

## Business in China: MBA Trends

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China's rise on the global stage is well documented. The nation's GDP in 2011 stood at US\$7.4 trillion according to the World Bank. And with growth continuing at a phenomenal rate, business experts predict that the world's most populous nation will become the world's wealthiest at some point between 2020 and 2030.



Where there's money, there's opportunity. Indeed, the 2012/13 QS TopMBA.com Jobs and Salary Trends Report indicates an increase of 35% in MBA job opportunities in China, which comes on the back of a 20% increase the previous year. Demand is so high that the Municipality of Shanghai found it necessary to fund the opening of a new business school in 2009.

This, explains Professor Chen Shimin, associate dean and MBA program director at China Europe International Business School (CEIBS) has fuelled an increase in demand for MBAs. "With growing opportunities as a result of China's economic development, young people are increasingly attracted to business and management as a career path. Many young Chinese professionals feel that even after doing an undergraduate degree or working for a few years, they still don't possess all the necessary tools needed to compete in the global economy."

Anne Boelling Dries, director of the MBA program at Singapore Management University (SMU), echoes this sentiment. "As China develops, there is definitely a general desire to gain greater global exposure. A good quality MBA program will be able to meet that aspiration"

Opportunities lie primarily in the professional services and consulting sector, QS research indicates, though these sectors are not growing as fast as others. The electronics/high-tech sector also offers abundant opportunities.

Sachin Tipnis, executive director of the University of Hong Kong's (HKU) MBA program, observes that nearly half the candidates at HKU come from the finance sector. "China is rapidly consolidating and enhancing its financial markets. Most financial institutions are now generating higher revenues from the Asia region, especially the Greater China area. Most [graduates] tend to go back to financial domain, with some who come from other sectors also making a transition to the financial sector." He predicts that luxury goods will be the next big thing,

The story is similar at CEIBS, according to Chen, with 27.8% of last year's cohort finding employment in the financial services sector. The only other sector which comes close is industrial products, which accounts for 21.8%.

## MBA brain circulation

QS applicant research indicates that Chinese MBA candidates earn an average of US\$35,000, which they expect to increase by 345% to US\$121,000 by doing an MBA – down slightly from the expected 369% increase predicted last year (these lowered expectations are in line with global trends). However in China, they could only expect to earn a combined salary and bonus of US\$79,200.



Of course, many choose to pursue the higher salaries they could earn elsewhere. But it is accepted wisdom that, as well as increased domestic MBA uptake, an increasing proportion of MBAs are returning to work in China.

“When I went back to China in 2004, only about 10% Chinese graduate students in the United States chose to return,” reflects Tong Jixi, part of SMU’s class of 2013. “Now, in less than a decade, the percentage has grown significantly.

He believes this has been beneficial for Chinese business. “People with a global education background not only brought back professional knowledge but also a global perspective. In the future, I see the integration of China’s economy with the world deepening and broadening.”

Ting Yu, a Chinese MBA candidate at the Rotterdam School of Management, also notes the positive influence of returning students: “I have several good friends who have studied abroad, who brought back things like an understanding of the importance of environmental issues and softer skills. I believe this will have a positive impact not just on Chinese business, but on society as a whole.” She aims to have a similar positive impact, by working in the West for a period before returning to China.

## A climate of entrepreneurship

In the post financial crash world, we know that nothing can be taken for granted in business – not even China’s seemingly unstoppable rise. Tong believes that there needs to be a switch in gear to continue the strident growth, with entrepreneurs looking in rather than out: “Right now would be the best time for young entrepreneurs to explore opportunities in China, as the government has realized that future growth depends on generating domestic demand, in which case the focus has to be shifted to favour middle and low cap companies.”

Ramakrishna S. Velamuri, chair of the department of strategy and entrepreneurship at CEIBS, concurs with this analysis: “We hope that there is an improvement in one crucial area: the availability of financing for SMEs. Until now, the banking system as a source of finance has been pretty much closed to young private companies, which have had to raise money at very high cost from informal financial networks.”



Dries also highlights the continued importance of informal networks. “The current business climate in China is still rather heavily dependent on personal relationships, or guanxi. However,” she continues, “opportunities and challenges are plentiful in the developing economy, thus it is a good place for young people to seek exposure, deepen their experience and develop their careers. The fast-changing Chinese economy offers young business executives and entrepreneurs

opportunities that are vastly different from that in more stable and developed markets.”

Ting Yu agrees. “Currently, I personally see a positive business climate in China. Consumption is increasing and confidence is high. There is much more enterprise than before. The government is encouraging university graduates to start businesses with various schemes, and there are many supportive policies to encourage entrepreneurship in sustainable industries.”

So, China, it seems, is increasingly a land of opportunity. Indeed, QS research shows that 7% of global MBA candidates, and, telling, 9% of those from Western Europe, are now interested in studying at a Chinese business school. So, perhaps it doesn't take too great a leap in imagination to predict that in the not so distant future, China will be seen as more than just a sending nation, but as a destination for students and businesspeople alike.

The QS World MBA Tour comes to Beijing on May 25th and Shanghai on May 26th. Learn more and register to meet top business schools from around world face to face.