

# The Role of Management Education in Addressing Chinese Businesses' **PAIN POINTS**

■ By Li Mingjun, CEIBS President

**W**e are today in a new and rapidly-changing world of business. When dividends dwindle and tailwinds subside, how can traditional businesses emerge from periods of inertia and latch on to new development? When manufacturing profits are being diluted, how can businesses harness the potential of new service models and digital thinking to break into new growth areas? When Chinese businesses go global, how should they address cross-cultural management problems? When family-owned businesses prepare

to hand over the reins, how should they plan succession and ensure continuity between their founder's vision and those of the next generation? Many companies are looking for answers to these questions.

In November 2019, CEIBS President Li Mingjun gave a talk entitled, "The Role of Management Education in Addressing Chinese Businesses' Pain Points" at the China Economic Forum on CCTV's Financial Channel. After the show aired, his speech received wide acclaim and broad media coverage. This article presents some of the highlights of his speech.



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## Developing high-calibre management professionals well suited to the needs of the times

The main mission of management education and business schools is to equip entrepreneurs with the skills required to rise to the challenges of their generation.

In a speech delivered on September 27, 2016, at the 35<sup>th</sup> study session of the Political Bureau of the CPC Central Committee, Chinese President Xi Jinping laid out some of the key factors needed to build the capacity of China's global governance professionals.

"We should build the capacity of our global governance professionals, and eliminate talent development bottlenecks as we build our talent pool, in order to provide strong intellectual support for China's participation in global governance," he said. "Participation in global governance requires a large number of professionals who are familiar with the government's policies and China's national conditions, have a global perspective, are proficient in foreign languages, and are well versed in international rules and international negotiations."

I believe that the task of developing this professional capacity belongs to business schools – it is a mission that falls squarely within our field of expertise.

As CEIBS President, my focus is on training the right professionals to meet the developmental needs of businesses and the country, and using the right systems and operation models to better train required management talent. At CEIBS, we have taken four steps to enable this:

**The first step** was to build the capacity of our teaching body. A school's quality is measured not by the size of its campus, but by the number of its authoritative scholars. Our foreign professors have an average of 13 years of experience working in China, whilst our Chinese professors have, on average, worked abroad for 13-14 years. This gives

them a broad international perspective and a deep understanding of China and the rest of the world.

**The second step** has been a conscious effort to continue improving and refreshing our course design. Our MBA and EMBA programmes include compulsory core and elective courses. Although the core differs little from what is offered in other global business schools, but it is being constantly updated to keep it relevant. Meanwhile, elective courses have been reviewed and recast, breaking down interdisciplinary boundaries to allow greater integration and enable students to better assimilate and apply their acquired knowledge.

In 1881, the Wharton School at the University of Pennsylvania was founded as the first collegiate business school in the United States. In order to maintain close ties with the corporate world and keep up with the latest business practices, Wharton set up a number of research centres.



In a similar vein, CEIBS now has over a dozen research centres dedicated to studying not only past practice, but also to imagining the future. The Centre for Globalisation of Chinese Companies (CGCC), for example, was established a few years before Chinese enterprises started investing heavily overseas. Through their studies, our professors

▲ A graduation ceremony for the China-EEC Management Institute (CEMI) – the predecessor of CEIBS – in 1992.

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▼ CEIBS alumni company  
Chervon’s R&D centre

found that Chinese companies chose a path to globalisation that differed greatly from their foreign counterparts. In the early 1990s, a large number of foreign enterprises entered the Chinese market in response to China’s reform and opening

up policy, primarily to win market share. In contrast, many Chinese enterprises invested overseas not to expand their markets, but to gather the resources they needed to develop in the domestic market, aiming to strengthen their position at home first, before competing seriously in overseas markets.

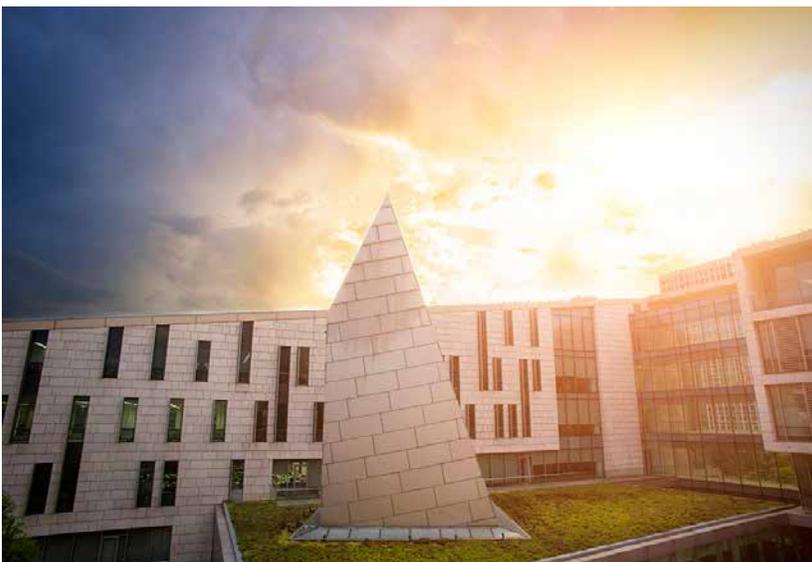
**The third step** has been to continuously explore new teaching methods. In the 1920s, Harvard Business School pioneered case teaching. To this day, case teaching is still one of the most basic teaching methods in the field of management education. Case study discussions in business school classrooms around the United States and Europe are very lively. More than a decade ago, we established our

own case library and began developing China-focused cases. By the end of 2018, our case library had collected more than 1,300 China-focused cases. Six years ago, the cases used in our EMBA electives were mainly developed by Harvard Business School. At that time, Harvard accounted for 50%-60% of the cases we used, while our own case library was less than 30%. The percentages today have tipped the other way – 20% Harvard cases vs. 60% our own.

Globally, management education largely relies on three of the world’s leading case libraries: Harvard Business Cases, Ivey Publishing, and the Case Centre. I’m very proud to say that CEIBS-developed cases can now be found in these case libraries. By virtue of these channels, examples taken from China and Chinese businesses are now being referred to the world over.

Traditionally, cases, largely in written form, were distributed to students for reading as preparation for discussion in class. However, as time went on, it was felt that this did not exploit their full potential and was not engaging enough – some students also wanted not only to have serious debates with their instructors but also with the businesses themselves. Consequently, after extensive research, we created the Real Situation Learning Method™ (RSLM™), where information on a particular business is first handed out to students for preview, followed by a site visit led by the tutor, and direct discussions with management at the company on topics of interest.

Many former students have been very supportive of the school’s new approach and have actively proposed visits to their own production facilities as venues for learning. At the same time, we maintain long-established co-operations with a number of European corporations, and have a teaching and research centre in Zurich, Switzerland. Students studying there, for example, are able to visit Victorinox and talk directly with



its managers. This teaching method is very popular with students, and I think it will be the future of management education.

**The fourth step** has been to build a lifelong learning platform. Nurturing great business leaders takes more than just two years of schooling, so we keep track of our alumni and maintain active contact with them to help them mature and develop. For example, considering many private businesses in China are in the hands of second generation owners, we have opened a special course on planning succession for family-owned businesses. As part of this initiative, we invite founders of family-owned businesses and their nominated successors to return to school together, asking them to bring with them the problems that cause arguments at home to discuss in class. Under the guidance of tutors, a healthy debate about these problems can then take place. Interestingly, many of the issues that remained unresolved in the home are resolved after debate in class.

**In short, we maintain close ties with our alumni to help them grow their businesses. Their business development and career progression, in turn, provide CEIBS with fresh cases and research materials. As a result, everyone benefits.**

### **China is at the centre of the future of global management education**

Global management education began in the United States and then spread to Europe and Asia.

The level of management education in a country or territory is closely related to its economic achievements. In the early 1890s, the US surpassed the UK to become the world's biggest economy. Several of America's leading business schools were created around this time.

After World War II, Europe was in short supply



of high-end talent to rebuild itself. In the UK, France, Spain, Italy and Switzerland, a large crop of world-leading business schools started to emerge on the back of the post-war economic boom. Beginning in 1957, with the first MBA programme at INSEAD, management education in Europe began to develop rapidly.

China's management education began in the early 1980s. In 1984, the Chinese government and the European Community carried out the first co-operation projects, including the China-EEC Management Institute (CEMI) – the predecessor of CEIBS – in Beijing. This project provided Chinese scholars with a valuable opportunity to explore modern management education. They started to introduce classic western management theories for use in local contexts. In 1994, the Chinese government and the EC decided to co-establish an independent business school on the basis of this project, and the China Europe International Business School was born. CEIBS thus became a major platform and vehicle for furthering co-operation between China and the EU. After 1997, China's management education entered a phase of rapid development, and the Ministry of Education approved MBA programmes offered in a number of higher education institutions.

Riding the wave of both globalisation and China's reform and opening-up, CEIBS has gone through three stages of development.

▲ CEIBS alumni company Jinsheng Group

**1 Stage one:** embracing globalisation. At the time, our slogan was, “We’re an international business school you can attend without going abroad” (as proposed by a Chinese government leader in 1994). The possibility of getting access to the same quality of education in China without having to go abroad was very attractive to many students.

**2 Stage two:** integration into globalisation. We believed that, as a business school rooted in China, we needed to develop fresh talent suitably equipped to meet the specific needs of China’s corporate and economic development. Therefore, our research and teaching centred on developing Chinese business leaders.

**3 Stage three:** helping Chinese enterprises go global. China’s economy is inextricably linked to the world economy. As China grew to become the second largest economy in the world, its role on the world economic stage became more central. More and more Chinese companies were starting to invest overseas. To better serve them, we also needed to go global. That is why we established teaching and research centres in Accra, Ghana, and Zurich, Switzerland, alongside a number of international co-operation projects. We needed to develop high-calibre talent capable of rising to the challenges of globalisation and taking on the responsibilities associated with global governance.

## Huge potential for management education

Why is the potential for management education so great? I think there are four main reasons.

Firstly, management professionals cultivated by Chinese business schools have made outstanding contributions to China’s economic development.

In 1999, the *Financial Times* launched its global ranking of business school programmes, with no Asian schools in the top 50 and, of course,

zero Chinese schools. Two decades later, there are 13 Asian schools in the top 100 of the *FT*’s 2019 MBA rankings, including six Chinese business schools. This was a big leap forward. We are proud that CEIBS is ranked fifth in the world by the *FT*. There are many reasons for this success, including a self-directed operating system and a team of celebrated professors. Crucially, our success was also built on the strength of the support we receive from our outstanding alumni community. If a school wants to do well, it needs not only good professors, but also high-achieving students. This is especially true for business schools. Without high achievers, a school can hardly accomplish the task of developing business leaders.

Secondly, the educational products offered by business schools are highly popular with entrepreneurs.

When CEIBS was established in 1994, China’s management education market was still a seller’s market. Today, there are already a large number of business schools in China providing management education programmes. Globally, competition is equally fierce. According to the AACSB’s statistics, as of 2017, there were more than 16,500 business schools worldwide. In this context, business schools must offer courses suited to market demand in order to attract students.

In the US, even the best business schools have seen a decline in the number of applications for MBA programmes. But in Asia, especially in China, the number of applicants remains high, and many



▲ Wei Lingling (EMBA2011), founder of AgriGarden, and former British Prime Minister Theresa May

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are international students.

Thirdly, business schools are evolving.

Business schools have changed almost beyond recognition since the Wharton School was founded.

Many of the management theories learnt from the west no longer explain many of today’s business phenomena, because global business practices and some of the underlying logic of business theories have changed radically – unless we adapt to this new environment, it will become impossible to fulfill our mission.

Fourthly, business schools need to proactively look at business situations and development trends.

New technologies are being adopted very rapidly, new business models are emerging, and knowledge is now spread out in previously unimaginable ways. Every year, students come to us for something new, which is a big challenge for our research and teaching teams. Many members of our

teaching body place high demands on themselves. They continue to update the content of each new lecture, teaching presentations and referenced data, so as to meet the needs of students by staying up to date with the business world.

Many of the traditional cases are developed to explore the success or failure of a business, but today’s students want more than lessons from a hindsight perspective. Professors are asked to talk about future tech trends, their impact on the development of businesses, and how businesses should respond. In other words, we not only have to tell success stories of the past, but also need to predict future trends. We have full confidence in addressing such challenges.

*“In a rapidly changing world where new technologies are constantly emerging and business models are evolving, we cannot rest on our laurels, but must instead strive to surpass ourselves every day.”*



### **Opportunities and challenges for management education in China**

Many of my colleagues have asked me what my biggest challenge is as CEIBS President. I generally reply that, in a rapidly changing world where new technologies are constantly emerging and business models are evolving, we cannot rest on our laurels, but must instead strive to surpass ourselves every day. We must innovate to keep up with the needs of entrepreneurs.

First of all, we must create fresh knowledge more rapidly and improve its quality. There are more than 16,500 business schools around the world and the school that manages to gain the lead in this competition will be the one that manages to display the greatest creativity and demonstrate they have the highest quality knowledge.

Secondly, we need to cultivate an international perspective amidst globalisation. Globalisation means that business schools are an integral part of the global industrial chain and value chain. So we are paying more attention to exploring the dynamics of globalisation, both in research and teaching.

Finally, we are building a global network of teaching and research centres. As I mentioned earlier, CEIBS was founded as “an international business school that students can attend without going abroad”. Now, China is already the world’s second largest economy, and has a large number of businesses going overseas. We have also been keeping in tandem with users’ needs, setting up teaching and research centres in Africa and Europe to train management professionals for Chinese businesses investing there. Going forward, we will



continue our efforts in this direction.

On the opportunities for management education, I'd like to briefly mention two points: the rise of the Asian economy and the sustained development of China's economy. Driven by co-operation between China, Japan and South Korea, between China and neighbouring countries, between Shanghai Co-operation Organisation (SCO) countries, and between China and ASEAN countries, Asia will soon account for 50% of the world's economic growth. The demand for talent in Asia is enormous. At the same time, with the sustained development of China's economy and China's full integration into the global market, Chinese businesses will become more and more successful, and invest overseas in larger numbers. Demand for high-end management personnel will surge.

In response to President Xi Jinping's call, we have to put our best foot forward in the development of education. I do not believe that the responsibility for management education is less important than that of any other discipline in promoting China's economic development. Through continuous efforts as a business school, we hope to make our contribution to China's economic rise, and disseminate China's wisdom for the development of the world.

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*This article is based on a speech made by Professor Li Mingjun, President of China Europe International Business School, at the China Economic Forum on CCTV's Financial Channel on January 11, 2020.*