

Preface

Management Education in the Twenty First Century: A China-based Perspective

Business and Management Education in China is a collection of masterpieces presented by a group of leading domestic and international scholars. My sincere thanks should go to the editors, Dr. Ilan Alon and Dr. John R. McIntyre, who have been so kind as to invite me to write the foreword. From the unique standpoint of the office of the President of China Europe International Business School (CEIBS)—a “state-of-the-art” educational joint venture between the People’s Republic of China and the European Union—these prefatory remarks are offered as ground-setting parameters within which to conceptualize the evolution and mutual influence of the long Chinese tradition of educating professionals and the Western management training techniques and philosophy. The mission of CEIBS is to develop entrepreneurs and business leaders skilled in the tools of international competitiveness and endowed with the global mindset that increasingly typifies management in the twenty first century.

I

Entrepreneurs differ from capitalists in that they are not necessarily owners of capital. Some public companies with diverse stock ownership have emerged as multinationals or global companies through technological, management, and system innovation in fierce global competition. The board chairmen and CEOs of these businesses undoubtedly deserve the honorable title of “entrepreneurs”. However, not all business leaders can claim themselves as entrepreneurs in the same way that not all school masters or university presidents are educators, or that not all people working in laboratories are scientists. Indeed, only those who have made huge contributions to education and science are

respected as educationists and scientists. If this argument holds water, then the title of entrepreneur only belongs to those who have led their businesses to go from good to great through continuous innovations in management.

But are these people trained or born? The answer to me is somewhat obvious: if they are born, then what's the use of human education? It's true that talents are critical to entrepreneurs, educationists and scientists, but talents will come to nothing if they are not developed effectively. The development of talents can be realized through various channels, but without doubt, education is among the most important. The fundamental purpose of education is to provide understanding and tap human potential. It can make a huge difference in an individual. Admittedly, some generals have learned military arts through battles, but more are trained by military institutions like West Point.

In a word, management education offered by business schools has undeniable value in developing entrepreneurs. This is not a question; it has been proven by the practice of management education over a century.

If we all agree that the pivotal role of management education is to tap and maximize the potential of future entrepreneurs, then the next question will be what qualities a successful entrepreneur should possess?

The first quality is a high IQ (intelligence quotient). Without a high IQ, nobody can become an entrepreneur. To make an extreme example, a school can never turn an idiot or a retarded person into an entrepreneur, no matter how smart the training might be.

The second quality is a high EQ (emotional quotient). A high IQ itself is not enough for an entrepreneur. Chen Jingrun was a well-known Chinese mathematician who must have had a high IQ as evidenced by his contribution in proving "Goldbach's Conjecture". However, his EQ was so low that he could not even take care of himself. In this case, any effort to train him as an entrepreneur would have been in vain. A high EQ can help an entrepreneur not only become a charismatic leader and unite the individuals as a cohesive team, but to also establish a harmonious relationship with the external environment and win the market competition.

The last quality is a high SQ (spiritual quotient). This notion is often overlooked but it has proved its staying power and Chinese culture

repeatedly identifies it as a critical ingredient for success. Starting a new venture or winning the fiercest of competitions requires courage and daring; seizing rare business opportunities requires courage and daring; managing crisis requires courage and daring. Lacking a high SQ, becoming an entrepreneur is all but impossible.

Therefore, the candidates' potentials in IQ, EQ and SQ should be measured as important criteria in the selection process of any business school, and it is wise to give the same emphasis to the development of the three Qs as essential foundations for the mastery of management concepts and tools.

II

To develop entrepreneurs and business leaders with international competitiveness skills in the twenty first century, we need first of all to understand what the future social and competitive landscape will look like and what challenges it will pose for management education in the twenty first century.

Based on my understanding, the twenty first century will experience three major historical changes:

1. Scientific-Industrial Revolution

The mid-twentieth century witnessed a new scientific and technological revolution represented by micro-electronics technology, marking the end of the industrial society begun in 1776. Defined by such catch phrases as "post-industrial society", "the third wave", "information society", and "knowledge-based economy", this new technological revolution is opening a new age and kindling a new industrial revolution, just as the steam engine did three centuries ago. Its basic feature is that scientific research has developed into an industry and gradually become the cutting edge sector in society. The key product of science-based industries is knowledge and information which are quickly becoming the most strategic resources of our own century. In a word, humanity is experiencing a vigorous scientific-industrial revolution, ushering a new scientific-industrial society whose contours are emerging. Just like an

agricultural-rural economy was replaced by the industrial-urban economy, the industrial economy will be replaced by a scientific-industrial society. This is another epoch-making watershed in human history.

This emerging scientific-industrial society poses a series of revolutionary challenges to business management:

- The organizational form of businesses must be changed. Integration of medium and small-sized technology companies, venture capital and second board will be the common practice, and virtual businesses will emerge as a result of the ever growing use of electronic networks.
- The main object of business and management education is knowledge workers whose creative labor calls for a rethinking of management approaches.
- The extensive use of information, intelligence and technology in business management has not only transformed the internal structure of businesses but also presents sharply distinct and new requirements for the management of quality and the quality of management.

2. Economic Globalization

The most important sign of economic globalization is the emergence of global companies who build their strengths not on size, but on the effective allocation of capital, technology, production, management and other elements on a worldwide basis. As the most advanced mode of production, it will invariably yield maximum economic benefits. Economic globalization is thus an irresistible trend in the twenty first century.

It will also pose new challenges to global business management in the twenty first century:

- Global competition will intensify, and global companies will become more powerful. Consequently, infusing a global perspective in business strategy formulation and execution has become the paramount issue in management.

- The national characteristics of businesses are fading while their global characteristics are asserting themselves, making many popular and traditional management philosophies obsolete.
- As autonomous economic actors with their influence extending to every corner of the world, the vitality of large-scale global companies depends on their choice of internal structures to create appropriate synergy.
- A global company's management philosophy and team should be multi-culturally relevant and competent, as the successful resolution of conflicts generated by the blending of cultures often determines optimal outcomes.

3. China is the Locomotive of the World Economy

With its annual income per capita exceeding one thousand U.S. dollars, China has reached the turning point on a rapid growth curve, well known to experts in development economics; with its population of 1.3 billion, China now boasts the largest consumer market in the world; endowed with cheap and high-quality human resources, it has become “the world’s factory”; finally, with World Trade Organization accession, companies from all countries are flooding to China as Chinese companies step onto the world’s commercial stage. All these are patent confirmation of recent historical trends that China is fast becoming the world’s locomotive, as predicted by numerous entrepreneurs and economists.

Given such a shifting competitive landscape, any business must adapt rapidly to the emerging tendencies, and more importantly, develop the ability to manage multi- and cross-culturally, if it wishes to succeed. History has amply proven that Western and Chinese cultures are each the depositor of large reservoirs of vitality. Hence, it is not unreasonable to expect Chinese businesses to acquire the “global perspective” manifest in the Western cultural mold and Western businesses to acquire a deep appreciation for the unique “Chinese martial arts” in engaging the complex process of economic globalization. The creative integration of a “global perspective” and of “Chinese martial arts” perspective is keystone in reaching leading ranks in the global competition race.

III

Who was recognized as the best business school in the twentieth century? British-based *Financial Times* rankings show that the list has often been topped by a few American schools. Indeed, people always think about Wharton, Harvard or Sloan whenever they talk about the best business schools. A few years ago, however, I was surprised to find, in an influential US magazine, that the answer should be “West Point”. Why a military institution? According to my own survey, West Point has produced more than 1,500 board chairpersons and CEOs for Top 500 and 5,000 business leaders at the board director level – an achievement hardly matched by any business school in the world. What is the most critical factor behind this resounding success? In my exclusive interviews with numerous business gurus, I have been given various reasons, among which one impresses me most - “business schools teach us leadership, but West Point teaches the lifestyles of leaders.” This might be the source of the leadership gap between the education provided by a business school and that of a West Point-type institution, which calls for a reconsideration of business education in the twenty first century.

In my opinion, business schools can learn from West Point. They should not only continue to invite good faculty for classroom instruction, but also develop a new learning style for business leadership. This can be understood as the revival of seminal ideas advocated in traditional Chinese culture in the new century - “Education should enlighten people along with knowledge dissemination”, and “students should learn how to be a worthy human being before they learn how to do things.” A good faculty member should not only teach knowledge, but also teach how to be a “man,” and in the case of a business school, how to become a great entrepreneur. In the selection chain from recruitment to placement, business schools ought to stress the exercise of leadership and train accordingly--a prerequisite for visionary, innovative leadership. The former requires sustained efforts by the faculty while the latter requires innovative reforms of curriculum. China is uniquely positioned to respond to this professional educational challenge.

However, we would be remiss to copy the educational philosophy of a West Point blindly or turn a school into a military camp. It is the spirit and philosophy underpinning the success of a West Point that matters most, and better results can be achieved in the twenty first century within the canons of current business education.

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