

**Publication: FIND MBA**

**Date: 18 March 2019**

**Headline: Why the MBA Power Shift from West to East is Poised to Gather Pace**

## **Why the MBA Power Shift from West to East is Poised to Gather Pace**

**As MBA applications fall in the US, business schools in Asia are drawing a growing number of students, thanks to booming economies, strong job prospects and diverse cohorts**

There has been an acceleration in the shift of MBA power eastwards over the past few years. Demand for the flagship, two-year business master's degree plunged at seven in 10 US business schools in 2018, according to figures from the Graduate Management Admission Council.

Even the Ivy League were not immune to the application decline, with Harvard Business School and Stanford Graduate School of Business posting 4.5 percent and 4.6 percent drop-offs, respectively. Some US schools shuttered their MBA programs as they became unprofitable to run because of waning demand. The University of Iowa's Tippie College of Business said in 2017 that it would close its course for good.

But the West's loss is the East's gain. Applications for business master's degrees are booming across Asia, just like the economy is. Applications to Asian schools surged by about nine percent last year, GMAC said. Global application volume was flat overall.

Ang Ser Keng, academic director of the MBA at Singapore Management University (SMU), says there have "been some shifts in the center of gravity for MBAs over the years".

There are several reasons for the shift. For one, Asian institutions have "come of age", says Keng: "They have invested heavily in world-class faculty and infrastructure, and they are now well-ranked globally."

For instance, when the first *Financial Times* global MBA ranking was published in 1999, no Asian institutions made the grade. Today there are 13 schools ranked, including four in China, which reflects an increase in quality. One of those, China Europe International Business School in Shanghai, is ranked fifth globally — a significant achievement.

And increasingly, Asian schools are receiving international accreditation from the AMBA, EQUIS and AACSB awarding bodies. Last year Thammasat Business School received AMBA accreditation for its MBA programs, making it the first school in Thailand to be accredited by all three bodies. Also last year, AACSB awarded accreditation to South Korea's Hanyang University and Tunghai University, among others in southeast Asia.

Malaysia is gaining a global appeal. Three years ago, MIT Sloan School of Management of the US and Malaysia's central bank established the Asia School of Business in Malaysia, which has grown to have 83 students representing 23 nationalities.

Plenty of schools on the Indian subcontinent are also accredited by the top awarding bodies and are ranked well globally, among them several of the prestigious Indian Institutes of Management, as well as the Indian School of Business in Hyderabad.

In Asia, an increased demand for MBAs

The rapid growth of these Asian economies in recent years has spurred a growing demand for business education. "Several Asian firms have become globally significant; there may be better job prospects in Asia for MBA candidates [than there were in the past]," explains Keng.

For example, Alibaba, China's ecommerce darling, runs the Alibaba Global Leadership Academy. The competitive one-year program for graduates with at least three years' work experience, recruits MBAs.

Also, Asian schools may be attracting globally-mobile students who are put off by the US and the UK's more stringent visa curbs. The UK axed the post-study work visa in 2012, and the US administration has tightened requirements for the H1-B visa program for highly-skilled workers.

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“There are more Asians looking at applying for top Asian business schools, instead of US schools, due to the change in US immigration policies,” says Siew Kien, associate dean of graduate studies at Nanyang Business School in Singapore.

He notes an increase in demand from applicants in India, China, Taiwan, Japan and Korea for his school’s MBA course. “Traditionally, [candidates from] these markets only gravitated towards the US or EU.”

They may be attracted by course content that is more relevant to the Asian economy. Asian schools are not copying Western teaching practices; many are creating case studies — the group projects that are the hallmark of MBAs — about local companies.

Kevin Au, an associate professor at CUHK Business School in Hong Kong, embodies this approach. He has strived to create such cases.

One is about a Hong Kong-based subsidiary of a Japanese technology company, that Au uses to teach MBA students about corporate social entrepreneurship. “Hong Kong has its own social problems, but [they are] not always the same as [in] other places.”

He has invited the subsidiary company’s CEO to campus to answer students’ questions — something he would not likely be able to do if using a case about a company based outside of Hong Kong.

Other benefits of studying for an MBA in Asia

Besides obtaining expertise relevant to local markets, and local networks, there are other advantages to getting an MBA in Asia. One is studying alongside a diverse cohort in terms of gender.

According to global figures from AMBA, just 36 percent of students on MBA programs it accredited were women in 2017. But in China and Hong Kong, almost half of MBA students were women. At some Asian schools the proportion of women is above 50 percent. Among them are China’s Fudan University School of Management (65 percent women) and Antai College of Economics and Management (51 percent).

Silvia McCallister-Castillo is director of the University of Hong Kong’s MBA. She says high levels of gender diversity in Asian MBAs can be explained by an increase in female role models running Asian family businesses, inspiring the next generation; a trend of grandparents taking on some childcare responsibilities so as to make it easier for women to juggle competing priorities; and China’s one-child policy that was abolished in 2016.

“If a family has only one child, that child, regardless of their gender, will receive 100 percent of the parents’ attention and resources,” she says, noting that Asian children are strongly encouraged to continue their education.

Gender balance enriches the learning experience for all students, according to McCallister-Castillo. “Diversity in the classroom forces students to learn to work together with people who are different from them — a critical skill for future business leaders,” she says.

Yet in Asia just 40 percent of business master’s students are from overseas, GMAC said, a far smaller share than in Europe, but a similar proportion to the US.

But not all programs are created equal. SMU’s Keng notes that 80 percent of SMU’s current MBA cohort comes from outside Singapore. Schools have diversified their cohorts through a range of outreach activities and generous scholarships. CEIBS, for example, has offered a Women Leadership Scholarship since 2012 and has an active Women’s Leadership Network.

Another challenge for Asian MBA programs is the increased competition from corporate training providers as a result of the growing demand for business education. One example is the PwC China Finance Academy, which has trained tens of thousands of managers since being established in 2001. Such providers generally are less regulated than business schools, particularly schools in mainland China, where the ministry of education curbs class sizes.

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But Sachin Tipnis, senior executive director of marketing and admissions for the University of Hong Kong's MBA, does not see these providers as a threat, explaining that they operate in different markets and are quite complementary to business schools.

"[Corporate academies] tend to focus on certain industries and are specific to a particular company," he says. "Participants may get interested in business school, having got a glimpse of the impact leadership programs can have."

Interest is indeed surging in Asia. And as it does, the MBA power shift from West to East appears poised to gather pace.