serious issues, it can investigate particular institutions. As the Inspectie and the NVAO have overlapping responsibilities, a protocol is in place to govern their collaboration (Inspectie van het Onderwijs and NVAO 2014).

Finally, the Reviewcommissie Hoger Onderwijs en Onderzoek assesses the performance agreements that were struck in 2012 between the Dutch government and the government-funded universities (Reviewcommissie Hoger Onderwijs en Onderzoek 2017). The agreements require universities to meet particular targets in the area of educational quality, student passing rates, positioning, research focus, and valorization, at the penalty of losing part of their budget.

The Instellingstoets mentioned above might have led to some reduction, but the demand for accountability still causes an excessive amount of paperwork. Therefore, the responsible minister initiated an overhaul of the quality control system, which should result in an emphasis on improvement instead of accountability (Rijksoverheid 2015a).

**Table 3.11** Dutch universities with AACSB and/or EQUIS accreditation

University	School	AACSB international business accreditation	EQUIS accreditation
Erasmus Universiteit Rotterdam	Rotterdam School of Management	V	V
Maastricht University	School of Business and Economics	V	V
Nyenrode Business Universiteit			V
Rijksuniversiteit Groningen	Faculty of Economics and Business	V	V
Tilburg University	Tilburg School of Economics and Management	V	
Universiteit van Amsterdam	Amsterdam Business School		V
<i>Total Number</i>		<i>4</i>	<i>5</i>

For Dutch (and Flemish) business schools and economic educational programs, a more tangible opportunity to reduce the administrative burden is available: They can integrate the accreditation processes of the NVAO with those of the AACSB and the EFMD (NVAO 2017a). In practice, efficiency gains are largely limited to combined site visits, as the focus of the accreditation processes differs substantially.

Table 3.11 displays the international accreditations of Dutch universities and their schools at the end of 2015 (AACSB 2015; EFMD 2015). Of the 14 research universities that offer management education, six (43 percent) are internationally accredited. Of those six, one only has an AACSB accreditation, two only have an EQUIS accreditation, and three have both accreditations.<sup>15</sup> None of the universities of professional education are AACSB- or EQUIS-accredited.

Rankings become increasingly important for the choices made by prospective students and, consequently, for the marketing and management of educational programs. The primary data source of the national rankings is the NSE (*Nationale Studenten Enquête*). The NSE is an annual survey in which students of all NVAO-accredited educational programs

are asked to review their program (Studiekeuze123 2017). The results are incorporated in three platforms for prospective students: *Studiekeuze123*, the *Keuzegids*, and *Elseviers Beste studies* (Studiekeuze123 2017; Keuzegids 2017; Elsevier 2016). Each platform uses other data sources as well. For example, *Elseviers Beste studies* is partly based on a survey among full and associate professors (Elsevier 2015).

International rankings, such as those presented at [rankings.ft.com](http://rankings.ft.com), are particularly vital for post-experience master's programs. For pre-experience master's programs, participation in international rankings seems to be more of a trade-off between costs and benefits. Both Rotterdam School of Management and Tilburg University appear in the [ft.com](http://ft.com) Masters in Finance Pre-experience ranking, for example (ft.com 2015). Managing this requires a lot of effort, while both schools can only charge the low, legal tuition fee.

## Conclusion

As will be clear from the above, the general picture of higher management education in the Netherlands is characterized by gradual change. We see no large changes in terms of the types of suppliers, the modes of financing, or forms of delivery. The distinction between universities of professional education and research universities, characteristic for the Netherlands, remains. The Dutch government still plays a beneficial role, providing relatively generous funding, with considerable freedom of spending. For students, higher education remains cheap. However, under the overall similitude of constancy, we see some trends that in the longer run may threaten the Dutch system of higher education, including management education, in its present form. Funding per student has decreased for many years now, and arguably all the slack has been removed from the system. Moreover, research funding, although still relatively generous, is increasingly tied to constraints, and accountability involves a large administrative burden. However, leaving the government-funded sector has so far not been an option for any of the universities of professional education or research universities. This is caused in our view by two factors. Firstly, the decline in funding and the increase in accountability

have taken place so gradually that universities of both types have always seen fit to adapt. Secondly, because traditionally higher education in the Netherlands is very cheap, there is hardly any market for purely tuition-funded suppliers.

At the same time, market conditions are also changing, albeit again slowly. Universities of professional education are faced with increasing competition from private schools. This represents a serious threat for them, given the heavy reliance on management programs (see Table 3.8). For research universities, it is unclear how the (potential and substitutive) competition will evolve. One potentially important source of competition may be formed by master's programs abroad. For Dutch research universities, substituting Dutch students who move abroad with fee-paying foreign students becomes increasingly vital. On top of that, universities of both kinds face intensified demands from all types of constituencies, especially students. Measured quality has become more visible (e.g., in rankings), and accreditation processes have become stricter. While this has arguably led to an increase in important dimensions of quality, it also has been at the expense of professional freedom in the educational process. Moreover, it is accompanied by a decrease in theoretical depth of teaching, since the acquisition of competencies that support immediate employability in the labor market has gained importance vis-à-vis the development of more fundamental knowledge and skills.

## Notes

1. The number was generated by selecting “economics and business” (*economie en bedrijf*) and study level “university of professional education” (*HBO & associate degree, HBO & bachelor, HBO & master*) at the website [Studiekeuze123.nl](http://Studiekeuze123.nl) (Studiekeuze123 2015) and comparing the results with the list of government-funded universities retrieved from the Vereniging Hogescholen (Vereniging Hogescholen 2015c).
2. The information was generated by selecting “economics and business” (*economie en bedrijf*) and study level “university of professional education” (*HBO & associate degree, HBO & bachelor, HBO & master*) at the website of [Studiekeuze123.nl](http://Studiekeuze123.nl) (Studiekeuze123 2015).

3. The information in the table was generated by selecting “economics and business” (*economie en bedrijf*) and study level “university of professional education” (*HBO & associate degree, HBO & bachelor, HBO & master*) at the website [Studiekeuze123.nl](http://Studiekeuze123.nl) ([Studiekeuze123 2015](#)).
4. The numbers were generated by selecting “economics and business” (*economie en bedrijf*) and study level “scientific education (*WO*), bachelor or master” at the website of [Studiekeuze123](http://Studiekeuze123.nl). From the outcomes, we removed programs that were more related to economics and econometrics than to business ([Studiekeuze123 2015](#)).
5. If no year is mentioned, the information retrieved from NUFFIC applies to 2014.
6. We are indebted to Han van Yperen and Daphne Smeets from the Association of Universities (VSNU) for generously providing more explanation of the revenue streams.
7. In 2001, 15 percent of the Dutch population between 25 and 64 years old had a degree from a university of professional education and 8 percent had a degree from a research university. In 2013, these percentages had increased to 21 and 13 percent, respectively (Centraal Bureau voor de Statistiek (CBS), Dienst Uitvoering Onderwijs (DUO), and Ministerie van Onderwijs Cultuur en Wetenschap (OCW) [2015](#)).
8. This paragraph is mainly based on a special issue of the science section of the national newspaper NRC Handelsblad on the expenditures on scientific research (October 24, 2015). For the introductory article see [Spiering \(2015\)](#).
9. Salary ranges apply as of December 1, 2015.
10. Salary ranges apply as of January 1, 2016.
11. If we would include PhD candidates, the percentage of temporary workers is even 60 percent. Dienst Uitvoering Onderwijs 2017b
12. We obtained the underlying data from the Office of the Education Ministry that is, among others, in charge of funding schools, allocating study grants and loans, and collecting tuition fees and debts (Dienst Uitvoering Onderwijs [2017b](#), [2015a](#), [b](#)). Programs offered under the broad label of “economics” were our point of departure. We added managerial programs offered under different broad labels (specifically, from the agricultural and technical domains). We subtracted programs that were less related to management (in actuarial sciences, econometrics, economics, European studies, journalism, law, and operations research). We only included programs whose name referred to “bachelor”, “master”, or “associate degree” and left out traditional, integrated

- programs. The available numbers of graduates from master's programs offered at universities of professional education did not relate to programs in management and were thus left out. We are very grateful to Dick Ravestein from the *Dienst Uitvoering Onderwijs* for clarifying the data presented at their website and providing more detailed data. Any misinterpretations remain our sole responsibility.
13. Numbers were generated by choosing students who left higher education with a diploma, both male and female, total numbers and numbers (only) with a job, immediately, one year, and two years after graduating, all fields and economics, and all available graduation years. The difference between total numbers and numbers (only) with a job is composed of graduates who are on welfare, who have a job and are on welfare, who neither have a job nor are on welfare, and who have passed away or emigrated. The choice of economics implies that the numbers are diluted with graduates from programs that are not directly related to management, such as econometrics and economics, and exclude graduates from programs that are related to management, but are placed in the agricultural and technical fields. For universities of professional education, we do not present the percentage of graduates from all fields who have a tenured position, because we judged it to be unsafe (the number was higher than any of the numbers referring to specific fields). Tenure has become less common in the past years.
  14. The surveys are labeled "HBO-Monitor" and "WO-Monitor". A general description of these surveys can be found, for instance, at the website of The Netherlands Institute for Social Research (Sociaal en Cultureel Planbureau 2017). For universities of professional education, we retrieved specific information from the *Feiten en Cijfers HBO-Monitor 2014* (Vereniging Hogescholen 2014). The main items presented in this report were the foundation of Table 3.10. We used an excel file kindly made available by dr. Yvonne de Vries, policy advisor at Tilburg School of Economics and Management, to calculate corresponding figures for research universities. In case the two documents were inconsistent, we present different items. For research universities, the vast majority (98.1 percent) of respondents graduated from master's programs.
  15. After 2015, the Universiteit van Amsterdam also acquired accreditation from the AACSB, so it is now doubly accredited.

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**Aswin van Oijen's** work is central to understanding the interface between business, higher education, and research. He has designed, redesigned, managed, and reviewed several educational programs and created and taught many courses. He has also performed both fundamental and applied research, mainly on the drivers, implementation, and results of corporate strategy.

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# 4

## Higher Education in Management: The Case of Brazil

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### Introduction

#### The History of Management<sup>1</sup> Education in Brazil

The origins of formal education in management in Brazil are closely linked to the process of modernization of the Brazilian state, initiated by President Getulio Vargas (1930–1945; 1951–1954), and to the country's industrialization process, which accelerated after the global crisis of 1929. The first schools of higher education began to emerge in Brazil as from the 1950s onward, although they were preceded by one isolated initiative during the 1940s, that of Father Saboia, who set up a school of business administration, the *Escola Superior de Administração de Negócios* (ESAN) in São Paulo, inspired by the University of Chicago model

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(Carneiro and Barros 2015). The schools founded by the Getulio Vargas Foundation (Fundação Getulio Vargas—FGV) would become the best known and would serve as the basis for an expansion in the teaching of public and business administration that took place during the 1960s. These included: the Brazilian School of Public Administration (*Escola Brasileira de Administração Pública—EBAP*), the first of its kind in Latin America, inaugurated in 1952 with the backing of the United Nations (Machado 1966; Fischer 1984); and the School of Business Administration of Sao Paulo (*Escola de Administração de Empresas de São Paulo—EAESP*), inaugurated in 1954, which was backed by the United States government through the International Cooperation Administration (ICA), and received academic support from Michigan State University (Alcadiyani and Bertero 2012, 2014). At that same time, the Faculty of Administration and Economic Sciences (*Faculdade de Administração e Ciências Econômicas—FACE*) of the Federal University of Minas Gerais (*Universidade Federal de Minas Gerais*) created its own programs in public and private sector management, with the support of the local business community. The FACE programs were the first to be officially recognized by the Brazilian government, at the beginning of the 1960s (Barros and Carrieri 2013).

Nevertheless, during the 1950s, the EBAP, EAESP and FACE programs only managed to graduate 400 professionals in all. They faced strong competition from the newly created programs in economics, at a time when they sought to differentiate themselves from the field of law by including a strong social sciences content in their curricula (Wanderley 2015). It was only in the 1960s, following an agreement signed between the governments of Brazil and the United States that the teaching of public and business administration began to proliferate across the country. This agreement guaranteed financial and material support for the expansion of existing programs and for the creation of new ones. One should stress here that this subsequent growth came about through an increase in the number of programs in public administration on offer, predominantly at public universities (Machado 1966). Finally, in 1965, the profession of administrator was officially recognized by the Brazilian government, thanks to a proposal put forward by the then congressman Guerreiro Ramos, who was also a professor at EBAP at that time and is

still, to this day, one of the leading references in the field of public administration (Martins et al. 2013) in Brazil.

Thus, both public and business administration programs originally emerged on the back of a developmentalist process of different origins (Wanderley 2015) that would later expand thanks to the strong support of the US government and using models imported from the US (Bertero 2006). During the 1970s, the program in public administration gave way to the program in business administration as the engine of growth in education in this field, which helped boost the creation of new private schools that became responsible for the dynamism in the supply of such programs.

Still in the 1970s, universities and schools of management had to adapt to new regulatory requirements by improving their programs and investing in more academically qualified faculty, precisely at a time when the first master's and PhD students were beginning to graduate. This scenario also gave rise to programs aimed at the instruction and training of executives at postgraduate level. These programs gained popularity from that moment on, launching a cycle of instruction of executives and managers that culminated in the rapid expansion of Brazilian MBAs (Oliveira 2014).<sup>2</sup> These programs were focused on organizations themselves and on the more practical side of their business operations. The program professors in general had to have, in addition to minimum postgraduate qualifications, some kind of executive experience, considered a fundamental ingredient for enriching their classes and lectures.

In the following decades, the country experienced a transformation in its political and economic scenarios that increased the need for more professional education, qualification and training. This included the opening up of Brazil's markets at the beginning of the 90s, which led to a substantial reduction in trade barriers and import duties, increased the level of competition and generated a need to upgrade the country's industries. At the same time, Brazil implemented an extensive privatization program to sell off state companies (Mendonça et al. 1997), which further increased the demand for professionals better prepared and qualified to take on the new challenges opening up (Queiroz 2008). It thus became essential for already graduated professionals to maintain their employability by increasing their range of competencies (skills and abilities), especially in the field of management. As a consequence, the demand for postgraduate

management programs expanded considerably, boosted by the nation's economic growth as from the second half of the 1990s.

The panorama of Brazil's executive education was transformed as from the second half of the 1990s, with the consolidation of this market around two basic programs: the Professional Master's in Management (*Mestrado Profissionalizante em Administração—MPA*), similar to the North American model, which was adopted by the major public universities and traditional autonomous schools; and the Brazilian MBA, which offered a number of different specializations as an alternative to the North American model (Wood Jr and de Paula 2004; Oliveira 2014).

In terms of executive education, this second program is the one that professionals have tended to opt for in order to continue their professional education, and it now represents the bulk of executive education in Brazil.

## Regulatory Bodies

In Brazil, teaching and research are heavily regulated and subsidized by the State. On the one hand, the Brazilian Constitution requires that the State provide free public education at elementary, secondary and higher levels, and this is regulated and monitored by the State through the appropriate entities at federal, state and municipal levels. In the case of higher education, it is the responsibility of the Ministry of Education (MEC) and its affiliated departments (CAPES,<sup>3</sup> INEP<sup>4</sup> and CNE<sup>5</sup>) not only to authorize the opening and suspension of programs and institutions of higher education and research, but also to define the curricular directives governing each program, to supervise and evaluate institutions and programs, to rank programs and schools and to determine the general conditions under which public and private higher education operates.

The main regulatory framework governing programs at graduate level dates back to 1965. Since then, graduate programs have been offered on two levels: *stricto sensu* (degree program), which includes academic programs at master's and doctorate level, and *lato sensu* (certificate program), which includes professional programs at the level of specialization. The former, which are highly regulated, were created to produce the researchers and faculty required for the expansion of the university system and they provide academic degrees. The latter, which are more flexible

and less strictly regulated, were aimed at the market of professional education, with the goal, in the case of management, of complementing or expanding the competencies needed by graduates in different fields. These provide certificates rather than academic degrees. It is in this second category that most of the MBAs offered in Brazil are classified.

While the degree-granting graduate programs have expanded at a steady pace over time, the certificate-granting graduate programs in management only began their process of growth during the 1970s and 1980s. This growth, to a large extent, was the result of increased demands imposed by the labor market, the ease of access to such programs resulting from the expansion of the university system and the need to raise additional funds to finance the activities of this system, especially in the case of the private sector institutions.

Because of the rapid growth in the supply of certificate programs that occurred during the 1990s, the MEC established, from 2001 onward, a more stringent set of norms to which the certificate programs had to comply. It also established a framework for these programs within the country's education system. Based on this new legislation, these programs were now offered by higher education institutions (HEIs) or by specially authorized institutions. In addition, and contrary to the degree programs, it was decided that programs at this educational level would not require authorization, recognition or renewal.

From 2014 onward, the MEC ruled that all those institutions offering Brazilian MBAs would now be required to register their programs with the Ministry, thus increasing the amount of information available on programs of this nature in Brazil and signaling more stringent controls in terms of academic criteria on the part of the federal authorities.

## **Evaluations and Rankings**

One of the most important innovations introduced into higher education was the evaluation and ranking of programs and universities, which began during the 1990s. In this particular case, the Brazilian experience has been unique. Every three years, the MEC runs a national exam in which those who are completing their undergraduate programs participate. The grades



awarded in this exam, together with other criteria, such as the availability of infrastructure and the qualification of faculty, are combined to produce two evaluation indices, the General Program Index (*Índice Geral de Cursos—IGC*) and the Preliminary Program Concept (*Conceito Preliminar de Curso—CPC*). These indices enable a classification of institutions and programs to be carried out on a nationwide scale. This evaluation exerts a strong influence on candidates when it comes to choosing the programs they would like to take, as well as on companies when it comes to selecting their prime sources of recruitment.

The IGC awards institutions grades of between 1 and 5, with 1 being the lowest. A level of 3 is considered the minimum for a program to remain active. If an institution is awarded a grade of less than 3, then it is required by the MEC to submit a plan of improvements and take all the necessary corrective steps to ensure that it is not suspended indefinitely.

In Table 4.1, we can see the IGC evaluation as a continuous variable applied to those Higher Education Institutions (HEIs)<sup>6</sup> that offer management programs in Brazil. One can observe that the private profit and nonprofit-making HEIs, which are responsible for 90% of all the students enrolled in management programs, have, in most cases, been awarded grades of between 2 and 2.99, whereas only 12% of all the programs have been awarded grades higher than this. In the case of the public HEIs, meanwhile, nearly 44% have been awarded grades higher than 3. This clearly shows that the public HEIs offer better conditions of

**Table 4.1** The continuous IGC of the HEIs that offer programs in management

Continuous IGC grade	Total HEIs—ADM		Private HEIs—ADM		Public HEIs—ADM		Nonprofit HEIs—ADM		Private profit making HEIs—ADM	
	No.	%	No.	%	No.	%	No.	%	No.	%
	0 to 0.99	2	0.17	1	0.10	1	0.91	1	0.19	–
1 to 1.99	169	14.58	160	15.25	9	8.18	79	14.74	81	15.85
2 to 2.99	814	70.23	762	72.64	52	47.27	390	72.76	372	72.80
3 to 3.99	159	13.72	119	11.34	40	36.36	63	11.75	56	10.96
4 to 5	11	0.95	3	0.29	8	7.27	3	0.56	–	–
Not supplied	4	0.35	4	0.38	–	–	–	0.00	2	0.39
Total	1159	100.00	1049	100.00	110	100.00	536	100.00	511	100.00

education and research in management, even though they only account for 10% of all the students enrolled in this particular field of study.

The system of evaluation is also applied to graduate programs, and here the quality of the programs is evaluated on the basis of certain criteria of academic productivity, especially in terms of publications by both faculty and student bodies, which is in line with the current trend of “publish or perish”. In this case, the process begins even before the program has been officially offered, since all HEIs have to submit each new graduate program for CAPES assessment before it can receive a grade and be recommended to the National Education Council (*Conselho Nacional de Educação—CNE*).

After their authorization, and every four years, the degree programs are submitted to a process of reevaluation, which is based on criteria of program quality, faculty and student body productivity and research infrastructure. The results of this evaluation classify each program using seven categories, with grades below 3 potentially suspending the program. This program classification acts as an important guide for students in selecting the programs they want to enroll in.

### **International Accreditations**

International accreditations, although still modestly represented in Brazil, have nevertheless been actively sought out by the best institutions of business education, especially those whose aim is to internationalize their faculty and student bodies. International seals of quality and approval represent an important indicator for those who wish to enroll in schools with international standards of quality, and help attract top level faculty.

In terms of accreditation in Brazilian business schools, the Associations that have gained most ground in the country include Europe’s AMBA, which currently has five schools accredited, and EQUIS, with four schools accredited. The US’ AACSB has just two schools carrying its seal of approval.

The evaluations carried out regionally, analyzed jointly with the international accreditations, allow one to have a relatively broad view of the quality of management education in Brazil. The local processes are

structured in such a way as to evaluate the programs, and the international accreditation processes are able to evaluate the schools as a whole, based on international standards. However, this latter contribution is only likely to become more consistent once more business schools in Brazil are awarded international accreditations.

## **The Supply Side of Higher Education in Business**

### **The Profile of Management Education Institutions in Brazil**

There are three main types of institutions involved in higher education in Brazil: public institutions, private profit institutions and private non-profit institutions. The public institutions are entirely financed by the government (federal, state or city) and by constitutional provision cannot charge tuition for their students. Private nonprofit institutions, which include the catholic schools and universities, obtain most of their funds from tuition from undergraduate and some of its postgraduate programs. The same is true for the for-profit schools which, in addition, rely heavily, though indirectly, on subsidized credit and other government sponsored funds destined for students.

Additional funds for research purposes are usually available from government sources to private HEIs, as are scholarships for academic master's and doctoral programs. However, these resources represent a minor fraction of the total funds available. Some of the most known nonprofit institutions are organized as foundations and benefit from corresponding taxation systems.

Differently from most other countries in Europe and in North America, in Brazil private donations for universities and schools are very rare.

### **Undergraduate Education in Management: Public and Private Sector Supply**

The growth in the offer of undergraduate programs, which started in the 1960s, was primarily an initiative launched by the public institutions, but this dynamic changed in the 1970s in favor of the private institutions. The process accelerated in the following decades, and

became the model we have today, in which the numbers of students enrolled in management programs in private institutions, in 2014, represented nearly 90% of the total, while the public institutions were responsible for a little over 10% (INEP 2016). This percentage is well below the national average, excluding “management and administration” programs (INEP 2016), where the public system is responsible for 28% of the total students enrolled. In other words, programs in management and administration are eminently a private sector domain as the private HEIs account for nine in every ten students enrolled in this field in Brazil, as shown in Table 4.2.

At the end of 2014, there were 1049 private HEIs offering undergraduate in the field of management in Brazil, as compared with just 110 public HEIs. This strong growth in these programs offered by private institutions placed them in first place in Brazil, leaving the traditionally favored programs in Law well behind: 17.23% of the total number of students enrolled in the country in higher education programs, and, an incredible 22.36% of the total number of students completing their higher education programs in 2014. In other words, in that particular year, more than one in five graduating students in Brazil were graduating in management programs (programs listed in “Management and Administration”; INEP 2016), as we can see in Table 4.3.

The total number of students enrolled in management programs rose by 110% in relation to 2004, whereas the total number of students enrolled in programs of higher education as a whole (all subjects) rose by 88% in the same period, which confirms the increased interest there has been in recent years for these kinds of programs.

**Table 4.2** Students enrolled in on-campus undergraduate programs in 2014: public and private HEIs

		Total	Private	Public
Total in Brazil	Students	7,828,013	5,867,011	1,961,002
	%		75%	25%
Total in management and administration	Students	1,348,616	1,201,690	146,926
	%		89%	11%
Brazil non-management and administration	Students	6,479,397	4,665,321	1,814,076
	%		72%	28%

Source: Adapted from INEP 2016—“Programs in management and administration—on-campus”

**Table 4.3** Number of students in on-campus undergraduate programs in management and administration in Brazil—2014

	Brazil	Management and administration	% Adm./Brazil
Enrolled	7,828,013	1,348,616	17.23%
Initiating	3,110,848	617,339	19.84%
Concluding	1,027,092	229,722	22.36%

Source: Adapted from INEP 2016—“Programs in management and administration—on-campus”

### The Influence of Government Policies on the Expansion of the Undergraduate Program Market

Over the last 20 years, considerable demand that had been hitherto repressed, together with a rise in overall demand created by a favorable economic environment, has helped stimulate an increase in the supply of management programs, especially among the private HEIs.

The supply of public higher education was, from the very beginning, relatively inelastic and expensive, with the public universities being responsible for research development as well as for the instruction of professors and researchers. Given the rising demand for higher education, which had already begun during the military government (1964–1985), private institutions were encouraged to increase their supply of places by obtaining accreditation for their schools in and outside the traditional large-scale urban centers.

This process gained impetus after the reform of the university system of 1968, which introduced major changes to the university career, selection examinations and to the systems of support for research.

The expansion in supply once again became a priority during the PT (*Partido dos Trabalhadores* or Worker’s Party) administrations, which promoted a major expansion in the number of secondary education level programs of a technical and higher education nature, as part of their policies for greater social inclusion. These policies were aimed at providing support for students from less privileged classes in society to enable them to have access to higher education, whether public or private, through programs of educational credit. These included the Student Financing Fund (*Fundo de Financiamento Estudantil—FIES*<sup>7</sup>) and the University

for All Program (*Programa Universidade para Todos—PROUNI*<sup>8</sup>). Another program launched by the government was Sciences Without Borders (*Ciências Sem Fronteiras*), which offered scholarships to those doing undergraduate programs in Brazil to study abroad, although management as a subject was not considered eligible for this program.

The private sector was the main beneficiary of these policies, which enabled thousands of new students without adequate financial resources to enter the system of higher education. It is worth noting that these kinds of credit incentive encouraged the emergence of a new segment: that of profit-making higher education, with the entry into the market of new educational and financial groups, both national and international. These groups, with considerable access to capital market resources, began to operate as consolidators of private sector education, which had previously been very localized and fragmented.

### **A Decade of Mergers and Acquisitions: A Market in Consolidation, But Still Fragmented**

The entry of international groups into the market of HEIs in Brazil was initiated by Laureate, controlled by the US' KKR fund, which, at the end of 2005, purchased the University of Anhembi Morumbi. Shortly afterward, a number of private Brazilian HEIs took their first steps to launch Initial Public Offerings (IPOs) in order to prepare for the wave of mergers and acquisitions (M&A) that appeared inevitable. As of 2016, we currently have four HEIs listed on the Brazilian stock exchange.

This process has inevitably led to an increase in market concentration and to the creation of major private sector groups, making the Brazilian market for higher education one of the largest in the world, if not the largest.<sup>9</sup>

The strength of this huge market emerging in Brazil can be seen in the numbers of the publicly listed HEIs in Table 4.4:

These movements of consolidation were only possible thanks to the large sums of money provided by the financial markets, as well as the considerable organic growth experienced as a result of the increase in the number of students enrolled with access to educational credit provided by

the State. At the end of 2015, Kroton, Estácio and Ser Educacional had more than 40% of their students in on-campus programs being financed by educational credit.<sup>10</sup>

However, despite this concentration process, the 10 largest private institutions only controlled, as at the end of 2015, around 43.5% of the private HEI market. In other words, more than 50% of the market was still controlled by more than 1000 private HEIs. Table 4.5 shows the market share of the 10 largest private HEIs in Brazil in terms of all the programs available, as well as the total number of students enrolled in management programs, in some of the cases.

**Table 4.4** The 2015 results of Brazilian listed HEI companies—in US\$

Institution	Number of students	Turnover	Net profit
Kroton	1,023,616	2025 billion	538 million
Estácio	502,000	895 million	155 million
Ser Educacional	140,000	301 million	52 million
Anima	78,800	261 million	42 million

Source: Adapted from annual company balance sheets (using an average exchange rate of R\$3.32 to US\$1 for 2015)

**Table 4.5** Market share of the private sector, excluding public HEIs, of the 10 largest private institutions in Brazil

Institution	Control	Students in all the programs	Market share <sup>a</sup> Brazil	Students in management	% ADM HEIs
Kroton	F	1,023,616	17.45%	247,642	24.19%
Estácio	F/L	502,000	8.56%	103,994	20.72%
Unip	L	240,000	4.09%	89,444	37.27%
Laureate	F	170,000	2.9%	31,413	18.48%
Uninove	L	150,000	2.56%	35,656	23.77%
Ser Educacional	L	140,000	2.39%	16,966	12.12%
Unicsul	L	130,000	2.22%	NA	–
Anima	L	78,800	1.34%	NA	–
Uniasselvi	F	75,000	1.28%	NA	–
Devry	F	45,000	0.77%	NA	–

Source: Adapted from the companies' websites; INEP 2016

Key: F = Foreign; L = Local; Estácio F/L: two international private equity funds share the control with a local family with tradition in undergraduate education

<sup>a</sup>The numbers in the column "Market share Brazil" refer to all the programs offered by these institutions. The column "students in management" represents the total number of students enrolled in these programs for each HEI, whose percentile is expressed in the last column "% ADM. HEI". These numbers clearly show that management represents around 20% of the market total.

From Table 4.5, it becomes clear that the advance of foreign capital in the last 10 years into the local HEIs sector in Brazil has led to a representation of five HEIs controlled by foreign capital in the top 10 list.

The advances being made in education technology are currently one of the main pillars of growth for profit-making institutions, largely because they offer major gains and economies of scale and, at the same time, contribute to the capillarity of programs, extending their reach to the distant corners of Brazil without the need for major additional investment in infrastructure.

In this sense, Kroton, in 2015, already had more than half its students enrolled in the new Distance Learning (DL) modality, and stated in its annual report of 2016 that this will be the focus of its growth in the future (Kroton 2016). The inroads being made by DL can be seen in Table 4.6.

In Table 4.6, we can observe that from a small percentage of 1.27% of the total number of students enrolled in 2003, the proportion of DL increased to 15.89%, in just 10 years. In other words, almost one in six students is using DL in their programs. In the face of the current economic climate in Brazil and the consequent drying up of the FIES program, one can expect DL to become the main source for boosting the growth of the private HEIs from now on.

The CPC is the indicator of the position of management education program among every other program delivered in the country. While the CPC and the CGC are strongly correlated, there are some important

**Table 4.6** The evolution of Distance Learning—2003–2013 (DL)

Year	Total	On-campus	Distance Learning	% DL
2003	3,936,933	3,887,022	49,911	1.27%
2004	4,223,344	4,163,733	59,611	1.41%
2005	4,567,798	4,453,156	114,642	2.51%
2006	4,883,852	4,676,646	207,206	4.24%
2007	5,250,147	4,880,381	369,766	7.04%
2008	5,808,017	5,080,056	727,961	12.53%
2009	5,954,021	5,115,896	838,125	14.08%
2010	6,379,299	5,449,120	930,179	14.58%
2011	6,739,689	5,746,762	992,927	14.73%
2012	7,037,688	5,923,838	1,113,850	15.73%
2013	7,305,977	6,152,405	1,153,572	15.89%

Source: Adapted from Higher Education Census/INEP/MEC



differences. The CGC grade evaluates the institution as whole, considering the results of all the programs and including the postgraduate programs and academic production, and is updated every year. The CPC, which is also based on a continuous standardized grade from 1 to 5, focuses more on the results of the undergraduate program, leaning heavily on the National Exam of Student Performance grades of the senior students (ENADE), which happens every three years; the last figures available for Management programs are from 2012.

The results show that the public HEI's with better results than the private (profit and nonprofit). The latter seem almost indistinguished in their performance. In particular, the performance of the for-profit HEIs generated some frustrations among educators and public officials. Due to the increased market power and deep pockets of the main for profit HEIs, the general expectations were that they would be capable of leveraging their academic and technological resources through their restructured networks and units, generating positive outcomes in terms of education performance. While the jury is still out, the quality, as measured by the MEC indicators is not supported the available data, as one can notice from the Tables 4.1 and 4.7.

**Table 4.7** The continuous preliminary course grade (CPC)—2012

Continuous CPC grade <sup>abc</sup>	Total HEIs—ADM		Private HEIs—ADM		Public HEIs—ADM		Nonprofit HEIs—ADM		Private profit making HEIs—ADM	
	No.	%	No.	%	No.	%	No.	%	No.	%
	0 to 0.99	7	0.63	5	0.49	2	1.96	2	0.39	3
1 to 1.99	215	19.20	203	19.94	12	11.76	104	20.43	99	19.45
2 to 2.99	693	61.88	643	63.16	50	49.02	328	64.44	315	61.89
3 to 3.99	197	17.59	165	16.21	32	31.37	77	15.13	88	17.29
4 to 5	15	1.34	9	0.88	6	5.88	5	0.98	4	0.79
Total nr programs	<b>1127</b>	<b>100.00</b>	<b>1025</b>	<b>100.00</b>	<b>102</b>	<b>100.00</b>	<b>516</b>	<b>100.00</b>	<b>509</b>	<b>100.00</b>

<sup>a</sup>338 programs in 308 HEIs were not given a CPC as they were not recognized by the MEC as of 11/22/2013

<sup>b</sup>HEIs with more than one Management program had an average CPC calculated

<sup>c</sup>CPC is calculated based on a basket of inputs that measure the quality of a program: 1. ENADE grade (20%); 2. IDD (35%); 3. Infrastructure (7.5%); 4. Pedagogical didactic organization (7.5%); 5. Grade for Masters (7.5%); 6. Grade for PhDs (15%); 7. Grade for hiring system (7.5%)

## The Supply of Master's and Doctorate Programs

Although there are some earlier examples,<sup>11</sup> the academic master's program, similarly to the doctorate, was only formally instated in Brazil as from 1965 onward by the federal government. Its initial purpose was to train and prepare professors and researchers, given the country's deficit in professionals needed to expand higher education. Following the creation of the PhD programs in Brazil, the academic master's took on the role of an intermediate stage in the production of higher education faculty in Brazil.

In terms of the options that exist for the graduation of a doctor in management in Brazil, the supply of such programs is still, to some extent, restricted, despite the country's size and the considerable number of HEIs formally registered with the MEC. According to CAPES data, in 2014, there were only approximately 60 active PhD programs available in Brazil.

For new programs to be authorized, they first have to be submitted to CAPES for evaluation. The "Program Proposal" must be structured to meet CAPES requirements, but must also provide information on all the aspects of the program, even those for which CAPES does not set down specific rules, such as, for example, the selection process of candidates to be used and the obligation to have work published.

The selection process to enroll in a PhD program, and the necessary pre-requirements, are all determined by the HEIs themselves. In general, the most commonly adopted procedures include an evaluation examination, which may be an in-house test designed by the institution itself, or an ANPAD test that is offered in a number of cities across the country by the National Association of Post-Graduation and Research in Administration (*Associação Nacional de Pós-Graduação e Pesquisa em Administração—ANPAD*).<sup>12</sup> This examination, which is similar to the GMAT used in the US, evaluates: knowledge of the Portuguese and English languages, logical, quantitative and analytical reasoning skills. In addition to this test, an interview is also generally required, with a member or a panel of the institution's academic body.

The faculty body must fulfill a specific set of requirements, set down by CAPES, which includes: faculty must have experience in research or teaching that is in line with the profile of doctor the program aims to

qualify; there must be a minimum number of permanent faculty per line of research; and, the titles of the faculty should be diverse in terms of issuing institutions and locations, so as to help enrich the overall diversity of the program.

In terms of structure, each PhD program must specify a concentration in the field on which it focuses, the program's area of knowledge and the specialty of its intellectual output as reflected in its lines of research. These programs are structured around disciplines, seminars or similar activities, and they offer the theoretical and methodological support necessary to complete the instruction of a new PhD. The minimum study hours required are 540 hours that should be spread out, preferentially, over 54 months.

There is no specific rule governing the language in which the program should be given although, naturally, programs in Brazil are generally given in Portuguese. However, given the current shift toward internationalization, the ongoing processes of international accreditation and the increasing interest to be part of international networks of exchange and cooperation, it is evident that, in practice, the best private institutions in Brazil now offer subjects taught in English as part of their programs, and even a few programs taught entirely in English.

## **Executive Education in Brazil**

### *The Professional Master's in Administration*

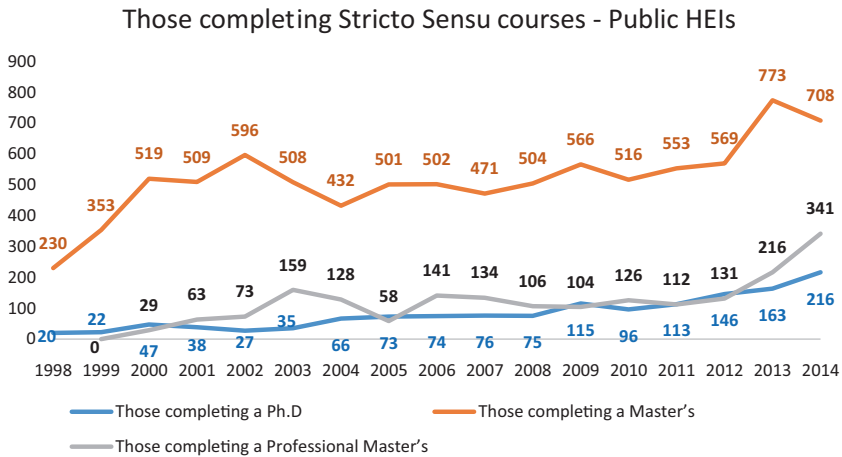
Although effectively provisioned for since 1965, in the same legislation that formalized postgraduate studies, the professional master's programs were only officially created in 1995. One can point to a number of reasons for their creation, which include: the lack of a master's degree aimed at professional careers; limited methodological rigor and insufficient depth in existing specialization programs; the need to bring the academia closer to the business world, and the need to obtain extra funding for the schools of administration.

Originally, the professional master's in administration was aimed at a clientele of professionals at the mid to high end of management, along the lines of the North American Executive MBA, although its regulatory

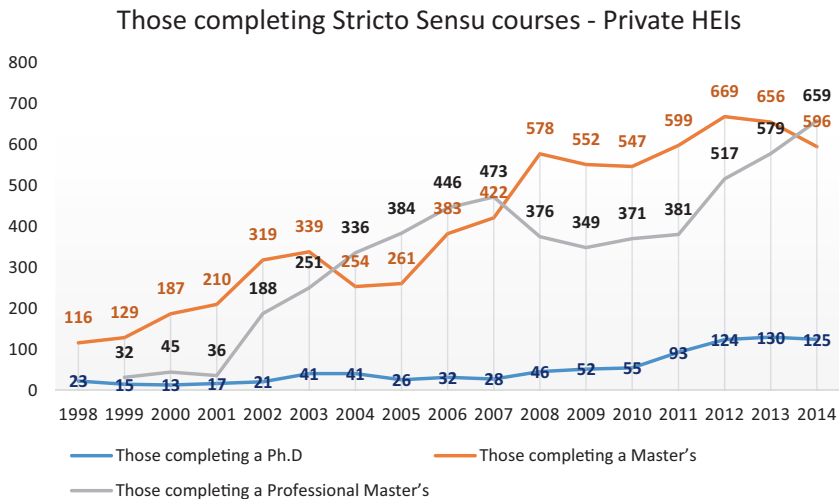
structure still evaluates it using criteria that are highly influenced by the academic master's. Thus, one of the standard requirements to be awarded a master's degree is still the production of a dissertation or final program assignment, evaluated by a panel and the continuous evaluation of programs still has a strong bias toward academic production.

The professional master's has become an alternative to non-degree courses, to the extent that it allows students to delve deeper into research of a professional nature based on more consistent methodologies and theoretical models, and allows them to take advantage of a qualified faculty body that is basically made up of PhDs. In terms of expansion, the professional master's over the past decade has shown an increase of 115% in the number of students completing the course (Figs. 4.1 and 4.2).

From the point of view of its insertion into the world of teaching and research, this type of program allows its graduates to plan for a second career, as faculty members in undergraduate and graduate programs, or offers them a platform to access a PhD program. However, in most cases, those who take this program tend to continue in their positions of management within public and private sector organizations.



**Fig. 4.1** Students completing their postgraduate programs (degree program)—Public HEIs  
 Source: Adapted from INEP, MEC



**Fig. 4.2** Students completing their postgraduate programs (degree program)—Private HEIs  
 Source: Adapted from INEP, MEC

Since this is a program that awards an academic degree, it is also regulated and evaluated by CAPES and subject to revision every four years.

### *The Supply of Brazilian MBAs*

Although inspired by the North American and European MBAs, the Brazilian MBAs have very little in common with these, especially with the original American MBA format of two-year full-time study.

The Brazilian MBAs, in fact, cover a broad range of postgraduate programs aimed at experienced professionals. In general, they are offered as evening classes or as concentrated modules, lasting between one and two years with a minimum total in-class workload of 360 hours. The faculty body is made up of professors with strong business experience, teaching on a part-time basis. Selection is less stringent than in the US MBA programs and the content is varied and covers a number of different disciplines.

This increasing demand for specialization programs and executive education seen in Brazil has helped boost the supply of non-degree programs,

a category which includes the Brazilian MBA. Certain other factors have converged in order to increase this supply, aside from the expansion in demand, which include:

- The MBA can be offered by any HEIs duly registered with the MEC—either public or private which are equally regulated—and also by institutions that have been specially authorized by the MEC, which increases the supply base considerably;
- The non-degree postgraduate programs do not depend on any such authorization or recognition and only need to abide by the standards established in the specific norm set down by the MEC to ensure that their supply is properly registered (Brasil 2001);
- In addition to this scenario, the professional master's programs have emerged as an option for professionals and executives who want a more solid instruction. These programs are also considered as executive education in that they prioritize research with a practical bias. Nevertheless, because they fall into the degree-granting category, they have to comply with the restrictive norms imposed by the regulatory authority, in this case CAPES, which tends to limit the supply of this kind of program. In fact, the professional master's program is the only degree-granting program that competes directly with the Brazilian MBA, but, given its more regulated nature, it represents just a small fraction of the MBA market.

The labor market's recognition of the contribution made by these programs to the education of executives was initially considerable, since it was considered as an important differential in any curriculum. However, as the supply of these programs expanded, and diversified, so today only a few programs offered by top institutions are considered as a differential in the curriculum vitae of those completing these programs. However, in Brazil we are still far from the debate on the relevance of an MBA specialized in a sector or function.

According to the MEC, in 2014, the institutions that offered non-degree programs in Brazil listed more than 9000 management programs aimed at a variety of different areas. In practice, however, the MBA programs that are most regularly offered by these institutions are:

- MBA
- MBA in Project Management
- MBA in Finance
- MBA in Marketing
- MBA in Human Resources
- MBA in Healthcare Institutions
- MBA in Foreign Trade and International Business
- MBA in Public Management
- MBA in Logistics
- MBA in Environmental Management
- MBA in Services
- MBA in Innovation
- MBA in IT
- MBA in Real Estate
- MBA in Entrepreneurship and New Businesses
- MBA in Agribusiness

Source: Based on data released by the MEC.

According to MEC data, there are currently 1251 institutions, both public and private, registered to offer non-degree programs, supplying more than 9000 programs across the country.

## **Financial Feasibility**

In terms of the financial costs involved, the non-degree programs vary considerably in price, influenced by a number of factors. These include the institution's reputation, the required workload and differentials in the program or institution. These differentials may include the offer of career advice services, an exclusive faculty made up of master's and PhD professors with executive experience, international partnerships offering modules in addition to the program, and partnerships with companies that invest in study centers dedicated to analyzing the day-to-day problems of companies.

Among the country's best business schools, according to a survey published in a special edition on executive education,<sup>13</sup> the price range of

programs varied between US\$8000 and US\$16,500 in 2015, as shown in detail in Table 4.8. However, since there was some variation in the workload required by each program, it is perhaps more appropriate to compare the cost of a class-hour of each program on offer.

The combination of a demanding market, regulatory flexibility and the revenue potential that MBAs can offer institutions ensures that these programs also have an important role in raising funds for business schools and academic institutions. In other words, the volume of revenues generated vis-à-vis the operational costs involved makes this a very profitable business model.

One should stress that the non-degree programs, when offered by public institutions, are not offered free of charge, as in the case of other programs offered by these types of institution. In general, the income from such programs is used to improve the infrastructure of these public institutions which, by their very nature, depend on state resources and, therefore, on bureaucratic processes and the availability of resources to maintain themselves.

Table 4.9 summarizes the characteristics of the programs in administration that make up the bulk of those offered in Brazil.

**Table 4.8** Prices of MBA programs in Brazil

Approximate prices of the programs offered in 2015 (US\$) <sup>a</sup>					
Institution		Program	Workload in hours	Cash price	Price/hour
IBMEC	RJ	MBA	526	10,500	20
INSPER	SP	Executive MBA	672	16,500	25
FIA	SP	MBA	600	11,000	18
FGV	RJ	MBA	432	8,000	19
FDC	SP	Specialization in Business Management	432	9,500	22
ESPM	SP	Executive MBA	540	14,000	26
COPPEAD	RJ	Executive MBA	400	16,500	41
BSP	SP	MBA in Business and Strategy	553	10,500	19

Source: Data collected by the authors (in approximate values)

<sup>a</sup>Using an exchange rate of R\$3.32 to US\$1 (2015)



**Table 4.9** Summary of the main characteristics of the programs offered in Brazil

Summary of the principal programs in management				Regulation and evaluation
Denomination	Type	Duration	Requirements for completion	
Undergraduate course in Administration	Degree program	Minimum of 3400 hours (4 years)	* Minimum grades set down * Minimum presence set down * Final course project	MEC/INEP for accreditation and re-accreditation INEP—Evaluation of the teaching and ranking of the programs by the IGC with grades from 1 to 5 MEC/CNE—requires that the programs on offer are duly registered
Brazilian MBA	Non-degree program	Minimum of 360 hours (around 18 months)	* Minimum grades set down * Minimum presence set down * Final course project	CAPEs—Evaluates and ranks programs (grades from 1 to 5)
Academic master's	Degree program	Minimum of 360 hours (18–24 months)	* Minimum grades set down * Minimum presence set down * Dissertation of an academic nature prepared with the guidance of a PhD and evaluated by a panel of professors made up of members from inside and outside the School	CAPEs—Evaluates and ranks programs (grades from 1 to 5)
Professional master's	Degree program	Minimum of 360 hours (18–24 months)	* Minimum grades set down * Minimum presence set down * Dissertation applied to the reality of organizations prepared with the guidance of a PhD and evaluated by a panel of professors made up of members from inside and outside the School	CAPEs—Evaluates and ranks programs (grades from 1 to 5)
Ph.D.	Degree program	Minimum of 540 hours (around 54 months)	* Minimum grades set down * Minimum presence set down * Thesis of an academic nature prepared with the guidance of a PhD and evaluated by a panel of professors made up of members from inside and outside the School	CAPEs—Evaluates and ranks programs (grades from 1 to 5)

## Faculty

The career of a professor in administration is varied, offering a fairly broad mix of academic and professional positions at different levels and in different kinds of institution across the country. Federal universities have a very homogeneous and structured career and remuneration plan, while in the private sector career criteria are defined by each HEI.

In recent years, and with the growth in the number of programs and schools of administration opening up, boosted, mainly by public policies, there has been a consequent increase in the opportunities available to professors (Table 4.10).

As shown in Table 4.10, between 2009 and 2013, Brazil experienced a modest level of growth in the number of jobs offered to professors in the field of administration of approximately 1.6%, with public institutions showing expressive growth of 49.6% but private institutions seeing a drop of 4.67%. In the case of the former, this was a reflection of the creation of new public institutions, while in the case of the latter, the drop was the result of the suspension of certain institutions whose evaluations came in below the minimum recommended standards. The drop in the number of professors employed in private institutions was also the result of efficiency gains made in allocating them, thanks to certain economies of scale adopted by the major profit-making groups in face of market consolidation.

The growth in the number of professors with doctoral degrees may be explained by the requirements of the evaluation system, which favors those programs that have a highly qualified faculty body.

In the case of the Brazilian MBA programs, the MEC establishes certain minimum criteria, with the only requirement being that at least 50% of the professors of the faculty should have master's or PhD qualifications. On the other hand, because it is a program aimed at professional practice, the expectations of those who seek an MBA is that they will have classes with professors who bring to the classroom their executive experiences, and can, therefore, be in better position to discuss the practical implications of management issues.

Table 4.10 Faculty titles at the higher education institutions

Faculty member	2014		2013		2012		2011		2010		2009	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Non-graduate	-	1	-	1	1	0	0	1	6	48	5	28
Graduate	732	135	744	235	427	922	1,453	1,136	1,724	1,148	3,691	3,691
Specialist	2,342	29,851	2,615	27,902	-	25,701	2,166	31,797	2,051	31,225	1,774	32,715
Master	6,219	37,055	6,061	34,212	-	34,471	5,803	34,613	5,078	32,284	3,739	32,395
Doctor	6,940	14,639	5,523	10,918	-	14,932	5,817	10,290	5,014	7,967	3,321	8,026
Total	16,233	81,680	14,943	73,267	0	75,531	14,708	78,153	13,279	73,200	9,982	76,827

The National Anísio Teixeira Institute of Educational Studies and Research

Statistical data on the Faculty Functions at the Higher Education Institutions (HEIs)—Courses in Management Censur from 2009 to 2014

Source: Adapted from MEC/Inep; Table prepared by Inep/DEED

N.B.: The same Faculty member can teach in more than one course within the same institution and in a different institution

## The Role of Research in the Academic Career

All the degree programs have to contribute to the country's research and intellectual development. To this end, the requirement is that all active programs should have at least one research group registered with the CNPq.<sup>14</sup> Another requirement is that all those doing their PhDs. should have a supervisor who already has a PhD qualification. Those who take on this role are required to fulfill the criteria of academic qualification set down by the federal regulator.

As part of the final criteria for being awarded the title of doctor in Brazil, students have to develop a thesis and have it approved by a committee. The criteria in relation to the publication and acceptance of three articles as an option for approval may be accepted, and this varies in accordance with the rules set down by each individual institution.

In state and municipal public institutions, specific rules applied to faculty's careers are set locally.

## Faculty Wages and Benefits

In terms of remuneration and career structure, there are differences, especially in the case of private institutions. In the case of public institutions, there are rules in place and these are clearly set out in official documents of public record, whereas for private institutions, there is no required minimum regulation in terms of remuneration and career plans.

In federal institutions, the career rules are valid throughout the country. One peculiarity of the Brazilian model is that there is no system of tenure, although, in practice, in the case of all the public institutions, those academics who enter the public service are effectively guaranteed professional stability.

Table 4.11 shows the levels of wages of faculty with Exclusive Dedication (E.D.) at federal HEIs, which, as the title suggests, means that they cannot work for other institutions, and professionals with No Exclusive Dedication (N.E.D), with a weekly workload of 40 hours, who can work for/at other institutions.

**Table 4.11** Career plan of federal professors

Position	Regime	Average monthly wage in US\$ <sup>a</sup>	
		With master's degree	With PhD
Full professor	40 h <sup>c</sup>	1,756	2,367
	E. D. <sup>b</sup>	3,106	5,137
Associate professor	40 h <sup>c</sup>	1,623	2,100
	E. D. <sup>b</sup>	2,878	4,424
Adjunct professor	40 h <sup>c</sup>	1,387	1,814
	E. D. <sup>b</sup>	2,231	3,156
Assistant professor	40 h <sup>c</sup>	1,276	1,681
	E. D. <sup>b</sup>	1,960	2,795

Source: Adapted from Ministry of Planning, Budget and Management

<sup>a</sup>Using an exchange rate of R\$3.32 to US\$1 (2015)

<sup>b</sup>Exclusive dedication

<sup>c</sup>40 h—no exclusive dedication

These are the levels of faculty remuneration dedicated to degree programs that cover teaching and research activities.

## Faculty Wages in Non-degree Programs

In the case of the non-degree programs, the policies and rules for career and pay are more flexible. In terms of hiring, professors do not as a rule have formal labor ties with their employer and are simply registered by their institutions as collaborators, with no minimum hours or availability stipulated and only teaching when invited to do so. In terms of salary, in general, the business schools pay a pre-established value per hour of work in class, which may vary considerably as shown in Table 4.12.

## The Demand for Higher Education in Business

### Government Policies to Encourage the Expansion of Demand at the Undergraduate Level

The increase in purchasing power as seen from the beginning of this new century helped boost demand for higher education programs among the

**Table 4.12** Remuneration in MBA programs using an exchange rate of R\$3.32 to US\$1 (2015)

Value of the remuneration <sup>a</sup> of a professor of MBA in Brazil	
Institution	Class-hour in US\$
Institution 1	66
Institution 2	136
Institution 3	45
Institution 4	72

<sup>a</sup>Data collected by the authors (in approximate values)

less advantaged classes who, because of their inferior quality schooling at the primary and secondary level, were unable to enter the public HEIs. This led the government to implement policies aimed at greater inclusion. Thus, through its educational credit program, the government offers loans at subsidized interest rates to low income students, who can repay these loans after they have graduated, while in the system of scholarships, the government offers tax incentives to partner HEIs without any cost to students. It is this context that has led to the strong demand for undergraduate programs, and that has promoted management education to the position of the most demanded program in Brazil.

This was possible by a combination of factors: on the demand side students look at management as a more generalistic program giving them broader employability; on the supply side, management programs are one of the cheapest to be put in place by HEIs as they do not demand any specific infrastructure such as laboratories.

Since in management programs private sector is responsible for 89% of supply, dependence on the FIES program has tended to be greater than all other programs that have an average of 72% of the supply provided by private HEIs (see Table 4.2).

One can conclude then that the FIES has been the prime factor behind the increase in the number of students enrolling in private HEIs over the last six years. Considering that in the FIES it is the government that assumes the credit risk, we consequently have a situation where this same government is effectively funding the growth in private profit-making HEIs. In Table 4.13, we can see the impact of the FIES on the total number of students enrolled in all undergraduate programs:

**Table 4.13** Private student enrollments in HEIs with FIES support

	2009	2014	Variation 2014/2009
Total enrollments	6,000,000	7,800,000	1,800,000
Private enrollments	4,430,000	5,870,000	1,440,000
Students using FIES	173,000	1,900,000	1,717,000
% with FIES	4%	32.4%	

Source: INEP 2011, 2016

## Market Pressure Behind the Demand for Brazilian MBAs

In Brazil, it has become clear in recent years that taking an MBA program has become essential for those wishing to be successful in their careers. Up until the 90s, having a degree was considered sufficient for a professional to develop a career in Brazil. However, the ever-greater demands and requirements of the market for qualified professionals have forced these professionals to seek out further education, and the MBAs fulfill this need perfectly.

During the first decade of this new century, having an MBA in one's curriculum was considered a differential, especially if awarded by a renowned institution. This in turn increased the demand for such qualifications among professionals looking to expand their employability, either in order to seek out new opportunities or to grow within their existing organizations (Oliveira 2014). A contributing factor to this expansion was the excessively optimistic discourse employed by specialized business media (Afonso 2005). In accordance with this discourse, the MBAs would provide students with the toolkit of competencies needed to provide solutions to most kinds of professional challenge. The propaganda around this kind of program also contributed to its expansion, by using arguments of marketing shown in different outlets of communication, according to which these programs could boost your career and that they represented a path to professional success and to executive growth, among others (Wood Jr and de Paula 2004).

## The Current Scenario of Executive Education

Official data relating to MBA programs is not widely available. However, a survey carried out in 2014 by one of the authors of this chapter, involving 2027 MBA graduates from across the country, showed that 79.8% of

those interviewed considered that from a professional point of view, doing an MBA had been worth it (Oliveira, 2014).

This survey also showed that the most beneficial aspect pointed out by the majority of interviewees was the possibility to update, extend or expand their knowledge base (70% of responses). The second most important reason, cited by 32% of the sample, was related to the increase in their employability; and the third reason, referred to the need to directly apply the knowledge acquired to the professional activity they were involved in (15% of respondents; Oliveira 2014).

In recent years, there has been a growth of demand for professional master's qualifications. It is possible to compare the demand curve of different types of degree-granting graduate programs, as shown in Fig. 4.1 (Students completing their graduate programs at Public HEIs) and in Fig. 4.2 (Students completing their graduate programs at Private HEIs). Unfortunately, data on non-degree programs are not available for a comparison.

An analysis of Figs. 4.1 and 4.2 shows that there was a recent growth in the demand for professional master's programs, especially in the case of the private HEIs. The academic masters, meanwhile, experienced a drop, from 2013 onward in the number of students completing the program.

## Conclusion

### Future Challenges

There is little doubt that the expansion in the supply of higher education in management has extended a professional qualification to thousands of individuals, who previously would not have been able to afford it. This qualification has occurred, both in quantity and in capillarity across the country. At the same time, it has raised and disseminated knowledge of modern-day techniques and methods used in management, thereby contributing to an increase in the competitiveness of Brazilian companies.

On the other hand, the sector has begun to face new challenges, many of which are the consequences of this very growth it has experienced.



These include: (a) the sustainability of the model of growth, in view of the current economic and fiscal crises; (b) the issue of the quality of the programs offered; (c) internationalization and its impact, and (d) the use of educational technology to help in the expansion of teaching and research in management.

## **The Sustainability of the Current Model of Financing Education in Management Education**

The growth in the higher education market in recent years has been the result of increased demand supported by governmental educational credit. This market growth has, in turn, led to both the development and the consolidation of private HEIs. However, the current challenge is to maintain the growth in enrollments, at a time when the government has begun to cut back its support as a result of the contraction in the economy and its consequences: falling household incomes, rising unemployment and a fiscal crisis in the public sector.

In view of this situation, the government's target of having 11 million students enrolled in higher education by 2020; in other words, an additional 3 million students may require other stimuli to be implemented. Finding competitive alternatives of private funding for students appears to be one option that is only now being considered. However, the high interest rates charged in the Brazilian market and the risk of default evident in this sector offer almost insurmountable obstacles to putting any kind of private financing into place.

The fact that the government has imposed restrictions on the number of new entrants into the FIES program, since the beginning of 2015, has reduced the market's appetite for acquiring small and medium sized HEIs. Since then, two strategies have emerged as the preferred options of the large HEIs: more investment in distance learning and a new wave of mergers between the five largest HEIs in order to achieve greater economies of scale and market power.<sup>15</sup>

## The Challenge of Quality

Once access to and the supply of undergraduate programs have been met, the challenge then becomes one of how to improve the quality of the programs offered and the HEIs themselves. At present, with the exception of the federal system and the best private institutions, the majority of schools merely qualify as “teaching schools”, with limited investment in research and in the qualification of faculty.

In spite of the growth in enrollments in undergraduate programs, graduate programs have fallen behind. This leads one to question the availability of qualified faculty to teach in the same undergraduate programs.

The evaluation of institutions carried out by the MEC shows that there is plenty of room for improvement in the programs offered at all levels, from the undergraduate programs to the PhD. programs. The Brazilian MBA, while having matured to a certain extent in recent years in terms of its proposal and academic structure, still has a long way to go before it can compare with its counterparts in North America and Europe.

## Internationalization and the Status of Brazilian HEIs

In analyzing the process of internationalization, one should consider two specific movements: the entry of international players into the field of management education in Brazil, and the insertion of Brazilian schools into international standards. In the first case, as previously mentioned, there was, from 2005 onward, a major influx of international educational and financial groups into Brazil, attracted by the potential growth of this business and the credit facilities offered by the government.

At the other end of the spectrum of management education, one can observe in Brazil an increasing presence of some of the top international schools which, through alliances or not, have gradually extended their presence in the country. This is the case of Spain's IESE, partnered with ISE- São Paulo; INSEAD partnered with the National Confederation of Industries (CNI); Columbia University in public administration through the Columbia Center in Rio de Janeiro; the University of Pittsburgh

(with its own MBA); and the McDonough School of Business (Georgetown University) and ESADE, both partnering with FGV/EBAPE. Although yet timidly, these schools have been paying increasing attention to the country's premium market of executive education. Many of them have already initiated recruitment for their MBAs in Brazil.

With regard to the insertion of Brazilian schools into the international context, partnerships also offer an advantage in that they allow for a greater exchange between faculty and students and access to innovative knowledge and practices. This movement is still in its infancy, but is expected to grow over time as the global networks of accreditation and exchange become ever more important as a form of access to academic resources.

It is expected that these schools, at least in the short and medium terms, expand their supply of programs through partnerships. This is the most appropriate form of expansion, given the considerable complexity of the Brazilian regulatory system and the sizeable initial investments needed to set up one's own infrastructure.

In terms of the visibility of Brazilian management schools on the international stage, one can see a degree of progress being made by the best private schools in the country. These institutions are using partnerships with schools in other countries to internationalize their faculty bodies, hiring professors of other nationalities and encouraging them to join international research networks in the respective fields of their expertise.

For students, the participation of their schools in international cooperation networks helps increase the opportunity for exchange programs and for interaction with the students from different countries that are received by some schools in Brazil.

In institutional terms, aside from the as-yet modest growth in the number of schools looking for international accreditations, their presence in rankings of executive education programs shows that the participation of Brazilian schools is growing. However, the presence of Brazilian schools of management in international rankings is still negligible, albeit expanding. The presence of these schools in the leading market rankings is shown in Table 4.14:

**Table 4.14** Brazilian HEIs in international rankings

International rankings											
Financial Times 2015/2016						The Economist—2015					
Institution	Year	Position	Institution	Year	Position	Institution	Year	Position	Institution	Year	Position
Fundação Dom Cabral	2015	33	Fundação Dom Cabral	2015	12	OneMBA:Xiamen/RSM/UNC/FGV São Paulo/Egade	2015	34	Krannert Graduate School of Management—Purdue University (USA)/TIAS School (Holland)/CEU Business School (Hungary)	2015	51
Inspere	2016	28	Inspere	2016	10	University of Pittsburgh: Katz	2016	–	Fundação Getulio Vargas—EBAPE (Brazil) /Tianjin University (China)	2016	–
Fundação Getulio Vargas/EAESP	2015	–	Fundação Instituto de Administração	2015	66	Coppead	2015	95		2015	–
	2016	58	Saint Paul Escola de Negócios	2016	55		2016	–		2016	–
	–	–		2015	68		–	–		–	–
	–	–		2016	59		–	–		–	–

Sources: Adapted from the *Financial Times* and *The Economist* websites

## Educational Technology

In their role as teaching schools, the great majority of Brazilian HEIs have not as yet adopted development and innovation as the teaching methods and techniques that are appropriate to the field of management. As for the pedagogical methods used in class, it is rare to see the use of teaching techniques that are focused on the participant, such as the case method, problem-based learning, project-based learning, team-based learning, flipped classrooms and other dynamic methodologies.

On the other hand, distance learning has been growing rapidly, especially in the case of the major private schools. This strategy is playing an increasingly important role in that it allows these major private groups to expand the supply of their programs, without this entailing the fixed costs that come with the use of physical space.

## Notes

1. In Brazil, the term “administration” has a more generic use than in other languages referring to both public and business affairs. In order to overcome this semantic ambiguity in this chapter, the term “management” will be used when referring to both categories (public and business administration), while the term administration will be explicitly followed by its domain (public or private).
2. In Brazil’s case, the MBA qualification does not correspond, either in content or in format to North American or European MBAs. The Brazilian version follows rules that are specific to the country, requires a minimum of 360 work hours, demands that an end-of-program paper be presented and does not issue an academic degree.
3. CAPES—Coordination for the Improvement of Higher Education Personnel: an MEC foundation that is responsible for the expansion and consolidation of graduate (master’s and doctorate programs). Its main activities include: evaluation of graduate degree programs; access to and publication of scientific output; investment in the instruction of high-level resources in Brazil and abroad; promotion of international scientific cooperation; and the induction and promotion of initial and continuous instruction of professors for basic education in the on-campus and distance learning formats (CAPES website).

4. INEP—The Anísio Teixeira National Institute for Educational Studies and Research: a federal autarchy linked to the MEC, whose mission is to promote studies, research and evaluations relating to the Brazilian Education System in order to help in the formulation and implementation of public policies in the field of education (INEP website).
5. CNE—National Council of Education: its attributes are normative, deliberative and advisory in relation to the MEC, in performing all those functions and attributes of this federal public authority relating to education, being responsible for formulating and evaluating national education policy, ensuring the quality of teaching, monitoring compliance with education legislation and ensuring that society participates in the refinement of Brazilian education (MEC website).
6. The term “Higher Education Institution” refers to any institution that is authorized to operate in this capacity by the authorities. It includes many different configurations that range from an entire university to a single school.
7. FIES—This is an MEC program that funds higher education programs for students whose gross monthly household income, per person, is less than three minimum wages (around US\$800 per month). The government, which assumes any credit risk, passes these funds directly to the private HEIs.
8. PROUNI—This is an MEC program that offers Brazilian students full or partial (50%) non-refundable scholarships to study at private HEIs. In order to compete for a full study scholarship, students must have a gross monthly household income, per person of no more than one and a half minimum wages equivalent. To obtain a 50% scholarship, the gross monthly household income cannot exceed three minimum wages per person. In addition, candidates must have completed their secondary education in a public school or in a private school but as part of a full scholarship program offered by that school (MEC website).
9. Indeed, Kroton (2016), Brazil’s largest group, considers itself to be the largest private HEI in the world.
10. The importance of educational credit, funded by the State, to this market became more evident when Anima withdrew from the acquisition of Whitney do Brasil, in mid-2015, after the change in the rules governing the use of the FIES. The deal had been officially announced just months before.
11. According to Sá Motta (2014), the first master’s dissertation was defended at the Rural University of Minas Gerais in 1961, and the first master graduated from the Technological Institute in 1963.

12. This is an association of HEIs that offer degree programs in management with the objective of stimulating research and disseminating knowledge.
13. According to a survey published in the Executive Education Special of the magazine, *Revista Você SA*.
14. National Council of Scientific and Technological Development (Conselho Nacional de Desenvolvimento Científico e Tecnológico—CNPq), an agency that focuses on supporting science, technology and innovation in Brazil.
15. In this sense, the sector was surprised by two mega merger proposals, one, announced on June 2, 2016, when Kroton announced that it would be seeking a merger with Estácio and the second, two days later, when Ser Educacional announced that it was also seeking a merger with Estácio. The first merger would create a mega institution with some 1.6 m students, which would significantly increase the concentration of the education sector in Brazil.

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# 5

## Higher Education in Management: The Case of Slovenia

Danica Purg and Alenka Braček Lalić

### Introduction

Yugoslavia opened its borders in 1958. Since then, it has had to cope with the demands of a market economy. However, the country had a specific socioeconomic model of “self-management<sup>1</sup>” and a concept of management as a political function rather than a profession. For that reason, there was no integrated program of business administration education before 1989. Specific topics related to business education—such as marketing, logistics, and industrial processes and systems—had been taught at university departments of Economics and Organization of Work. Yet, the concept of management was considered a foreign technocratic body in the system of “self-management”.

In the mid-1980s, a small group of people, who had been active in international business institutions such as the Chamber of Commerce, argued that Yugoslavia needed to develop managers and business leaders with the knowledge and skills necessary to operate in the international

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business environment. In 1985, the president of the Chamber of Commerce of Slovenia, launched an initiative to establish a modern management school. Despite their ideological doubts, the Slovenian authorities accepted—or perhaps just tolerated—this initiative (Mirvis 2011). Thus, the first management school in Yugoslavia and in post-war Central and Eastern Europe was established in Slovenia. Because at that time the word “management” was not part of the ideological vocabulary of former Yugoslavia, the Slovenian school was named, in an English translation, “Center for Training the Leading Workers in the Economy”. Considering the fact that this name would be difficult to use in an international environment, its English equivalent became International Executive Development Centre (IEDC). By 1987, IEDC had already developed a seven-week General Management Program. Three years later, it launched the first MBA in Slovenia and in Central and Eastern Europe. This initiative was followed by the Faculties of Economics in Ljubljana and Maribor. Today, a large number of public and private higher education institutions provide programs in the field of management and business administration.

## **The Supply Side of Higher Education in Management and Business Administration**

Slovenia is a small country, with only two million inhabitants. However, it has a relatively high number of public and private higher education institutions (101 higher education institutions, see Table 5.1). The number of study programs that they provide is also high.

According to the list of accredited higher education institutions provided by the Ministry of Education, Science and Sport of the Republic of Slovenia, Slovenia has four universities: the University of Ljubljana, the University of Maribor, the University of Primorska, and the University of Nova Gorica. There is also a public independent institution of higher education (Faculty of Information Studies Novo mesto), an International Association of universities (EMUNI-EURO Mediterranean University), and 44 private higher education institutions.

**Table 5.1** List of higher education institutions and study programs in Slovenia (as of June 15, 2015)

	Number of higher education institutions	Number of study programs	% (N programs)
Public higher education institutions			
University of Ljubljana	26	459	48.4%
University of Maribor	17	214	22.6%
University of Primorska	6	103	10.9%
Faculty of information studies Novo mesto	1	5	0.5%
Private higher education institutions			
University of Nova Gorica	7	20	2.1%
EMUNI-EURO Mediterranean University		3	0.3%
Private higher education institutions	44	144	15.2%
SUM	101	948	100%

Source: Adapted from the Ministry of Education, Science and Sport of the Republic of Slovenia (2015a)

The 1993 Higher Education Act has, till 2015, “undergone several amendments, including modernization of higher education, taking into account societal developments and expectations, implementation of the Bologna process, and establishment of a comparable European quality assurance system” (CMEPIUS 2011, 5). The most substantive and significant change in Slovenian higher education occurred in 2004, when a three-cycle structure, in accordance with the Bologna process, was adopted. The first cycle has a binary system of academic and professional programs (180–240 European Credit Transfer and Accumulation System (ECTS); three to four years) leading to a first-cycle degree. The second cycle offers Master’s programs (60–120 ECTS; one or two years) leading to a degree called in Slovenian *Magister stroke* [Master of Arts]. This differs from the former *Magister znanosti* [Master of Science] as it is no longer a first phase of doctoral studies, but is part of a pre-doctoral study structure. The third cycle offers doctoral studies (180 ECTS; three years) leading to *Doktor znanosti* [Doctor of Science] (CMEPIUS 2011, 13).

According to the public record, in June 2015 there were 948 accredited programs. The Slovenian Quality Assurance Agency for Higher Education (SQAA) emphasizes that the number of accredited programs is “in comparison with other European countries too high, and despite the dramatic decline of student numbers, the number of study programs is growing steadily” (SQAA 2013, 12). The reason for the declining student numbers in Slovenia is the country’s declining fertility and mortality (Čepar and Bojnec 2013). This has been the case in most other European countries, as well as in some developing countries during the last few decades.

We see from Table 5.2 that in 2006 100,123 students were enrolled in all higher education institutions (public and private) in Slovenia. From 2006 to 2015, there was a 30 percent decline in student enrollments. In 2015 there were only 69,636 students enrolled in higher education institutions in Slovenia.

In terms of tuition fees, there are significant differences between management study programs at public higher education institutions and those at private ones (see Table 5.3). As full-time first- and second-cycle programs at public higher education institutions are funded by the Government of the Republic of Slovenia, they may charge fees only for part-time studies that are not funded from public sources. Students who attend full-time first- and second-cycle management programs at public higher education institutions pay only admission costs (up to 32 EUR). Tuition fees for part-time studies in management at public higher education institutions in 2015 ranged from 2396 to 4950 EUR per study year. As student numbers have been declining (see Table 5.2) due to negative demographic trends, students are mainly interested in applying for full-time studies at public higher education institutions. Therefore, it is interesting to note that IEDC-Bled School of Management still charges

**Table 5.2** Number of enrolled students at universities and private higher education institutions (HEIs) from 2004 to 2015 in Slovenia

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public HEIs	94,797	92,524	90,862	89,081	81,617	79,449	73,761	68,214	65,952	61,536
Private HEIs	5316	6497	7266	9198	9922	10,151	10,539	9157	8179	8100

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

**Table 5.3** Overview of the main suppliers of management and business administration education in Slovenia (programs, tuition fees—only management and business administration programs are included, without management interdisciplinary programs provided by the listed higher education institutions)

Higher education institutions	Programs	Tuition fees
University of Ljubljana Faculty of Economics	Business Administration (Bachelor)	<b>Full-time study</b> (for citizens of EU countries) is fully funded by the ministry responsible for higher education. <b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>2396 EUR</b> for each year ( <b>7188 EUR</b> for three years).
	Business Administration (Master)	<b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>14,900 EUR</b> for two years.
	Management (Master)	<b>Full-time study</b> (for citizens of EU countries) is fully funded by the ministry responsible for higher education. <b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>2952 EUR</b> for each year ( <b>5904 EUR</b> for two years).
	Economic and Business Sciences (Master) The program offers nine study fields. The following three are promoted as MBA programs: <i>Corporate Governance and Management</i> <i>Management of Public Enterprises</i> <i>Corporate Governance and Management in Health Organization</i>	<b>Full-time study</b> (for citizens of EU countries) is fully funded by the ministry responsible for higher education. <b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>4700 EUR</b> for two years (provision in Slovenian language). <b>7800 EUR</b> for two years (tuition in English language).

(continued)

**Table 5.3** (continued)

Higher education institutions	Programs	Tuition fees
University of Primorska Faculty of Management	Management (Bachelor)	<b>Full-time study</b> (for citizens of EU countries) is fully funded by the ministry responsible for higher education. <b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>2396 EUR</b> for each year ( <b>7188 EUR</b> for three years). <b>Full-time study</b> (for citizens of EU countries) is fully funded by the ministry responsible for higher education. <b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>2396 EUR</b> for each year ( <b>8200 EUR</b> for two years).
	Management (Master)	<b>Part-time study</b> (for citizens of EU countries and foreign citizens from non-EU countries) costs <b>2396 EUR</b> for each year ( <b>8200 EUR</b> for two years). <b>14,850 EUR</b> for three years.
IEDC-Bled School of Management	Management (PhD)	<b>Part-time study</b> (for citizens of EU countries and foreign citizens, regardless what is their country of origin):
	Management (Master) offered as: <i>One-Year Executive MBA</i>	<b>23,000 EUR</b>
	<i>Two-Year Executive MBA</i>	<b>28,500 EUR</b>
	<i>Three-Year Executive MBA</i>	<b>34,000 EUR</b>
	Management (PhD)	<b>40,000 EUR</b>

Source: Adapted from the Ministry of Education, Science and Sport of the Republic of Slovenia and higher education institutions' websites (data retrieved in June 2015)

significantly higher tuition fees for part-time management studies (from 23,000 to 40,000 EUR per program) than public institutions (from 5904 to 14,850 EUR per postgraduate program) and had approximately the same number of students from 2004 to 2015. IEDC's clients are willing to pay higher tuition fees because of the institution's international brand and image of high-quality teaching and learning, relevant educational offerings and international networking possibilities.

According to the public record of the ministry responsible for higher education (see Tables 5.10, 5.11, and 5.12 in the Annex), there are 18 higher education institutions in the field of management and business administration studies; 44 management and business programs are provided by public higher education institutions and another 34 are delivered by private ones. A large percentage of these 78 programs are interdisciplinary. They link management and business studies to human resource management, sport, health, tourism, finance, information technology, education, organization, and economics. Only four higher education institutions provide programs focused on general management and business administration (besides other study programs) (see Table 5.3). These are: the University of Ljubljana (Faculty of Economics), the University of Maribor (Faculty of Economics and Business), the University of Primorska (Faculty of Management), and IEDC-Bled School of Management. The first three higher education institutions are public.<sup>2</sup> IEDC-Bled School of Management is the only higher education institution in Slovenia that provides management study programs without financial support from the Government of the Republic of Slovenia. All listed institutions and programs are officially recognized by the Slovenian Quality Assurance Agency for Higher Education (SQAA) and also international accreditations (see Table 5.8). However, there is a substantial difference between public and private institutions. The level of internationalization, tuition fees, the flexibility of management and governance of private institutions, and their fast response to the needs for management development of corporations and other organizations are remarkable.

Due to the fact that the Government of the Republic of Slovenia does not fund PhD programs, all PhD programs in management charge tuition fees, regardless of the status of higher education institution: public or private. Tuition fees for PhD study programs in management in Slovenia in 2015 ranged from 14,850 EUR to 40,000 EUR for three years.



We observe that higher education institutions differ enormously also in terms of internationalization. According to the ministry responsible for higher education, only 132 programs, or 14 percent of all programs in Slovenia, can be offered in English as long as a sufficient number of international students have signed up (MIZŠ 2015b). In fact, only a few of the programs are fully conducted in the English language. These are taught at IEDC-Bled School of Management and at the University of Ljubljana (Faculty of Economics).<sup>3</sup> These two institutions also have a significant proportion of international students. At IEDC-Bled School of Management, their percentage has reached 80. For instance, since 1991 almost 1334 managers from more than 40 countries on all continents have been represented on IEDC's Executive MBA program. The University of Ljubljana (Faculty of Economics) has over 500 foreign full-time undergraduate, postgraduate and doctoral students, which represents approximately 16 percent of all enrolled students (FELU 2015).

Internationalization (provision of programs in the English language, international participants and faculty) is becoming a strong issue in Slovenian management education. It should boost quality, which is the main factor behind the selection of an institution or program. However, Table 5.4 shows that in 2015 only 5.4% of all enrolled students were international. The majority of Slovenian public higher education institutions are still too focused on recruiting Slovenian students, instead of attracting international students. It is anticipated that the new Strategy for the internationalisation of Slovenian higher education 2016–2020, would make the Slovenian higher education system more appealing to foreign students, professors, researchers, and professional staff.

**Table 5.4** International students at Slovenian higher education institutions from 2006 to 2015

All study programs/ private and public HEIs	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
International students	1419	1576	1822	2036	2116	2507	3027	3220	3300	3749
% of all enrolled students	1.4%	1.6%	1.9%	2.1%	2.3%	2.8%	3.6%	4.2%	4.5%	5.4%

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

Concerning internationalization, close cooperation with business, innovative approaches, and strong focus on sustainability, corporate social responsibility, and business ethics, there are only two higher education institutions in Slovenia that could be identified as the change agents in management education. These are IEDC-Bled School of Management and the University of Ljubljana (Faculty of Economics). IEDC-Bled School of Management<sup>4</sup> is for instance cutting edge worldwide in using art metaphors for leadership development and is, furthermore, very innovative in experiential learning. IEDC-Bled School of Management is an art gallery and as such provides “creative environment for creative leadership”. For its contribution to art and leadership development, IEDC’s Executive MBA program was among more than 700 MBA programs of Association of MBAs: (AMBA) members, in 2012 among four recipients of “The MBA Innovation Award”. The school also strongly promotes ethical, socially responsible, and creative leadership through all its programs and activities. IEDC-Bled School of Management was among the first business schools to integrate business ethics as a core required topic since 1991 and to integrate sustainable development in the mandatory courses of curriculum since 2007. IEDC-Bled School of Management is the only business school in Central and Eastern Europe which was recognized as Principles for Responsible Management Education (PRME) Champion.

On the other side, the University of Ljubljana (Faculty of Economics) has ever since its establishment in 1946 been recognized as an international business and economics research institution which has assumed responsibility to contribute to the development of the Slovenian economy and society. The topics of ethics, responsibility, and sustainability are also incorporated into the majority of faculty’s courses, and in the overall curricula. In 2009, it has committed itself to the Principles for Responsible Management Education (PRME) (FELU’s website 2015). It should be added that the Confucius Institute at the University of Ljubljana (Faculty of Economics) is the only business institute in this part of Europe.

Both higher education institutions are the leading institutions in Slovenia that provide executive education and have close cooperation with business. IEDC-Bled School of Management is for instance well known for a wide range of innovative executive development programs, carried out in different countries, and for its remarkable international alumni network<sup>5</sup> and prominent international professors. Its EMBA and

PhD programs are both focused on executive education, relevant to the needs of national and international business and society. It also provides other management and leadership development programs, such as General Management Program, Young Managers Program, Discover Entrepreneurial Management Program, HR forum, Annual Presidents' Forum, open programs and tailor-made programs for Slovenian and other companies around the world (most clients come from Austrian, Russian, Swiss, and American companies).

The University of Ljubljana (Faculty of Economics) organizes annual business conferences and consulting based on research findings from the field of business and economics, and provides diverse business academies (Leading Digital Business Transformation Academy, Leadership Academy, Family Business Academy, Global Leadership Academy, Sustainability Leadership and Inspiration Academy, and International Business Academy in Tourism). It also provides business education workshops, in-company and tailor-made courses through its trainings center (FELU's website 2015).

## Faculty

In Slovenia, “higher education teachers, researchers and artistic staff, with the exception of full professors and research counsellors, are appointed to a position for a period of five years. Assistants are appointed for a period of three years. Appointments to the rank of full professor and research fellow are permanent” (SQAA 2010). Tables 5.5 and 5.15 (in Annex) show the number of academic staff at public and private higher education institutions from 2007 to 2013 according to the type of their employment.

The data suggest that the number of academic staff employed at public and private higher education institutions increased between 2004 and 2014. In 2004, there were 6262 academic staff employed in Slovenian higher education institutions. Despite the declining number of students (see Table 5.2), in 2014 there were 7172 academic staff, ranging from assistants to full professors, at public and private higher education institutions in Slovenia. The majority of academic staff at public higher education institutions is employed full-time.

**Table 5.5** Number of academic staff at public and private higher education institutions from 2007 to 2014

	Academic staff at public and private higher education institutions					
	Total	Full professor	Associate professor	Assistant professor	Higher lecturer	Assistant
2007	7547	1287	1025	1285	332	2333
2008	7580	1384	1051	1447	337	2305
2009	8291	1466	1131	1602	359	2495
2010	8474	1453	1147	1674	421	2465
2011	8850	1593	1187	1715	405	2552
2012	8763	1623	1167	1704	394	2472
2013	8788	1610	1154	1754	389	2467
2014	8636	1563	1132	1724	400	2353

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

Private higher education institutions employ the majority of their academic staff on a part-time basis.

Basic minimum standards for appointment to a position are: (1) a suitable education or suitable academic or professional title; (2) qualification for professional or artistic work; (3) pedagogical qualification; (4) a positive assessment by the majority of the evaluators of the candidate's qualification; and (5) active knowledge of at least one widely spoken foreign language. Pedagogical qualification does not have to be demonstrated by candidates for appointment to the positions of researcher, research counselor, expert adviser, senior expert, junior expert, librarian, and assistant on first appointment (SQAA 2010).

The Higher Education Act determines a typical teaching load. Direct teaching obligations during an organized study process in higher education provided as a public service shall amount to: (1) five to seven hours per week for assistant, associate, and full professors; (2) nine hours per week for senior lecturers and lecturers; (3) 10 hours per week for assistants. If these weekly teaching obligation are insufficient to provide programs, the competent body of the higher education institution may assign to higher education teachers or staff an additional weekly teaching obligation amounting to no more than: (1) two hours for assistant, associate, and full professors; (2) three hours for senior lecturers and lecturers; (3) four hours for assistants. Assistant, associate and full professors, senior lecturers, lecturers, assistants, and other higher education staff may, if

funding has been secured, exceptionally undertake teaching, scientific, research, artistic, or professional work for the same employer, or for another one, amounting to no more than 20 percent of their full working hours per week (Higher Education Act, article 63, 2014).

Notwithstanding the status of higher education institution (public or private), all higher education institutions in Slovenia have to be organized according to the rules of the Higher Education Act. Though, private institutions can be more flexible in their management and governance because they are not financed by the government. Flexibility in management and governance allows private higher education institutions recruitment of excellent faculty from the whole world (based on individual contracts). Unlike public institutions, private ones are not obliged to follow the legislation on public servants that determines salaries for faculty (from assistants to full professors). Remuneration at public institutions is not attractive from an international perspective (see Table 5.6).

Public higher education institutions are based on legislation on public servants that determines salaries for academic staff (see Table 5.6) forced to recruit mostly domestic faculty. This is the main reason for the phenomenon of academic inbreeding. However, we strongly believe that faculty from diverse cultural environments who have cross-border education experiences bring new ideas, concepts, and teaching methods into the classroom. This significantly enhances program's and institution's quality. The University of Ljubljana (Faculty of Economics) is regularly bringing in foreign guests speakers; the IEDC-Bled School of Management engages, since its beginning, more than 60 international professors every year. In fact, 90 percent of the faculty consists of the foreign faculty (fully or partly employed).

**Table 5.6** Salaries of faculties at public higher education institutions in 2016

Faculty title	Salary per month (gross)
Full professor	3,661,250 EUR
Associate professor	3,129,660 EUR
Assistant professor	2,782,250 EUR
Higher lecturer	2,378,280 EUR
Assistant with PhD	3,009,280 EUR

Source: Adapted from the Ministry of Public Administration Republic of Slovenia

**Table 5.7** Number of PhD candidates enrolled at public and private higher education institutions from 2005 to 2014 (all study disciplines)

	Number of PhD candidates											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
Higher education institutions—all	1012	1151	1256	1381	1298	1057	645	174	7	–		
Public higher education institutions	45	99	326	613	2111	2928	3453	3430	3008	2644		
Private higher education institutions	876	1027	1112	1213	1155	960	597	174	7	–		
International students	45	99	326	539	1949	2695	3103	3074	2681	2231		
International students	136	124	144	168	143	97	48	–	–	–		
International students	–	–	–	74	162	233	350	356	327	413		
International students	58	81	108	124	97	96	53	14	1	n/a		
International students	–	18	32	46	192	309	385	383	384	n/a		

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

An example of a good practice is the International Management Teachers Academy (IMTA<sup>6</sup>), organized by the International Association for Management Development in Dynamic Societies (CEEMAN), headquartered at IEDC-Bled School of Management.

Concerning PhD students in Slovenia who may pursue an academic career, a Master's degree in a relevant field is a requirement for enrollment on a third-cycle program (PhD) at a public or private institution. In comparison to public higher education institutions that provide study programs in management, IEDC-Bled School of Management has slightly more stringent admission rules. Besides a completed Master's level (Bologna second level, corresponding to 300 ECTS), a minimum of five years of relevant work experience is required, as well as proficiency in the English language. Tables 5.7 and 5.13 (in Annex) present the share of domestic and international PhD candidates from all study disciplines and their success rates, in terms of numbers of PhD graduates, from 2004 to 2014.

We see that the number of PhD students (all study disciplines are included) has increased significantly from 2004 to 2014. In 2004, there were 2114 PhD students in public and private higher education institutions. In 2014, their number had risen to 2644. Table 5.7 shows that the majority of PhD students (2231) were enrolled in public universities. The reason is that public higher education institutions offer a significantly higher number of PhD programs than private higher education institutions, and their intake is also higher.

## **The Demand for Higher Education in Management and Business Administration**

Despite the declining number of higher education students,<sup>7</sup> we see that the demand for development or enhancement of management and leadership skills and competences is growing. This growth is not in traditional programs provided by public higher education institutions but in executive education and MBA programs that are more practically oriented. The knowledge gained from these programs can be immediately applied in practice. According to data from IEDC-Bled School of Management the number of national and international candidates for open programs on

management and leadership, in-company programs, and summer schools for executives and young managers, has been growing every year. Candidates are searching for relevant educational offerings and prefer pedagogical excellence and case study methods of learning and teaching, instead of research excellence. It is interesting to note that almost half of the candidates attending executive education have an academic background in engineering or the natural sciences. This suggests that management and leadership skills and competences are in demand in all industries and sectors.

In order to understand what management and leadership development needs are, CEEMAN launched an international research project in 2015 on “Management and Leadership Development Needs in Dynamically Changing Societies”, which has been conducted across 20 countries.<sup>8</sup> The main goal of this research is to deepen the cooperation between different businesses that operate in dynamically changing societies and management development institutions in the same environments in order to gain insights into emerging business issues and actual development needs, and address these needs with relevant educational offerings. The research results will be of great importance for Slovenian higher education institutions, too. We believe that this research could stimulate higher education institutions to provide innovative educational offerings, and would be especially relevant for students, businesses, and society at large.

## Regulatory Bodies

The main regulatory body for higher education institutions and programs in Slovenia is the Slovenian Quality Assurance Agency for Higher Education (SQAA), which evaluates the compliance with statutory and legal requirements and gives official approval to higher education institutions for commencing its operation. A condition for receiving an accreditation status is compliance with the standards and guidelines for quality assurance in the European Higher Education Area (ESG) adopted by European Association for Quality Assurance in Higher Education in 2015 and with the criteria for the accreditation and external evaluation of higher education institutions and programs (accreditation criteria) modified by the SQAA in 2014. Higher education institutions are assessed by the following criteria:



- integration with the environment;
- functioning of the higher education institution;
- human resources;
- students;
- material conditions;
- quality assurance, innovation, and development orientation.

Particular educational programs are also assessed by these criteria as well as on the basis of their structure and content. According to the external assessments of study programs provided by the SQAA, academic staff have great conditions for personal, professional, and academic development within the framework of mobility, lifelong learning, and participation in scientific-research, professional, or artistic projects, in terms of financial support. As far as students are concerned, students do co-manage higher education institutions and have, for the most part, adequately regulated membership and voting rights in the management bodies (SQAA 2013, 43). This is a good practice that follows ESG.

In addition to national accreditation, higher education institutions seek a confirmation of excellence also from international regulatory bodies. Table 5.8 shows the most significant international regulatory bodies relevant for higher education institutions in the field of management and

**Table 5.8** Overview of the main suppliers of management and business education in Slovenia and their accreditations

Higher education institutions	Accreditations
University of Ljubljana, Faculty of Economics	SQAA, AACSB, EQUIS, AMBA, TEDQUAL
University of Maribor, Faculty of Economics and Business	SQAA, ACBSP, ECBE
University of Primorska, Faculty of Management	SQAA, FIBAA
IEDC-Bled School of Management	SQAA, AMBA, CEEMAN

Source: Adapted from higher education institutions' websites (data retrieved in August 2016)

business studies, and the international accreditations acquired by the main suppliers of management and business education in Slovenia.

AACSB, EQUIS, AMBA, and CEEMAN are the most recognized international accreditations in the field of management and business studies.

## Conclusion

Management education in Slovenia has come a long way in the past 30 years. Some higher education institutions have been change agents, others have been followers, but all have been stimulating each other through eagerness to increase the level of management professionalism, and therefore affecting the development of the country and business.

Today, a large number of public and private higher education institutions in Slovenia provide programs in the field of management studies, also in combination with other disciplines. Only four higher education institutions provide programs focused solely on general management. Three of them are public; one is a private higher education institution. If we take into consideration the declining number of students in Slovenia, we could conclude that there are a sufficient number of providers of higher education in the field of management and business studies.

Regardless of the fact that all higher education institutions in Slovenia have to be organized according to the rules of the Higher Education Act and have to provide study programs according to national and international standards, we observe that there is a substantial difference between public and private higher education institutions in the field of management and business studies. Main contrasts lie in tuition fees, the level of internationalization, in focus (pedagogical versus research excellence), the flexibility of management and governance, and response to the needs of business and society. For instance, some private institutions in Slovenia are, in comparison to public institutions, more flexible in their recruitment of the prominent professors from the whole world,

because they are not obliged to follow national legislation on public servants and more internationally oriented, with larger percentage of international students and international alumni network. Furthermore, tuition fees at private higher education institutions are higher, because these institutions are not subsidized or funded by the government. Due to their flexibility, private higher education institutions are also more reactive to the society's needs and have closer cooperation with business, especially with international business. Public management and business schools are usually a part of a rigid university system, where changes into the curricula and programs are introduced very slowly. The main difference between private and public institutions lies also in their focus. Private higher education institutions are more focused on pedagogical excellence, on providing practical knowledge, skills, and competences through case studies, while research excellence stays the main focus of public higher education institutions. Courses in teaching methodology and case writing are still scarce and insufficient. Visiting faculty, often from renowned foreign business schools, helps to fill this gap. Participating in CEEMAN's IMTA course is also helpful. However, so far only 29 Slovenian faculty members have attended it. With substantial investment in faculty development, Slovenian higher education institutions could provide higher quality of learning and also attract more international students.

Innovations in program content and teaching methodology should also be stimulated and better appreciated by accreditation agencies, including the international ones.

The same goes for the development of responsible leaders. Topics such as ethics and sustainable development should be integrated in every curriculum as a required subject, which is not yet the case. Management studies should connect with the real world as a precondition for relevant research and teaching. The good practices of some management education institutions in Slovenia can serve as an example to others, also internationally.

## Annex

**Table 5.9** Overview of the main suppliers of management and business education in Slovenia (programs, degrees awarded—only management and business administration programs are included, without management interdisciplinary programs provided by the listed higher education institutions)

Higher education institutions	Programs	Professional and academic qualifications
University of Ljubljana Faculty of Economics	Business Administration	Bachelor of Arts
	Business Administration Management	Master of Business Administration Master of Management
	Economic and Business Sciences The following three are promoted as MBA programs:	Master of Economic and Business Sciences
University of Maribor Faculty of Economics and Business	Corporate Governance and Management Management of Public Enterprises Corporate Governance and Management in Health Organization Management (PF, UN)	
	Management	Bachelor of Arts
	Management	Master of Management PhD in Management
	Management offered as: One-Year Executive MBA Two-Year Executive MBA Three-Year Executive MBA Management	Master of Management
IEDC-Bled School of Management		PhD in Management

Source: Adapted from Ministry of Education, Science and Sport of the Republic of Slovenia and higher education institutions' websites in 2015

**Table 5.10** List of public higher education institutions in the field of management and business studies

Public higher education institutions		BA	MA	PhD
1	University of Ljubljana Faculty of Economics	X	X	X
2	Faculty of Administration		X	
3	University of Maribor Faculty of Economics and Business	X	X	X
4	Faculty of Organizational Studies	X	X	X
5	University of Primorska Faculty of Management	X	X	X

Source: Adapted from the Ministry of Education, Science and Sport of the Republic of Slovenia in 2015

**Table 5.11** List of private higher education institutions in the field of management and business studies

Private higher education institutions		BA	MA	PhD
1	Doba Faculty of Applied Business and Social Studies, Maribor	X	X	
2	Gea College, Ljubljana	X	X	
3	Faculty of Commercial and Business Sciences, Celje	X	X	X
4	Faculty of Organization Studies, Kranj	X	X	X
5	Faculty of Business and Management Sciences Novo mesto	X	X	X
6	Faculty of Business Studies, Ljubljana	X	X	
7	IBS International Business School Ljubljana	X	X	
8	IEDC-Bled School of Management		X	X
9	International School for Social and Business Studies, Celje	X	X	X
10	B2 School of Business, Ljubljana	X	X	
11	School of Business and Management Novo mesto	X	X	
12	ERUDIO Business School, Ljubljana	X		
13	Management and Law College, Ljubljana	X		

Source: Adapted from the Ministry of Education, Science and Sport of the Republic of Slovenia in 2015

**Table 5.12** Overview of higher education institutions and programs in the field of management and business studies (in numbers)

	Public	Private	SUM
No of higher education institutions	5	13	18
% of all higher education institutions in Slovenia (N = 101)	5%	13%	18%
No of programs	44	34	78
% of all programs in Slovenia (N = 948)	4.6%	3.6%	8.2%

Source: Adapted from the Ministry of Education, Science and Sport of the Republic of Slovenia in 2015

**Table 5.13** Number of PhD graduates at public and private higher education institutions from 2004 to 2013

	Number of PhD graduates											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Higher education institutions—all	355	369	395	415	402	455	430	414	468	415		
Public higher education institutions	n/a	n/a	n/a	n/a	3	11	35	55	101	306		
Private higher education institutions	344	363	379	407	392	422	405	391	439	414		
PhD programs (prior 11. 6. 2004)	n/a	n/a	n/a	n/a	3	11	33	52	89	292		
PhD programs (prior 11. 6. 2004)	11	6	16	8	10	33	25	23	29	1		
Bologna PhD programs	n/a	n/a	n/a	n/a	n/a	n/a	2	3	12	14		

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

**Table 5.14** Titles of higher education teachers, researchers, and faculty assistants at higher education institutions

Titles of higher education teachers	Researcher titles	Faculty assistant titles
Full professor	Research counselor	Assistant
Associate professor	Senior research fellow	Librarian
Assistant professor	Research fellow	Expert adviser
Lector (language teacher)		Senior expert
Senior lecturer		Junior expert
Lecturer		Instructor

Source: Adapted from SQAA, Minimum standards for the appointment of higher education teachers, researchers and faculty assistants at higher education institutions in 2015

**Table 5.15** Number of academic staff at public and private higher education institutions from 2007 to 2013 according to the type of employment

	2007	2008	2009	2010	2011	2012	2013
Number according to full-time load or more	3579	3555	3812	3775	3866	3605	3668
Number according to part-time load	856	976	1049	1137	1027	1105	1173
The number of external assistants, working under contract	3112	3049	3430	3562	3957	4053	3947

Source: Adapted from Statistical Office of the Republic of Slovenia in 2015

**Table 5.16** List of international regulatory bodies relevant for higher education institutions in the field of management and business studies (in alphabetical order)

International regulatory bodies	
AACSB	Association to Advance Collegiate Schools of Business
ACBSP	Association of Collegiate Business Schools and Programs
AMBA	Association of MBAs
CEEMAN	International Association for Management Development in Dynamic Societies
ECBE	European Council for Business Education
EQUIS	European Quality Improvement System
TEDQUAL	provided by UNWTO—United Nations World Tourism Organisation

## Notes

1. The Yugoslav socialist model of organizing the society and companies.
2. The first two are leading providers of economic studies.
3. The international business graduate program of the University of Ljubljana (Faculty of Economics) holds the European CeQuInt (Certificate for Quality in Internationalization) certificate in the field of internationalization.
4. IEDC-Bled School of Management started 30 years ago as a private institution devoted to executive education and this is still its focus.
5. IEDC has 15 Alumni Clubs all over the world. The total number of participants since the establishment until today stands at more than 77,200 from 82 countries.
6. Like the International Teachers Program (ITP), the IMTA is a two-week program that has been run since 2000. The IMTA focuses on the development of management professors for all CEEMAN members from the whole world by providing an outstanding program in teaching methodologies, thus contributing to pedagogical and research excellence. So far, 550 educators from 54 countries have taken part in it. The first week is devoted to teaching methodology. During the second week, the participants are taught a particular subject, such as leadership, strategy, marketing, finance, and business and society, or other subjects that participants would like to attend. Since each group consists of only 5–10 participants, this is an extraordinary opportunity to improve teaching skills.
7. Due to negative demographic trends.
8. IEDC-Bled School of Management leads this research in Slovenia.

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# 6

## Higher Education in Management: The Case of Japan

Sakura Shimada and Minoru Shimamoto

### Introduction

The emergence of Business Studies education in Japan can be dated back to the Meiji period (1868–1912), when Japanese society moved from being an isolated feudal society to its modern form. Japan was involved in a process of total modernization, based on the adoption of Western political, social and economic institutions, and education in business studies was part of this process. The aim was to create a skilled workforce able to deal with Western businessmen on equal terms (Yuzawa 1994). Educational institutions set up in this period are among the most prestigious in business studies today: The Business Training School (*Shohokoshujo*), established separately from the traditional imperial

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universities in 1875, has become Hitotsubashi University, whereas the private-owned Keio School (*Keiogijuku*), which started its Economics department in 1880, has become Keio University.

In less than a century, Japan experienced its imperial period and defeat in World War II, and rebuilt the country to become, in the 1980s, a world economic power. However, little consideration was given to graduate school-level education in management during this period of continuous economic growth: Japanese firms preferred to train their recruits in-house rather than recruit graduates with advanced degrees.<sup>1</sup> However, the economic situation changed completely with the bursting of the bubble and Japan entered a recession during the 1990s. Japanese managers of the time were not prepared to face the situation, and this focused attention on the importance of higher level education in business administration. It was only at the beginning of the 2000s that the Ministry of Education, Culture, Sports, Sciences and Technology (MEXT) permitted universities to open professional graduate schools offering MBAs, besides the traditional and more academically oriented Master of Arts.

## The Supply Side

### Main Suppliers of Management Education in Japan

The structure of Japanese education is based on nine years of compulsory education composed of six years of primary school and three years of junior high school, followed by three years of high school. During their last year of high school, students aiming to attend university work hard to take and pass its yearly entrance exam. The admission to national or other public universities depends on the results of two entrance exams: the National Center Test, which positions candidates in a national ranking, followed by a second institution-specific exam. Private universities' exam modalities are more freely designed by each university. Students who drop out from their exams often go to private schools (sorts of crammer schools) in order to retake them the following year. Generally speaking, national and other public universities are labeled as more prestigious than private ones, owing to their exam constraints and the better study conditions facilitated by government support.

GRADUATE	<b>Doctoral degree (<i>hakushi</i>):</b> PhD or DBA	3 years	↑
SCHOOL	<b>Master degree (<i>shuushi</i>):</b> Master of arts or MBA	2 years	
UNIVERSITY	<b>Bachelor degree (<i>gakushi</i>)</b>	4 years	
Entrance exam for to higher education (age: 18)			

**Fig. 6.1** Japanese academic degrees in business studies

Source: own elaboration

**Table 6.1** Japanese universities offering business-related undergraduate degree (2014)

Ownerships	Number of universities	Number of universities with business-related education
National universities	86	26
Public universities	92	20
Private universities	603	209
Total	781	255

Source: Adapted from Knowledge station ([www.gakkou.net](http://www.gakkou.net))

Universities award bachelor's degrees after four years of study, after which most graduates enter working life. Graduates can also go on to further studies in graduate schools to gain master's degrees within two years (also called the first step of the doctorate), plus three more years for PhDs (also called the second step of the doctorate) (Fig. 6.1).

Education in business administration for the bachelor's program is mainly provided by public and private universities, often in the faculty of Commercial Science or in the faculty of Management, as well as in the management department within the faculty of Economics. Table 6.1 shows the number of universities offering bachelor's degrees in Business Administration or Commerce in 2014. One-third of Japanese universities provide higher education in management, which represents one of the most popular fields of study.

Among national and other public universities, the most highly ranked faculties in economics and business are the University of Tokyo, Hitotsubashi University and Kyoto University. The most academically difficult private universities are Keio University, Waseda University, Sophia University and Rikkyo University.

**Table 6.2** Ranking of MBA according to business persons (2014)

Rank	School	Score
1	Graduate School of Business Administration, Keio U.	1597
2	Graduate School of Management, Kyoto U.	1348
3	Graduate School of Business Administration, Kobe U.	904
4	Graduate School of Management, Globish U.	749
5	Graduate School of Commerce and Management, Hitotsubashi U.	729

Source: Adapted from Nikkei Biz Academy ([bizacademy.nikkei.co.jp](http://bizacademy.nikkei.co.jp)). Nikkei inc. and Nikkei HR's joint website survey targeting 2101 business persons aged between 20 and 40 (June 2014)

Two types of graduate schools offer master's programs in management: traditional "academic" graduate schools that award the Master of Arts, and professional graduate schools awarding the MBA. The first type of school is more research-oriented, whereas the latter aims at cultivating highly sophisticated professionals with vocational abilities. They are relatively recent and follow the Professional Graduate School Establishment (2001/2003). Pioneers in setting up MBA programs were Hitotsubashi University (in 2000), Nagoya University of Commerce & Business (in 2000) and Aoyama Gakuin University (in 2001). Since then, the number of universities offering MBAs and their specializations has multiplied to reach 33 specializations in 31 schools in 2012 (Kimu and Yoshihara 2011; Kimu 2015). In addition, there are also traditional graduate schools which, without becoming professional graduate schools, have developed their academic-oriented curriculum to a more business school-like, practice-oriented one. In Japan, both types of graduate schools are considered to widely offer MBAs.<sup>2</sup> Table 6.2 shows the top MBA programs ranked by business people in 2014.

## Typical Programs Offered and Corresponding Fees

Japanese institutions in business higher education usually offer the bachelor's degree, the traditional Master of Arts, the MBA (Master of Business Administration) and the PhD. Some of them also provide the DBA

(Doctorate of Business Administration), and more rarely an executive program.

Bachelor's programs in business administration contain fundamental courses like compulsory introductory courses to business management, marketing, accounting, finance and so on. They also include a number of standard courses that students have to choose and validate in order to graduate. Graduate schools' curricula broaden the bachelor's programs and go further. For example, the MBA program of the Graduate School of Commerce of Hitotsubashi University contains 11 core courses and 12 elective courses in management, plus special lectures on finance or insurance given by practitioners. Master's programs in business schools are usually two years full-time, but there are also possibilities for one-year intensive programs or evening sessions. Some universities have satellite classes in big cities for professionals after a day's work. All of these are measures that aim to facilitate study for professionals.

The syllabus in executive education is still rare and the curriculum varies across universities, but Keio University, Hitotsubashi University, the University of Tokyo or Waseda University are among those proposing such programs. There are also examples of companies externalizing their in-house training to business schools. Hitotsubashi University started its Senior Executive Program (HSEP) in 2002. It consists of five three-day sessions of off-site training for senior executives who are around 50 years old on average, organized with the help of major Japanese firms.

Tuition fees for university graduate schools in national establishments are fixed by ministerial ordinance, and amount to \$ 6757 (MEXT 2004). In private universities, the amount varies according to the institution, but fees generally cost much more than national or other public universities. Tuition fees composition per program and ownership are detailed in Table 6.3.

**Table 6.3** Tuition fees for the first year in business higher education programs (2014)

Program	National university	Private university
Bachelor	Courses: \$ 4427 Entrance: \$ 2330 } <u>\$ 6757</u>	Courses: \$ 7180 Entrance: \$ 2184 Utilities: \$ 1554 } <u>\$ 10,844</u>
Master of Arts	Courses: \$ 4427 Entrance: \$ 2330 } <u>\$ 6757</u>	Courses: \$ 5957 Entrance: \$ 215 Utilities: \$ 798 } <u>\$ 8573</u>
Doctorate	Courses: \$ 4427 Entrance: \$ 2330 } <u>\$ 6757</u>	Courses: \$ 4939 Entrance: \$ 1784 Utilities: \$ 581 } <u>\$ 7303</u>
MBA	Courses: \$ 4227 Entrance: \$ 2330 } <u>\$ 6757</u>	Courses: \$ 11,481 Entrance: \$ 1839 Utilities: \$ 190 } <u>\$ 14,010</u>

Source: Adapted from [www.mext.go.jp](http://www.mext.go.jp)

## Current Development of Pedagogy

Currently, Japanese graduate schools in business administration adopt an American curriculum of practical work and educational methodology including case studies. Likewise, research activities are not limited to a theoretical exercise of reading Western literature, but have evolved to also include statistical analysis of databases or case studies based on field investigation.

The particularities of Hitotsubashi University reside in its small-group learning environment with rich interaction between teachers and students. Many classes teach a method of many-sided analysis by organizing case discussions, which are not simply limited to reading techniques. Its bachelor's and MBA programs contain mandatory seminars and workshops in which about 10 students conduct their own research in their field of interest to present a graduation thesis or workshop report. The underlying policy aims at training in discussions as well as building up a



critical approach to written work. MBA students are also invited to use diplomacy game software to learn about diplomacy and strategic management through role play. Moreover, an increasing number of courses can be taken in English, especially those related to international topics.

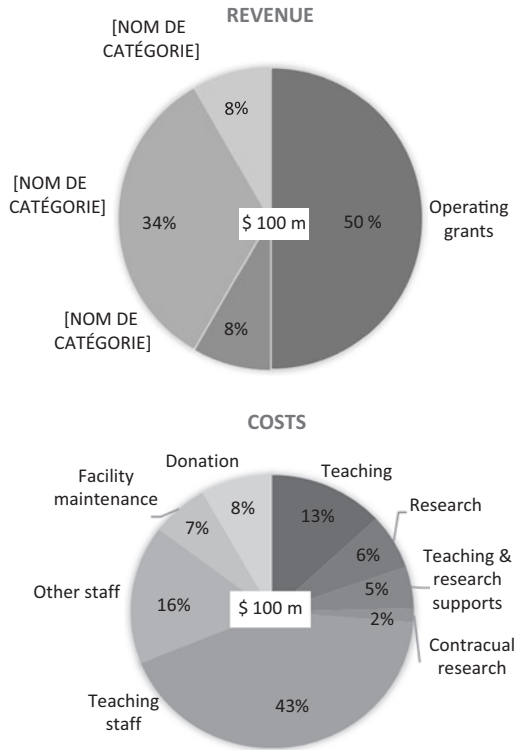
## The Business Model of Business Education Institutions

The business model, the governance and the management system of Japanese national universities have considerably evolved since they acquired a legal personality by gaining the statute of “national university corporation” in 2004 (Yamamoto 2004). This incorporation of national universities aims to improve the quality of education and research, at building appealing national universities rich in individuality, and thus meeting the expectation of students and society while facing the competitive environment. While national universities have been a part of the central government and directly operated by it, they now need to set targets on quality improvement of teaching and research and their efficiency in finance management.

While national universities now have full discretionary power in allocating and using the operating revenues, the largest source of their revenue comes from the MEXT as a lump sum including staff salaries, based on each university’s medium-term goals over six years. It represents more than the half of the total revenue of national universities (excluding revenue from university hospitals), whereas tuition fees represent 80% of the revenue of private universities (MEXT 2015).

As an example, the Hitotsubashi (national) University’s revenue and cost for the 2015 fiscal year amounts to a total of \$ 100 million. As shown in Fig. 6.2, more than 50% of its total revenue stems from government grants and more than 30% from tuition fees. Its total costs divide into nearly one-third for teaching and research expenses, more than 40% for the cost of teaching staff and a quarter for the cost of other staff.

Among the 6262 students, regardless of level, enrolled at Hitotsubashi University in May 2016, 1754 were enrolled in business studies. Thus, reasoning simply in terms of student numbers, one-third of Hitotsubashi University’s students are following courses in business studies, and the



**Fig. 6.2** Structure of revenue and cost of Hitotsubashi University (2015)  
 Source: Adapted from [www.hit-u.ac.jp](http://www.hit-u.ac.jp)

costs related to business studies can be roughly assessed to represent this proportion. Among these enrolled in business studies, 73% are undergraduates, 19% are studying for their MBA, 3% for their academic Master of the Arts and 5% for their PhD. Because tuition fees are equal among these programs in Hitotsubashi University, the MBA program can be supposed to account for 20% of the university’s budget in education and research.

## Faculty

### Doctoral Program

As a rule, doctoral programs last at least three years. Students in these programs are on average in their late twenties. PhD candidates have to present a thesis proposal the year before entering, and write their dissertation under the guidance of a thesis supervisor and an associate thesis supervisor. Generally, the common practice is to present a monograph, but recently, article-based PhDs, that is an assembly of papers published in peer-reviewed journals, also tend to be accepted. After handing over their dissertation, PhD candidates defend their thesis in front of a committee composed of three teachers, including the two thesis supervisors, in a public oral examination (in Japanese or in English). The oral examination lasts about an hour and a half, and the committee grants the PhD degree. In the Graduate School of Commerce of Hitotsubashi University, 12 PhDs were granted in 2013 and in 2014, and 11 in 2015. In these three years, four were gained by overseas students.

### Career Steps

Generally speaking, PhDs in social sciences do not easily find a job in university as lecturers or assistant professors, and face precarious situations until about age 35–40. The situation is rather better for PhDs in business studies, as most of them choose a professional career, and because of the numbers of business-related faculties and departments in Japan. Thus, most of the time, those planning an academic career manage to get a job as teachers in Japanese universities after a few years.

In 2015, the total number of teaching staff in Japanese universities amounted to 180,879, corresponding to 747 Presidents, 69,176 Professors, 42,836 Associate Professors, 20,659 Lecturers, 40,518 Assistant Professors and 5828 Assistants (MEXT 2015). Among the 308 teaching staff of Hitotsubashi University, 88 belong to the department in relation to business education (53 Professors, 32 Associate Professors and 4 Assistant

Professors/Lecturers). Most of them have a master's or PhD degree, but some of them also have significant business experience. In addition, professionals with business experience are employed part-time as specially approved visiting Professors or Lecturers.

Referring to the Internet portal of Japan Technology and Sciences Agency, which is a reference point for recruitment information for researchers, there were 138 opportunities related to business administration in September 2015, of which 90 were permanent full-time positions, 41 full-time positions with fixed term, one tenure track and six visiting positions. The recruitment conditions of a lecturer/assistant professor often include a PhD degree, communications in nationwide academic conferences plus at least three publications in peer-reviewed journals. Whereas tenure track is the norm in Japanese universities because of the lifetime employment tradition, in recent years some of them have started to require an evaluation period of three years. The lecturer who is deeply involved in teaching and research can be assessed after three or four years of service and become an associate professor, providing his or her research performance is recognized (at least one publication per year in a peer-reviewed journal). The conditions to pass from associate to full professor vary considerably according to each university, but it usually occurs after 12 additional years of service.

## Salary Level

Salaries in Japanese national universities follow a fixed salary scale for teaching staff. Table 6.4 shows the average gross salary level of professors, associate professors and lecturers in national universities. Although these figures are the average across the university, including other fields than business studies, they reflect the reality of most Japanese national universities

**Table 6.4** The average gross salary of faculty in Japan (2014)

	Professor	Associate professor	Lecturer
Annual gross salary (\$)	88,709	68,852	59,579
Age (years)	57	46.9	43.2
Seniority (years)	17.4	10.9	6.9

Source: Adapted from Ministry of Health, Labor and Welfare ([www.mhlw.go.jp](http://www.mhlw.go.jp))

as there is little difference in salaries among disciplines. The uniformity of salaries in Japanese national universities is said to be a big obstacle in inviting competent researchers from abroad.

It should be also noted that the level of salary varies according to the person's age and the size of the university. For example, according to the Ministry of Health, Labor and Welfare, professors working in a small university (10–99 staff) earn \$ 62,130 on average, whereas those working in medium (100–999 staff) and big universities (more than 1000 staff) earn respectively \$ 79,398 and \$ 94,350 on average. Professors can expect to earn about \$ 52,463 before the age of 34, and reach \$ 93,691 between the age of 55 and 59.

### **Evaluation of Faculty**

Teachers' assessment relies mainly on research results. Because of the internationalization policy of the MEXT, publications in English journals have been increasingly valued in recent years. While teaching activities are urged to improvement by the feedback of the questionnaires sent to students, their evaluation does not currently influence salary increase or promotion. In recent years, meetings for faculty development have been regularly held with all the teaching staff, fostering information sharing about success stories of education in faculties and graduate schools, as well as discussion for problem solving.

### **Research**

The development of the Japanese research community in business administration can be dated back to the first conference of the Japan Academy of Business Administration (*Nihon keiei gakkai*), which took place for the first time in 1926. The Academic Association for Organizational Science (*Soshiki gakkai*), established in 1959, is also a point of reference today. Because business research before World War II was under the influence of the "German style", and American influence increased after the war, the first has been termed as "German style" while the second has been labeled American style. However, this difference is minor today.

## Teaching Load

In Japanese national universities, the teaching load of normal full-time teachers corresponds to 5 or 5.5 modules (one module represents 1.5 hours) per week, for both bachelor's and postgraduate programs (Master of Arts, MBA and Doctorate). Yet, the abovementioned seminars and workshops in graduate schools often exceed these hours. The academic year starts in April and finishes in February, with one summer semester (from April to July) and another winter semester (from October to February). Besides these teaching loads, the work related to university and graduate school entrance exams are also time-consuming activities.

## The Demand Side

In Japan, master's degrees are becoming common in physics and engineering fields, but students reaching graduate schools in the social sciences are much rarer. For example, in 2015, 90% of the total graduates in the faculty of commerce of Hitotsubashi University joined the labor market, while only 4% carried on studying in graduate school. After their MBA in commerce and management, most of them are hired by consulting firms, by big industry or by finance companies. This reflects Japanese firms' strong preference to train their new recruits in-house rather than recruiting graduates with advanced degrees in business study.

Likewise, for professional students, gaining a master's or doctoral degree in business studies does not necessarily lead to promotion, because of the lifetime employment practice and the associated seniority system. However, a growing number of professionals hoping to brush up their skills or to seek a better job go to graduate schools (mainly professional graduate schools) (MEXT 2014). As Japanese employment practice will become more dynamic in the future, the social recognition of business schools as a springboard for career development will probably increase. Similarly, the number of companies participating in the Hitotsubashi Senior Executive Program has grown over the years, and some of its graduates have since become managing directors. There are surely large latent markets for continuous training and executive training, most of which have probably not yet even been identified.

## Regulatory Bodies

Japanese national universities depend on the MEXT, and have little room to fix their own tuition fees or faculty salary levels. Budgeting and governance remain strongly regulated, while the powers of university presidents and the autonomy of universities have been enhanced over recent years. For example, the MEXT requires a regular third-party assessment for quality control of professional graduate schools.

Business schools have also started working toward AACSB-like accreditation to guarantee their quality at an international level. These accreditations are indispensable to attract students from abroad, while they are also part of required conditions of some foreign partner universities. At the present time, the only two Japanese accredited AACSB universities are Keio University and Nagoya University of Commerce and Business, but several universities are proceeding to accreditation process and the number of accredited institutions will increase.

## Conclusion

Harvard Business School in the United States of America is over a hundred years old. In contrast, Japanese higher education has only 45 years of history of business schools if we consider the late 70s as the date as which graduate schools were established, and only 15 years if we start counting since their actual implementation in 2000. As the American example shows, developing business schools requires social recognition of business studies and the formation of a manager network, and it takes a long time. In a rapidly globalizing world where money flows across borders, business education is also moving to global standardization. In this context, Japanese business schools are seeking solutions for spreading business education, while taking into account its specific social rules and social demand. The solution should not be limited to the simple adoption of practice from abroad, but has to be defined in the development of its own education style by making the most of Japanese companies' strength. In this sense, Japanese business schools are still in their infancy.

## Notes

1. Notable exceptions are Keio School, Kokusai University, Tsukuba University and Kobe University, which were precursors in setting up business schools independent of their faculties in 1978, 1988, 1989 and 1989, respectively.
2. In Hitotsubashi University, the Graduate School of Commerce and Management is a traditional “academic” graduate school, while the Graduate School of International Corporate Strategy is the new type of professional graduate school. However, they are to be unified in 2018.

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# 7

## Higher Education in Management: The Case of Turkey

Behlül Üsdiken

### Introduction

The origin of higher education in business in Turkey dates back to the founding of a public commercial school in 1883 within what was then the Ottoman Empire (Üsdiken 2004). Much like in other parts of Europe at the time, this school was established outside the nascent university in the country (see Engwall et al. 2016). Inherited in this form by the Turkish Republic, the school remained the sole provider of education in commerce until the mid-1930s when a Faculty of Economics was established within the University of Istanbul. Under the influence of the German *Betriebswirtschaftslehre*, ‘business economics’ was made a part of the curriculum in this faculty and later a specialization option (Üsdiken et al. 2004).

It was only in the late 1950s that the term ‘business administration’ entered Turkish higher education and became a separate university degree. This new step came about as an outcome of Turkey’s rapprochement

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with the United States (US) after World War II. Introducing this degree was a new public university that was patterned after US models and where instruction was entirely in English (Middle East Technical University—METU) and the American Robert College, which had existed as a high school since the mid-nineteenth century and was at the time allowed to establish a school for tertiary education. This was also when business was for the first time offered at the graduate level in an ‘institute’ opened within the faculty of economics mentioned above. It could not, however, award a degree but only a ‘certificate’, as the master’s did not exist as a distinct degree at the time in Turkish universities. Like in many such cases in the aftermath of World War II, where US state agencies, philanthropic organizations and universities were involved in transferring American-type business education, this institute too availed of the counsel of the Harvard Business School (HBS) and the generous funding of the Ford Foundation. Prospective faculty members were sent to HBS for training. HBS also assigned a codirector during the founding of the institute and for some 10 years or so provided visiting professors to teach some of the courses (Üsdiken 2011; see also Engwall et al. 2016).

In the 1960s and 1970s, business education expanded in Turkey along the binary divide between universities and the commercial schools, the latter having been renamed in 1959 as Academies of Economics and Commerce and the duration of studies extended to four years. Greater growth took place in these academies, together with their private (for-profit) versions, which existed for a brief period until 1971 when they had to close down because of a Constitutional Court ruling (Aysan and Kurtuluş 1973).

The highly different present-day panorama of business education is an outgrowth of a radical transformation that took place in Turkish higher education following the military intervention in 1980. So is the diversification and fast growth that ensued, mainly from the 1990s onward.

## The Supply Side of Higher Education in Business Administration: Provision and Providers Through the Post-1980 Transformation

Inspired in part by US models, the principal changes brought about by the top-down restructuring in the early 1980s included (a) the consolidation of the separation between bachelor's, master's and the doctoral degree; (b) the eradication of the binary divide, making the university as the singular organizational form, which also housed two-year vocational schools; (c) the inclusion of 'open education' as a separate faculty in one public university; (d) the legalization of the private university, though only to be established by not-for-profit foundations; and finally (e) the creation of a powerful central body called YÖK (the Turkish acronym for Council of Higher Education—for further details see Barblan et al. 2008). All of these changes had important effects on the course that business education has taken since.

### Diversification in Degrees and Programs

The binary divide notwithstanding, business education had become institutionalized by the late 1970s as a pre-experience, four-year study leading to what would now be called a bachelor's degree. The only graduate degree was practically the doctorate. This was the case despite the introduction of the certificate program mentioned above and of the master's degree by Robert College in 1965 and METU, the US-modeled public university, in 1972 (Aysan and Kurtuluş 1973). Although the master's degree was formally recognized by law in 1973, one estimate had it that in the mid-1970s it constituted only around 2% of the bachelor's degrees awarded (Üsdiken 2004).

The post-1980 legal framework paved the way for diversification in types of business education on offer. The three-level degree structure was

put firmly in place, long before the 1999 Bologna Accord. The bachelor's in business was kept at four years and has remained so since. Diversification also occurred more recently through a proliferation of highly specialist bachelor's degrees, such as in management information systems, logistics or human resources management. The master's was initially envisaged, irrespective of discipline, as a two-year academic degree comprising a year's work on a dissertation. This was to be changed however in 1996 so that master's programs without the dissertation requirement could also be offered (Üsdiken 2004). A range of specialist programs began to emerge, as did those carrying the label MBA (often full-time and pre-experience) and the Executive MBA (typically part-time), both offered mainly by the private universities.

Concerned with meeting the rising demand for higher education in the country, the post-1980 legislation also contributed to diversity through the establishment and expansion of vocational schools and open (or distant) education (see Barblan et al. 2008). The former offer two-year associate degrees (or the short cycle in Bologna terms) in a wide range of areas, including specialist subjects in business, whereas open education programs are of four years' duration. As will be shown below, these two sets of programs have far outnumbered the bachelor's degree, especially after the 1990s.

## Stability and Change in Organizational Forms

Table 7.1 summarizes what has been said at the beginning with respect to the kind of organizational forms in which business education at the bachelor's and the graduate levels has been accommodated in early stages and the changes that have taken place since the 1980s. It also demonstrates the expansion that has been occurring in different kinds of providers, nested, as they have been, within a fast-growing higher education field.

In addition, Table 7.1 shows, first, that bachelor's level education has been to a larger degree located as a department within multidisciplinary faculties (that also include departments like economics, public administration or political science) and not in business schools (or faculties) per se. This has been the case both before and after the change in legal regime

**Table 7.1** Organizational forms for bachelor's and graduate business education in Turkey, 1960–2015<sup>a</sup>

Organizational forms		1960	1970	1980	1990	2000	2010	2015
Departments within multidisciplinary faculties	Public	2	3	7	20	50	77	94
	Private	–	–	–	1	14	33	42
Departments within multidisciplinary faculties of business <sup>b</sup>	Public	–	–	1	1	2	2	5
	Private	–	–	–	–	2	1	13
Faculties of business <sup>c</sup>	Public	–	2	2	1	1	6	13
	Private	–	–	–	–	2	3	9
Graduate institutes of business	Public	1	1	1	1	1	1	1
	Private	–	–	–	1	2	1	3
Academies/schools of economics and commerce <sup>d</sup>	Public	4	4	6	–	–	–	–
	Private	1	8	–	–	–	–	–
Total number of universities	Public	6	8	19	28	52	94	106
	Private	–	–	–	1	18	45	68

<sup>a</sup>Compiled from annual higher education statistics for relevant years

<sup>b</sup>Although they carry the name 'business' these faculties also include departments like those in the multidisciplinary faculties

<sup>c</sup>Names occasionally vary; two of these faculties in private universities, for example, are called Faculty of Commercial Sciences

<sup>d</sup>The private ones were called not academies but 'schools'

in the early 1980s, as it has been the form also endorsed by the latter. There does seem to be a recent orientation, however, toward faculties of business, though, some of these are not different from the multidisciplinary ones other than in name (see Table 7.1).

Secondly, the graduate business school (or the 'institute', in Turkish nomenclature) has not really taken hold as an organizational form. Moreover, all of the few examples that exist are and have been parts of universities that have departments or faculties offering bachelor's degrees. In other words, there is no university that only provides business education at the graduate level with a dedicated graduate school. This has been the case despite the early entry of the HBS-supported institute mentioned above and the endorsement of US models by the post-1980 regime. Nevertheless, that the meager increase in the last few years in such institutes has been taking place in private universities may be suggestive of the latter becoming more active in promoting this type of schools.

**Table 7.2** Tuition fees for business administration programs in public and private universities, 2015

Programs	Public universities	Private universities
Bachelor's <sup>a</sup>	Tuition-free (regular programs) Annual fee of around €380 for evening programs	Tuition-based (may range between €5000 and €15,000 annually)
Master's/MBA (full-time) <sup>b</sup>	Tuition-free	Tuition-based (may range from €3800 for a three-term program up to €15,000 for a 12-month version)
Executive MBA (part-time) <sup>b</sup>	Tuition-based (may range from €6000 for a two-year program to €16,000 for a one-year version)	Tuition-based (may range from €7400 for a 12-month program to €21,500 for a 13-month one)

<sup>a</sup>Approximate figures based on information provided in the manual for the 2015 central university entrance examination

<sup>b</sup>Ranges are approximate and are only indicative, as they are based on information provided in the websites of a select set of universities

Indeed, the advent and the rise of the private university has been another major change brought about by the post-1980 legal regime with significant implications for business education. As Table 7.1 shows, in 25 years, private universities have gone up from constituting less than 5% of the providers of bachelor's level education in business to more than 30%. This proportion does not translate to number of students though, as private universities are on average smaller than their public counterparts. Statistics for the 2014–2015 academic year show, for example, that overall private universities respectively had 10.6%, 17.0%, 22.7% and 10.4% of the vocational school, bachelor's, master's and doctoral students. Notable in particular is the relatively higher share in master's degrees. Although figures are not readily available separately for business, those provided above should be indicative of the proportion of business students studying in private universities at various levels.

Together with the private university came tuition-based higher education, a novelty for Turkey, as historically public universities had been entirely free and had only begun to charge nominal fees after the mid-1970s (see Barblan et al. 2008). Actually, there has been a return to a no-fee policy after 2012, nominal fees only retained for evening programs



(Gürüz 2012). In private universities, tuitions for the bachelor's degree in business are much higher, though also substantially variable (Table 7.2). Such variation exists for the full-time as well as the Executive MBA. Notably, some public universities have also been offering tuition-based part-time master's degrees in business after they have been allowed to do so in 1992. Tuitions again vary greatly, in some cases being higher than those at private universities (Table 7.2).

## Faculty Members: Forms of Employment, Backgrounds and Careers

Employment and careers of faculty members in business are shaped by the rules, norms and practices within the higher education field at large. There is a major difference between public and private universities in that faculty members in the former are civil servants whereas those in the latter are employed on a contract basis. Compensation in public universities relies upon a post-1980 law, which is based on the general salary scheme for all public employees, but also provides some privileges for academics. This legal framework allows no discretion to individual universities. Faculty members may earn additional income however through extra teaching in regular or fee-based programs and through externally funded research projects. Nevertheless, despite these opportunities, earnings remain internationally noncompetitive (Gürüz 2012). Private universities are free in setting their own pay grades and salaries are believed to be generally higher, on average around twice as high (Gürüz 2012). They can even be much higher in a few private universities which aspire to be internationally competitive (Gürüz 2012). Notably though, in public universities appointment to the position of *dozent* (the German *dozent* or associate professor in the US) means obtaining 'tenure' to use the American term. There is as yet no permanent employment in private universities.

A doctoral degree is required for an academic career, though both public and more so the private universities employ part-time instructors as well (Gürüz 2012). Graduate programs, including the doctorate, are governed by a uniform by-law, which however does grant some discretion to

universities to make amendments internally. Typically, PhD programs comprise coursework and a dissertation, altogether lasting four to six years. The dissertation prevails, the three-paper format still being very rare (a search in YÖK's Thesis Center database showing that the latter constitute less than 1% of all doctorates in business since 2000). Doctoral studies in public universities are tuition-free and can also involve employment as a research assistant. Practices of private universities vary in that while some charge tuition, the internationally competitive ones offer tuition waivers as well as stipends (Gürüz 2012).

Regulations for recruitment and promotion processes are uniform. Nevertheless, within this general framework, appointments to all ranks are left to the discretion of individual universities, meaning that they can set their own standards. Just the candidacy for a *docent* (associate professor) position requires being successful in a centrally administered appraisal. This is still regarded as another academic title after the doctorate and is administered at the national level, involving an assessment of publication output and an oral examination. Particularly after 2000, there has been an overall shift toward encouraging and giving more credit to publishing in international outlets, symbolized perhaps best by a point-based system that has been introduced for earning the *docent* title (Gürüz 2012).

A rift exists with regard to the recruitment and promotion of faculty members, cross-cutting the public-private divide. The origin of this split goes back to the founding of the US-modeled public university (METU) and the American college (turned also into a public university—Boğaziçi—in early 1970s) mentioned at the very beginning. These two public universities and a few private ones (e.g. Bilkent, Koç, Özyeğin, Sabancı), which have been following in their footsteps not only by teaching entirely in English but also by taking US universities as reference even more ardently, recruit to a very large degree faculty members with foreign (mostly US) doctorates (see e.g., Tan 2011). This is in contrast to the typical Turkish university which relies on doctoral degrees from Turkey, most of the older public ones in fact employing almost entirely their own PhD graduates. It is also particularly the US-modeled private universities that have turned out to expect more from their faculty members with respect to international publications, particularly in disciplines such as engineering and business.

## Ever-Increasing Domestic Demand for Entry to the University

Entrance to the university in Turkey is, and has been since the mid-1960s, administered through a nationwide examination, which includes all public and private universities and all disciplines. This central examination is only for the bachelor's programs (as well as the vocational schools and open education). Admissions to master's and doctoral programs are left to the discretion of universities. Centralized admittance to universities has been instituted to handle the rapid increase in demand for higher education, making it increasingly competitive over time, especially for gaining entry into particular departments, including business, in the better-known universities.

### Growth in Business Education

Table 7.3 shows the number of graduates at different levels and demonstrates that the expansion in education for business has been very much in line with the patterns within the higher education field. Much of this growth has been in two-year vocational studies and in open education, business occupying a major share in both. The bachelor's degree in

**Table 7.3** Business graduates at different program levels, relative to total number of graduates, 1990–2010<sup>a</sup>

Programs		1990	2000	2010
Doctorate	Total	1,006	2,113	4659
	Business	68	106	299
Master's	Total	3,839	7,939	42,603
	Business	306	1,151	6,642
Bachelor's	Total	55,560	117,291	180,443
	Business	3,449	9,004	13,426
Vocational schools	Total	14,589	58,793	165,451
	Business	4,730	21,597	66,086
Open education	Total	8,406	34,278	163,802
	Business	5,857	8,065	76,825

<sup>a</sup>Compiled from annual higher education statistics for relevant years

business has remained on average around 7% of all such degrees conferred, putting it in third place after education and engineering.

The increase in business masters has also followed the pattern in the entire field, resulting however in a marked alteration in its share relative to the bachelor's degree. Whereas the ratio of the master's to the bachelor's was less than one in ten in 1990, by 2010 the same ratio had gone up to slightly below one in two (Table 7.3). Although, as mentioned above, private universities appear to have contributed to this increase, the demand for the US-type full-time MBA appears to have remained limited, though part-time versions may be faring better.

### Limited Internationalization

Internationalization of business education may take a variety of forms (see Engwall et al. 2016). One way of assessing internationalization relates to the share of foreign students and faculty, employed as a criterion, for example, in EQUIS accreditation and in *Financial Times* (FT) rankings. Overall, Turkey's higher education field has still not proven to be a particularly attractive destination for foreign students. Statistics for 2014–2015 show, for example, that for all degree levels combined (excluding open education), foreign students constitute only around 2% of the entire student population. Business education seems to fare somewhat better, as the proportion of foreign students is currently at the level of 4.5% for the bachelor's and at about 3% for graduate degrees (calculable only for separate faculties and graduate schools of business—see Table 7.1). There are, however, a few small and newer private universities in which more than 15% of the students are non-Turkish. Foreign faculty members are also sparse overall, even in faculties where teaching is in English.

Perhaps a more expansive form of internationalization is actually geared toward Turkish students, not only in business education but more broadly as well. This involves running so-called 'international joint programs' in which students carry out their studies in part at a Turkish and in part at a foreign university and can obtain a dual degree. Currently, there are 11 universities (eight public and three private) that are involved in such joint bachelor's programs in business. That there are more public

universities doing so is probably associated with the revenue opportunities that such programs generate, as students can be charged tuition for the time they spend in the Turkish university. Taking part in international alliances has been much more limited, with only one private university (Koç) being a member of CEMS, for example.

## Regulatory Institutions

As pointed out above, since the early 1980s, Turkish higher education has been governed by a law encompassing both public and private universities and a national-level council with extensive powers. There is additional state involvement in that the founding of a university, public and private alike, requires a parliamentary act and the opening of a new faculty within a university a governmental decree. The central council has also been attempting to create a national scheme for quality assurance and accreditation since the mid-2000s (see Barblan et al. 2008).

Internationally, there are at present three faculties of business accredited by the AACSB and one by EQUIS. Of the former three, one is a faculty in a public university (Istanbul) and the other two in private universities (Bilkent and Sabanci), as is the one accredited by EQUIS (Koç). Accreditations have opened the way for two of the private universities to get into the FT rankings for Executive MBAs (Koç and Sabanci). That there is ongoing interest in getting accredited is indicated by AACSB's listing of so-called (and not yet accredited) educational members, which currently includes seven universities from Turkey (three public and four private).

## Conclusions

Three main points stand out with respect to the recent past and the possible futures of business education in Turkey. First, the development of business education has been strongly intertwined with the patterns and the scale of growth in higher education at large. The rapid increase in the number of universities especially in the last decade or so, however,

appears to be generating adverse consequences for some private universities, including their programs in business, as there are signs of unfilled quotas even with considerable tuition-discounting.

Secondly, two US-modeled public universities and their few private companions (see above) constitute a well-established split within the higher education field. Together they represent the most 'Americanized' part of business education in the country. Not only is this because they do all their teaching in English but also because they take US models as their primary reference in what they do and what they aspire. Foreign, particularly US, doctorates get preferential treatment in recruitment as do those who publish in line with US standards in promotions. As mentioned above, all but one of the internationally accredited faculties of business are from this cluster. And it is the universities within this group, especially the private ones, which have been most vigorously trying to offer and promote programs that are akin to US ones.

And yet, thirdly, despite early origins, the US-type MBA and its various versions have not gained a strong foothold in forming the country's managerial elite. It is the centrally administered university entrance examination that continues to serve as the major screening device. A bachelor's degree in business or, equally, in engineering from a handful of prominent public universities, in particular the two US-modeled ones mentioned above (Boğaziçi and METU), still appears to be the primary ticket to senior management positions. And, although the MBA label lingers on, there are no signs that this is likely to change in the foreseeable future.

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# 8

## Higher Education in Management: The Case of Russia

Konstantin Krotov and Anna Kuznetsova

### History of Management Education in Russia

The Russian market for professional business and management education started to emerge in the early 1990s along with the introduction of major political and economic changes that were followed by the foundation of first Russian business enterprises<sup>1</sup> and increasing demand for understanding business and management basics. When introduced, democracy and capitalism required capabilities in entrepreneurship, delegation and decision-making that had not been practiced in Russian (Soviet) society for generations. Thus, the first educational programmes were quite basic, with a lack of experienced professors and rare implementation of contemporary methods. Along with the growth and development of business and economy, the demand for management education rapidly transformed and after 25 years there is a consistent strong demand for top-quality programmes, innovative methods and experienced professors.

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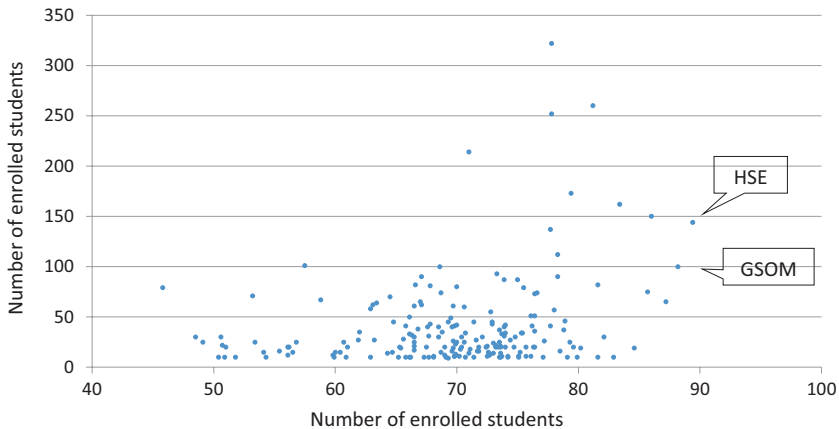


In the 1990s, only a small handful of very dynamic and elite Russian public institutions of higher education were active in the creation of innovative programmes of an international calibre in management and/or economics. These were either institutions with an internally decentralized organization (such as St. Petersburg State University/SPbU/, the Academy of National Economy/ANE/, Ural State University, and, to a lesser extent, Lomonosov Moscow State University/MSU/), or the newly created ones (i.e., Higher School of Economics/HSE/and the New Economic School/NES/). In most cases, these institutions have today developed world-class research capabilities, and built strong alliances with prestigious international academic and business partners. Such innovative approaches were based on new business models that replaced post-Soviet models of university organization and were fundamental for attracting, nationwide and internationally, the best possible students, faculty and financial resources, and for pricing of their programmes in the upper segments of the national market for higher education in Management and/or Economics. The Russian higher education reporting system reflects the disciplinary structure that does not clearly make a difference between management studies and economics. Hence on many occasions throughout the chapter, the data presented may correspond to management and economics. Since the early 1990s, there has been a considerable growth of private higher educational institutions as well.

Since the middle of 2000s, this market has begun to enter into its maturation phase with strong differentiation trends in all of its main segments (Katkalo 2012). The increasing complexity of the business activities of Russian firms (i.e., international IPOs, M&A deals, branding strategies and emerging Russian MNEs) along with the effects of the 2008–2009 economic crisis and of Russia's acceptance to WTO are among the key drivers of the rapidly growing competition in the market, with emphasis on programme quality, by international standards, and on the reputation of business schools, preferably supported by international accreditation. Only a few Russian business schools are prepared to meet this challenge: these are 10–12 leading schools—all from Moscow, St. Petersburg, Kazan and Ekaterinburg—with AMBA (9 schools) and EFMD EQUIS (1)/EPAS (5) accreditations. While, just three of them (GSOM St. Petersburg University; IBS-Moscow and MIRBIS) have both.

Furthermore, the growing differentiation of Russian business schools in quality may not always be that visible from various rankings but has strong evidence in enrolment policies and statistics, and the effects of price elasticity. The controversy concerning the rankings of Russian business schools results from the fact that currently only the Graduate School of Management (GSOM SPbU) is represented in such respected global rankings (e.g., FT), while existing national rankings in most cases are doubtful in their objectivity due to a non-transparent methodology (this caused several collective public statements by key Russian institutions on certain rankings). However, the pattern of enrolment to Russian management schools demonstrates a striking stratification. In Bachelor of Management programmes, the annual public statistical reviews of average Unified State Exam (USE) levels of newly enrolled students vary from the top positions of HSE (89.4 out of 100) and GSOM SPbU (86.2) to the lowest positions with the score 45.8. The distribution of scores and number of enrolled students is represented in Fig. 8.1.

We are going to illustrate our presentation of the Russian higher education in management using the case study of GSOM SPbU—which we know best—via an extensive use of boxes throughout the chapter.



**Fig. 8.1** Distribution of USE scores and number of enrolled students in Bachelor of Management programmes in Russian institutions in 2015 (based on HSE statistics, total number—194 institutions)

*The Graduate School of Management (GSOM SPbU) was created by order of the Rector of St. Petersburg University on 25 January 1993, as a new structural unit of this oldest (est.1724) institution of higher education in Russia. From its inception, the School successfully followed three key strategic priorities: (1) the business model of an in-house business school in a leading national university with a research agenda (this model was innovative for Russia and implied a diverse programme portfolio, the development of a knowledgeable and motivated core faculty, responsible for the production of new theoretical and applied knowledge); (2) the internationalization of both its programmes and the institution at large (the founding partner of SPbU in launching the School was the Haas School of Business, University of California at Berkeley, the agreement with which dates back to November 1992); (3) strong corporate connections, with its international Advisory Board formed already in 1993 with P&G's CEO John E. Pepper as its Chairman. Despite the fact that the School is a unit of a top public university, its financial model has always relied on multiple sources of funding, including—additionally to federal government funds—major revenues from tuition and fundraising. From the very first days of the School (which took place in the most dramatic period of the Russian market reforms resulted also in radical decrease of federal funding for education and research), the key sources of financing for operational costs were of non-government nature. Since the early 1990s, Russian public universities were allowed to charge tuition for certain number of students (additional to the state-supported ones) and for Executive Education. For example, in GSOM inaugural class of 33 bachelor's students which started on 1 September 1993, 25 were state-supported and eight paid annual tuition of Rouble equivalent of \$800—thus the School's tuition revenues in its first academic year amounted to \$6400. After this modest start, revenues from tuition, as well as from fundraising (in the first 10 years—through major grants from USIA, Soros and Eurasia Foundations, and Tempus-Tacis), quickly became the main financial base for dynamic academic development of the School and for expansion of its programme portfolio. Only during the period of 2006–2008, the School received special federal funding for programmes and faculty development in the framework of the National Priority Project in Education, and this major (about €20 mn) financial injection has been critical for starting the new development stage of the School implied by its Strategic Plan for 2008–2012. Later on the revenues from tuition and, especially, fund-raising again became key for the operational budget.*

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*In the past 10 years, the income structure of GSOM SPbU operational budget has proved to be quite optimal for supporting the progress in meeting strategic objectives, and has relied on the three main sources of funding: federal government funding (41%), income-generating activities (37%, mostly derived from tuition) and charitable donations by corporate partners and endowment revenue (22%). The multi-source model of financing ensures financial stability and sufficient autonomy. The School now supports more than three-fourth of its annual operational costs from revenues from non-government sources.*

*Through its 23 years of development, the School has demonstrated sustainable and dynamic growth: the number of students has grown from 33 to 1200, the number of core faculty—from 4 to 66, revenues from tuition—from \$400 to about €11.5 mn. Today, what initially started as a very compact bachelor's programme has subsequently developed into a full-fledged product portfolio that includes bachelor, pre-experience master, doctoral, executive MBA, and non-degree executive programmes. In many innovative (for Russia) aspects—the content and pedagogical developments, research advancements, degree of internationalization, and global academic and corporate networks—GSOM SPbU has led the modernization efforts taking place in the national system of management education.*

*Among many impressive achievements in the School's history, the major one occurred in April 2006 when the School was selected by the Russian Government (together with SKOLKOVO Business School) to become the platform for creating one of the two world-class Russian business schools in the framework of the National Priority Project in Education. It was also granted by the Government the former Tsar family residence "Mikhaylovskaya Dacha" for its future campus, which was finally launched in 2015. In 2007 the School, initially known as SPbU Faculty of Management, was renamed the Graduate School of Management, thus reflecting its strategic intent to develop graduate programmes (while still keeping its bachelor's programmes in the portfolio at the current annual intake numbers of 180–200).*

*Among Russian business schools, GSOM SPbU is the only one to have obtained EQUIS accreditation, while being the sole Russian member in global business education alliances such as CEMS and PIM. GSOM SPbU also offers three graduate level double-degree programmes with top international schools.*

## The Supply Side of the Higher Education in Russia

University education in Management and Economics (area of education according to the national classifier of specializations) is currently characterized by the great popularity of these subjects in the national university system with about 30% of all students at Russian institutions of higher education taking bachelor's or master's degree studies in these two areas. This demand is served by about 900 institutions of higher education, mostly public universities. Some of these, as well as the private business schools, operate in the MBA segment where there are in total about 130 business schools, all of which are organized in the Russian Association of Business Education (RABE).<sup>2</sup>

There are a few associations which to a certain extent try to unite institutions and individuals involved in the dissemination of business education, among which RABE is the oldest one, being established in 1990 (Evenko 2010). The second oldest—founded in 1999—is the Russian Managers Association aimed at the improvement of the quality of management in various industries, as well as the creation of a socially responsible and nationally oriented management community. The Russian Managers Association is mostly focused on business practitioners, uniting more than 3000 managers from more than 100 companies from almost all regions of Russia. Management academics are involved in the activities of this association as experts, taking part in the events organized by the association and writing national reports published by the association (for example: The National Report on Social Investments in Russia; People Investor). The youngest association—founded in 2013—and aimed at the development of higher and executive management education is the Association of Leading Higher Educational Institutions of Economics and Management (ALIEM). However, in this association, as well as in some of the higher educational institutions, management is mixed with economics and all of the educational issues are discussed by the committees established within this association together for these disciplines which actually cover different types of knowledge and capabilities. At the moment, there is no association for only academics in the field

management. Such professional networks are only at the starting point of development—e.g., a few networks of researchers who gather together at the major conferences organized by Russian universities and business schools at the international level—the Annual April International Academic Conference on Economic and Social Development (held since 1999 by the National Research University Higher School of Economics in Moscow) and the Annual GSOM Emerging Markets Conference (held since 2014 by GSOM SPbU).

Thus, the current landscape of Russian management education is populated by hundreds of institutions with very different backgrounds, business models and resource bases. Many of them have performed below minimum quality levels, focusing on extracting maximum commercial benefits from business education in the environment of a transition economy where the escalating demand for business skills unfortunately was not matched by the creation of reliable professional accreditation systems (thus resulting in misleading signal effects of the degrees offered). One of the negative consequences of this has been a major decrease in recent years in the public reputation of MBA degrees from most Russian business schools.

## Structure of the Educational System

In the twentieth century, higher education at Russian (Soviet) universities was organized (in the continental European tradition) around a five-year master-level, first degree (specialist qualification) and three-year doctoral-level studies. It was only in the 1990s that separate master's programmes (pre- and post-experience) started to appear in university programme portfolios. The 1994 Russian Government Resolution "On the Adoption of State Standards for Professional Higher Education" specified university programmes and their duration as follows: bachelor's (four years of study), specialist (five to six years) and master's (six, i.e., four + two years). Initially mostly specialist degrees, inherited from the education pattern of the field of engineering, were awarded after the completion of the programme of higher professional education as the first professional degree.

**Table 8.1** Structure of the higher education system in management

	Entrance to higher education	+4	+6	+9 (or more)	Unlimited
Degree awarded	17–18 y.o. (after 11 years of primary and secondary education)	Bachelor	Master	First doctoral degree or PhD	Doctor of Science

In 2003, Russia signed the Bologna Accord aiming to achieve compatibility with European educational principles by the end of 2010. During this period of transition, nearly all top Russian universities launched bachelor's (four years) and master's (two years) programmes (see Table 8.1). While the combination of first a bachelor's and then a master's had to replace specialist programmes, due to conservatism of both society and universities, the vast majority of Russian universities (also those with Management programmes) followed risk-averse strategies and postponed to the very last moment their systemic transition to the Bologna model. These universities sometimes had both programmes at the same time, thus creating in the meantime good opportunities for expansion in the Master segment for those who were early risk-takers. This also created misunderstanding among employers: according to the results of a sociological survey, 43% of the employers were considering applicants with bachelor's degree on equal basis with those holding specialist or master's degrees (according to the results of the sociological survey done in 2009 by the research centre of one of the largest Russian recruiting portals SuperJob.ru). In 2011 admission to specialist programmes only remained legally possible in medical studies and a few areas in natural sciences and engineering.

In 1999, the MBA degree gained state recognition, but in the 2012 law "On Education", these programmes were excluded and are no longer considered to be university-level degree programmes in Russia. Therefore today, these programmes are regulated at the university level and no longer at the government level.

The structure of each of the main academic programmes (bachelor's, master's and doctoral) is determined by a Federal Educational Standard for each academic field and includes core and variable parts. Excepted from regulation by the Federal Educational Standards are Lemonsov

Moscow State University and St. Petersburg State University, which each establish their own standards because of their special status. All elements of the core part of a programme are obligatory for students and are established by both the Federal Standard and a University Standard. The variable part is determined by universities and includes both obligatory and elective courses. The ratio of credit hours in core and variable parts is established in the Federal Standard. The required minimum number of credit units is established as 36 sessions of 45 minutes (known as an “academic hour”). In an academic year, a standard full-time programme workload should consist of 60 ECTS credits.

Public universities have both government-sponsored and tuition-based seats in their bachelor’s, master’s and postdoctoral programmes. The number of government-sponsored seats is regulated annually by the Ministry of Education and Science. The number of tuition-based seats is set annually by the university but may be slightly adjusted if needed. Government-sponsored seats ensure that talented young people from socially disadvantaged backgrounds have the chance and necessary support to get to a degree in one of the most prestigious universities of Russia. In addition, according to Russian legislation, disabled students are accepted to programmes without any competition if they satisfy the minimum entry requirements specified for USE scores.

## Faculty

### PhD Requirements

In leading universities, full-time faculty are all required to have advanced university degrees—1st Russian doctoral degree (Candidate of Sciences), 2nd Russian doctoral degree (Doctor of Sciences) or a PhD from a recognized foreign university—in the fields of their specializations with the possible exception of senior lecturers with extensive related practical experience, who accept teaching assignments later in their careers. All faculty must also demonstrate a good research publication record with an average of two research articles accepted for publication per year.



The PhD programme at the Graduate School of Management was first established in 1997, and completely revised in 2008–2009. GSOM SPbU was the first business school in Russia to launch a doctoral programme based on international standards of education in management. The new doctoral programme was established in partnership with HEC Paris and the Aalto University School of Business (originally Helsinki School of Economics). Currently, the network of partner schools involved in doctoral student exchange agreements includes also ESADE (Spain), ABRI (Netherlands), EBS (Germany) and NOVA (Portugal). The School is a member of the CEMS Doctoral Network—a strategic alliance of leading business schools and multinational companies.

The programme's objective is to train highly skilled researchers for Russian and international universities and business schools, as well as governmental and nongovernmental institutions in Russia and abroad.

A typical applicant for the programme holds either a specialist or a master's degree in management or in any other field. The programme is aimed at the most motivated students, interested in research, analytics and teaching. Applicants are required to pass three entry exams, set by the Ministry of Education and Science: Philosophy, English, and the specific discipline related to the programme (Management). Table 8.2 provides an overview of the student population at the programme.

**Table 8.2** Student population at the doctoral programme (2012–2014)

Year	Number of students	Females	Average age	Government-sponsored	Tuition based
2012/2013	23	14	26	21	2
2013/2014	21	14	25	19	2
2014/2015	25	14	25	22	3

In many cases prospective doctoral students start working on their essays and start contacting potential advisors well ahead of the application time in order to achieve a better fit and thereby make a better-informed decision on applying for the programme. Yet, since 2015 this step is no longer obligatory.

After completing the programme, graduates generally seek positions as highly skilled professional researchers, prepared for a dynamic career in Russian or international universities and business schools, as well as governmental and non-governmental institutions in Russia and abroad.

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*In 2013 SPbU introduced its own PhD degree that represents an alternative to the federal Candidate of Science degree that has traditionally existed in the country. According to the traditional procedure doctoral theses in the form of traditional dissertation have been defended at the university level in front of the appropriate dissertation board and subsequently sent to the Higher Attestation Committee in Moscow, which gives the final approval of a thesis and issues the diploma of the Candidate of Science.*

*The new SPbU degree is the first in the recent history of Russia and is an example of a degree being issued by the university itself with full responsibility for the quality of dissertation, as allowed by the special status of SPbU. The dissertation for the PhD degree could be either a traditional dissertation or three papers (published or in the pipeline for publishing). The overall principles of issuing the PhD degree at SPbU have been approved in 2013, by which time the GSOM doctoral programme had been transformed to be fully compliant with other international PhD programmes. It is expected that the availability of the PhD degree will increase interest in GSOM's doctoral programme for foreign applicants. The opportunity to offer SPbU PhD degrees in "business and management" has been approved by the GSOM Academic Board and launched in 2015. Finalized requirements for the composition and work of the committee and the eligibility of candidates have been approved in July 2015 to be first applied for the PhD in "Business and Management" from 2015.*

## Career Paths

Generally, the typical steps in the career of a management professor in Russia start when entering the first doctoral programme (or a PhD programme) right after the completion of university studies at the age of 25–26 or a bit later, sometimes after having gained some experience in business. Applicants are ranked on the basis of the results of three entry examinations with the best qualified being admitted to the programme. Having studied at the PhD programme for three to four years (depending on the programme type), PhD programme graduates defend their theses at the age of 27–30. The thesis is usually presented in the form of traditional dissertation or a book. At that moment, they could be already recruited as assistant professors; otherwise their recruitment to the position of assistant professor takes place right after the defence at the level of

salary (roughly 10–15K RUR per month<sup>3</sup>). It is quite typical for the overall situation of management professors in Russia that PhD programme graduates stay to work at the same university where they studied for their postdoctoral degree. Then on average they move up the ladder to the position of senior lecturer in approximate two-three years, being paid (roughly 15–20K RUR per month), and further, becoming associate professors and professors, depending on their success in getting a number of academic publications accepted by leading international and Russian peer-reviewed journals.

In accordance with Russian legislation, full-time professors are appointed following a competition-based procedure, for a maximum period of five years. This does not currently allow for the development of a tenure system but in principle makes lifelong employment in the professorship possible on the condition that at least every five years the faculty member must re-confirm his/her academic excellence in an open competition for the position he/she occupies.

The system of faculty compensation in Russia has undergone a multi-stage transformation during the past 20 years, and currently allows the use of different financial resources (i.e., external revenues and fundraising) to provide a competitive salary for the faculty, as well as the necessary incentive bonuses for academic achievements. Top professors are usually well-paid because their basic salaries are substantially supplemented with the help of external or research funding.

*In recent years, the Graduate School of Management has been in the process of adopting the tenure track system. During the past three years, a performance-based contract has been developed and introduced, giving an opportunity for faculty to choose either a teaching or research track, based on their annual performance review. The current level of financial support for research is now reasonably aligned with the sum needed to finance all teaching activities. For instance, a "D" journal publication is rewarded by a payment comparable to that paid for teaching one full single course at master level (faculty members normally teach four courses per year, so the bonus is equal to 25% of the annual payment for teaching), a "C" journal publication—40% of the annual payment for teaching, "B"—50%, "A"—100%.*

The workload of Russian faculty, hence the workload in a typical Russian business school core faculty, is composed of three types: academic workload, research workload and service workload.

*The standard academic workload for GSOM SPbU core faculty is 180 academic contact hours (one academic hour equals to 45 minutes; one standard 5–6 ECTS course is 45 contact hours) and 270 advising hours (e.g., master course supervision—40 hours; bachelor diploma revision—five hours). The research workload is measured in research output which is on average two research articles annually (subject to change, may be replaced by case studies, book chapters, etc.). The service workload includes participation in various commissions (GSOM and/or SPbU Academic Council, research commission, programme design and development commission, defence commissions, etc.), programme management (academic directors, etc.) and other academic or administration positions or projects (academic department heads, admission coordinator, research and programme design and development committee's heads, etc.). Heavy participation in administration and management leads to a decrease in academic and research workload.*

*The Teaching Workload Plan is approved at the beginning of each academic year by the Head of School in dialogue with Academic Department Heads and Programme Directors. At the end of each academic year to prepare for the individual performance review meeting, each faculty member must report on his/her pedagogic and research activities.*

The Russian market for professional management education was and to a large extent still is characterized by a high, but not particularly well-informed, demand. For example, university education in management and economics is currently of very high popularity in the national university system with about 21% of bachelor's students taking studies in these two areas in 2014 (including 46% of all tuition-fee paying students).

Most Russian higher education institutes (HEIs) are public institutions reporting to the Ministry of Education and Science and delivering a number of programmes from bachelor's to the postgraduate level by

order of the Ministry. Every year the Ministry of Education and Science establishes the range of bachelor's, master's and doctoral programmes and the number of seats, and the tuition level at which these seats will be 100% sponsored by the government from the Federal Budget. Since 2011, private institutions are also allowed to compete for government funding. Once the government-funded quota is established, universities are not allowed to switch these quotas between programmes of different fields (e.g., transfer a quota from programmes in mathematics to programmes in economics), but they can introduce their own quota for tuition-based places. The nature of competition thus is very different for these two kinds of seats and because it is usually no problem to attract students to government-funded places (their tuition is free, additionally supplemented by a small government stipend, subsidized transportation and cheap dormitory placements). This means that competition among universities for tuition-fee paying students is fierce and requires careful balancing of pricing and entry criteria. Overall in Russia approximately two-thirds of students are sponsored by government and only one-thirds are on tuition-based seats.

The tuition rates differ from university to university, starting from 52,500 RUR to nearly 380,000 RUR per year, depending on the reputation of the university and the level of management programme introduced there. Each university has the right to decide of the level of tuition. This decision is usually taken by the central university authority in charge of the educational process in coordination with the dean of the school in question. The price for a study programme depends on the market demand, the quality of faculty of the school, the school's facilities and campus. According to Russian law, the level of tuition must not be below the level of funding spent by the government when funding the same seat. However, the amount of government funding for the seat is different for universities of different status: from the largest amounts spent on the leading Russian universities (Moscow and St. Petersburg State Universities) to the smallest spent on low-quality institutions.

*The typical target applicant for the GSOM SPbU bachelor's programmes is a recent high school graduate with a broad range of interests, who aims at developing a career in business. The demographics of the target audience include young people of 17–18 years old, both male and female, living in Russia (recent statistics shows almost 32%-68% split between applicants from St. Petersburg and from other regions of Russia compared to 50-50% split in 2012). The newly launched Bachelor of International Management programme is also targeting international applicants from CIS and Eastern Europe (until the legal obstacles of entry examination in Russian language are overcome) as well as Russian applicants who might be considering continuing their education after the bachelor's programme in Russia at the master's level abroad.*

The federal regulation of admission to higher education institutions requires taking into account the results of three USEs from the list published by the Ministry of Education and Science. There are two USEs identified by the Ministry for all university-level programmes in economics and management: Russian Language and Mathematics. However, universities have the right to request the results of some other USEs that are considered necessary for a certain programme. For example, in 2015 GSOM SPbU accepted the results of two USEs in Russian Language and Mathematics, and the USE in Foreign Language (for the Bachelor Programme in Management) and the USE in Social Science (for Bachelor Programme in Public Administration).

The Ministry of Education and Science has identified a range of 22–42 points as the minimal requirement for bachelor's programmes (varies for each subject); however taking into account the status of the university, complexity of the programmes and intended graduate profile, high minimum requirements cause a substantial self-selection by potential applicants. Thus, the actual competition, measured in numbers, for a seat may be lower than in other universities. On the other hand, this mechanism ensures a high level of motivation among students to get their education at such a university and the ratio of students who are offered admission to actually enrolled students is traditionally close to 100%.

*GSOM SPbU sets much higher minimum requirements for its applicants (see Table 8.3). Since 2014 SPbU has also removed differentiation between the minimum USE scores for government-sponsored vs. tuition-based places (which used to be a bit lower).*

**Table 8.3** Example: Minimum entry examination requirements for bachelor's programmes in 2016 at GSOM SPbU

Examinations (USE)	Bachelor of Management Programme	Bachelor of International Management Programme (in English)	Bachelor of Public Administration Programme
Russian language	65	65	65
Foreign language	65	70	–
Social science	–	–	65
Mathematics	60	60	60

*In 2016 the average USE grade of admitted students at the Bachelor of Management Programme was 89.3 for government-sponsored (79.6 for tuition-based) places, at the Bachelor of Public Administration—88.6 (and 78.6 respectively), which were the highest average USE grades of admitted students in the country according to the ranking done by the Higher School of Economics. According to this ranking, GSOM SPbU has been in 1st/2nd place in Russia for management programmes since 2012, and in 2014 it also took the 1st place for public administration.*

*The marketing policy for the bachelor's programme is aligned with the overall marketing strategy of the School and the general admission campaign of the University. The GSOM policy on attracting and selecting applicants for the bachelor's programme is implemented by searching for, attracting and interacting with talented and motivated students of high schools and specialized secondary educational institutions of Russia and CIS countries. At the moment, GSOM does not target markets outside CIS due to the federal requirement to pass Russian language as one of the entry examinations to bachelor's programmes. Though the university rules allow international applicants to be accepted to bachelor's programmes, it would require a very advanced level of the Russian language from such applicants.*

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Table 8.4 describes the ratio between the numbers of government-sponsored and tuition-based places available at the School in 2016, the number of applicants and intake at both Bachelor of Management and Bachelor of Public Administration Programmes.

**Table 8.4** Intake at bachelor's programmes in 2016<sup>a</sup>

Programme	Number of places		Applications		Intake	
	Government-sponsored	Tuition-based	Government-sponsored	Tuition-based	Government-sponsored	Tuition-based
Bachelor of Management	75	70	1066	254	75	69 + 5 <sup>b</sup>
Bachelor of International Management	–	30	–	130	–	23 + 8 <sup>b</sup>
Bachelor of Public Administration	15	15	751	158	15	10

<sup>a</sup>Does not include foreign citizens who are admitted outside of the quota according to the terms of Ministry of Education and Science international cooperation agreements (Bilateral agreements with other governments)

<sup>b</sup>International students on tuition-based places; these places were not counted among other tuition places quota

The GSOM master's programmes are highly competitive and attract applicants from various Russian regions, as well as those international students interested in the Russian market and education in Russia. The programmes have been designed for graduates of Russian and foreign higher education institutions with a bachelor's or specialist degree, including those who have not studied management or economics before.

In the pre-experience Master in Management, St. Petersburg University GSOM is the only Russian school that delivers all programmes fully in English and has required result levels listed for GMAT and TOEFL tests for admission, thus having no direct competition in the national market, but facing it from other international schools, especially with those partner schools from the CEMS alliance. It is worth mentioning that the average scores of these tests for the newly enrolled Master students are quite high in international comparisons for the segment: in the past three years—632 for GMAT and 98 for TOEFL iBT.

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*An important part in the programme content at bachelor's and master's programmes is devoted to the contribution of GSOM SPbU business partners in the form of Consulting Projects. As a term paper for the first year of bachelor's studies at GSOM SPbU, students have to carry out strategic analysis for a rapidly growing company that operates in Russia. Student groups have to choose the company from the list prepared by the Career Centre. The possibility of the company's participation in the strategic analysis project is negotiated by the Career Centre. It also discusses with the company potential participants and selects them on the basis of mutual consent. Every year about 20 companies accept approximately 200 GSOM students. The companies involved in this project represent different industries and various business models. During the strategic analysis project, students receive the opportunity to interact with the company managers and practice their ability to conduct business research.*

*Students in the master's programme carry out, as part of the curriculum, a consulting assignment (business project for CEMS students) for one of the corporate partners. Each year about 100 students participate in approximately 20 business/consulting projects. The assignments are linked to the key subjects of the master's programme, and can include for example the development of a new business strategy, marketing strategy or marketing analysis, and so forth. There are four–six students in a mixed group with the presence of both Russian and international students. The working language is English. A project lasts from 10 to 12 weeks and the results of the project are presented in the company and at GSOM.*

*About 35–40% of bachelor's and master's programme graduates are usually recruited after completion of their degree by GSOM corporate partners, including top Russian and international companies. The most recent trend here is the rapid growth of the number of global companies that hire them for operations in Russia and other countries (about 200 alumni are currently employed abroad).*

In the MBA and non-degree Executive Education segments of the national market, only a few top Russian schools (i.e., Skolkovo, SPbU GSOM, IBS-Moscow, Lomonosov MSU Business School (MSU BS) and Stockholm School of Economics (SSE)—Russia) have clients from among top national and international companies (in case of St. Petersburg University

GSOM—VTB Bank, Rosneft, Russian Railways, Citi Foundation, etc.), and are pricing their programmes three to four (or more) times above the median market level.

On average, the duration of an MBA programme is 1.5–2 academic years. The trend towards differentiation among Russian business schools is strongly justified by their pricing strategies (in general and, especially, in MBA/ExecEd): there is the evident phenomenon of “abnormally low price elasticity” when leading schools enjoy both premium prices and high demand in sharp contrast with most of the other schools. Variety in MBA programme quality has only increased since 2012, when the new Federal Law “On Education” effectively eliminated MBA programmes from the scope of state regulation and quality control (in form of national accreditation). The cheapest options start from 100,000 RUR—but this is actually not an MBA programme at all in its traditional meaning; this could be some video courses and tests completed via the Internet. The tuition fee for a high-quality MBA programme is roughly 1,500,000 RUR. In that case you study at a university, which has invested in the faculty, experts and infrastructure as well as providing the student with the necessary knowledge and skills. Recently such high-quality MBA programmes are facing a challenge: due to regular fluctuations of the exchange rate in Russia, the cost of such a programme for the school becomes higher and higher. That is why some universities decided to increase the tuition fee for 5–15% starting from autumn 2015.

Some universities followed the path of redesigning their MBA programmes to meet the criteria for master’s programmes, thus allowing them to issue a master’s degree on the completion of an MBA; some universities preferred to keep their flexibility in designing MBAs and issue the diploma as an additional qualification (the path followed by GSOM SPbU and most other reputable Russian business schools), while others chose to introduce short-term programmes (mini-MBAs) or distance learning and issue a certificate of completion. Under these circumstances, accreditation from recognized independent bodies (e.g., AMBA and EQUIS or RABE—Russian Association for Business Education) have become key to programme success and differentiation.

*The target audience of the GSOM EMBA Programme consists of top and mid-level managers from Russian and international companies operating in Russia, who have a university degree and possess professional experience of no less than seven years, of which no less than five years must be at the managerial level. The Programmes are not industry- or function specific, but are generalist in nature. The target audience thus includes company and department heads from any industry as well as business owners.*

*Based on Russian MBA/EMBA market research and our statistics (number of applications, company size, student's position, education, region, experience, age, trends), the GSOM EMBA target audience features can be defined as follows:*

*position—top or mid-level manager;*

*company size—50 employees or more;*

*region—Northwest Russia, Moscow, large and wealthy cities of over 800,000 inhabitants in the European part of Russia, big industrial cities in Siberia and Urals;*

*age—26 to 46, average age—36 years;*

*total experience—no less than seven years;*

*managerial experience—no less than five years.*

In 2015, the Ministry of Education and Science reviewed average salaries and employment rates for graduates using the information collected by the universities and Pension Foundation of the Russian Federation about the salaries of graduates during the first whole year of their employment. Of the 933 Russian universities that took part in the survey, 276 of them chose the concentration “Economics and Management” for their graduates (there was no option to choose Management only). The highest average monthly salaries were earned by the graduates of Moscow Graduate School of Social and Economic Sciences located in Moscow (a private institution obtaining state accreditation)—110,394RUR; thesecondgoesMoscowStateUniversity—67,490 RUR. St. Petersburg State University is the 17th in this list showing the average salary of graduates of 47,655 RUR. The lowest average salaries equalling to 13,650 RUR were earned by the graduates of Kazan Institute of Entrepreneurship and Law located in the city of Kazan (a private institution obtaining state accreditation). Since Russia is a very large country, the average salaries in the different parts of it can vary considerably; in general, in large cities, the salaries are higher than in towns, which could

be the reason for such a huge difference in salaries of the graduates working in Moscow and earning twice the amount earned at the same period of time in other parts of the country.

*GSOM Executive Education provides highly customized programmes, and during the past two years the focus on Executive Education has moved to customized programmes only for the top Russian and international companies. Long-term relations with such companies and organizations as Rosneft, VTB Bank, Russian Railways and Lenenergo have been established and they have become key clients for the School and major revenue generators in Executive Education. The strategic goal for the coming years is to become the priority provider of high-quality internationally oriented Executive Education programmes for a broader spectrum of the largest national and international companies as well as of fast growing national companies.*

## Regulatory Bodies

Higher education in Russia is regulated and controlled by the Government of the Russian Federation (RF), Ministry of Education and Science and Federal Service for Supervision in Education and Science (reports to Ministry of Education and Science). There were 950 HEIs in the Russian educational system in 2014/2015, among them 548 public and 402 private institutions. Recently the system of higher education in Russia has gone through major transformations. Systemic changes have been accelerated and have also strongly focused on gaining international competitiveness since 2009 when the major reform of Russian higher education took off.

In 2009, the long-awaited structural changes started to quickly take shape through the creation by the federal government of a new multitier university system. In November 2009, the new Federal Law “On the Status of Lomonosov Moscow State University and St. Petersburg State University” granted these two national leaders “Special” status, placing them into the top tier of a new system. This Law recognized the two as being of ultimate importance to the national educational system, and therefore their Rectors are appointed by the President of the Russian Federation and both Universities were provided with exceptional rights, including (among others):

- to establish their own educational standards;
- to require (if necessary) special entrance exams in addition to the existing USEs;
- to award their own diploma (other universities award a unified state diploma).

*In support of this Special Status, the "SPbU Development Programme until 2020" and the new SPbU Charter were designed and signed by then Prime Minister Putin respectively on October 7 and December 31, 2010 and additional funding was allocated to support the implementation of the development programme.*

The Russian higher education system is currently regulated by the Federal Law "On Education in the Russian Federation" (№273-FZ of 29 December 2012), which has replaced the laws "On Education" adopted in 1992 and "On Higher and postgraduate Education in Russian Federation" adopted in 1996 and thus pursues the course of ongoing reforms in the national educational system.

The quality of higher education is monitored through nationwide mechanisms for quality control and assessment which include: state educational standards and Resolutions of the RF Government "On State Accreditation of Educational Organisations and Scientific Institutions" (№522 of 14 July 2008) and "On Licensing of Educational Activities" (№277 of 31 March 2009). All accreditation and licensing activities are performed by the Federal Service for Supervision in Education and Science.

After the March 2012 Presidential elections and the appointment of the new federal government in May, the policy of stripping the system of low-quality institutions was announced: up to 20% of the overall number of universities would be closed/merged with better ones and their evaluation would be based on professional criteria worked out by the Association of Leading Russian Universities. Another group of 35–40% of Russian universities were to be identified as primarily teaching institutions, being able to provide bachelor's programmes only, while the remaining high-quality universities would develop further as graduate schools and research institutions. Under the current reform of higher education, additional government support is going primarily to the universities with

Special, Federal, and National Research status, putting additional financial pressure on most institutions without this recognition. In the past three years, as a result of this policy, the number of HEIs has dropped from 1046 to 950. In 2016, the Ministry of Education and Science of Russia introduced one more type of university status, “supported universities”, for the development of which the government is going to donate additional annual funding based on the plans stated in the development programmes of each university and their results. In 2016, 11 universities in Russia have obtained the “supporting” status. These universities are usually planning to unite several (two to three) weaker universities in the region in the uncertain hope to become stronger institutions.

At the same time, a new Government initiative was introduced in 2013 to increase the competitiveness of Russian Universities, develop their research activities and ultimately—to secure a place in top international university rankings. The initiative is widely called “5 in 100” due to its main goal to have five Russian universities among top 100 universities worldwide by 2020. Fifteen universities were selected to participate in the programme based on a competitive procedure and receive additional funding to implement their development roadmaps (MSU and SPbU due to their special status were not part of this initiative).

By 2015, the status of “Federal Universities” has now been granted to 10 higher educational institutions (HEIs) in key federal districts of Russia and 29 HEIs have received the status of “National Research Universities” (selected through open competition and valid for 10 years). This elite group of about 40 Special Status, Federal and National Research universities united in a specific Association of Leading Russian Universities.

Despite the implementation of the Bologna model, serious legal limitations still exist for the systematic internationalization of top Russian universities. A major legislative hurdle for developing international graduate programmes (master’s, doctoral and MBA) and hiring international faculty full-time remains due to the outdated and heavily bureaucratic system of recognition (“nostrification”) of degrees from foreign universities by the Russian Ministry of Education and Science (direct incompatibility of Russian four-year bachelor’s with the three-year post-Bologna bachelor’s in most European countries is only part of the problem). In May 2012, the Russian Government published a first list of 211 top international

universities (selected as present in the top 300 of all three main global university rankings and updated annually), the degrees from which no longer need formal recognition. However, this is only a first and limited step in overcoming this systemic hurdle. Moscow and St. Petersburg State Universities, however, in 2013 were granted the right to acknowledge foreign degrees independently due to their special status, which has facilitated the process considerably here.

Although programme content may be delivered in languages other than Russian, the challenge of internationalizing the student body in bachelor's programmes lies in the admissions regulations to bachelor's programmes. National legislation requires all applicants, including foreign applicants, to pass an examination in proficiency in the Russian language (for Russian Citizens this is one of the required USEs).

The increased internationalization of the student population at all levels of education in Russian universities faces additional challenges in such non-academic spheres as the centralized coordination of the admissions of international applicants to Russian university programmes, where deadlines for various processes often do not allow the necessary time for processing the applications and issuing letters of invitation in time for students to apply for their visas and arrive at the university before the semester starts.

## Conclusion

Business education in Russia has had quite a short but intensive development since the early 1990s along with transformation of economy and society. After 25 years, business education faces several challenges. The major challenge is a limited market development. Regardless of the rather big demand for business and management education at bachelor's and master's levels, as well as an intensive interest in the executive level for a long time, only few business schools were able to enter the higher league, get international accreditations and visibility. This leads to lack of competition and limited "market" for professors and doctoral students and creates the problem of resources. This problem is recognized by the government and addressed by stimulating universities to increase their positions in university rankings. The business schools also try to join

international educational associations and align their operations with the requirements of international accreditations. Moreover, the national accreditation system was introduced to help business schools in their intent to improve quality. The second challenge is the lack of business and management research. The number of researchers in Russian business schools that have stable flow of publications in international peer-reviewed journals is measurably low. A considerable number of publications are in Russian language and in Russian journals or in books in Russian language. This issue is addressed by pushing best journals to be included in WoS/Scopus and publishing them in English. Also some schools and universities host international conferences and attract researchers from the international job market. The third challenge lies in the area of much-needed innovation. The ability to generate innovation is essential both at the programme level but also at the business model level. One of the innovations still very much in its early stages in Russian management education is distance learning and online education. There are very few online courses on management developed by Russian professors.

Finally, business schools face the challenge of matching corporate needs. The Russian market follows global trends and corporate management education programmes are often done without involvement of the schools. Instead, companies call upon either training companies or their own in-house trainers. This seems to be the key test on how good business schools will be in addressing the first three challenges. If they succeed, then there is a chance for corporate clients to consider business schools as centres of excellence in research and education programmes providers.

## Notes

1. Entrepreneurship and business were illegal in USSR. However, earlier, in the Russian Empire, entrepreneurship and business were quite developed, successful and internationally competitive. All businesses were nationalized by Soviet Government after the revolution in 1917.
2. The Russian Association of Business Education (RABE) is composed of more than 150 members, both institutional and individual. The Association is the leader, initiator and coordinator of educational programmes for



entrepreneurs and the business community. Russian business school deans, experts and scholars of authority, as well as eminent professors, are drawn to the Association by the annual Russian and international conferences it organizes on current topics in management education, its innovative seminars and in-depth internships. The Association's reviews, research findings and business education-related publications are always in demand, and are of great value for the development of the Russian educational system.

3. 1 EUR = 70 Rub. (as of date 20.11.2015)

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# 9

## Higher Education in Management: The Case of Tunisia

Houda Ghozzi and Lassaâd Mezghani

### Introduction

Higher education has been a priority since the independence of Tunisia in 1956, structured through the 1958 law and the 1960 decree on the creation and the organization of the Tunisian university. The Tunisian higher education system has been widely praised for its coverage of the population and its sophistication relatively to the region. Access to public higher education is a right to any Tunisian holding a high school degree (Baccalaureate) with no tuition fees for students at public universities.

Combined with the growing population of secondary school graduates, the number of students increased from 102,000 in 1995/96 to approximately 294,000 in 2015/16 after a maximum of 370,000 in 2009/10. This massification was followed by an increase in the number of higher education institutions (HEIs). In 2015/16, Tunisia accounts for 203 public HEIs and 65 private ones hosting, respectively, 263,841 and 30,223 students with a proportion of 64.5% versus 45.4% females in public and private sectors, respectively.

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As for business education, it started before the establishment of the Tunisian university in the early 1960s after independence. The first business school in Tunisia, IHEC Carthage, was launched in 1942 during the colonial period. Over the last seven years, education in business represents 15% of higher education students with a decrease of 27% in the public sector and an increase of 121% in the private one.

In general, the Tunisian education system has long followed the French education one. Higher education in Tunisia is therefore an artefact of the French colonial policies (Altbach and Selvaratnam 1989; Lulat 2003) that left by far the greatest lasting impact, not only in terms of the organization of academe but in the language of instruction and communication (Teferra and Altbach 2004). Since 2006/07, the country aligned its higher education system to the framework of the Bologna process by introducing the bachelor's (Licence), master's and doctorate degrees for all fields of study except for medicine, engineering and architecture, with the objective to promote the comparability and readability of higher education systems across countries.

In the last five years, the 'Arab Spring' has upset the apparently stable situation and deep frustrations were one of the main triggers of Tunisia's January 2011 Revolution. The unemployment rate in Tunisia increased from 13% in 2010 to 18.3% in 2011 (NIS 2012). Moreover, unemployment incidence increases with the level of education.

Despite the significant investment in education in Tunisia, several weaknesses can explain persistent challenges facing higher education graduates on the labour market. First, there is inadequate supply of qualified graduates on the Tunisian job market because of a strong mismatch between graduates' skills and labour market needs combined with an insufficient training quality. Second, there is a relatively low number of new jobs offered to university graduates holding a bachelor's or a master's degree. The number of graduates is too high compared to the labour market capacity with the current economic situation. This has left many of these graduates at the roadside, frustrated and discouraged, and their families scared to discover that higher education was no longer the key for employment.

## The Supply Side of Higher Education in Business

### Main Suppliers of Management Education and Their Strategies

In 2015/16, higher education in Tunisia is characterized by a large domination of the public sector, composed of 13 universities, one of which is the Virtual University of Tunis (VUT). These 13 public universities regroup the 203 HEIs of the country and enrol about 90% of the 294,064 students (MHESR 2016). The private sector accounts for 65 HEIs and the number is expected to increase in 2016/17.

HEIs fall under three main categories, namely faculties, schools and higher institutes. Originally, the main difference between these categories was related to the instruction form and the student assessment system. However, since the alignment to the Bologna framework, there are no more differences between these HEIs.

In 2015/16, the management education is provided by:

- 27 public HEIs spread over the 13 universities of the country including the VUT which was established as a government initiative in 2003;
- 20 public Higher Institutes of Technological Studies called 'ISET', which fall under the responsibility of a Directorate-General for Technological Studies and cover almost the main cities of the country;
- 30 private HEIs established in four main cities of the country (Tunis and surroundings, Sousse, Sfax and Nabeul)

As it can be noticed, 23% (47 out of the 203) public and 46% (30 out of 65) private HEIs provide management education. Management is one of the most important fields of study in terms of number of HEIs and in terms of number of students enrolled in its different programmes.

Even though, management education providers are distributed all over the country, there is still a high concentration of students belonging to institutions located in Tunis and surroundings with 40% and 85%, respectively, in the public and private HEIs.

In Tunisia, almost all HEIs use French as the main language of instruction. In 2010, Tunis Business School (TBS) was created to offer the unique four-year bachelor's degree of the country using English as the instruction language and following the North American higher education system. Since, the English language is more frequently used, particularly in some master's programme modules.

Public providers operate under the patronage of the Ministry of Higher Education and Scientific Research (MHESR) and its regulatory bodies. The latter fixes and monitors main processes, including strategic planning, yearly capacity of each institution, budget administration, staff and faculty recruitment as well as curriculum accreditation. When it comes to student enrolment, holders of the baccalaureate are guided in their choices based on a national computerised system assessing their merits and wishes as well as the HEI's predefined capacity. Therefore, public HEIs have little opportunity to implement their own development strategies. Some still strive to differentiate through efforts based on partnerships with international HEIs for graduate degrees, corporate relationship development, organization of workshops and conferences as well as involvement in national and international research projects.

Since the 1990s, the ongoing increase of state expenditure raised questions regarding the overall sustainability of the higher education public system. Consequently, in 2000, the government passed the 25 July 2000 law in support of the development of private sector HEIs aiming to reach 30,000 students by 2006 (Mazella 2006). Even though the response of private providers was first tepid, the trend shows a considerable rise from 20 institutions in 2000, to 39 in 2010, reaching a total of 65 in 2016.

When it comes to private institutions offering programmes in business, official statistics do not offer yearly figures. However, despite a decline in the overall demand and the existence of a large capacity among public providers, private business schools rose from 22 in 2009/10 (MHESR 2009), to approximately 30 in 2015/16 with several new providers in the coming years. In reality, while in the 1990s, Tunisian private business schools were mainly addressing students that failed in the public system, recently, increasingly more providers are addressing high-level students unsatisfied with most public providers or with the field they were oriented to by the ministry. This growing trend also results from

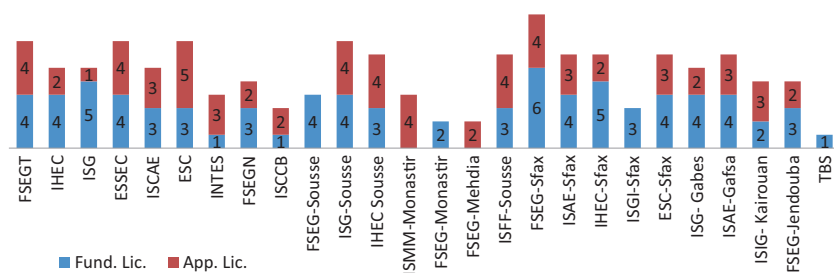
efforts deployed by some private provider to increase the quality of their curriculum through international partnerships and accreditation.

For instance, in 2002, the first English-speaking institution, Mediterranean School of Business (MSB) introduced the first Executive MBA with AMBA international accreditation, as well as several partnerships with universities in the United States (e.g. Darden and Babson) as well as in Europe (e.g. IESEG, NOVA, IE). Since 2014, this provider also partnered with HEC Montréal offering a 2 + 2 programme. In 2009, Paris Dauphine launched Tunis Dauphine, providing programmes strongly linked to the French programmes being accredited EQUIS. In 2014, the first German Business School (GBS) was also launched in Tunisia, in cooperation with a Tunisian partner, the International University of Tunis (UIT).

Private providers are clearly independent in developing and implementing their strategies, structure and processes. Yet, they also remain partly regulated by the MHESR which tightly controls their curriculums.

## Typical Programmes Offered

Providers in management higher education in the public sector offer one to five fundamental licences generally including specialities such as accounting, finance, business administration, as well as human resource management and one to five applied licences in similar specialities (see Fig. 9.1). In total, 71 professional masters are offered all over the country as compared to 22 research masters<sup>1</sup> and 10 PhD programmes. Public providers do not offer MBA or EMBA programmes. Private providers



**Fig. 9.1** Programmes offered in public business schools  
Source: MHESR, Orientation guide 2015

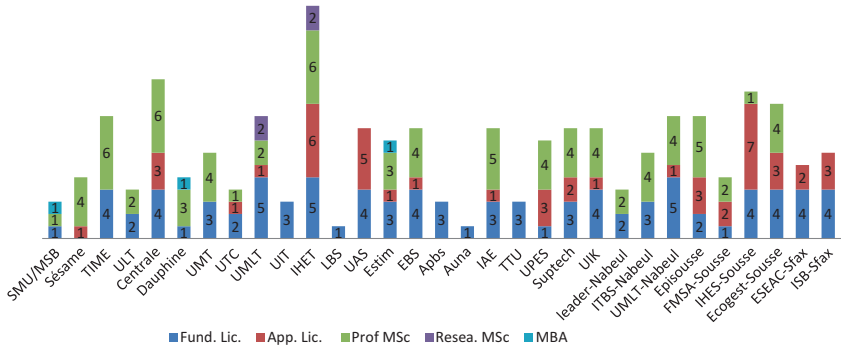


Fig. 9.2 Programmes offered in private business schools

offer a wide range of applied and fundamental licences as well as professional master’s programmes. Contrarily, private providers are still tepid in the field of research with only two institutions offering research masters (in partnership with international universities) and no institution is offering PHD programmes. Despite the great number of professional masters, only three MBAs are offered all over the country (see Fig. 9.2).

Registration fees in the public system remain low, the state being the sponsor for higher education. In Tunisia, users contribute less than 1% to the cost of their education (Millot 1997). In 2015/16, more than 108,000 students from vulnerable sections of society also received government scholarships and 18.4% of enrolled students benefitted from university accommodation at a symbolic rate.

Contrarily, the private sector does not benefit from any help from the government and suppliers exclusively rely on revenues from their programme tuition fees that vary from the equivalent of approximately €1000–€4000 per year for a bachelor’s programme and €1000–€5000 per year for master’s programmes. MBAs are more expensive, costing at most €10,500 per programme.

### Current Development of Pedagogy

Almost all business programmes and curricula are designed in a segmented way following a functional approach of the organization and lack an integrated approach. In addition, most management courses are taught



using classical pedagogy where lecturing is the dominant approach. Usually based on individual faculty initiatives, some courses are delivered using case studies and project-based learning. More recently, some HEIs such as IHEC Carthage and some management faculty members started using more advanced experiential and interactive pedagogy such as inverted classroom, problem-based learning, simulation, as well as business games to teach management in a more applied and transversal manner with a tight link with the industry.

In 2002, the VUT, a public university, was established. Its main mission is to develop online courses and university curricula for other Tunisian HEIs. One of its objectives was to offer 20% of all national courses online. This aim was never reached since there is no clearly defined strategy to encourage faculty members to adopt or use distance learning. Indeed, faculty members are very reluctant in using online courses and the number of online courses is still limited.

In public and private HEIs, the use of distance learning is related to some scarce professors that sometime develop their own online material. Recently, we can notice some initiatives to develop MOOCs in public universities such as University of Jendouba, in addition to two other private universities: Sesame Business School and University Centrale Tunis (UCT). However, there is still no clear governmental initiative in this direction.

In 2015, the Ministry of Higher Education and Scientific Research published its 2015–2025 strategic plan for the reform of higher education and scientific research. One of the five main objectives of this reform is to establish a whole strategy for training of trainers and especially in the use of innovative pedagogy.

## **Business Models of Business Schools and Their Sustainability**

Public management higher education providers are funded from the annual budget dedicated to higher education and registration fees represent a small part of revenues. Salaries of all types of personnel are directly paid by the government, universities only paying temporary faculty. At present, where universities worldwide are being asked to increase their own resources by becoming more open to the world of business and by

providing chargeable services (Johnstone 1998; Lorange et al. 2014), the Tunisian regulation does not facilitate such practices. Except raising sponsorships, public institutions face all types of administrative burden to receive any funds from external partners. These conditions lead HEI managers to be reluctant to engage any effort in this direction.

When it comes to private providers, as compared to the United States where they have access to donations from individuals, corporations or foundations, and to Europe, where there is a culture of public funding for schools (D'Alessio and Avolio 2012), in Tunisia, neither are there public finances earmarked for the private institutions nor is there a culture of donation to HEIs. Therefore, most Tunisian private providers are still exclusively tuition-driven and have not yet succeeded in diversifying the revenue generation through sale of publishing activities, patents, copyrights, advisory services and other services such as consulting or applied research.

In their benchmarking of 31 business schools worldwide, D'Alessio and Avolio (2012) estimate that between 40 and 65% of revenues are used to pay salaries, incentives and benefits to the faculty and staff, while operating expenses are estimated at between 15 and 25% of total expenses and that profits do not exceed 3% of total revenues at best. In the case of Tunisia, it was not possible to obtain information regarding expenses in private HEIs. Nevertheless, according to experts in the sector, even though differences exist depending on the strategy of the provider, the largest share of expense is related to capital expenditure including resources to buy assets or to finance the construction of campus and other required buildings and facilities. Except for providers that recruit or invite international renowned faculty, staffing costs remain low and do not include incentives or benefits. Finally, budget allocated to research is inexistent since private providers are not yet developing research.

## Faculty

### PhD Programmes and Requirements

In 2016, there were seven PhD programmes in different fields of management provided by seven different HEIs, five of which are in Tunis and surroundings. Each programme could cover from one to four areas such

as marketing, finance, accounting and business administration depending on the specialization of the HEI's full-time faculty.

Doctoral candidates should have either a research master's degree or an engineering degree and are officially supervised by a single supervisor, except in cases of a co-supervision scheme. Theoretically, it should take between three to five years to complete the doctoral research and defend a thesis. However, in practice, it generally takes an average of five to seven years to complete the doctoral programme in business. Since 2013, the doctoral studies reform intends to reduce this delay.

Once the thesis report completed, it is submitted to the doctoral candidate's thesis commission that designates two rapporteurs responsible for evaluating the thesis and giving the approval for its defence. The thesis report format is commonly a full dissertation, yet published papers format is also accepted. The language is usually French even though English and Arabic are also accepted. The defence lasts from two to three hours including a 20-minute presentation followed by a debate and discussion with the jury members.

Even though doctoral programmes are free of charge, doctoral candidates have limited possibilities when it comes to obtaining additional financial support during their studies except for a scholarship awarded by the ministry (Geschwind et al. 2010). Indeed, since these programmes are entirely funded by the central government, unavailability of human and documentary resources and equipment for doctoral candidates increase the research duration and come at the expense of the quality of doctoral education. Scholarships and research contracts remain rare.

## Career Steps for Faculty Members

The recruitment of PhD holders could be at two different positions: assistant or assistant professor and, officially, there are no post-doc positions.

Until 2011, the massive growth in the number of students and the desperate need for faculty generated great opportunities for doctoral students that were most often hired before they even started their PhD. They just needed to have completed their research master's degree.

Today, the number of doctoral students, and despite their insufficient rate of graduation, resulted in an extremely saturated system in which it becomes extremely difficult for doctors to find positions. For instance, for PhD holders, and in 2010, the Ministry offered 58 new assistant professor positions in different management disciplines at the national level. Unfortunately, no data are available on the number of PhD graduates from Tunisian and foreign HEIs or the number of candidates holding a PhD degree to different recruitment juries in management. In 2016, only 26 new positions were offered in management among a total of 324 new positions in all study fields knowing that 825 new doctors graduated in 2014/15 and are waiting to be recruited or promoted. In addition, in 2010, there were 55 new positions for assistants in management; however, in 2016, there was no single position offered for management disciplines.

This is due to a misalignment between the country's needs estimated by the Ministry and the number of doctoral students enrolled by universities. The enrolment process is carried out in a bottom-up perspective by doctoral (graduate) schools that are also responsible for the evaluation of doctoral candidates' progress and for the approval of re-admission from one year to the other.

In Tunisia, there are four levels of higher education positions for faculty members:

- Assistant: does not need a PhD to be recruited at this position
- Assistant professor (*Maître-Assistant*): needs a PhD to be recruited or promoted at this position
- Associate professor (*Maître de Conférences*): needs to pass the Habilitation evaluation (sort of a tenure evaluation) before a jury to be eligible for such a position
- Professor: the last position possible.

For all positions, a national examination jury in each field and for each level is formed, partially elected by peers and partially designated by the Minister of Higher Education. For the recruitment of assistants, assistant professors and associate professors, the candidate has to present and defend his/her dossier in front of the national jury. However, to be promoted

from assistant to assistant professor and from associate professor to professor, the jury just examines the candidate's dossier (mainly research, teaching and other academic activities).

Once recruited, a faculty member is controlled only about delivering courses but is no longer evaluated for any of his/her activities (teaching and research) unless s/he seeks a career progression.

The progression relies mainly on publications while research activities often suffer from limited access to the necessary documentary resources since doctoral schools are often under-funded and have difficulties in subscribing to databases and even journals.

The lack of a continuous evaluation system and the absence of any kind of bonuses for faculty discourage them from progressing in their careers. In addition, salaries are quite low compared to those of the region. They vary from the equivalent of €800 monthly for an assistant professor to €1200 for professors. As a result, faculty members are often not very eager about progressing, especially as the wage difference is not that significant.

## The Demand for Higher Education in Business

In Tunisia, the demand for all fields of higher education mainly depends on the number of new secondary education graduates. The estimation of this number helps the MHESR to adjust the number of seats offered by the public HEIs at each year. This offer is summarized in a booklet (Orientation Guide) published each May or June by the Ministry for the following academic year.

### Overall Demand for Higher Education

Over the last seven years, the total number of higher education students has decreased by 21%, from 370,058 in 2009/10 to 294,064 in 2015/16. As it can be noticed in Table 9.1, this drop is due to the decrease of the number of students in public HEIs which reached 26% over the same period. In the meantime, demand has increased in private HEIs by 140% from 12,586 to 30,223 students. This increase in the private sector is

**Table 9.1** Trend in the total number of students in higher education

	2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16	
	Total	F	Total	F	Total	F	Total	F	Total	F	Total	F	Total	F
Public	357,472	214,664	346,876	212,133	339,619	209,064	315,513	196,496	305,783	192,899	292,291	185,481	263,841	170,272
Private	12,586	4,779	15,054	5,634	17,773	6,555	21,880	8,713	26,019	11,144	30,334	13,296	30,223	13,707
<b>Total</b>	<b>370,058</b>	<b>219,443</b>	<b>361,930</b>	<b>217,767</b>	<b>357,392</b>	<b>215,619</b>	<b>337,393</b>	<b>205,209</b>	<b>331,802</b>	<b>204,043</b>	<b>322,625</b>	<b>198,777</b>	<b>294,064</b>	<b>183,979</b>

\* F: Female

mainly due to the lack of quality in many public HEIs and to the university orientation system for new secondary education graduates.

The private sector represented 3.4% in 2009/10 and reached 10.3% in 2015/16 of the overall number of students in HEIs.

It also can be seen that the percentage of female students has varied from 59% to 63% (60% to 65% in public HEIs). However, the percentage of female students in the private sector is lower, though increasing from 38% to 45%.

According to 2015/16 data, the number of international students is 2029 in the public sector and 4238 in the private one. Those of the public sector are enrolled in Tunisian HEIs based on bilateral agreements between governments and not necessarily between HEIs.

According to 2015/16 data, 71% of students in the private sector are in the capital Tunis where private HEIs are concentrated in addition to Sousse and Sfax. These three cities group around 96% of the private sector students.

## **Demand for Higher Education in Business**

The demand for higher education in business follows almost the same trends since the main part of the system is regulated (except for the private part).

As it can be noticed in Table 9.2, over the last seven years, the total number of higher education students has decreased by 19%, from 55,500 in 2009/10 to 44,836 in 2015/16. This drop is due to the decrease of the number of students in public HEIs, which reached 27% over the same period. However, demand has increased in private HEIs by 121%, from 3082 to 6810 students.

The private sector represented 5.4% in 2009/10 and reached 13.8% in 2015/16 of the overall number of students in business.

It also can be noticed that the total percentage of female students has varied from 63% to 65% (64% to 69% in public HEIs). However, the percentage of female students in private HEIs is lower, though increasing from 39% to 41%.

According to 2015/16 data, 85% of business students in the private sector are in the capital Tunis where private HEIs are concentrated in addition to Sousse, Sfax and Nabeul. These four cities group close to 100% of the private sector students in business.

**Table 9.2** Trend in the total number of business students in higher education

	2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16	
	Total	F	Total	F	Total	F	Total	F	Total	F	Total	F	Total	F
Public	52,418	33,611	49,373	31,720	46,536	30,009	43,154	28,008	41,974	28,014	40,981	27,907	38,026	26,182
Private	3,082	1,216	3,568	1,389	3,932	1,490	5,125	2,024	5,443	2,212	6,554	2,562	6,810	2,768
Total	55,500	34,827	52,941	33,109	50,468	31,499	48,279	30,032	47,417	30,226	47,535	30,469	44,836	28,950

\* F: Female



## Demand for Bachelor's Degrees (First University Degree)

As stated earlier, since Tunisia has adopted the Bologna higher education framework, the three business degrees offered at this level are:

- Fundamental Licence degree in Management
- Applied Licence degree in Management
- Bachelor in Business Administration (only one Tunisian HEI offers this degree and it is in business)

According to the 2015/16 academic year statistics (see Table 9.3), the highest demand (77.5%) is at the level of bachelor and equivalent degrees. It represents 80.6% versus 60.2% in the public and private sectors, respectively. Again, the demand for all three degrees is regulated by the MHESR in the public sector.

## Demand for Master's Degrees and Executive Education

At the master's level, the two business degrees offered are:

- Research Master's degree in Management
- Professional Master's degree in Management: this includes all MBA programmes and the programmes of executive education awarding a degree.

**Table 9.3** Distribution of current enrolment in business programmes (public and private)

Sector	Public		Private		Total	
	Number	%	Number	%	Number	%
Fundamental licence	13,132	34.5	3377	49.6	16,509	36.8
Applied licence	16,807	44.2	683	10.0	17,490	39.0
Bachelor (other)	702	1.8	38	0.6	740	1.7
<b>Subtotal bachelor</b>	<b>30,641</b>	<b>80.6</b>	<b>4098</b>	<b>60.2</b>	<b>34,739</b>	<b>77.5</b>
Research master	1818	4.8	325	4.8	2143	4.8
Professional master	4572	12.0	2387	35.1	6959	15.5
<b>Subtotal master</b>	<b>6390</b>	<b>16.8</b>	<b>2712</b>	<b>39.8</b>	<b>9102</b>	<b>20.3</b>
Doctorate	995	2.6	0	0.0	995	2.2
<b>Total</b>	<b>38,026</b>	<b>100</b>	<b>6810</b>	<b>100</b>	<b>44,836</b>	<b>100</b>

According to the 2015/16 academic year statistics (see Table 9.3), the overall demand for the research master's degree is only 4.8%, and 15.5% for the professional master's degree. In the public sector, the demand for professional master's degrees is only 12% in the public sector and 35.1% in the private one. As a matter of fact, the EMBA are mainly offered by private HEIs, which have the possibility to attract high-level scholars and professionals to give courses in such programmes.

### **Demand from Companies**

Many companies do ask for specific programmes. Unfortunately, since the change of the higher education law in 2008, the public sector found itself unable to continue offering such programmes. The new regulations do not specify this type of programme for public HEIs. However, private HEIs do offer some company-specific programmes but the demand data for these programmes is not available.

### **Regulatory Bodies**

Higher education in Tunisia is governed by the Act of 25 February 2008, resulting in the establishment of the three cycle-degree system of the bachelor's degree, the master's degree and the doctorate, as well as the reform of university governance and the establishment of a system of quality assurance (Eacea, Tempus 2012).

The Tunisian Higher education remains highly centralized, centred on a strong role of the Ministry of Higher Education and Scientific Research and its linked bodies. Its responsibilities are essentially related to: (1) developing and implementing the higher education and scientific research policy, (2) monitoring the activities of universities, higher education and research institutions and research structures, (3) monitoring the university life of students and coordinating the activities of students' services offices and (4) coordinating and following up on the international cooperation actions related to higher education and scientific research (Eacea, Tempus 2012).

The Ministry's decisions are tightly linked to public universities, since these are taken after consultation with the Universities Council. The Universities Council is a national body responsible for ensuring that strategic guidelines are applied. It comprises the heads of all 13 public universities and is also responsible for (1) validating the decisions of the sectoral and national committees on the reform of the course structure, and (2) accrediting HEIs, enabling them to award master's degrees and doctorates and to habilitate teaching staff.

Universities are headed by a president appointed by decree and elected from among university professors. They are in charge of (1) defining, training, research and inter-university cooperation programmes and (2) organizing university life and establishing appropriate methods to improve the academic and educational output of the institutes under the responsibility of the university.

Even though higher education in Tunisia is centralized, universities can still define the ways in which they can implement the national policy guidelines. Moreover, HEIs with a large number of teaching staff in senior grades are authorised to provide master's degree courses and to award the resulting degrees. The same applies to doctorates and Habilitation (Eacea 2012).

Since the revolution, all HEIs are headed by elected deans or directors that work closely with the institution's scientific council, whose members are also elected to represent faculty, staff and students. Institutions are also composed of departments under the authority of elected heads of department and directors of studies or what is known as dean of academic affairs.

Quality assurance and accreditation was introduced by the Higher Education Act of 25 February 2008 with the creation of a national evaluation, quality assurance and accreditation authority in 2012. Since then, several initiatives have been launched to heighten awareness about the importance of quality-based approach. In 2008/09, the Ministry launched a programme for external assessment of all Tunisian HEIs, based on self-evaluation reports. However, until now, only one across institution (IHEC Carthage, ESSEC and ENIT) professional master's programme in innovation management received the German ASIIN accreditation and two private universities received international accreditations (AMBA, EPAS).

## Conclusion

While Tunisia can claim the existence of a large number of higher management education providers all over the country and a comprehensive academic system, Tunisian higher education faces unprecedented challenges (Brisson and Krontiris 2012), some of which remain global and concern all areas of higher education while others are more specific to business education.

First, despite the limits of the present system resulting in high unemployment rates among graduates, the Tunisian higher education did not yet undertake reforms that are becoming vital. This reform includes for instance the need to focus on more performance-oriented assessment as well as to raise the debate about governance and the role of the Ministry as a central authority offering more autonomy to the different stakeholders and the possibility to develop more innovative and adapted strategies. Also, the present centralization somehow limits the potential role of the private sector as a second player. Indeed, while efforts to improve private sector participation and collaboration are ongoing and in spite of the rhetoric, private sector-led growth is hampered by an atmosphere of mistrust. This strong suspicion is partly linked to the bad reputation of the private sector that prevailed until lately. Indeed, there still looms a strong public perception that public institutions are academically better than private institutions—even when a few of the private institutions hire highly qualified academic staff and maintain new and up-to-date instruments, equipment and facilities. It can also be linked to the fact that working with the private sector is viewed as an admission of failure.

At the same time, the increasing budgetary constraints that are likely to remain in the near future urge public policy to redefine orientations and programmes, improve quality and efficiency, while reducing costs and resource wastage (Abdelssalem 2010; Altbach et al. 2009). More autonomy and the development of a strong private sector could contribute to decrease higher education costs and offer additional positions in a context where the decrease of ‘massification’ is hardly followed by a control over the number of doctoral students. Finally, this collaboration could encourage the exchange of best practices in order to enhance the overall quality of curriculums.

Quality in higher education in general can be largely enhanced by the alignment to international standards through international accreditations. What we notice, however, is that except for a small number of private providers that are accredited, public providers have not yet followed this path. This can be explained by at least two reasons: the lack of financial and human resources to undertake such changes, and possible political pressure to maintain the present system.

Consequently, most business schools have not yet adapted their curriculum and pedagogy. Stakeholders throughout the higher education system, as well as associated actors, such as business leaders, noted significant gaps in the quality of curriculum, particularly in the creation of industry-oriented curriculums. Except for some providers, links with the industry remain weak if not inexistent, while quality of management education is strongly determined by the experience of faculty members in managerial practices. Today's regulation in Tunisia does not encourage for such experience. Almost all faculty members are solely dedicated to academic, administrative and research activities, with little or no windows open on the industry and its needs.

## Note

1. Three professional masters per institution on average, as compared to only one research master per institution on average.

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# 10

## Higher Education in Management: The Case of Singapore

Christian Koenig

Singapore is a remarkable example of what a successful hub policy can lead to. From using its geographical position and the growth of trade in and out of Asia to establish itself as world-leading port, this city-nation has over the past few decades extended the concept of hub to include many other facets. Leveraging the growth of Asia, the growing need for coordination of multinational activities across the region, the quality of infrastructures and of education, Singapore has become a sort of meta-hub, a hub of many forms of trade and activities. Supported by consistent public policies, it has established itself as a favorite place for multinational regional headquarters, a hub for financial services and more recently a knowledge hub, a place where students, from young undergraduates to executives, converge to receive an education that has become a reference beyond Asia (on higher education hubs, see Knight 2011, 2015).

This hub policy is an important feature, not only as it has led local institutions to strive to become regional or world references, but also because it has led to a unique policy to attract foreign business schools to

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establish campuses in Singapore. Other countries in the region and elsewhere have emulated Singapore's example, but the rise of this relatively small economy of less than six million inhabitants living over slightly more than 700 km<sup>2</sup> remains exemplary.

## Supply Side

Business administration education is provided by national public universities and private national and international institutions, the most visible of these having been encouraged by the Singapore government to establish campuses.

The origins of business administration education in Singapore date back to the late 1950s and early 1960s (Singapore became independent in 1965). As is typical in the history of management education, programs originally focused on training undergraduate students in commerce and accountancy. After a series of mergers and extensions, the National University of Singapore (NUS) was created in 1980 and the Department of Business Administration was created in 1983; it then became the Faculty of Business Administration, and was named NUS Business School in 2002. Nanyang Technological University was created in 1991; its school of Accountancy and Business was renamed Nanyang Business School (NBS) in 1995, offering a Bachelor in Business, an MBA and a PhD.

In order to increase capacity, instill diversity in education models and attract foreign students, two major policy moves were initiated in the late 1990s: the creation of Singapore Management University (SMU) and the launch of the Global Schoolhouse Policy initiated by the Economic Development Board in 2002 which aimed at attracting reputable higher education institutions, including in business administration, to set up operations in Singapore, thus contributing to the transformation of the island into a true "knowledge hub". The idea of the Global Schoolhouse Policy was originally to attract up to 150,000 international students by 2015, thereby helping to compensate the national fertility decline, meet the requirements of a knowledge economy requiring a high level of qualifications through "foreign talents" who would study and stay in Singapore, and thereby contribute to GDP growth. By attracting foreign institutions,

the Global Schoolhouse Policy had the indirect effect of enhancing the visibility of Singapore on the higher education stage and of bringing a stimulating diversity of academic models and educational approaches. However, international student recruitment targets were not met and the general attitude towards the addition of “foreign talents” to the economy changed considerably, leading a number of foreign institutions to leave.

Business administration programs are now offered by three main categories of institutions:

- National universities: business schools of the three public universities, NUS, NBS and SMU, and a private university called UniSIM, specializing in adult learning;
- Foreign institutions which came as part of the Global Schoolhouse Policy or slightly before, with some form of support. Originally, Insead (France) and Chicago Booth<sup>1</sup> (USA) were the first ones to operate a campus, followed by ESSEC (France) and then SP Jain Institute (India) and Edhec (France) via its Risk Institute Asia;
- A wide array of private institutions, including many international schools, offering either their own programs, such as James Cook University (Australia), or via a local private partner acting as a platform for the delivery of a wide range of programs in many disciplines.

This chapter focuses on the first two categories.

Degrees offered in Singapore range from bachelor’s degrees to PhD, including generalist and specialized master’s programs, or MBA, with many of the postgraduate degrees being offered also in executive (part-time or modular) format. Bachelor degrees can either be generalist or be more focused, such as Bachelor in Accountancy. All institutions offer open enrolment and customized executive programs.

As the education system in Singapore originally followed the British model, NUS and NBS offer three-year bachelor programs, which normally follow two years in junior colleges preparing for the A-level exam. SMU was designed following the American model, and its bachelor programs are of 4 years’ duration.

Among foreign institutions, only ESSEC offers a comprehensive range of programs, from Global BBA to EMBA, including full-time and executive specialized master’s and the MSc in Management. PhD students

may also complete part of their research work in Singapore. Insead offers its MBA and EMBA as well as an executive Master of Finance and the PhD. SP Jain School of Global Management offers a Master of Global Management and an EMBA. Edhec focuses on finance and risk management via an Executive Master program.

Fees vary depending on the status of the institution and on the type of program. Public education at the undergraduate level is heavily sponsored for Singaporean citizens, but foreign students may also be eligible for some form of sponsorship, its level depending on whether they are Permanent Residents or not. In general, foreign institutions charge fees aligned with their home campus. Fees charged for postgraduate programs, either master's or MBAs, are more or less aligned with international markets and remain lower than typical American programs. In most cases, fees for graduate programs, in particular MBAs and EMBA do not discriminate between Singapore and foreign students (see Table 10.1).

Three major trends can be used to characterize the development of business administration education programs in Singapore: internationalization or “globalization”, regionalization and diversity.

The “global” trend refers not only to the presence of leading foreign institutions, but to the positioning of Singapore universities in general, and business schools in particular, on the international scene. Several

**Table 10.1** Range of tuition fees for undergraduate and graduate programs in Singapore

Program	Length	Fees in Euros <sup>a</sup>	
Bachelor	3 years (NTU, NUS), 4 years (ESSEC, SMU, or BBA with honors)	Singapore citizen 7500 to 9250 × 3 or 4	Permanent residents/foreign 12,950 to 15,800 × 3 or 4
Master	1 (most) to 1.5 years	10,500 to 19,000 per year	10,500 to 27,500 <sup>b</sup>
MBA	12 months–2 years	41,000 to 49,100	
EMBA	12 to 14 months	66,000 to 72,000	

Source: University websites

<sup>a</sup>Exchange rate: 1€ = 1.52 SG\$, figures are rounded. Data provided cannot fully reflect the diversity of programs offered

<sup>b</sup>Only a few master's programs charge different fees for Singapore citizens and foreign students

policies support this trend. The recruitment of international faculty or of faculty with international experience either through their doctoral studies or career or both has led to a broadening of perspectives and a higher academic visibility. All schools, including foreign schools, congratulate themselves on the growth of their faculty and its internationalization, typically between 50 and 80% of the faculty. In addition, the development of specific programs with leading partner institutions from Europe, the USA or Asia has enhanced both attractiveness and brand awareness, and helped combine specific partner competencies or expertise with strong local or regional reputation. Foreign schools like Essec, Insead or SP Jain also offer the opportunity to study on several campuses.

Secondly, educating future leaders to the unique challenges and opportunities of Asia remains a topical issue, a domain in which Singapore's position as hub brings obvious competitive advantages compared to other Asian countries. From undergraduate to executive programs, courses on understanding the Asian context are therefore found in many programs. In addition, alliances with other Asian business schools for joint or coordinated programs reinforce this point. For instance, the S3 Asia MBA (for Shanghai-Seoul-Singapore) offered jointly by Fudan University, Korea University Business School and NUS claims to offer a diverse view of Asia.

This is not the only form of diversity in the development of programs and it is exemplified by the growing number of specialized programs that leverage the position of Singapore as a hub. Thus, most schools (Edhec, Essec, Insead, NTU, SMU, NUS at the Risk Management Institute) offer some form of a postgraduate program in finance, either full-time or executive (Financial Engineering, Wealth Management). Other programs cover topics like supply-chain, health or hospitality management and, more recently business analytics. Before the recent rise of masters' programs in the USA and Canada, Singapore, like many other Asian countries, has thus engaged in an increasing diversity of postgraduate programs, similar to Europe yet different to the extent that many of these programs are offered to working students, either via modules or evening courses.

Another trend converging with Europe is the rise of experiential learning. While internships have for long been the favorite form of experiential learning in European schools, schools in Singapore do offer

internships at the undergraduate level and consulting projects in MBA programs. In its Bachelor of Business, NTU offers an optional “Experiential Semester Program”, a six-month internship as a substitute for academic credits, while this is mandatory in the ESSEC Global BBA program.

## Faculty

Basically, a similar strategy is followed across the different schools referred to in this chapter, since they all position themselves as research-driven institutions and have a sizeable permanent faculty. Three related trends seem to characterize faculty evolution: recruitment is based on international publication potential; faculties in each school are very international; and careers are volatile, with junior faculty leaving after a few years. These trends are not unique to Singapore but shared by schools that have positioned themselves as research-driven schools with an international reach.

Faculty recruitment has become increasingly competitive and international. While faculty mobility is not recent, it may have taken a different pattern now. When SMU was created in the late 1990s, it had to create a faculty body from scratch in a short span of time, hence attracting professors from both other Singapore universities and internationally. But stability in faculty size does not mean stability in composition, as a characteristic shared by research-driven institutions meeting international academic standards is the recruitment of rather junior faculty who are prone to move to another institution early in their career: renewal has thus become an important component of faculty recruitment. In order to reinforce the research orientation, some form of American-style tenure system has been introduced in leading schools.

The rise of PhD programs at all three universities<sup>2</sup> and Insead has led to placement of PhDs locally and abroad, but most recruitment is still undertaken outside of Singapore with a majority of North-American PhDs. For most institutions, faculty is at least 80% non-Singaporean, as few Singaporeans go for PhDs. Research-driven hiring is done regardless of nationality, yet the majority of applicants come from Asia and have

received their PhDs from an American university.<sup>3</sup> Teaching in English and living in an English-speaking environment indeed reinforce the attractiveness of Singapore for a young graduate of a doctoral program.

If Chinese and Indian scholars still dominate the pool of foreign applicants, there seems to be a growing trend of applicants from Korea and Australia. Salaries are considered competitive with many American and Hong Kong institutions and more attractive than most European schools not featuring in the top tier.

The typical size of business faculties at the three Singapore universities is around 110–120 full-time (more if practice professors are included), with an additional group of adjunct faculty and lecturers. The volatility of careers,<sup>4</sup> in particular at junior levels, has led all schools to continually recruit to both replace and enlarge the faculty body. This is also reflected in the structure of the faculty where typically a large proportion of associate and assistant professors can be found: at NUS (see Bradshaw 2012), out 121 full-time faculty, 80 are associate professors and 23 assistant professors, while at NBS, out of a faculty of 111, 10 are full professors, 65 or 58% associate professors (including six associate practice professors) and 45 or 40% are assistant professors.

## Demand

Demand for higher education is on the rise across developing Asia and across disciplines due to a combination of sheer demographic factors and an increased proportion of an age cohort accessing higher education. Singapore being a more advanced economy, growth came from the increase in foreign student enrolment at the graduate level and of the number of Singaporeans accessing higher education in Singapore rather than abroad. Plans to increase the enrolment of foreign students were changed in 2011, with the introduction of a cap on foreign undergraduates. This policy change was both a result of a policy shift to curb to introduction of “foreign talents” and of a growing emphasis on increasing capacity to meet local demand.

Whereas demand for postgraduate programs may grow thanks to international recruitment, demand at the undergraduate level could be

affected by demography, as Singapore has one of the lowest fertility rates in Asia at 1.25 (births per woman).

At the postgraduate and executive levels, the use of the English language in programs remains an attractive point. Foreign enrollment is not capped in graduate and PhD programs, and tuition fees are in line with regional trends, such as in Korea or Japan. While executive education is generally viewed as a way of generating additional revenue to fund degree programs while enhancing the overall reputation of the school, government support to universities, in particular at the undergraduate level, may have acted as a disincentive to develop this branch of management education in national universities.

## Regulation

Public and private Singapore universities are regulated and supervised by the Ministry of Education, as were originally foreign schools that came as part of the Global Schoolhouse Policy. In 2009, in an effort to harmonize the quality of the numerous private providers of higher education, and in order to protect potential students from fraudulent operators, the government passed the Private Education Act and created the Council (later: Committee) for Private Education (CPE). The supervision of foreign schools was then transferred to this new statutory board. However, contrary to most “PEIs” (Private Education Institutions), foreign schools that were originally part of the Global Schoolhouse Policy were exempted from many rules and regulations regarding courses or programs offered. In particular, they were exempted from having to seek the permission of the CPE before offering or providing any course.

NUS, NTU, SMU as well as Essec, Edhec and Insead are all accredited by AACSB and EQUIS. It is interesting to note that AACSB has located its headquarters for Asia-Pacific in Singapore, using it as a hub for its regional development.

A regional association of business schools was created in 2004. AAPBS (Association of Asia-Pacific Business Schools) is not an accrediting body, but it does serve as a regional forum promoting an “Asian management education model within a global context” (AAPBS website).

## Conclusion

The transformation of business administration education in Singapore over the past 20 years has been remarkable, combining growth in supply with a rising international stature, as illustrated in international rankings and the establishment of campuses by international schools.

Several challenges are looming however (see for instance Waring, 2014). The Asian business world is changing rapidly; new business models are introduced that require the rapid deployment of new competencies, in particular in the field of entrepreneurship and digital business. The challenge of relevance of knowledge, concepts and programs is typical of all research-driven management education institutions; it may be more acute in this fast-changing environment. Research efforts thus need not only to be intensified but also contextualized to address these new and specific Asian regional needs.

In addition, competition for faculty and student with institutions from other Asian countries will intensify. China and India, the two main suppliers of international students, have vastly increased their capacity to accommodate larger cohorts of students and leading institutions have additionally and successfully put the emphasis on research. Moreover, Japanese and Korean schools have gained international visibility, although they still attract much less international faculty than Singapore.

Although institutions need stability, the volatility of faculty is a common trait of all major research-oriented management schools worldwide. But the challenge to attract and keep senior faculty is more acute for institutions that have started more recently on the path of high-quality research and publications.

As mentioned earlier, demography and the evolution of government support will also be challenges to anticipate. Yet the recent plans of the Singapore government to create new ways of uplifting the competencies of the whole population may lead to another round of innovation in management education which, if timely, can help Singapore maintain its leading role as a higher education hub.



## Notes

1. Chicago Booth moved its Executive MBA to Hong Kong, getting closer to the mainland Chinese market. It still offers executive programs in Singapore. Some other schools or universities brought in as part of the Global Schoolhouse Policy have left, such as Johns Hopkins in Medicine, UNSW (Australia), Tisch Asia, a branch of Tisch School of the arts at NYU, UNLV (Las Vegas), which offered a Bachelor in Hospitality Management.
2. SMU's PhD is currently focusing on finance (see university websites).
3. Out of 121 full-time professors at NUS, 97 did their PhD in the USA, 11 in Europe, 6 in Asia, including 3 in Singapore.
4. In an interview with the *Financial Times* dated December 19, 2012, Bernard Yeung, dean at NUS, explained that in the previous 4.5 years, 28 professors had left the school, while 50 had been recruited.

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# 11

## Higher Education in Management: The Case of Romania

Dorel Paraschiv

### Introduction

In the last couple of decades, the Romanian educational system has passed through several sets of reforms that buttressed its tuition-free, egalitarian framework, which guarantees access to free education for all of its citizens.

In Romania, higher education is designed as a less centralized system in comparison to other European countries. Therefore, each university has its own internal policies and procedures regarding enrollment, exams, fees and conditions for graduation that determine various means in which the national policies are implemented.

However, a common demeanor is the accreditation process, which is a two-stage activity for such higher education institutions. The first stage is designed for institutions who apply for authorization of temporary operation, so the higher education institutions can organize admission exams and enroll students. After the graduation of at least three generations

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students, the institution can qualify for accreditation. From this point on, the accredited institutions can issue diplomas that are fully endorsed by the Ministry of Education.

The Ministry of Education and Scientific Research approves, on a yearly basis, a certain number of places for each institution, for which students pay tuition. The applicants can apply for an indefinite number of specializations or to several universities at the same time, but only one specialization will be funded from the state budget.

In this context, the academic year starts from 1st of October and ends in June and it is divided into two semesters of approximately 14 weeks each as the national standards set the total class time per week from 24 up to 28 hours in general; these standards also apply for business administration programs regardless of the internal freedom the universities enjoy.

From the students' perspective, after the finalization of the first degree business programs they can apply to graduate programs in their field, or opt for programs offered in other fields of study in order to develop their transdisciplinary capabilities. The graduate programs vary in regard of format but maintain strict duration characteristics (e.g. the PhD has a minimum five years in part-time and three years in a full-time table, and the MA has two years in part-time and one year in full-time). Therefore, a business student can become a PhD in business after at least eight years of study given he or she possesses an excellent academic record.

## Structure of Higher Education in Business

### The National Reform Plan (NRP)

The National Reform Plan<sup>1</sup> adopted by the Romanian Government represents the framework for defining and implementing Romania's economic development policies, in accordance with EU policies. As far as increasing the percentage of the population aged 30–34 with tertiary education, an objective that is part of the EU2020 Strategy, Romania aims at reaching the target of 26.7% by 2020 from a 22.1% baseline registered in 2015 (from 18.1% in 2010).

The measures defined through NRP are: developing a National Qualifications Framework, attracting youth with aptitudes to the qualifications, and creating the mechanism for recognition of non-formal education and stimulating lifelong learning,<sup>2</sup> and thus encouraging the development of business programs that offer a stimulating and holistic approach to the subject.

In order to maintain its relevancy on the EU labor market, the Romanian education sector has<sup>3</sup> many projects supervised by other countries from the European Union (EU) and also collaborations with the United States. The main goal of the country is to adopt methods and best practices that would ease its adaptation to the European higher education system (e.g. Socrates/Erasmus, Erasmus + Copernicus, CEEPUS, Monet and eLearn) and that will encourage the internationalization of its student base.

The universities in Romania focus on attracting international students. The main countries from which international students come are Asia, Europe (in particular, Italy) and Moldova. The international students are attracted to Romania because of the relatively low tuition fees and the low cost of living compared with other European countries.

According to the data provided by the Ministry of Education and Scientific Research, the numbers of foreign students (11,391 in 2012) and ethnic Romanians (8662 in 2012) participating in incoming degree mobility programs for students.

Data from the university classification system on incoming and outgoing mobility programs for teaching staff reveal that the number of foreign lecturers coming to Romania increased 33% between 2006 and 2010. In the academic years 2011–2012 and 2012–2013, the numbers of academic staff benefitting from Erasmus grants increased by 13% and 38.9%, respectively, compared to the academic year 2010–2011.

## First Cycle Programs

The higher education system in Romania<sup>4</sup> is organized in three cycles: bachelor's programs, master's programs and doctorate programs compatible with the European qualification framework and transposed in Law 288/2004.

As a simple continuity rule, the students who have graduated from an upper secondary institution are eligible to apply for admission to a first degree program according to the admission methodology of each university and study program.

At the present moment, the vast majority of universities focus on developing the entrepreneurial skills of the students through a large number of programs and extracurricular activities. This is regarded as the best method<sup>5</sup> of raising interest in business administration as a field of study, and to encourage the assimilation of business know-how by young students

These services are offered in 2015 by 31 public universities and 70 privately operated ones. At this moment, the number of private universities offering such programs in Romania is more than double than that of the number of public schools, a fact that signals a growing demand for higher education in business administration in Romania.

## Second Cycle Programs (MBA Programs)

The Romanian market of the MBA and Executive MBA programs included 16 programs in 2015 (one of the providers offers the equivalent of half of MBA courses) with an average price of an MBA program of EUR 15,500 (approx. RON 70,000), according to an analysis made by ZF (*The Financial Paper*) based on information provided by representatives of business schools.

Annually, the total fees that the 200–300 managers who are taking this type of education program are getting to a value of over EUR 4 mil.

Considered a market populated by too many programs—admitted even by the managers that are organizing this type of courses—education for managers is still a business opportunity. And this is seen in the moves made by the MBA providers.

For example, 2013 was a year of significant changes on the local education programs market: the Maastricht School of Management merged with Pilkinton Ratiu Business School and now they offer a mutual MBA program named MSM Ratiu.

In the same year, the ASEBUSS business school (which is organizing on the local market an EMBA since 1993) has launched an MBA program dedicated to entrepreneurs, and another attempt to enter the market was that of an Executive MBA program from the Arcadia University (USA) in partnership with Danubius University from Galati.

Three local business schools' programs have reached over 1000 graduates in total: ASEBUSS (1160 graduates), INDE—CNAM (1097) and Romano-Canadian (about 1000). The last two MBA programs are offered by the Bucharest University of Economic Studies, in partnership with foreign universities.

Even though the fees demanded by MBA programs are 10–20 times higher than the ones demanded by regular business administration programs provided by public universities, the specialization provided by them reflects directly in the wages of their alumni. This offers an indirect incentive to undergrad students to orient their careers to the field of business administration.

### **Third Cycle (PhD) Programs**

A student can benefit only once from budget funding for a graduation program, for a master's degree program, and for a PhD degree program. Only the graduates of the master's degree programs (regular or MBAs) or those having graduated equivalent studies in other related fields have the right to participate to the admission to PhD programs in business administration.

The institutions organizing PhD studies can employ, on a contractual basis, specialists from abroad, having the legal right to be tutors, in the context of university's mobility policies. A PhD mentor's competence is granted by the Order of the Minister of National Education and Scientific Research, upon CNATDCU's proposal to confer the competence certificate, according to the standards and procedures developed by the Ministry.

The exams are carried out by an Examination Board. The condition so that the students can continue their education and training program is to obtain the minimum grade 8.00 (out of 10.00) in their exams and a pass qualification for their research papers/creative works. If they don't pass one exam or if one research paper is rejected, they have the opportunity to take again the exam only once, or they can defend their research papers/creative works again.

The PhD thesis is defended in a public meeting, in front of a PhD board, after the positive assessment of all referents. The PhD board evaluates and deliberates upon the grade of the thesis, on the basis of the PhD thesis public presentation and the reports of official referents. The grades are as follows: “Excellent”, “Very good”, “Good”, “Satisfactory” and “Unsatisfactory”. “Excellent” grade can be usually granted to maximum 15% of the candidates acquiring the PhD title in a certain IOSUD, throughout the respective academic year.

## Characteristics of Higher Education

### Tuition Fees and Their Funding

According to the Education Law,<sup>6</sup> higher university education is free for an enrolment number that is annually approved by the Government. In other cases, the tuition fees are paid by the students, according to the provisions of law. The public university students either pay their tuition or their tuition fees are funded from the public budget, depending on the admission grade and the available places for the respective field of study/specialization.

As regards private universities, tuition fees must be paid by all students, excepting the cases when university senates decide otherwise. As for business higher education access, I shall shortly present below the distribution mode of places funded from the public budget. The public budget funded places are distributed following the admission exams organized by each university according to a general framework, approved by the Minister of Education. Therefore, the acquirement of a public funded place is established after the admission exams, in the order of grades. The best candidates receive study grants, regardless the field of study. The calculation of the general admission grade can also consider the following criteria: the grades obtained at the bacalaureate exam or the grades obtained at the exams organized by universities (knowledge testing and cognitive capacities).

The candidates can access the places funded by the public budget according to their ranking in the admission exam (each university having



its own criteria). There are some categories of youth benefiting of separate public budget funded places, as follows:

- Roma Youth 26 (in the academic year 2012/2013, approximately 548 places were distributed for the first year of undergraduate studies in all fields);
- At least one public budget funded study place is allotted for high school graduates holding a baccalaureate diploma who come from placement centers, under the conditions set by the university senate;
- Ethnic Romanian students from abroad. In the academic year 2012/2013 (at the national level), 500 budgeted study places were approved—300 with scholarships and 200 without scholarships—on the basis of a methodology approved by a Government Resolution.

According to the Education Law<sup>7</sup> “Candidates from environments with high socio-economic risks or socially marginalized—Roma, graduated from rural high-schools or cities with less than 10,000 inhabitants—may benefit from a number of guaranteed state subsidized study places, as specified by the law”, but this article has not been yet implemented in the funding methodology or the methodology regarding the general admission framework.

After the completion of the first year of undergraduate studies, in the majority of universities the places of study funded by public budget are redistributed yearly, according to the academic results acquired during the previous academic year.

As regards tuition fees, we can notice a difference between the value of the study grant allocated by the Ministry of Education and the value of tuition fees. At the same time, we can see a difference between the tuition fees applied by the public universities and those charged by the private ones. We can conclude that, considering the fact that the level of tuition fees is established by each individual university, without observing any national standard or regulation, the tuition fee value does not represent necessarily the education costs, but rather the students’ capacity to pay, or better the “market price” for education.

According to a survey carried out by ANOSR<sup>27</sup> on the perception of social needs of the students, 30.5% of interviewed students said that tuition fees are an obstacle in their academic path and that they are deeply

affected by them, while 39.6% of students stated that tuition fees have little effect on them, and almost 6% stated tuition fees are a determining factor for renouncing to higher education studies. As regards the value of the tuition fee, 46.2% said they considered it high, 24.7% believed it as being very high, while only 2.4% stated that tuition fee is low.

Each university senate<sup>8</sup> decides on the level of fees for all programs of study. At the same time, the senate can also decide on exemptions, by needs or merits. All students must pay the administrative and registration fees.

The overall and the maximum values of the fees for each student are set by the National Council for Higher Education Funding and they are mentioned in the institutional contract of every higher education institution. The values of the tuition fee range from RON 284,059 for 11.2% of the students and up to RON 500,754 for technical fields of study, to a maximum of RON 2,130,434 for 0.10% of the students. The average value is RON 7481 (approx. EUR 1700).

## Support

- The grants based on merits may have different forms: study bursaries (usually RON 250/month), and merit-based scholarship (usually RON 350/month). High achievement scholarships (one for each faculty) can reach up to RON 600/month.
- The grants based on students' needs/social grants, usually with a value of RON 200/month, according to the financial situation of each student.
- The grant values are determined by each higher education institution. They aim at covering the living costs of the student, accommodation and food. The university sets the number of grants out of the total fund for higher education costs. The funds are provided by the Ministry on an annual basis.
- In the Romanian education system, there are no student loans, family allowances or tax benefits for parents.

Higher education in Romania has the following forms: full-time studies, part-time studies and open distance learning.<sup>9</sup>

## Part-time Studies

Part-time studies represent an integrated educational system having common features with both traditional full-time studies and open distance learning; this type of studies is for the persons who cannot attend daily classes. Part-time studies represent a flexible form of education, giving the students the chance to manage their own learning schedule.

## Open Distance Learning

Open distance learning (ODL) can be defined as a sum of training forms, the students being not continuously supervised, benefiting instead from action planning, orientation, guidance and advice from a higher education institution. Open distance learning has an independent and autonomous training component, carried out by modern means of communication: printed study materials, interactive audio and video techniques, TV-classes, computer-aided learning technologies and computer networks, etc., all of these allowing self-study and self-assessment.

As shown in Table 11.1, there are three forms of educational systems in Romania, the full-time studies having the higher demand, followed by the open distance learning programs, and then by the part-time studies.

**Table 11.1** The number of higher education programs in Romania in 2015

	Forms of the educational systems		
	Full-time studies	Open distance learning	Part-time studies
The number of higher education programs	325	100	44

Source: Adapted from *Official Gazette of Romania*, Part I no. 554 as of 27/07/2015

## Continuity of Academic Research

### Quality and Quantity of PhD and Postdoctorate Activities

The research and development performance of Romania is much below the EU average according to the EU<sup>10</sup> scale of measurement, Romania falling within the “modest innovators” category. The scientific visa was introduced as a tool to enhance transnational mobility. In terms of research mobility, doctoral and postdoctoral schools received support through the Sectoral Operational Programme “Development of Human Resources”, which, by 2013, had funded 32,000 PhDs and 2000 postdoctorates. Those that encouraged research projects and represented the policy tool by which PhD students could get scholarships were the POSDRU programs from 2008 up to 2010.

Therefore, since 2008 and up to 2010, among approximately 12,500 PhD students who were supported by POSDRU programs, 90% obtained a PhD degree. Since 2011 and up to 2013, an increase was recorded of 160% of the PhD students involved in POSDRU, compared with the period since 2008 and up to 2010. At the same time, all PhD students who were granted scholarships through POSDRU program had to pass a mobility stage of a time interval comprised between two weeks and maximum eight consecutive months.

By comparison with the figures of 2005, ISI-indexed publications increased by 64% after Romania’s accession to the EU in 2007. A similar increase (70.22%) took place in 2010, when the 2007–2013 Sectoral Operational Programme “The Development of Human Resources” for researchers became popular. In 2012, 36% of ISI articles were written in collaboration with international researchers. The number of ISI articles published in collaboration with international researchers was 12% lower between 2005 and 2012.

## Possibility of Employment as Teaching Staff and the Potential Wages

The salaries for the members of the teaching staff within the Romanian higher education system are granted depending on the teaching degree (university professor, university associate professor, university lecturer, university assistant or university tutor) and seniority. At the same time, the highest salary value corresponds to the members of the teaching staff of the last seniority level.

- (a) The minimum basic salaries for the members of the teaching staff with university professor degrees are approximately 30.5%–38.5% higher than those of associate university professors, depending on his/her seniority;
- (b) The minimum basic salaries for the members of the teaching staff holding degrees of associate university professors are approximately 13%–20% higher than those of university lecturers, depending on seniority;
- (c) The minimum basic salaries for the members of the teaching staff holding degrees of university lecturers are approximately 8%–18% higher than those of university assistants, depending on seniority;
- (d) The minimum basic salaries for members of the teaching staff holding degrees of university assistants are approximately 8% higher than those of university tutors.

Considering the research carried out, we can conclude that a university professor receives the minimum basic salary, approximately 44%–60% higher than that of a university assistant.

- (a) The maximum basic salaries for university professors are approximately 40%–52% higher than those of university associate professors, depending on seniority;
- (b) The maximum basic salaries for university associate professors are approximately 20%–22% higher than those of university lecturers depending on seniority;

- (c) The maximum basic salaries for university lecturers are approximately 20%–22% higher than those of university assistants depending on seniority;
- (d) The maximum basic salaries of university assistants are approximately 0.5%–1.7% higher than those of university tutors.

Based on the research carried out, one can assert that a university professor receives a minimum basic salary, which is higher than that of a university assistant by approximately 64%–69%.

As shown in the documents reviewed by us, the greatest difference between the two successive didactic positions can be noticed as regards the maximum basic salaries for university professors and university associate professors, university lecturer and university assistant, while the greatest difference can be seen in the minimum basic salaries for university tutors.

## Conclusion

Even though the number of study programs offered by Romanian<sup>11</sup> universities from 2000 till 2012 has increased by 30%, the number of students enrolled during the same time interval increased by about 1.25%. This insignificant increase can be assigned to the decline in birth rates recorded in Romania, the economic and financial situation, and the fact that some of the study programs offered by Romanian universities should be aware of an updated curriculum, so that students' demands can be met.

Analyzing the forms of education, the evolution of the number of students and the number of study programs, we can notice that, although the number of part-time study programs has increased by about 25%, the number of students enrolled under this form of education has increased only by about 3%. As regards part-time study programs, we concluded that the difference between the evolution of their number and the number of students is significant. The number of part-time study programs has increased in 2012 compared to 2000 by 80%, while the number of students has decreased by almost 7%. The number of part-time study programs offered by private universities has declined by 60%, while the

number of the same type of programs offered by public universities has increased by 113%. Therefore, we can assert that public universities should review their educational offer to be in line with market requirements.

As regards the development of the number of study programs held in major international languages and also the number of foreign students enrolled in Romanian universities, the analysis performed revealed that the introduction of the Bologna system was favorable to attract foreign students, and their number has increased by 48%. We can assert that this rise was influenced by the increase of the number of study programs delivered in major international languages. This increase had an impact on public universities, which, like private universities, offered in 2010 their first courses delivered in major international languages. Hence, the number of foreign students has increased by 196%. Therefore, the implementation of the Bologna system and the steps taken to adapt to the EU regulations, developed a favorable environment that attracts foreign students.

The strategic plan designed by the Ministry of National Education and Scientific Research has as one of its priorities the development of a mechanism for developing entrepreneurial capacities in higher education.<sup>12</sup> The due date for this plan is November 2016 and has the timeframe of implementation until 2020.

In conclusion, Romanian universities should pay close attention adapt continuously to the market requirements regarding higher education system and develop innovative study programs that should take into consideration the future trends in business administration in particular. They will have to focus more on the quality and international exposure of study programs offered and less on their number.

## Notes

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# 12

## Higher Education in Management: The Case of France

Guillaume Carton, Stéphanie Dameron,  
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When compared to the social sciences, the science of management is an altogether new field in France (Durand and Dameron 2005; Menger et al. 2015). J.B. Say taught his first courses at Cnam in what was called at that time “applied political economy” from 1805 onwards. The first major management schools in France appeared between the nineteenth and the early twentieth centuries, notably with the founding of ESCP in 1819, HEC in 1881 and ESSEC in 1907. These business schools were created primarily by the Chambers of Commerce and Industry (CCI), a group of public institutions fashioned by Napoleon in 1803 in order to sustain the development of both private companies and the regional economy (De Montmorillon 2011). Until the 1960s, most knowledge of business management belonged primarily to practitioners and consultants. It was

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only in 1955 that the first master's degree in management was offered by a public university, followed by Pierre Tabotoni's creation of the first institute for business management (Institut d'Administration des Entreprises, IAE).

The late sixties saw public policy aimed at the development of management studies in higher education, which specifically led to the birth of the University of Paris-Dauphine in 1968. This university would ultimately focus largely on organization management. Meanwhile, the French Foundation for Management Education ("FNEGE") was created and eventually came to play a leading role in the creation of a core of professors in the field of management by financing doctoral degrees for French students in the United States.

The institutionalization of management as an academic field in the French higher education system came in 1969, when France developed a specific national commission to evaluate management faculty and specific management degree programmes. From 1969 through the 1980s, French business schools and universities experienced a continuous rise in the number of students enrolled in business management classes and programmes. Today, 14% of all students in France pursue management studies in some capacity, either at public universities or in business schools. At master's level, the figure is higher, with an estimate close to 20%. As a result, this educational sector maintains a high level of social visibility.

However, this overview of the evolution of the institutionalization of management study is incomplete, as the label "management education" covers a diverse offering of educational courses and structures, including economics and management programmes. To a similar point, universities often do not distinguish between such programmes. Yet, as of 1975, the field of management and business studies obtained its own career track for university professors, spinning off from the "Economics and Business" category that had prevailed until then, after having itself spun off from the "Law and Economics" category. In this sense, management and business studies is sometimes viewed institutionally as the daughter of economics and the granddaughter of law in France—a view that tends not to please management faculty, especially after enrolment went dramatically down in economics and up in business studies. Indeed, this ended up leaving cohorts of faculty in economics with plenty of time for research

while their colleagues in management and business studies were loaded with demand for teaching.

In the first section of the chapter, we describe the two main *suppliers* of management education—public universities and business schools—and their strategies. In a second section, we analyse the management profession, its attractiveness as well as the challenges that it will face in the coming years. Thirdly, we consider the demand side of the system, looking at students', executives' and firms' expectations and demands for business schools and universities. We then move on to consider the role that regulatory bodies play within the sector. Finally, we conclude by detailing the main challenges that management education faces in France.

## The Supply of Higher Education in Business

There are two main suppliers of management education in France: business schools and universities. While the former have historically been the main suppliers of master's level and executive education, and the latter have had a monopoly on doctoral degrees, the distinction between the two in terms of supply has partly blurred over time.

### “Grandes École” Business Schools

Business schools were the first suppliers of structured education in management. The French “Grandes Écoles” have historically awarded master's level degrees following two years of preparatory classes, a degree programme called the “Programme Grandes Écoles,” which is generally listed in the Financial Times (FT) rankings as “Master of Science in Management.” Nevertheless, business schools have diversified their offerings over the last decade, and now offer programmes including bachelor's degrees, master's degrees, MBA and DBA if not the doctoral degrees for some of them, and also provide programmes for executive education.

Thus, while the “Master of Science in Management” was once the sole management offering in French business schools, more and more business schools now offer bachelor's degree programmes. Such programmes are

either three or four years in length (based on the US model) and tend to feature high levels of internationalization. While some schools have offered bachelor's programmes for a long time (i.e. ESSEC has had a bachelor's degree programme since 1975 but recently reshaped it under the label "Global Bachelor in Business Administration"), others have used the opportunity to take over a competitor (e.g. in 2015, EMLyon took over the campus of a business school in Saint Etienne; ESCP Europe did the same with Novancia in Paris in 2016).

Business schools also offer three types of master's degrees:

- The most renowned degree that business schools offer is the general master's degree, which in French is called the "Programme Grandes Écoles," more recently called the "Master in Management" (and recently integrated into the FT ranking, cf. Annex 1). This programme takes three years to complete, and features an entrance examination that requires students to attend two years of preparatory classes that are run by the country's most prestigious high schools. Over the past decade, an increasing number of schools have also opened themselves to "parallel admissions." Other schools (e.g. IESEG) have developed a five-year programme that students begin directly after completing their "baccalauréat," the French equivalent of an end of high school diploma.
- Business schools also offer specialized master's degrees that take one or two years to complete (following a bachelor's degree). For these programmes, students typically come from public universities or engineering schools, and admissions are based on academic criteria.
- MBAs are also offered, and are typically intended to attract international students and young managers who already have three–five years of work experience.

Some business schools also offer doctoral degree programmes in management (e.g. HEC), while others (e.g. ESCP Europe) have created relationships with public universities, or (e.g. ESSEC or INSEAD) have launched their own PhD programmes, the visibility of which enables them to recruit candidates internationally and prepare them for the international job market in academia.

Finally, business schools offer executive education programmes, such as specialized executive programmes, executive MBAs and DBAs. Within this landscape, INSEAD is distinct in that it cultivates its difference, operating as an international, globalized school that stays away from being too deeply embedded in the French institutional context. INSEAD focuses on the MBA, executive education and the PhD programme.

The leading French business schools are members of the “Conférence des Grandes Écoles” which boasts 219 members: 40 of these focus on management, 145 others on engineering, 14 are foreign universities, and the remaining 20 focus on other disciplines. This body that was founded in 1973 plays an important role in the management education sector. Most notably, it aims at promoting the “Grandes Écoles” system on both a national and an international level, and acts as a porte-parole to government policy-makers and the research community at large.

French business schools play an important role in delivering management education in France. While they account for 52% of the country’s management students (excluding economics and economics/management programmes—*Repères et références statistiques sur les enseignements, la formation et la recherche*, Ministère Enseignement Supérieur and Recherche 2016), they are the most visible French supplier of management education at the international level, as they dominate the rankings of the European market for the Master of Science degrees in Management (Annex 1).

That being said, however, French business schools are more diverse than they may initially appear. While a decade ago, business schools were almost exclusively recruiting students after they had completed preparatory classes, these schools now recruit 53% of all their students through parallel admissions (excluding executive education), i.e. students coming out of other parts of the French higher education system or from other countries. While the number of students admitted after having completed preparatory classes has increased over time, the number of parallel admissions and international admissions has also increased at a higher rate, except for the very best schools that seek to maintain their highly selective admissions processes and thus continue to rely on recruitment linked to preparatory classes (Le Monde 2016a, b).

In an effort to meet international standards and to implement strategies aimed at receiving international recognition and identifying new revenue streams, French business schools recently began undertaking a number of structural changes. A majority of the faculty members must now hold PhDs so as to meet both the expectations of accreditation bodies (AACSB) and national requirements. Business schools also do their best to give visibility to their faculty's research. Accordingly, these institutions now hire professors that have demonstrated the ability (or potential) to publish in highly ranked journals; however, such international research professors are rare, and are in turn expensive. (This is particularly so in business schools that have put in place financial incentives per publication. Such schemes increase the cost of those professors who significantly publish). Indeed, leading business schools attempt to make themselves attractive by offering competitive salaries and favourable work conditions. More specifically, new professors are often able to dedicate more time to research during the first few years of their appointments, are incentivized on publications and these new stars or stars-to-be are often better paid than the more senior faculty members who hired them.

On average, the cost of a French student in any discipline in tertiary education amounts to more than €14,500 a year, both in public or private institutions (Regards sur l'Éducation, OCDE 2016). To cover this cost, business schools cannot rely on state funding as universities and engineering schools do. They instead have three main sources of revenue. The first stems from the tuition paid by students and the tuition of executive education programmes. On average, this revenue source amounts to €10,000 per year per student, and for leading business schools, accounts for around 60% of the budget. Secondly, companies fund business schools using various methods: paying for executive education, funding chairs, donations, material gifts, gifts to foundations, among others. Thirdly, while CCI previously funded large portions of the operational budget for "consular" business schools, their doing so has lessened over time, and now accounts for on average less than 10% of business schools' budgets.

To secure necessary operational funding, leading business schools accordingly pursue two main business strategies. The first consists of

developing their brand/name on an international level so as to both broaden their faculty and student recruitment base and differentiate themselves from their national and European competitors. The second strategy consists of tapping new sources of funding. Business schools pursue these strategies in various ways. While in the 2000s, accreditations (AACSB, EQUIS, AMBA) gave a competitive edge, what is now at stake is a business school's ability to move up in the European rankings (cf. Annex 1). Business schools accomplish such upward mobility in the following three ways:

### 1. Mergers and acquisitions

The last decade was witness to numerous mergers and acquisitions within the French business school market, which together have allowed business schools to reach supposedly a critical mass in Europe. A central aim of many of these mergers and acquisitions has been to propel the schools involved upwards in the rankings, and in turn, to improve faculty and student recruitment. For instance, in 2009, Ceram Nice and ESC Lille formed Skema; in 2013, Bordeaux and Marseille merged to form Kedge, while Reims and Rouen formed Neoma; and finally, 2016 saw Grenoble Ecole de Management and EMLyon announce a strategic alliance. Some such alliances were failures; for example, in 2012, France Business School took a gamble by merging Amiens, Brest, Clermont-Ferrand, Poitiers and Tours, only to dissolve the merger three years later (Cour des Comptes 2017a).

### 2. Campuses abroad

While more than 3000 students go abroad thanks to their schools' exclusive international relationships with counterparts, several business schools are now developing campuses abroad to better cater to their own students. About 10,000 students benefit from stays at such campuses every year (Ramanantsoa and Delpech 2016). ESCP Europe, for example, has been developing a series of European campuses in Paris, London, Berlin, Madrid, Turin and Warsaw since the 2000s. Other schools have followed suit, be it Skema with its campuses in the USA, China and Brazil, or ESSEC's locations in Paris, Singapore, Morocco and Mauritius.

### 3. Developing MBAs for the international market and executive education for the domestic market

Many schools have developed MBA programmes to improve their international recruitment, as was the case with INSEAD, HEC, ESSEC and ESCP Europe. Other smaller business schools have launched MBA programmes too. These are often sector-oriented (for instance, some are dedicated to the luxury sector or to information and communication technology), while others are specialized in a specific discipline. For instance, ESC La Rochelle has developed a MBA dedicated to tourism management. In parallel with such moves, business schools have also developed executive education programmes and enlarged the range of such programmes. Grenoble School of Management, for example, recently launched a DBA programme intended for executives. France remains a rather centralized country with many French-based multinationals being headquartered in Paris. Hence, to recruit executives from French corporate offices, many business schools are renting or have bought offices in Paris (as was the case with EMLyon in 2016).

This issue of differentiation is sensitive. It is possible to identify strategic groups within the French business school arena (this can be confirmed through international rankings—see Annexes 1 and 2). Yet, it is difficult for business schools to differentiate themselves in terms of programme offerings (Mangematin and Belkhouja 2015). This is because each business school relies on a flagship “Grandes Écoles” programme (with the clear exception of INSEAD, focusing on the MBA, executive education and the PhD, and recruiting faculty and students from and for the international market). A school’s ability to differentiate itself from others in turn lies in its executive programme offerings. Only the best schools can offer expensive executive education. This is even more critical given that this type of *exed* usually takes place primarily in Paris. Other schools are thus forced to content themselves with a more regional presence.

All in all, French Business schools use among six strategies available for pursuing new revenue sources:



- The development of executive education: the bulk of the market is mainly situated in Paris and in its main business district although there are opportunities across the country as well.
- The increase of tuition levels: because Chambers of Commerce are increasingly (financially) disconnected from business schools, tuition levels have risen in recent years as business schools have attempted to compensate for their heightened costs. Some periodically argue that a tuition ceiling has been reached. Yet, soon after, some schools simply pass beyond what was considered to be a ceiling and the increase cycle starts again as other schools follow suit.
- Increased support from alumni: Some business schools have undertaken fund-raising campaigns. As an example, HEC Paris raised some €112 mn over the 2008–2013 period, a level unprecedented in French tertiary education in management. In 2015, the school hired Peter Todd, the former dean of the faculty of management at McGill University, known to be a specialist in fund-raising campaigns.
- Increased support from corporations, especially through the creation of chairs: some schools have developed thematic chairs that are funded by corporations.
- The development of bachelor's degree programmes to secure additional revenue: this strategy necessitates little investment as it relies on competences that the school already possesses.
- Turning to online education: in order to cater to new modes of learning, and in the hope of possibly cutting costs, some business schools are experimenting with online learning by investing not so much in MOOCs (difficult to monetize, hence mainly a marketing tool) but rather in distant and blended learning. If these new modes of learning require significant investments, they also make it possible to reach out for additional audiences thus increasing revenues, while cutting costs by reusing the same materials in several locations and for several years, especially if this is coupled with some regular updates in ways that provide good amortization of the investments.

## Management Education and Research in Universities

Universities in France are public and offer management education degrees basically for free (between €184 and €256 in 2016 depending on the students' level), despite the average per-student cost to the university being of the order of €14,500, slightly above the European average. However, the situation of each university is very specific and the structure of management education differs greatly from one university to another.

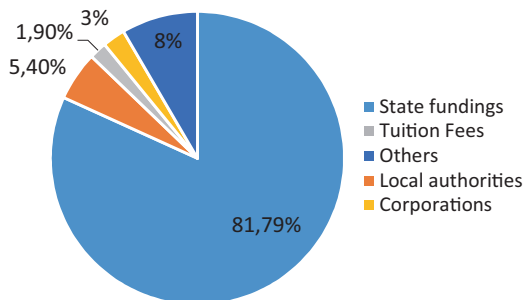
Universities can combine three different modes of organization for management education:

- The teaching of management can be the responsibility of a department or institute that itself offers programmes such as the “Master in Management.”
- Management teaching can be conducted by institutes, such as an IAE, which themselves remain relatively autonomous within their respective university. The IAE's network consists of 32 institutes that together host nearly 47,000 students per year (including *exed*—[www.reseau-iae.org](http://www.reseau-iae.org)).
- Management can be taught through an alternative programme not specifically dedicated to teaching management per se, such as economics or health or political science, and so on.
- The University of Paris-Dauphine is a special case, as it has been dedicated to organization studies and decision sciences (based on a multidisciplinary approach) since its creation in 1968. As a result, a large number of its 10,000 students are in fact enrolled in one of its various management programmes.

French universities have the advantage of being accredited to deliver national (or “ministerial”) diplomas, i.e. diplomas accredited by the Ministry of Education. Undergraduate degrees can be specialized in management or, more often, combined with other disciplines, such as those related to economics. Moreover, universities hold a quasi-monopoly on doctoral programmes and Habilitation known as HDR (required to supervise PhD students).

There are now approximately as many faculty members working in universities as there are in business schools (2000 faculty—equivalent to full professors and associate professors; cf. Ministère de l'Enseignement Supérieur et de la Recherche 2015a, b). Nonetheless, the university may not represent the main supplier of management research, especially given that the incentives to publish are less important for faculty at universities than they are for those at business schools. This is in sharp contrast to what prevailed 30 years ago, when, relatively speaking, universities were more active in management research than most business schools.

A university is funded in three ways. State grants make up the majority of a university's funding. Among other things, this includes the salaries (faculty and support staff) that are paid for by the State. Since 2009, part of the grant allocated by the ministry to a university's budget is determined based on its level of activity and performance. A second source of income is made up of registration fees paid by the students and other profitable university programmes, including *exed*. However, it should be noted that most publicly owned universities are not free to raise their own registration fees for national degree programmes. In some cases, this constraint is somehow circumnavigated by coupling a master's degree with a university specific diploma, the fees of which are decided locally by the university board. Finally, the third form of funding may be provided by municipalities and regions supporting their local universities (Fig. 12.1).



**Fig. 12.1** The operational budget of universities in 2012  
Source: Adapted from Futuris 2012

Obviously, the mass inflow of students in management programmes at universities led to a classical funding shortage that stands as a critical and sensitive issue. This resource shortage is being addressed by universities through the implementation of various legal provisions. For example, since 2007, universities have gained autonomy: they are being allowed to manage the entirety of their budgets. Consequently, universities now have the right to hire scholars on private contracts. Furthermore, universities can receive tax-free funds by creating foundations that can in turn create partnerships with companies. As tuition fees are regulated—and almost insignificant—in France, some universities, as previously mentioned, have also circumnavigated the constraint, managing to increase the tuition fees, especially at the master's level. Finally, following business schools' strategy, some universities have chosen to develop continuous education programmes (such as executive MBAs and executive master's degrees) thus increasing their financial resources and in turn awarding better compensation to their faculty. As a specific public semi-university/semi-Grande Ecole dedicated to lifelong continuing education, Cnam (the Conservatoire National des Arts et Métiers) has consistently been focused on offering the full range of degrees (Bachelor-License, Master, MBA, DBA, Doctorate, HDR) via evening classes and distant and blended learning.

Management programmes in French higher education may still increase their international influence, especially for the universities. In the face of competition with French business schools and an increasing number of other European management institutions, French universities may choose to develop their international legitimacy in management education and widen their recruitment base. This implies attracting both French and foreign students. Similarly, there are only a few universities that have chosen to pursue international accreditations, such as the IAE of Aix-en-Provence, Cnam or the University of Paris-Dauphine. It seems that the implementation of the Bologna process—signed in 1998 and 1999 by 38 European countries with the aim of bringing European educational offerings in line with the “Licence-Master-Doctorate” (LMD) standard—was not enough to spur French universities management programmes into competition with other similar European programmes. In comparison, several French business schools were then much more visible as the Bologna process led to the creation of specific international rankings recognizing the legitimacy of other programmes than the MBA

(e.g. FT rankings of the MSc in Management in Europe launched in 2004). Regarding the universities, the impetus for seeking international visibility came not only from the Bologna process that both opened up opportunities and created new competitive pressures but also from the rankings, and particularly from the Shanghai ranking as far as the Ministry for higher education is concerned.

Before these developments, universities were not used to promoting their “brand” to strengthen their international reputation and visibility. As in other countries, academics (professors and deans) were not used to “selling” their own institution. A typical example of this is the Sorbonne brand: while historically an internationally known name, the Sorbonne brand was not actively marketed, reinforced and leveraged. Similarly, in order to establish themselves on the international stage, and also to further their joint activities and pool resources, universities and some other higher education institutions, including Grandes Ecoles, have been invited to join “academic communities” or institutional groups, known today as COMUEs (“associations of universities and higher education institutions,” in French, Communauté d’Universités et d’Établissements). The goal of such grouping is to unite French universities and schools under stronger brands, much as the Oxbridge model does for colleges. For instance, PSL (Paris Sciences et Lettres) consists of a gathering of 22 higher education institutions under the same brand and common governance system (e.g. the University of Paris-Dauphine, École Normale Supérieure d’Ulm, École des Mines), and in turn allows for greater visibility in the Shanghai ranking system. However, a number of challenges remain, such as common governance, comparable programmes, students and faculty recruitment and the budget process (Cour des Comptes 2017b).

With the exception of the University of Paris-Dauphine and Science-Po Paris (the latter has launched a School of Management and Innovation in 2016)—both have the special status of a “Grand Établissement”—French public universities have no or little control on student selection and fee setting. Students who pass the national examination called “baccalauréat” at the end of high school can enter the public university of their choice where they live. With the exception of medical degrees, universities only have the right to be selective for admission into their master’s programmes (Table 12.1).

**Table 12.1** Structure of the higher education system in management

	Entrance in higher education	+1	+2	+3	+4	+5	+8 (or more)
University Business schools	Baccalauréat	Licence Entrance exam after two years of training	Bachelor in three years	BBA (in four years)	Master 1 Programme labelled "Master of science"	Master 2 Grande Ecole: Master Degree	Doctorate PhD
						Specialized "mastère"	

## The Faculty

### The Faculty in Universities

Scholars at universities are mainly civil servants whose career path is regulated by national State standards and committees. There are three levels of professorship at public universities in France: full professor ("professeur"), associate professor ("maître de conférences—Habilitation à Diriger des Recherches") and assistant professor ("maître de conférences"). The difference between an associate professor and an assistant professor is that the former has the right to supervise PhD students. All three levels are tenured. The number of faculty positions in management at universities has increased dramatically over the last 30 years, but while this number continues to rise, this growth has slowed in the last 10 years following the initial growth in demand (Tables 12.2 and 12.3).

The number of job opportunities for professorship position is now 2.9 times lower than the number of qualified PhD students in management, compared to a figure of 3.6 in economics, where it is thus even more difficult to find a university position (versus 1.3 in law).

Indeed, to apply for a professorship position at university, one must hold a doctorate and be qualified by a national committee

Table 12.2 The increase of professorship in management, economics and law in public university

	1984	1995	2001	2004	2008	2013	2015	Increase between 1984 and 2015	Increase between 2004 and 2015
<b>Management</b>									
Professors	111	259	293	358	394	427	440	+297%	+23%
Assistant and associate professors	192	543	1001	1185	1456	1567	1620	+743%	+37%
<b>Economics</b>		1477							
Professors	288	N/D	543	569	541	539	540	+87%	-5%
Assistant and associate professors	236	N/D	1080	1189	1261	1271	1269	+438%	+7%
<b>Law</b>		2152	2729						
Professors	N/D	N/D	N/D	1104	1062	1096	1105	N/D	+0%
Assistant and associate professors	N/D	N/D	N/D	1880	1972	2023	2042	N/D	+9%

Sources: Adapted from F. Pavis (2003); T. Durand and S. Dameron (2008) and Ministère Enseignement Supérieur & Recherche

**Table 12.3** Number of free positions in public universities

	1998	2000	2002	2006	2010	2015	Increase between 1998 and 2015	Increase between 2006 and 2015
Management sciences								
Assistant professors	174 (25)	157 (30)	148 (28)	135 (32)	135 (15)	79 (4)	-55%	-41%
Economics								
Assistant professors	107 (13)	70 (6)	61 (7)	61 (9)	81 (14)	50 (7)	-53%	-16%
Law								
Assistant professors	278 (24)	168 (17)	181 (35)	130 (20)	100 (16)	105 (6)	-62%	-19%

Figures in brackets indicate the number of positions provided by transfers

Source: Adapted from Ministère Enseignement Supérieur and Recherche (2016)



(CNU—Commission Nationale des Universités). After being hired, scholars must remain in their position for two years before quasi-automatically receiving tenure, with a few exceptions only.

Until recently, the system tended to limit faculty movement between institutions. For instance, universities' recruitment of their own PhD graduates was rather common. Today, explicit policies against inbreeding are in place in many universities. However, once recruited, scholars are expected to remain at the same university for at least three years, though with a few exceptions.

In order to become associate professor at a public university, an assistant professor must pass the habilitation, or HDR for "habilitation à diriger des recherches." This qualification step does not lead to a degree, but rather qualifies the candidate to supervise PhD students. A successful candidate must demonstrate his/her ability to open up and investigate new research themes without the supervision that prevailed during the doctoral work. This means showing the interest, consistency and scope of his/her research, and the ability to publish on his/her own. The habilitation thesis is presented and defended orally in front of a jury composed of full professors from at least two different universities. This process is somehow easier than its German counterpart, but does not carry the same prestige.

However, the most prestigious means for an assistant or associate professor to become a full professor ("professeur agrégé du supérieur" or "professeur des universités") is to pass the "agregation," a competitive national exam with a limited number of seats, given once every other year or so. Roughly, among about 1500 assistant and associate professors in management, about 100 would take the exam every two years, competing for about 20 positions offered across France. This track is currently being called into question, as it implies that universities having opened a position end up being allocated a professor according to his/her ranking after the competitive exam, regardless of the fit between the university, the department, the specific position offered and the professor appointed (concretely the one ranked first chooses his/her favourite position among those offered, then the second chooses among the remaining positions and so on and so forth). A parallel track is currently developing, whereby associate professors are qualified by the CNU (see above) and are then interviewed for positions offered in their discipline.

**Table 12.4** Monthly salaries before income tax

Net monthly pay	Assistant and associate professors	Professors	Teaching
Start of career	€2069	€2998	From 124 to 192 hours per year
After two years	€2329	€3345	
Last level, "normal" rank (MCF) or the "first" class (PR)	€3742	€4388	
End of career	€4388	€6015	

Source: Adapted from Ministère de l'Enseignement and de la Recherche (2008)

The pay of associate and assistant professors is in large part linked to seniority. The salary automatically rises every 34 months as the professor moves up the salary grid. For university professors, the evaluating committees at the university and national levels (the CNU) are involved in the decision of whether or not to have a professor to move up categories in the salary grid (Table 12.4).

The national public rules for academic recruitment and career paths tend to create a closed system that is hard to understand from the outside. Internationalization and the emergence of an international job market for management professors will eventually reach this public system, however slow the process may be. Recent trends already suggest a shift. As mentioned, some universities adopted non-inbreeding policies. Moreover, as universities have managed their total payroll since 2007, one may expect that some will choose to recruit part of their faculty on a private contractual basis. Legally they already have the right to do so, as the University of Paris-Dauphine does, but institutional inertia is still rather prevalent in most of the universities (Thevenot and Boncori 2012).

## The Faculty in Business Schools

Most French business schools are free to set the level of compensation for their faculty. While until recently, the prestige of a full university professor enabled universities to defend their position, top-ranked business schools today increasingly attract the brightest young PhDs. At a business school, a professor's salary at the beginning of his/her career is generally higher than it would be at a university, at least by European standards, particular

**Table 12.5** Monthly salaries of assistant professors in business schools before income tax

Assistant professor	Net monthly starting salary (approximate)	Teaching obligation
Paris business schools (HEC, ESSEC, ESCP-Europe)	€3000	150 hours
INSEAD	€7500	80 hours

Source: Adapted from Basso et al. [2004](#)

those that regularly top the rankings. On top of the salary, there may be extra hours paid for specific contributions, bonuses stemming from the incentive scheme attached to starred publications, and non-monetary components of the work package such as less of a teaching load for young faculty to facilitate the flow of his/her publications. At business schools, professors may be under more pressure to deliver but can in return expect more of a package, which they can negotiate according to their priorities, preference and specific capabilities.

While the pay scale at the beginning of one's career is less attractive in the university system than it is in business schools, the pay of a university full professor at the end of his/her career plus the academic freedom attached to the position makes it a good option compared to most of the business schools (Table 12.5).

According to Basso and colleagues ([2004](#)), the business school system is marked by greater opacity and is determined largely by individual negotiations, while within universities, the system is still largely determined by seniority, visibility and peer evaluation, all of this within a pre-set work package and pre-set pay grids.

## The Demand for Higher Education in Business

### Demand for Undergraduate and Graduate Degrees

Early-stage management students form an extremely heterogeneous group and come from a diverse variety of backgrounds. This heterogeneity is perceptible when one considers the knowledge to which they have access and the professional opportunities that they can anticipate.

In 2015, almost 340,000 students pursued management education (in the broad sense of the term) in higher education, either at a university or in a business school (Ministère Enseignement Supérieur and Recherche 2016). This represented approximately 14% of the almost 2,500,000 students in all higher education in France. This figure is higher when one focuses on master's degree programmes. The number of management students going to business schools has almost doubled in the last decade, while in the university that figure only increased by 17% during the same period. This corresponds to the student growth rate in higher education (Ministère Enseignement Supérieur and Recherche 2016) meaning that proportionally the overall growth of management students is largely due to the development and growth of business schools over the last 10 years.

While tuition fees in public universities are almost non-existent, tuition fees at business schools continue to increase. The access to loans for such fees is facilitated by banks anxious to attract this client base. Students can also benefit from grants: state grants, grants for study-abroad opportunities, and grants given by business schools based on achievement and social criteria. For instance, 20% of HEC Paris' students from the "Programme Grandes Écoles" are grant recipients (hec.fr). By law, internships in management must be paid when they exceed two months. That said, as it is now standard to have mandatory internships as part of training curriculum, the number of available internships and their duration are both increasing, thus representing a significant new source of revenue for students. The apprenticeship system is also on the rise, has been encouraged by governmental incentives, and is in turn becoming another significant source of funding for both universities and business schools. For example, between 25% and 30% of students in each graduating class pursue apprenticeships during the ESSEC's "Programme Grandes Écoles" (essec.edu). Such programmes consist of one year of apprenticeship training between the second and the third years of the programme. All of this has consequences for students' behaviour, who come to consider themselves as clients or even consumers rather than students, and consequently demand a return on their investment. This is especially evident when one considers the "salary upon exit" variable, which is present in almost all the rankings that students look at before entering (or even applying to) a business school. The nature of the

teacher-student relationship is also greatly affected by such tendencies. While business schools have been increasingly operating on a market mode, inevitably they have been confronted with similar behaviours among their public.

Students are also sensitive to the international recognition that their diplomas receive (or fail to receive) and thus demand classes in English. It thus comes as little surprise that in Europe, French students are the second largest participant group (after participants from Spain) in the Erasmus+ programme (European Commission 2013). Similarly, business schools send almost 3000 students abroad to non-French universities every year, and 10,000 of their students spend time at French campuses situated abroad. In comparison, universities send about 12,000 management and economics students abroad every year. As a whole, without accounting for delocalized French campuses, management students represent about a third of all French students that spend time abroad during their studies (Ramanantsoa and Delpech 2016).

## Demand for Continuous and Executive Education

The global market for continuing education in France is worth roughly 13 billion euros, of which 400 million euros (only) goes to institutions of higher education (Germinet 2015). Continuous and executive education accounts for an average of 12% of the budget for local business schools: between 17% and 25% for ESCP Europe, EMLyon and ESSEC; up to 45% for HEC; and 86% for INSEAD (L'Express 2011). Obviously, there is a link between the professional hierarchical position of the participants and the corresponding revenue in the institutions that they attend. This means that continuing education in management needs to be segmented, the executive education, sometimes known as ExecEd or *exed*, being just the high end of the market. As we saw, much of high-level continuous education is centralized in the Paris region, leading French business schools based elsewhere to have set up offices within or around Paris.

Participants in continuing education programmes have an economic and strategic weight that directly affects the system. Firstly, as these participants are paying for an educational service, in return they demand a high-level of service that meets their expectations and the price paid.

This includes not only the course contents and the perceived quality of the lecturers, but also the quality of orientation, catering, accommodation, and logistical and administrative support. Furthermore, these participants bring their corporate experience into the classroom where they can share and compare with that of other participants. Hence the importance of the quality of the recruitment. The participants come equipped with highly specialized knowledge, while being afforded the opportunity to once again feel intellectually challenged. This creates an opportunity for a potential high-level enrichment both for participants and lecturers, but it may also represent a significant risk in terms of destabilization and “de-legitimization” for the latter. This may lead some lecturers to adopt a facilitating stance, exploiting the wealth of experience present in the classroom, staying away from bringing too much input. Some other lecturers may want to call more upon their research and their knowledge of the academic literature to push more content in. In a way, research is one of the business school’s assets that stands as the keystone of their reputation and that contributed to attract the participants. If this is the case, a lecturer limiting himself/herself to facilitating discussion would be a source of disappointment. Yet, a lecturer focused on deep dives into his/her research and the academic literature on a very narrow topic of specialty would also be a source of disappointment for participants. Clearly in between these two extremes, there is plenty of margin of manoeuvre. Yet, we observe that many business schools call upon affiliated or adjunct or teaching faculty, i.e. non-permanent research faculty to cater for the ExecEd. This is an issue as the participants may feel that they do not receive what they believed they paid for or their employer paid for. This issue is sensitive if participants are in a position to evaluate the offerings of the institution that they attend, which can reinforce or alter the image of that school in the corporate world.

## **Demand from Companies**

Companies in France can be said to be more and more involved in the life of institutions of higher learning in management: they are present at recruiting fairs and make donations so as to fund students through

scholarships. They also take part in teaching activities, including the development of syllabi or encouraging some of their managers to teach some classes as well. The relationship between institutions of higher education and companies is strongly determined by geography (FNEGE study 2003). Hence, Parisian business schools benefit significantly from their proximity to the headquarters of large corporations. This is another reason for some business schools to have established offices in Paris, as was the case with EMLyon in 2016.

The actual monetary contributions from the corporations to higher education institutions come in a variety of forms:

- One is a tax (taxe d'apprentissage), paid by corporations, which institutions can collect.
- Business schools and universities also develop corporate chairs. This is often the first step towards the creation of foundations set-up to collect corporate donations.
- Direct donations to the schools are a category that is yet to be fully exploited, apart from a small number of leading business schools that have launched successful alumni fundraising campaigns (mainly HEC, ESSEC).

## The Regulatory Bodies

### Regional, National and Supra-National Regulation

#### The Chambers of Commerce and Industry (CCI)

Generally speaking, business schools are not fully independent. Most of them have been historically controlled by a CCI. Some were even a department of a CCI. Most of these schools depend on the CCI not only for their budget and their premises but also for their administrative staff. The CCI therefore played and in many cases still play a central role in the structure and governance of the schools. Founded by Napoleon Bonaparte in 1803, the CCI are publicly owned entities governed by the law of 9 April 1898, and fall under the supervision of the Ministry for Industry

and Trade. Their role is “analysing economic fabric, supporting corporations, taking part in regional planning, and managing developments.” The initial and continuing training of administrative workers is a priority for the CCI and accounts for 25% of their total budget (cci.fr).

CCI are not *per se* regulatory bodies for the business schools. They have been more of a source of funding and a governing body. The CCI have seen their financial resources decrease over the past ten years. One of the main sources of revenue for the CCI is the professional tax (IATP) that is growing below inflation rate. Moreover, the CCI are no longer allowed to collect the “taxe d’apprentissage” that they had been collecting up until March 2004. As a result, the CCI have significantly limited the growth of subsidies to the business school that they support. Hence, many schools are becoming more independent, either by becoming an association, or, as HEC Paris did in 2016, by becoming an *Etablissement d’Enseignement Supérieur Consulaire* (ESSC), a status that allows business schools to enlarge their funding sources.

## Ministries

French Business schools and universities are controlled by two separate ministries. Business schools are under the supervision of the Ministry of the Economy and Finance while universities depend on the Ministry of National Education, Higher Education and Research. In the new “Licence-master-doctorate” structure, business schools need state accreditation if they wish to label their “diplôme Grande Ecole” as “master’s” or if they want to award “doctorates,” while universities naturally award national, i.e. state-recognized, diplomas. The relationship between business schools and universities is thus closely tied to this question of degree awarding and national accreditation.

## Quality Assessment

Management education in France is increasingly subject to heavy quality regulation (Dameron and Manceau 2011). When taken together, the power that these regulators have and the definition of common European



and/or global standards have arguably pushed business schools and universities in similar directions with some form of strategic convergence. The principal bodies that specifically assess the quality of universities and business schools are:

- HCERES: In 2014, the High Council for the Evaluation of Research and Higher Education (HCERES) replaced the French Evaluation Agency for Research and Higher Education (AERES). HCERES evaluates universities and research units and publish the results of their evaluation.
- The international accreditation bodies play an increasingly significant role, notably in ensuring international visibility for institutions. The accreditation process is initiated through a request by the institution, which itself then finances the process. The accreditation bodies initially appeared to equip business schools with quality insurance processes. Yet, this soon became a marketing tool, leading to the surprising triple crown as three agencies share the accreditation “market” in France:
  - The Association to Advance Collegiate Schools of Business (“AACSB”) is an American agency that accredits management education institutions. Created in 1916, the organization is made up of 775 accredited members. At the end of 2016, 22 French business schools had received the AACSB accreditation.
  - The European Foundation for Management Development (“EFMD”) offers the EQUIS standard, created in 1997. Its main aim is the improvement of the quality of management education. At the end of 2016, 18 French institutions had been accredited, and of those institutions, only two are universities: Aix-Marseille Graduate School of Management (IAE) and the University of Paris-Dauphine.
  - The Association of MBAs (“AMBA”) is the accreditation that was created in the United Kingdom in 1967. The association only certifies programmes, typically MBAs or DBAs, and not the institutions themselves. AMBA is active on the five continents; 22 French business schools are now accredited.
- Lists of starred journals: There are several lists of journals that coexist in France. Some are set up by a business school for their own needs;

some are made up by non-French journal (such as the FT list); others are made available for researchers, universities and business schools by public or para-public bodies. The economy management section of the national evaluating committee for scientific research, which is related to CNRS (Centre National de la Recherche Scientifique, a very large public research body with 13,000 researchers and 13,000 support staff), has classified management journals using four categories. Francophone publications for the most part are relegated to the fourth and lowest category as if quality research could only be found in non-French journals. The Fondation National pour l'Enseignement de la Gestion des Entreprises (FNEGE) has also released a list of management journals in which French publications are more visible. Although very much debated, these lists have a high influence on researchers' publishing behaviour given the salary incentives set up by deans for business school professors. These lists are also used by the national media to build their rankings.

- Business school rankings: The media play an important role in establishing or degrading the reputation of a business school. The *Financial Times'* international ranking of MBAs is certainly the most well-known ranking, and certainly has the greatest influence in France. At the time of writing, few French programmes had found their way into this ranking: only four French MBAs were ranked over the hundred listed in 2016: INSEAD's MBA took 1st place; HEC, 15th; Edhec, 84th; and Grenoble Ecole de Management, 94th. However, the more positive ranking performance for Masters of Science in Management, itself launched by the *Financial Times* in 2004, has highlighted the specificity of European master's programmes in comparison with the American's MBAs. Thanks to the Bologna's process and the MSc ranking system, French business schools' programme offerings are now visible internationally (Annex 1). French magazines also publish annual rankings for business schools and French university courses (Annex 2).
- Professional associations and magazines: These associations typically reward the best articles and the best theses of the year. In doing so, they contribute to the creation of standards. They are backed by a scientific committee, typically the reading committees of academic journals, with specific editorial lines.

Today, competition between institutions is in large part mediated by these regulating authorities (ministries and CCI) and quality evaluation bodies (HECRES, accreditation agencies, the media). It clearly suggests that third parties play a very important role in the way the competitive arena of business schools and universities operates.

## Conclusion

Most French business schools have chosen to play by the rules of the game that were imported from North America in the competitive arena of Management Education and Research. While INSEAD has been and remains a very special case, being located in France but reaching out for the world, HEC was probably the trigger that led most of the best business schools of the country to follow the same strategy: investing heavily in research to increase the flow of publications in starred journals, hiring young faculty with strong potential for publications, milking executive education, setting up a foundation to raise money, and so on.

In this context, the heightened European recognition of the French “Masters of Science in Management” has given rise to a renewed energy and motivation within French institutions of management education. While a handful of business schools do compete at the European and international level, others feel that they need to join forces or grow in size to reach what they see as the threshold size that will hopefully allow them to exist in the international and European ranking systems. In this respect, the setting-up of COMUEs generates cooperative relationships between universities and business schools, especially on the research side; what could be a new landscape for higher education in France may open up new possibilities to develop assets to compete in the international setting.

## Annex 1: Ranking of the French Master's in Management Programmes (2005–2016)

School name	Programme name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
HEC Paris	HEC MSc in Management	2	2	2	4	4	4	3	2	1	1	1	1
Essec Business School	MSc in Management	3	3	3	8	5	8	9	5	6	5	6	7
ESCP Europe	ESCP Europe Master in Management	4	7	7	2	2	3	1	3	2	4	3	2
Grenoble Ecole de Management	Master in International Business	13	20	15	13	13	9	5	7	5	7	4	8
Edhec Business School	Edhec Master in Management	15	18	16	14	12	15	14	11	9	12	7	12
l'Éseg School of Management	MSc in Management	17	21	21	24								
Audencia Business School	MSc in Management-Engineering	24	28	27	31	23	21	18	13	11	8	10	16
EM Lyon Business School	MSc in Management	26	30	20	11	9	5	5	6	7	6	5	9
Skema Business School	Global MSc in Management	26	25	28	29	27	32	29	(17/23) <sup>a</sup>	14/29) <sup>a</sup>		(23/N/A) <sup>a</sup>	
Neoma Business School	Master in Management	34	34	40	39	(25/19) <sup>b</sup>	(33/22) <sup>b</sup>	(21/23) <sup>b</sup>	(19/23) <sup>b</sup>	(26/20) <sup>b</sup>	24/13) <sup>b</sup>	(28/15) <sup>b</sup>	

ESC Rennes	Master in Management	35	23	36									
Toulouse Business School	Master in Management	40	36	30	26	20	20	16	18	17	24	30	
ICN Business School	Master in Management	43	50	51	60	53	51	43	41	29	32		
IAE Aix-en-Provence, Aix-Marseille University GSM	MSC in Management	46	55	54	54	40	40	45		41			
Montpellier Business School	Master in Management	46	41	32	36	49							
Télécom Business School	Master in Management	46	33	25	34	41							
Essca School of Management	Essca Master in Management	49	51										
Kedge Business School	Master in Management	53	45	42	38	(30/34) <sup>c</sup>	(28/30) <sup>c</sup>	(35/30) <sup>c</sup>	(32/26) <sup>c</sup>	(31/23) <sup>c</sup>	(N/A/22) <sup>c</sup>		
Université Paris-Dauphine	Master of International Business	57											
La Rochelle Business School	La Rochelle Master in Management	60	48	64									
EM Normandie	EM Normandie Master in Management	63	69										
Burgundy School of Business	Master in Management	67	76										

(continued)

## Annex 1 (continued)

School name	Programme name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EM Strasbourg Business School	MSc in Management	76											
ESC Clermont	Master in Management	78	77		56	48	47	46	46				
CEMS			4	5	7	3	2	2	1	3	2	2	3
ESC Tours-Poitiers					52	53	52	52	42	39	39		

Source: Adapted from *Financial Times*

<sup>a</sup>In brackets, ESC Lille and then CERAM Nice

<sup>b</sup>In brackets, ESC Reims and then ESC Rouen

<sup>c</sup>In brackets, Bordeaux Management School and Euromed Management School

## Annex 2: Rankings in France of the 36 Leading French Business Schools (2016)

	L'Etudiant	Le Figaro	Le Point	Le Parisien	Minimum grade to be eligible to the oral exam <sup>a</sup>	Percentage of eligible candidate to the oral exam <sup>a</sup>
HEC	1	1	1	1	13.91	13.50
Essec	2	2	2	2	13.05	16.80
ESCP Europe	3	3	4	3	12.87	22.80
EMILYON	4	4	2	3	12.12	26.80
Edhec	4	4	5	5	11.90	31.70
Grenoble EM	6	6	6	6	11.50	41.30
Toulouse BS	9	7	7	9	10.55	46.60
Audencia	8	10	8	9	11.40	35
Skema	11	7	9	7	8.80	64.10
Kedge	11	13	11	7	9.6	62.60
Montpellier BS	13	9	9	9	8.55	73.60
Léseg	7	11	15	12	N/A	N/A
ESC Rennes School of Business	9	16	12	12	8.60	75.80
Neoma	13	12	13	14	10.7	47.70
EM Strasbourg	17	15	14	17	8.10	76.30
ICN Business School	13	14	17	14	7.6	90.80
Télécom EM	17	17	16	25	9.00	58.10
Essca	16	25	18	20	N/A	N/A
ESC Dijon-Bourgogne	19	18	21	22	7.01	83.80
Paris School of Business	20	22	19	14	N/A	N/A
EM Normandie	24	20	19	17	6	87.30
Inseec BS	22	22	25	20	5.01	85.50

(continued)

Annex 2 (continued)

	L'Étudiant	Le Figaro	Le Point	Le Parisien	Minimum grade to be eligible to the oral exam <sup>a</sup>	Percentage of eligible candidate to the oral exam <sup>a</sup>
ISC	24	25	28	17	6.02	81.90
EDC	21	30	23	23	N/A	N/A
ESC La Rochelle	29	22	23	28	6.99	83.10
ESC Troyes	36	21	22	23	5.30	87.40
ICD	27	27	27	31	N/A	N/A
Ipag	22	31	30	25	N/A	N/A
ISG	24	19	25	NC	5.53	83.10
Istec	27	33	29	31	N/A	N/A
Nova neia	31	27	32	33	N/A	N/A
Esce	29	33	32	27	N/A	N/A
EBS Paris	33	33	31	29	N/A	N/A
Idrac Lyon	33	31	36	29	N/A	N/A
ESC Pau	31	29	34	36	5	93.50
Esdes	33	36	35	35	N/A	N/A

Source: Own construction based on Le Monde and [major-prepa.com](http://major-prepa.com)

<sup>a</sup>The grades concern students willing to enter a business school after a preparatory school. Thus, business schools that accept students after the baccalauréat (e.g. IESEG) are not applicable



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