BUILDING B-SCHOOLS

Fostering management education in developing nations.
The changing face of global business is reflected in the changing state of global management education. Students around the world have an increasing number of options for where and how to attend school, whether they participate in online programs or enroll at the campus just down the street.

Choices often have been narrower for students in emerging nations, but that is beginning to change. Today, more Westernized universities are setting up satellite programs in BRIC countries, as well as Africa, Indonesia, and Latin America. But another trend could have an even more profound effect on global management education: the founding of self-sustaining degree-granting programs in countries ranging from China to Mexico to Kenya.

These programs are tailored to the economic realities of the region in terms of both content and structure. They are also, many times, created through partnerships between three interested entities: local governments, local businesses, and Western universities.

Two international schools—IESE Business School of the University of Navarra in Barcelona, Spain, and Georgia State University in Atlanta in the U.S.—have spent more than a decade helping bring management education to emerging economies and those programs are still going strong today.

In other parts of the world, local universities are responding to the critical needs of their regions. That's what happened when The American University of Cairo launched the right program at the right time. Like IESE and Georgia State, AUC is using business education to make a difference.
Developing Schools in Developing Nations

BY BIJAN FAZLOLLAH

I've been interested in bringing business education to developing economies since I first visited Azerbaijan in 1992. During the 1990s and 2000s, I spearheaded initiatives developed by Georgia State University's Robinson College of Business to launch degree-granting business programs at three universities in two countries: Khazar University and the Azerbaijan State Oil Academy in Baku, Azerbaijan; and Caucasus University in Tbilisi, Georgia. (See “The Dimensions of Peace,” BizEd, May/June 2006, page 24.)

Within the past few years, with the strong support of dean Fenwick Huss, the school has added three more collaborations: Azerbaijan University in Baku, and Alexandria University and Cairo University in Egypt. With each new school we've had to learn new cultures, new customs, new students, and new bureaucratic regulations. But even though the institutions themselves have been very different, the objectives have been the same: to help the schools develop capacity in their business programs so that they would become academically and financially sustainable. The role of GSU/RCB has been to provide technical advice and training that would develop the faculty, the administration, and the curriculum at the partner school.

Much to Learn

Launching a business school in a developing nation is a significantly different enterprise from developing a curriculum at a Westernized school, and we have learned some crucial lessons over the years.

The most critical lesson is that we must teach classroom content that is tailored to the unique level of economic development found in each country. For instance, both Azerbaijan and Georgia were part of the former USSR, but they're not only different from the U.S., they're different from each other. While they're both small countries, Azerbaijan is more focused on the oil industry, and that's where we assume most students will end up working; it also features many related large conglomerates. On the other hand, Georgia supports small and medium-sized businesses; it fosters many entrepreneurs and offers a friendlier climate for doing business. It's essential that professors teaching classes in these countries use cases that reflect issues that are important to the local economies.

A marketing professor from Georgia, who has also taught in Atlanta, has determined that his students become more engaged when he presents cases featuring well-established brands, because students are familiar with the companies and consider their issues relevant to the realities of Georgia. American faculty teaching Georgian students about international business have used a case about Chilean companies entering emerging markets. They adapt the case to feature Georgian companies, which allows the students to visualize how exports from their country might fare in growing markets.

By contrast, when business professors are teaching in Egypt, they must always be aware of the fact that the society is highly Islamic. They must be cognizant of cultural taboos when conducting classroom discussions, they must understand how the culture and the media differ from their Western counterparts.

For instance, Egyptians generally have a lower level of risk tolerance than Americans. Therefore, a course on portfolio management would cover risk in a different fashion than it would be covered in a U.S. classroom. The class would also take into account the degree to which wealthy Egyptian investors feel constrained by the realities of Islamic finance.

In both Egypt and Georgia, marketing classes must be substantially different than they are in America. For instance, most U.S. classes on marketing assume that advertising affects consumer behavior. But in these countries, word of mouth is more influential, so advertising is not emphasized as much.

When teaching any of these courses, American professors...
should use local cases or cases that can be adapted to local realities. They also must make sure cases are presented simply and clearly—particularly if they’re teaching undergraduates, who typically have little work experience.

Sometimes professors can write new cases based on businesses in developing countries, but I think it’s unrealistic to expect visiting American professors to understand the culture well enough to produce many of these. Some local faculty are enthusiastic about putting their knowledge to work by developing cases of their own, and GSU has provided classes that train them on researching, writing, and publishing cases.

However, to date there has not been a voluminous production of cases. Many professors in emerging economies must teach at several universities in order to earn adequate salaries, so they have little time left over to do academic research. In addition, it’s rare for them to receive incentives such as reduced course loads that would enable them to devote time to scholarly pursuits. Therefore, producing and teaching local cases remains an ongoing challenge.

More Lessons

When American professors are teaching in developing countries, not only do they need to modify their classroom content, they need to modify their teaching styles. For one thing, not all students are fluent in English, so professors must be careful not to use colloquialisms or ethnocentric examples. They also must be aware that the students with the best command of the language are likely to participate most actively in class discussion, so teachers have to seek ways to engage the rest of the students in the class as well.

Because it’s almost impossible for a visiting professor to wholly assimilate into the new culture, I believe American faculty should always be accompanied by teachers from the host country. Local faculty can explain cultural differences to visiting professors, and they can find ways to get key points across to students in ways the students will understand.

While many American faculty are keen to bring change to the educational systems in developing nations, the entrenched bureaucracy in some of the public universities makes true reform very difficult. Egypt’s educational system is long overdue for a change, and I’ve seen signs that the old top-down approach is giving way to a new student-centered system. However, the old system is currently in place and we must follow its norms. We must pay close attention to the differences in societies to make certain the processes we want to put in place will suit the cultural framework of the country we’re in.

A Multitude of Benefits

Even though there are plenty of challenges, I believe it’s important for Western schools to help establish business programs in emerging economies, because such programs spur the development of these societies. The schools help train a competent managerial workforce that can function in the global economy, and in turn this leads to jobs, economic growth, and a higher standard of living.

To find evidence of the impact we’ve had by training this generation of managers, I look at the work positions that some of these schools’ graduates have secured. For instance, in 2008 we celebrated the tenth anniversary of the Azerbaijan State Oil Academy’s MBA program, which has produced more than 500 MBAs. Many of the alumni hold positions in the oil industry; many have become entrepreneurs. One graduate is now the head of the board of directors of a multimillion dollar holding company engaged in international finance and real estate.

These are tangible benefits, but I believe our collaborations result in even more benefits that extend beyond the countries where the schools are located. For instance,
in the broadest sense, when U.S. schools facilitate business education in developing countries, they contribute to America’s goals of promoting the market economy and democracy throughout the world.

On a more micro level, when the Robinson College partners with schools in developing nations, it helps Georgia State reach its objectives of globalizing the university. First, these partnerships give GSU faculty the chance to teach in other countries. Second, the partnerships result in students from developing nations coming to our Atlanta campus, and their presence promotes the internationalization of American students. Third, when visiting faculty from these partner schools teach at GSU, our students are exposed to worldviews that are dramatically different from their own.

Because of our relationship with two schools in Egypt, members of our faculty who had never worked in an Islamic environment have had a chance to develop a deeper understanding of Islamic culture. They have also made their classrooms richer by incorporating their greater knowledge of countries in the Middle East and North Africa.

Our partnerships have also led us to develop joint programs with some of these schools, including student exchange programs. In addition, we have worked with Caucasus University to establish a 2+2 BBA program in which students study two years in their home country; they then have the option to study for two years at GSU and obtain a U.S. degree as well as one from their home university.

**Objectives Achieved**

Many schools from Westernized countries are interested in pursuing educational ventures in emerging economies, which sometimes leads them to set up satellite campuses of their own universities in parts of the developing world. However, only a small percentage of the rich members of a local population can afford the tuition to attend a branch of a U.S. university.

If a school wants to build sustainable institutions that help the people of other countries over the long term, I believe it should build local capacity to deliver quality education at an affordable price. That’s been our goal at GSU, and I believe we’ve achieved our objectives with these six universities. All of the programs we helped establish are still in place, and we continue working with them even through their own growth and major changes.

For instance, when we launched the first three programs, economic development was slow in those regions, but today the situation in Azerbaijan has drastically improved due to a newly exploited wealth. We have also seen the privatization of Caucasus University, which previously was owned by Tbilisi State University and Georgia Technical University. In our ongoing partnership with that school, we have helped establish BBA and MBA programs there, and this year we will finalize a PhD program—which we believe will be the only American-style business PhD in the former Soviet Union.

We also remain involved with Khazar University, which is still following the format of the programs we started there. Whenever asked, we provide assistance regarding curriculum updates and other issues, and I visit the president and faculty of the school whenever I’m in Baku.

The newest schools in our partnership are also thriving: Azerbaijan University has established BBA and MBA programs, Cairo University has instituted a three-track BBA program, and Alexandria University has established an EMBA program. In these three programs, the first cohorts have reached the graduation stage, and the first graduation ceremonies were held in 2012.

The success of these programs truly illustrates the power of management education. At GSU, we want to show business leaders around the world how to build businesses that operate in a market economy, because we believe this promotes global trade and investment and contributes to peace among nations.

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