

**Proceedings of the
20th CEEMAN Annual Conference**
26-28 September 2012
Cape Town, South Africa



**Business and Educational
Challenges in Dynamically
Changing Environments**

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CIP - Kataložni zapis o publikaciji
Narodna in univerzitetna knjižnica, Ljubljana

37:005(082)

CEEMAN. Annual Conference (20 ; 2012 ; Cape Town)
Business and educational challenges in dynamically changing environments :
proceedings of the 20th CEEMAN Annual Conference,
26-28 September 2012, Cape Town, South Africa / (editor Michael Minkov). -
Bled : CEEMAN, 2012

ISBN 978-961-92270-8-4
1. Gl. stv. nasl. 2. Minkov, Michael
264339456

Business and Educational Challenges in Dynamically Changing Environments

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CEEMAN Deans and Directors Meeting

Management Development Institution Building in Growth Economies

Welcome Address



Danica Purg, President of CEEMAN

We are extremely happy to be hosted by this wonderful school in South Africa. We are also glad to see so many deans and directors from all over the world, including representatives of African business schools. I am particularly pleased that the president of the Association of South African Business Schools, Helena van Zyl, is with us.

I must say that our host, Professor John Powell, director of the University of Stellenbosch Business School, and his team did their best to bring other African schools to our gathering. As a result, we have 22 representatives of African business schools.

The topic of this meeting is “Management Development Institution Building in Growth Economies”. We chose this topic because it shows one part of our ambition: to serve, and contribute to, management and leadership development in growing (sometimes fast growing) economies, building on the lessons and experiences from our active role in the CEE countries that are sometimes called the New Europe, although some have a longer history than the countries of the so-called “Old Europe”. I suggest therefore that we forget this terminology as it sometimes has political overtones.

Meanwhile, CEEMAN’s ambitions have expanded globally, as our developing activities are no longer limited to Europe. This is a logical development since we already have members from five continents: Europe, North America, South America, Asia, and Africa. But, as today’s program demonstrates, CEEMAN has stayed close to its roots by focusing on transitional societies.

I would agree with anybody interrupting me now to say that there is hardly any society in the world, particularly today, that is not in transition! In principle, I agree with this statement. The working field of CEEMAN is indeed large, and there is a specific group of countries that are hit by the global crisis,

just as they have to cope with fundamental historical, political, institutional, and social changes. This characterizes the ongoing processes in the CEE countries and South Africa. Therefore, we are here now not only as proof of CEEMAN's ambition, but also to show our wish to learn from each other and contribute. We wish to accelerate our endeavors to achieve development and success.

Our annual meetings are not strictly formal events. They include a fun element. Tomorrow we are having a gala dinner, followed by a dance. I hope that all of you will attend it as it is a great opportunity to meet people and create new friendships.

Since we have some new CEEMAN members with us, I would like to share some information about our association. It is steered by a board and three administrative employees. The board consists mainly of highly committed business school deans and directors from Eastern Europe, although Professor Chin Tiong Tan is from Singapore. We also have three business representatives. We have 210 members from 51 countries. I would like to point out that since last September we have obtained 25 new members. We are pleased to have two members from South Africa: the University of Stellenbosch Business School and the Gordon Institute of Business Science at the University of Pretoria.

Our most prestigious project is our two-week annual International Management Teaching Academy (IMTA): an academy for teaching teachers. By now we have had almost 450 young faculty members on that course. We also have program management seminars and other initiatives to develop management faculty and staff. In particular, we have decided to focus on research and case study development.

We also have an award for encouraging champions in research, teaching, institution building, and responsible management education. Each year we distribute awards to top performers in this field. This year's winners will be announced at the gala dinner tomorrow and you will notice that their projects are extremely interesting.

We have a number of prominent people this year with us. I see Professor Sergey Myasoedov, president of the Russian Association of Business Education (RABE) and Professor Vladimir Mau, rector of the Russian Presidential Academy of National Economy and Public Administration. That is the biggest Russian university, with 180,000 students. We also have Antonio Freitas, president of CLADEA - Latin American Association of Business Schools, Vladimir Nanut, president of ASFOR - Italian Association of Business Education, Virginijus Kundrotas, president of BMDA - Baltic Management Development Association, as well as representatives of AACSB, EFMD, and AMBA. We also have a lot of other important people with us and I must tell you that every single CEEMAN member is always a dear guest at our annual gatherings. When we are together, we always create a special spirit that unites us and helps us work together. Although CEEMAN has grown a lot since its foundation, we still feel like a family. Let us preserve this atmosphere in the future!

Now I would like to introduce Professor Chin Tiong Tan. He is Founding President of the Singapore Institute of Technology. But that is not all. Singapore has five universities and he has participated in the establishment of three of them. Chin Tiong Tan is a renowned marketing expert. I tried to count the books that he has written on that subject but I lost track of them. Still, I think that there are at least 10 of them, one of which was written in association with Philip Kotler. He also has a vast experience as an international consultant and lecturer. I have just heard that he recently taught in Kazakhstan and that a colleague of ours met him in Georgia. Most important, he is an extremely nice person. Whenever I ask him to do something for CEEMAN, he never says "no". Dear Chin Tiong, thank you! The floor is yours.

Introduction and Setting the Scene by the Chairperson



Chin Tiong Tan, President, Singapore Institute of Technology, Singapore

I have accepted this invitation because it is hard to say “no” to Danica Purg. As she said, I helped create three universities in Singapore. I was the founding provost of Singapore Management University and I am still a professor there. I was asked by the government of Singapore to participate in the creation

of the country’s fourth and fifth universities. I accepted those invitations as I cannot say “no”. That is my problem.

I need to provide some clarification. Singapore Management University is abbreviated as SMU. Now, there is another SMU in the United States: Southern Methodist University. People often get confused and ask, “Why did the Southern Methodist University open a campus in Singapore?” Actually, the two institutions have nothing to do with each other.

Although I am devoted to SMU, I agreed to participate in the creation of Singapore Institute of Technology. Many of us are involved in all sorts of programs in different countries.

Education management is to a large extent context-based. What we teach is pretty generic. I studied at the National University of Singapore. And guess what? As an undergraduate student, I used marketing management textbook by Philip Kotler. It is pretty much the Bible of marketing. Then, when I was in my PhD program, we used the same textbook. Later, I started teaching undergraduate programs and we continued to use the same book.

I felt that something was not right. The whole world was using the same textbook for decades. There are additions and changes, but it is the same book by Kotler. There is something not right here. Knowledge must be context-based.

Some years back, as I attended an international marketing conference, I ran into Philip Kotler, and I told him that it was time to develop a context-based marketing management book. He agreed and asked me to do the Asian edition of the book. What we did was we took his classic book, took out US examples and added 200 pages of Asian examples and cases. Although the core is still the same, these examples and cases are interesting enough to make the book relevant in Asia. If you talk to students in South Africa or in Singapore, you will find that most of them have never heard of Sears Department Store. They have never been to the United States and they have no clue. But if you use local names, they can make a connection. That makes a lot more sense.

Thus, my first point is that it is acceptable to use foreign concepts but they should be framed in a local context. We need to take the textbooks that come from the United States and adapt them to our own culture.

I think “a growing economy” is a nice concept, better than “a developing economy” or a “less developed economy”. Anyway, all these terms refer to places that are not as affluent as the United States, Germany or even Singapore. They are also very different. I have worked with diverse companies throughout Southeast Asia and I know that their characteristics are very different. We cannot take concepts and practices that were developed in large multinational companies, transplant them in a very different context, such as a family business, and expect that they will immediately be relevant. That is not going to happen. We must start developing programs that are relevant in emerging economies.

Over the past 50 years, we have witnessed tremendous growth in the management industry. Ladies and gentlemen, this is our industry. All business schools, consulting companies, and management gurus in the world are part of this industry. It is a big industry in Singapore, Malaysia, Hong Kong, and many other parts of the world. Just open your daily or weekly newspaper and you will see all sorts of ads about long and short management courses: certificate programs, diploma programs, MBA programs, and executive MBA programs. Managers are hungry for ideas that can help them do their jobs better. It is a humongous industry and we are part of it. We are very fortunate, this is a wonderful industry to be in because the demand for our services is tremendous. I am one of those fortunate human beings who have taught in different parts of the world and I thoroughly enjoyed it.

You must be familiar with McKinsey’s 7S: strategy, structure, system, style, staff, shared value, and skill. Large companies in developed countries tend to have planned strategies, complex structures, sophisticated systems, bureaucratic styles, well-qualified staff, documented shared values, and analytical skills. For example, MNC plans its strategy every year. They have complex organizational structures: multi-layer and hierarchical. They have planning system, accounting system, financial system, audit system, and other system you can think of. Their staff are also highly qualified as they recruit some of the most talented individuals in the world. They take a lot of people from Harvard, Stanford, MIT, and other leading universities. Those people are highly analytical. You give them a problem, they will analyze it in all possible ways. That is what they are trained for. To organize the work environment of people, you need to put in place rules, systems, structures and policies. That is how you manage people and, unfortunately, the company turns into a bureaucracy.

But is all this relevant to the emerging economies? I would argue that it is not. Most companies in this part of the world have flexible strategies, simple structures, minimal systems, an entrepreneurial style, street-smart staff, practiced values, and execution skills.

If you look at the 100 richest people in Indonesia, the Philippines, Malaysia, or Thailand, you will notice that they are all of Chinese origin. The overseas Chinese diaspora is very powerful. Most businesses in Southeast Asia originated in that diaspora. I sit on the board of one such company and know some of the founders of other companies. If you ask them what strategy they have, they will tell you that they do not have any. They will say “my strategy is to be wherever I spot an opportunity and smell money”. This is a very opportunistic strategy, not like the one of IBM.

In terms of structure, the typical Southeast Asian Chinese tycoon will have 10-12 right-hand men all over the world that are supposed to sniff out opportunities. As soon as they spot something, they pounce on. They will not write a 100-page report to be approved by the vice-president. I know that once it took an MNC two years to approve a business development initiative in China.

The style of the overseas Chinese companies is very practical and they are very good at doing things. The same can be said of many other companies in emerging markets. But do we run programs that help managers of such companies? I suspect not. This is a misalignment. We need to understand the context.

Business management is all context-based. Social, cultural, economic, and political issues are important.

We look at Philip Kotler’s books from three perspectives. There are some companies in South Africa doing business in South Africa. I call these “local in

local". But there are also local companies that are growing bigger. Eventually, they reach a point when they are ready to go abroad. Finally, there are global companies that come to South Africa to do business locally. These are three very different contexts. We need to take them into account as we educate our students.

Our challenge as management educators is to understand how to align the delivery of the educational process with the right segment. We need to be aware of what type of segment we are working with. Undergraduate programs are different from MBA programs. Part-time programs are different from full-time programs. Part of the challenge is to get the right kind of faculty for the right course. Good faculty are hard to come by and they are very expensive. At most of the universities that I know, 60 to 70 percent of the costs are faculty-related and this is especially true of business schools.

Of course, infrastructure is also very important. We need laboratories, libraries, and well-equipped classrooms. But that is not enough. There must be more creative ways to teach business.

I was very impressed by what I saw in Stuttgart. They have what they call "a cooperative program". It combines education with work. The students have classes for one term and go to work in the next term. After three years, the students are better prepared to contribute to their companies than those that have had a more traditional education. I think that we need to reevaluate the conventional educational methods that we use at our schools. Innovation is essential. We need to come up with new tools and a new pedagogy. Only in that way will we respond to the changes of the world that we live in.

The Challenges and Opportunities of Management Schools in Transitional Societies

Nick Binedell, Dean, Gordon Institute of Business Science, University of Pretoria, South Africa

As we travel across the world, we experience a lot of differences. In many ways, all countries are similar, but they also have their peculiarities.

I went to a very traditional business school. We did American case studies that were not connected to who I was and where I lived. South Africa is a long way from Harvard Business School.

In South Africa, we have a group of people called the Khoi San. They hunt in a particular way. They will come out of their dwellings and find the footprints of an animal. Then, they will track it down until they have found it. Why am I telling you this? As we think about leadership and management education, as well as the role of management schools, those of us in fast-growing countries, which also have many issues, need to walk outside. As we walk among companies, communities, among poor people and representatives of different cultures, we see where the theory comes from.

I am very excited by the prospect that our location really matters. There is no doubt that management is universal. Every business schools studies Michael Porter. That is good but it is not enough. Running a bank in Indonesia is very different from running a bank in Italy or Iceland. There are differences in what happens in a meeting, the way decisions are made, and the way that communication takes place.

I liked Professor Tan's observation that the overseas Chinese businessmen are opportunistic money-seekers. This reminded me of a visit to Florence a few years ago. We went to the best ice cream maker in Italy. We had a division head with us who asked, "What is your vision for the future of the business? Are you going to open more stores? Are you trying to set up branches in other Italian cities? Are you taking this magnificent product to other countries? What is your mission statement?" The owner of the business answered, "My mission is to help my son make better ice cream than me."

The business school movement has gone from a US-dominated world to a world full of so many different schools. There were 700 or 800 of them 30 years ago. Today there are 14,000. China, India, and Eastern Europe have an abundance of business schools. Only Africa has not really taken off yet.

There are six billion people in what geo-politicians call "the periphery". However, that periphery is now becoming the center. As deans, we have to make sure that the programs we offer, the faculty that we hire, and the culture that we build, reflect that change.

A Darwinian biologist once told me that the rate of learning must be higher than the rate of change. I wonder how fast we are learning to deal with the changes that we see.



As I travel around Africa, Asia, Latin America, and the Middle East, I see that our institutions are not strong enough. The needs of our societies exceed the strengths of our institutions. In most of the emerging economies that I have traveled to, that gap is visible. The way that the government and civil society operate is not efficient enough to meet people's potential demands.

I think that we are extraordinarily fortunate. I mean that we are fortunate in our profession. Thirty years ago, a professor would sit in one classroom and teach one group of students from one city. Today, this is no longer true. We have the opportunity to send our faculty around the world. My motto is "Learn from everybody but copy none". There are lots of great ideas around but we need to find out which work well for us, in our particular environment.

The good news is that the world is desperate for well-managed institutions. This is true even in the so-called developed economies. Why is Japan stagnant? What about Western Europe? Will the euro survive? And what about the United States? It is not just emerging and dynamic economies that need great institutions.

It is extremely interesting that there are many different political economies in the world today. As I travel around the world, I see that there is no one single recipe for success. I see the United States as a very innovative society. It is like a young and energetic teenager. But, just like a teenager, it has a short memory. On the other hand, it possesses an incredible ability to learn. The americanization of business is a global phenomenon. I remember that the first thing I saw on the banks of the Ganges River in India was a huge Pepsi Cola sign. This americanization is really extraordinary.

The second system is the European. It is not coherent but it has some distinguishable features. Eastern Europe may also have some things in common. Japan, of course, is an isolated society. That country doubled its life expectancy and became the second biggest economy in the world. It has a distinctive culture that differs from that of any other country that I have visited. It is probably also the most sophisticated country that I have ever been to.

China and India are also exceptional. India had four business schools 20 years ago. Today, it has 1,000. The Middle East has not seen that kind of growth yet. Latin America has 700 business schools. In contrast, Africa has very few of them. There are only 25 functioning business schools for a billion people on our continent.

The point that I am making is that economies in transition have a desperate need for what we do. There is a huge need for general management programs. We help people make decisions and lead. We teach the basics of management, from accounting to marketing. Increasingly, we teach leadership as well. We teach innovation as we know that these young people want to change the world. Many of us also teach entrepreneurship: how to start your own business. We are busy teaching doing, knowing, and being.

I have been all around the world and I think that no city is more exciting than Lagos. It has more energy than Shanghai, Mumbai, or Manhattan. But its infrastructure is extremely poor. Sixteen million people are trying to make a living that way. When I was there four years ago, nobody had a credit card. Fifteen years ago, there was one phone for 300 people. Still, this is a restless, energetic, and dynamic city, full of potential.

The first business book I ever read was about the future of sales. I read this story about a shoe salesman who went around Ghana for six weeks and concluded that there was no potential for shoes in Ghana because 90 percent of the population was barefoot. When the South African cell phone companies arrived in Nigeria, there were 400,000 working phones for 130 million people. Today, there are 90 million cell phones. Nigeria exports 60 billion US dollars of oil annually, yet it imports 60 million liters of gas a day. Most of us have never been in that kind of environment. As Jonathan Cook and I arrived at the airport of Lagos, the lights went off. Nobody even looked up. It was considered normal. You hear the sound of generators throughout Lagos. Jonathan calls this "organic anarchy". That is what it is. You find it in Lagos, Kinshasa, Luanda. As you fly overhead, you see only a couple of lights even though millions of people live in those cities.

The geographies, the histories, and the social structures of these countries are remarkably different. How do we then define a business school?

The traditional role of a business school is to take some young, high-potential executives, give them a curriculum and develop a learning process. But where is the intellectual inquiry? Where is the philosophy? Where is history in our curriculum? Where is the understanding of the history of economics? Do we have anything about communities in our curricula? Is a business school an island of excellence in a sea of poverty? Or is it embedded in the business community in which it operates? Should a business school engage with the leadership of a nation? Should it criticize business? Should it seek to produce citizens? Or do we narrow down its function to the production of good executives?

What is it that makes us think that an MBA is relevant in an emerging economy? Will the idea of general management still be a powerful idea in the next 20 years? Or do we need specializations? Perhaps we should shift toward entrepreneurship. Where does our license come from? Most of us have a license from the state. But what is our real license? Do we have an impact on the societies that we work in? Are we changing them?

I hope that we are going to explore our intellectual challenges later today. This is the challenge of borrowing from the best but developing our own practices.

I am very much attracted to CEEMAN, partly because of its irresistible president, Danica Purg. But the other reason is that I understand that many of you, the deans and directors of CEEMAN business schools, are exploring, experimenting, and sharing. I am intrigued by the question of whether what we are doing is rational. What is the opposite of “rational”? I do not think it is “irrational”. It may be “emotional”. Most of the Chinese billionaires that Professor Tan described are intuitive actors. They operate on instinct. What do we do about that?

Many accuse us of being anti-intellectual. What are we supposed to do about art and philosophy? What do we do about these long-term ideas, the fundamentals of intellectual thought that will last beyond the recession? Can we be passive in our societies? This country is still unsettled. The great leap we made in 1994 became the Disney Decade. The history of this country has been difficult. It has been brutal at times. So, how do we fulfill our citizens’ roles in terms of engaging with leaders and criticizing business?

Lastly, should we produce citizens? Some schools have ethic statements. The American schools have been blamed for the failure of the financial system. But have we ever had a discussion of what kind of citizens we want? What kind of people do we need that operate beyond the business community and see the overall development of the nation? Singapore is one of the extraordinary developmental stories. When I go there, I hear people say that they want the whole society to succeed.

Lastly, should we teach more business? Or more government and civil society? I wonder if we are not operating in islands. In South Africa, we have a very robust private sector. There is no country of its size, in terms of GDP, that has produced more globally competitive companies. This country has produced the second biggest beer-maker in the world. It has huge mining companies and its banks are ranked among the top five in the world. Its auditing firms are also among the top five. We have a very strong private sector but the state is not functioning well. Should a business school help the state? And what about civil society? It is the foundation of democratic life. Yet, in most of the schools that I visit, there is only a modest outreach to civil society, despite the fact that, in the long run, civil society is the guarantee of democracy.



Sergey Myasoedov, Vice-Rector of the Academy of the Russian President, Dean, IBS-Moscow, President of the Russian Association of Business Education (RABE), Russia

I am very grateful for the opportunity to do this presentation before this esteemed audience. I would be happy if I get questions from you as I believe that the main value in our business

school model is its focus on interaction.

Thinking about the topic of this panel, I come to the conclusion that we can simplify the matter by singling out two basic problems. At least, this is how I see things from my Russian perspective.

The first problem is self-identification. In Russia, the business school movement is a relatively recent phenomenon. The vast majority of people do not see a distinction between a business school and a university. This creates a lot of problems and misunderstandings.

The problem of self-identification exists in all fast growing economies. Of course, there are some expectations as to how we should behave, what part of the world we should belong to, and what we should look like. As the world is changing rapidly, we are becoming different.

To illustrate what I said, I want to tell you a short story. I recently visited a small and quiet university in North Carolina. I have always felt nostalgic about that place because I spent a semester as a guest lecturer there – many years ago – in 1990. I taught the economic history of the Soviet Union and as I did that, I was discovering the Western world. I went there from a small one-bedroom apartment in the suburbs of Moscow and I stayed in the house of an American professor who had moved for half a year to my department in Moscow.

I returned there 20 years later. Over that time the world, USA and Russia had made a huge economic and technological move forward. And at the University, the life of the professors, as well as their perception of Russia, looked much the same.

Twenty years ago, Russia was associated with the Bolshoi Theater, vodka, KGB, Stalin, the Kremlin and food shortages. This international image has not changed much and it takes efforts to explain that things are now different. And if you try to do that, people look at you in an understanding and friendly way. But they do not quite believe you. That is why I say that we need self-identity. At this meeting, most of us represent growing economies. We have to prove that we are creating something different.

Now, I would like to provide some information about the Russian market in business education. We have about 150 business schools and business centers, almost all of which are members of the Russian Association of Business Education. There are 59 nationally accredited MBA programs in Russia and about two dozen joint ventures: programs that lead to a Western MBA degree. The Western partners tend to be mid-level players, such as universities and business schools of Grenoble, Durham, Kingston, and Stockholm, Antwerp Management School, Vlerick, Eastern Bay California, Guildhall, etc. Leading business schools, such as Harvard and Stanford, are not represented. I do not mean to offend any universities by classifying them as mid-range. What I have in mind are the existing Western rankings.

Twelve Russian business schools have been accredited by AMBA and five by EPAS. There is one application to EQUIS. Five business school programs are accredited by AACSB but through their Western partners. As far as I know,

we have about half a dozen CEEMAN accreditations. By the way, CEEMAN is very useful to our schools as it explains how quality can be improved.

As far as the Russian business school model is concerned, it is characterized by a strong role of the founders. Most programs are financed by the fees that the schools collect from the students. This creates a dependency on long-term degree programs. Although endowments have emerged recently, they are still not part of our business school culture. A big proportion of the faculty members typically work part-time.

In our country we have thousands of professors with PhD degrees whose expertise has absolutely no relevance in a modern business context. In Russia, it is much easier to find a professor with a Marxist-type PhD than a good professor who can act as a consultant. The schools are retail-oriented. Applied research is a new phenomenon, yet it is gaining ground. Business schools are beginning to think about case studies, comparative analyses of different regions, and other ways to become more relevant to their customers.

Many of our business schools have identity problems as they operate under the umbrella of larger universities. Those universities teach diverse subjects and the quality of their departments is not the same.

Another characteristic of our schools is their low internationalization and low penetration level of English as a language of tuition. Ninety-three percent of our schools serve the local Russian market and therefore use the Russian language. However, all schools are trying to change this pattern. Every year they try to introduce English-language programs. But although this is a growing trend, it is slow as most Russian customers are reluctant to take a program that is not taught in their native language.

Most programs target individual customers. Many schools attempt to work with companies and offer tailor-made courses, yet the large majority provide open courses.

There are practically no full-time MBA programs in Russia. Customers are unwilling to leave their jobs as once you do that and stay away for two years, it is very hard to come back. This means that there is a strong preference for part-time degree programs.

Finally, unlike the Western world, Russia's business education market does not have a top-executive training segment.

Price levels at Russian business schools diverge widely. The top market is exemplified by the only politically backed school of Skolkovo. Its executive MBA program costs 90,000 euros.

The next tier is occupied by the collegiate business schools of the leading Russian universities - the IBS-Moscow of the Presidential Academy, the St. Petersburg University School of Management, and the Moscow State University School of Management. These charge about 35,000 euros per program. Then, there is a market-driven upper-mid stratum occupied by half a dozen well-positioned business schools: those of the Russian Presidential Academy, the Financial Academy, the State University of Management, and RUDN University. One independent business school backed by a big bank - MIRBIS - is also in this category. The price range of the programs at these institutions is 10,000 to 20,000 euros.

Finally, we have some 30 or 40 business schools that provide relatively inexpensive programs that cost from 5,000 to 10,000 euros.

All Russian schools consider accreditation important. While a dozen of them have international accreditation, most are accredited only by the Russian state.

There are a lot of discussions going on about the future of accreditation of Russian business schools. First of all, we are searching for a sustainable development model. In principle, emerging economies are not stable. Some elements of management for survival are practically present everywhere. Business schools today are arriving at a full-cycle model, starting with bachelor programs and ending with an executive MBA or a doctorate. They see this full range as a guarantee of stability as it diversifies their portfolios and targets different market segments. They are also struggling to gain a foothold in the English language segment.

I started my presentation by talking about self-identification. This is a burning issue for our schools. It involves branding, a search for unique training and research niches, a search for international recognition, and work with the mass media.

Across the growing economies, there is also a search for what I call “innovative global locality”.

I wonder why the Japanese business model is discussed in many handbooks of management but the BRICS model is not. One possible answer is that many scholars believe that the BRICS model is not sustainable and will disappear in a decade. May be this is right. May be it is not right. But it is amazing that nobody has done any serious research in that area yet.

I believe that you are all familiar with Geert Hofstede’s research. Around 1970, he studied some 112,000 IBM employees and found that managers from different countries did not think of management in the same way. His work has been supplemented by that of other cross-cultural researchers. By now, there are many well-known cultural parameters. I looked at all of them to see where Russia is situated. I found that, on a scale from 0 to 100, my country always scores 40 to 60. There are only two exceptions: power distance and uncertainty avoidance. If you look at the other BRICS countries, you will notice that they all have a strong identity in terms of these parameters. This suggests that we need to do a lot of joint research. We need comparative studies and case studies.

All Russian business schools are trying to enhance their quality. They are making efforts to obtain international accreditation and move up in the domestic and international rankings. They are also looking for strategic international and local business partners.

Finally, I must say that the leading Russian business schools have a growing understanding of social responsibility as a way to achieve market influence. They simply realize that if they ignore the needs of society, and behave cynically, they will lose customers.

I think that a global identity and global locality cannot exist without international cooperation. But, while striving for such cooperation, it is important to remember Danica Purg’s classic adage: “Take the best from the West and leave the rest!”

Discussion

Pavlo Sheremeta

The decisions that are being made now will probably define the future for a very long time. What is the essence of your message to your students about your decisions? What kind of future lies ahead of us and how should we shape it?

Nick Binedell

I suppose that I would say that the story of South Africa and the potential of Africa lead me to think the following. We live in an extraordinarily uncertain world in which leaders can really make a difference. Maybe the energy of the last 10 years has shifted. For example, the growth of China and India has slowed down. But I still largely think that we live in a world full of opportunities. With the right knowledge, the right doing, and the right being, people have very exciting prospects ahead of them.

Sergey Myasoedov

While traveling this summer, I met some Russian expatriates in Washington DC. We discussed the differences between Russia and the United States. They said that they felt safer in America and they are right. The quality of life that those people enjoy is higher than that of average Russians. This being said, I still believe that bright Russian people have better opportunities in Russia than in the United States. A recent study found that the career advance-

ment and salary growth of the graduates of IBS-Moscow, the leading business school of the Russian Presidential University, are the highest in Russia. Their salary growth in the first three years after graduation exceeds 80 percent. These people also have a tremendous opportunity to influence their society. This is typical of all fast growth economies.

Nick Benedell

Perhaps the standard of living is not the same as the quality of life. When I go to very mature economies, I see that the standard of living is very high but compared to the life you can lead in these dynamic societies, the quality of life in them is higher.

Alojzy Nowak

The world has changed a lot as a result of the financial crisis. Before the crisis, we dealt with standardization in education and perhaps with americanization. What is your proposal for the post-crisis era? Should we standardize business education or liberalize it?

My second question is how business education will be financed in the near future. In Poland, we have problems financing not only business education but all sorts of education. I have a specific question for Professor Binedell. You told us that the private sector was very well developed in South Africa but you were less positive about the public sector. Where do you educate the chairmen or presidents of the business sector?

Next question. Don't you think that in the developing world the public sector is not playing a very important role with the possible exception of China? We have had a lot of problems with European leaders. Examples are provided by Italy, Ireland, and Greece. Unfortunately, the voters were helpless; they could not remove their leaders. Then, the financial markets removed them within a few days. Do you think that public leaders are still important for the economy?

Nick Binedell

I think that the question about standardization is a false question. There is a lot of good practice that could be standard in some subjects, though not in all. There is also a lot of rich material that needs to be localized. I do not see this as a trade-off. The key is to learn universal management practice and localize it. There is universal practice in the technical aspects of business. If you have to make a cell phone, there is one best way to make it. But other areas are very localized.

Sergey Myasoedov

I think we should stick to the golden middle rather than jump to one extreme or another. This has to do with our global identification and our programs. We all know that a full-time MBA is much more standardized than an executive MBA where you have much more flexibility and more emphasis on the soft disciplines.

As for the question about the financing of education, I think this is a very important issue and I am glad that it has been raised as we need a serious discussion about it. I strongly believe that university education in mathematics, physics, and literature should be heavily subsidized by the state. If that is not the case, we will lose those sciences. On the other hand, the people who study on graduate business programs should pay for themselves. Another option is for their companies to pay for them.

I think that if entrepreneurial people can find money to go to business schools it proves that they have a talent for business and entrepreneurship. It is like having a musical ear, which proves you can study at the conservatory. Why should we waste tax-payers' money to support the studies of losers who do not have any talent for entrepreneurship? That is not good for them either. They may be good physicians, or actors, or something else. Free-of-charge business education creates the wrong motivation for those who are talented in other things to go to business schools.

Nick Binedell

On the question of financing, I will speak about South Africa. We have a very poor subsidy for our MBA program and have to be largely self-financed. We have two good things working for us. The first is that this country is going through a massive transformation; you all know that we used to have racial discrimination. Many companies and individuals are willing to invest in education. If you generate a high return to those companies and individuals, they are willing to fund education. I hope that the state will change its approach in the years to come but at the moment business schools in this country are significantly self-financed.

As for how we teach chairmen and presidents, it is a very interesting question. Very often, chief executive officers are under such pressure that they do not take time to study. Still, we have them come and teach at our school when we run company programs. That is about most of their learning. In addition to that, we have networking activities: dinners and lectures. But it is very difficult for top executives to study the way that we would like them to.

As for the question about the involvement of the state in business education, that is also a very interesting issue that has many different aspects. My view is that 10 years ago we wrote of the nation state. We thought globalization made the state irrelevant. That was totally wrong. What we have seen is the resurgence of the state. First, we see it in China. That country has been a state-led economic success. Second, we see the state's role in the global recession. States are playing difficult roles but they have reasserted themselves.

The state is either a positive, inclusive creator of success because it has the final authority, or it causes the weakening of the nation. In Africa and in other developing regions, we see that the state is either a net asset to a country, or a liability. But the state as a licensing, taxing, and political power remains very important. And I see constructive states and destructive states. My own personal view is that politics drives economics. Good politics makes good economics whereas bad politics makes bad economics. Every failed state that I visit has bad politics whereas every successful state that I visit has either neutral or good politics.

Sergey Myasoedov

I agree with Nick to a great extent. However, I would like to add some observations. My university provides 50 percent of all MBA graduates in Russia plus 80 percent of all retraining programs for public policy employees and civil servants. After the huge university merger that took place three years ago, civil servants and business executives were brought under the same university roof. People with somewhat different values now sit in adjacent rooms. In the first room, we have a group of people who believe that they are devoted to their country whereas businessmen care mostly about the contents of their pockets. Those in the second room believe that the core of any society is business and entrepreneurship whereas all problems come from civil servants who repeat the right words but try to privatize their functions so as to fill their pockets.

A lot of people in both groups are talented and are really devoted to what they do. The problem is that those two groups of people do not talk much to each other. It is a real challenge to set up a program that would bring civil servants and business people together and get them to interact. That is such a pity because the majority of all these people are talented and devoted to their country. I think that for our country to be successful, we need to work with both groups. By the way, I recently read in the *Harvard Business Review* that, in addition to emotional intelligence, which is an ability of a leader to understand the motivation of the followers and act appropriately, there is also such a thing as political intelligence – understanding the motivation of the top politicians as a foundation for the GR management. At our business schools we have to introduce more courses connected with those competences.

The careers of the leaders of our countries follow zigzag paths. Every seven to 10 years, they change their jobs, from top businessman to politician, then

to business again. If we want to help our societies by preparing good managers, we need to find an approach to train and produce multifunctional managers capable of successfully approaching both business communities and top civil servants.

Andreas Pinkwart

I loved Sergey's story who told us that nothing has changed in some parts of the United States for decades. However, I think we have to be a little more objective and take into account the information revolution. It is not coming from Europe, or Asia, or South Africa. It is coming from the United States. Also, I see that in our parts of the world we copy the American business school model. Of course, we try to be a little different but what we do is copy the American approach.

At present, the best business schools in the United States are revolutionizing business education. What is our answer? Do we have an answer? Do we only copy or do we also produce an impact in this revolutionary period?

Nick Binedell

I am a great fan of American innovation technology and education. As we started our school, we had three options; to copy the American model blindly, to reject it completely, or to copy what we thought we should. We followed the third option which is the middle path. I like to say, "Learn from everybody; copy nobody". South Africa has a good history of business education and we have chosen an adaptive model. However, it is often more oriented toward the hard subjects than the soft ones. The focus is on technology, accounting, operations management. Americans are very good in those areas. As for human relations, understanding processes, and understanding society, I think that we have some interesting things to offer.

Chin Tiong Tan

The American business education model is very expensive. It is sustainable but only in the United States. Their faculty come right out of the university programs of top schools. Their starting salaries are 150,000 US dollars. How many of our schools, including those in Singapore, can afford to pay starting salaries in that range?

If we do not follow the American model because, among other things, we cannot afford it, how can we attract good faculty? It is something that we need to think about very carefully.

I happen to know Stanford very well. All the faculty there are researchers. They have only a couple of people who come from practice. Many of those in top research universities are researchers with little interest in education. They believe that their mission is to contribute to science by creating new knowledge. There is nothing wrong with that. We need people who continuously generate new knowledge. Still, our bread and butter is education. We must have faculty who are passionate about teaching.

Relying solely on adjunct or visiting faculty is not a good strategy. But what is the right balance between visiting faculty and full-timers? I do not know. Each school needs to find out for itself, depending on its own context.

Sergey Myasoedov

I did not mean to criticize the United States and its educational model. I am indebted to the American taxpayers for financing my studies at Harvard and Wharton. The first thing that I did as I took my children to Washington DC was to visit the museum of aeronautics. I wanted them to see how innovative and technically advanced the USA was.

What I meant was that the perception of many Americans of Russia as well as of other fast growth economies has not changed in more than 20 years. Americans are far ahead in terms of technology but they are falling behind in some of their perceptions of the rest of the world.

Jose de la Torre

Over the past decades, we have witnessed hundreds of moral failures that business leaders have had in a whole range of fields. These failures are evident in, but not limited to, the financial sector. We see failures also in terms of increasing pollution, poor sustainability, trampled human rights, and violated product safety standards. Corruption is also widespread and is behaving like a 400-kilo gorilla in most of our countries.

Recently, business schools have been severely criticized for failing to provide a moral compass to their graduates. However, by the time that our students come to the classroom, their moral compasses are pretty well formed by their families, early educational experiences and the institutions they have been exposed to.

In your view, what methodologies can be useful in establishing the foundations of citizenship that our students need in order to be able to function in society and avoid the moral failures of their seniors over the last few years?

Nick Binedell

I already made a call for a stronger emphasis on philosophical and intellectual elements in the curriculum. This is how we can stimulate reflection on what society is about and how the economy has emerged. I think that executives grapple to understand the deep causes of the phenomena that you mentioned.

However, I have found out that explaining morality to people does not change their morality. For that reason, we try to make morality experiential and emotional. In our classes, we still have victims of the apartheid system. We deal with that by teaching courses that reach into this history. I have learned as a teacher that if you just try to be rational, you do not have much impact. If you bring in an emotional and experiential part, I think you can help people develop their own morality.

Much of the criticism associated with the financial crisis has been inappropriately aimed at American business schools. Some people think that the American business schools run the American financial system. Second, there has been a spillover of criticisms of business schools in other places. I think that is unfair.

We should tackle the moral question but we should do that in creative ways. Executives have stable value systems. They can be confronted only through emotional and experiential learning.

Sergey Myasoedov

Twenty years ago, I was lucky enough to take a course in corporate social responsibility at Harvard. It was brilliantly taught by Professor Thomas Piper. He wrote a book entitled *Can Ethics Be Taught?* I had tried to bring this idea to my business school but I failed. For many decades, people in the Soviet Union were taught the moral principles of communism. The principles sounded right but society did not follow them. And everyone was aware of the double standards: you say one thing but do another.

Today, we teach corporate social responsibility and sustainability. Some people are more receptive to these ideas than others. But if we say to the class, "There are people who are starving out there. Let us go and help them", they will come.

Recently, we found a professor who teaches moral principles within leading religions. We have multicultural and multireligious audiences. They learn these things with great enthusiasm. But, as Nick said, you cannot just preach these principles for the sake of preaching. You have to touch their emotions.

Jolanta Mazur

I know about Thomas Piper of Harvard University and his book but since many Harvard graduates are accomplices in the financial crisis, I guess they skipped his course. Anyway, I have read a study arguing that our programs

are out of touch with what managers actually need. They spend most of their time communicating with people but we do not teach that enough. On the other hand, they do not spend much time planning but that is what we teach. Do you recognize this problem? Do you need some other subjects as well?

Nick Binedell

The answer is “yes”. We need a blend of subjects and methods. You cannot learn leadership by reading about it. You only learn leadership by practicing it. I think business schools should become places of doing, not just thinking. The same goes for entrepreneurship. We run many programs to help entrepreneurs start up or scale up but you cannot teach entrepreneurship in a room like this one. It is experiential.

Sergey Myasoedov

Several Russian universities were recently allowed to develop their own educational standards. That permits them to break old rules and set new ones. This includes soft disciplines that are particularly important in the education of managers. I think that the more mature the students are, the less standardized the educational program should be. The focus should shift on disciplines such as leadership and entrepreneurship through experiential learning.

Reports from Parallel Sessions



Session 1: Building the Faculty and Research

Johan Roos, Dean&CEO, Jönköping International Business School, Sweden

I had the privilege to lead the first parallel session. We had two fantastic presenters: Milenko Gudić and Philippa Levy. Our session was on faculty devel-

opment and research and we discussed the challenges that our schools are facing in that respect. There was a long list of challenges, which is hardly surprising. They covered a wide spectrum of topics, such as the identity of the business school, impact on society, and willingness to contribute. We also discussed the question of whether we practice what we teach. We talked about professors who teach strategic change but do not like to practice it.

Speaking of business schools in Western Europe, we mentioned the need for people to be aware of some of the hard facts that we face in this world.

Philippa presented some ideas in that context. She told us what they are doing in the United Kingdom in terms of government-sponsored initiatives that aim to promote teaching of excellence. There is a lot going on in that respect in the United Kingdom. The term "student engagement" came up quite often. However, faculty engagement is also important. How do we get our faculty to engage with our students if the academic world rewards research most of all? Philippa shared some interesting ideas about that.

She also talked about the need to share practices across disciplines. We know that this is easier said than done but it is clearly an important topic.

Somebody asked what qualities faculty need to be good educators. We came up with a list of attributes and that was a nice bridge to Milenko's presentation. He shared 12 years of his experience with CEEMAN's IMTA program. He talked about the so-called diamond: the research, education, consulting, and administrative dimensions of faculty work, and how IMTA attempts to integrate them. I think that was a deep analysis of how we develop as multidimensional human beings and multidimensional faculty. I believe that we can spend a lot more time discussing the interaction between research and education.

Then we had an open discussion. One of the topics was the overcoming of the burden of disciplines. As Milenko put it, we can get knowledge from the disciplines but we cannot get understanding. We wondered what we can do about that in our discipline-based world where we tend to be stuck in silos. We agreed that both faculty and students need to get a holistic picture.

We also talked about the role of business schools in society, and - more precisely - about their changing role.

The next issue was innovative practice at our institutions or those that we have heard about. We heard some interesting ideas but I think that more can be done.

Another topic of discussion was rewarding excellence in teaching and research.

Then, we spent some time on the big picture: how do we develop faculty? For example, by coaching each other, by having more senior faculty lead younger ones, spending time with them before their sessions. But, wonderful as this sounds, it is very expensive, so we cannot do it.

We gradually moved over to the topic of technology and computer-based learning, including distance learning. This is a new system, challenging the classic university. Overall, I think we had a very insightful session. Derek Abell summarized the situation by saying that many other industries have evolved toward low-cost mass production, leaving some niches where customers perceive higher value. Business education may be following this trend.

Session 2: Networks, Alumni Relations, Fundraising

**Danica Purg, President of CEEMAN
and IEDC-Bled School of Management,
Slovenia**

Here is a summary of what lasted an hour and a half. There were 36 participants in our room, which evidences the great interest in networking, alumni associations, and fundraising. We had three speakers: Buba Lezhava of the Caucasus School of Business in Georgia, Kevin O'Connell of the American University in Cairo, and Jose de la Torre of the Florida International University.

We learned that despite all electronic technologies, personal contacts are indispensable. Some time ago I was pleasantly surprised to see an article on networking in the *Harvard Business Review*, discussing operational, strategic, and personal networking. The latter would be alumni associations which are the most important for us.

It was suggested that building networks is certainly essential but it is even more important to maintain them. Networking is an innovation process because you always have to offer something new to your members. I think that it is very important for younger schools to realize that this process takes time and it is not possible to get immediate return on your investment in networking. All of the reports that we heard concurred that you must be patient.

Buba Lezhava told us that he had started his networking with the Georgia State University in Atlanta, in the United States. Then, he contacted some international associations. He also pointed out that being CEEMAN members and having CEEMAN accreditation greatly boosted his school's development. Buba stressed the importance of this type of networking in a country like Georgia. He also told us how they developed their relationships with the community as it is very important to demonstrate that the school is doing something for society.

Then, Kevin told us how Harvard and Stanford go about their fundraising. Harvard collects 600 million US dollars a year. From the first day of study, they start building a sense of belonging in their students, nurturing it throughout the whole period of study. I think that this is extremely important and I try to foster this understanding at my school in Slovenia. Kevin also told us about the unions, clubs, and magazines of Harvard. I am also an alumna of the International Senior Management Program of Harvard and I witnessed this myself. Harvard also provides other types of support for its graduates. For



example, when I go to New York, I can stay at the hotel that Harvard Business School provides. You just have to pay a certain membership fee and that entitles you to accommodation at a very good hotel in New York. Besides, you meet other Harvard alumni from all over the world there.

Kevin told us that Stanford had a similar program yet it did not produce such a strong impact on him because it was not the first time he had experienced this type of treatment. He studied at Stanford after Harvard.

Kevin shared with us his experience at the American University in Cairo. They give their students ID cards and e-mail accounts. They have special admission rules for alumni children. They publish a newsletter, too. Yet, they are not getting the same results in Egypt because Egyptian culture is different from American culture. I see a similar phenomenon in Central and Eastern Europe. The state was responsible for our education for a very long time and this has had an impact on people's mentality. It is very hard to do fundraising but you can achieve it if you work very hard on it.

During the 26 years that I have been director and dean of my school, I have collected five million euros that is actually 10 million in today's money. I collected all this money personally as we realized that this is a top management task. You cannot just send a junior person around, expecting great success in fundraising. As a chief executive officer of the school, you have to be constantly active in that endeavor. One of the keys to success is to demonstrate some prestigious projects as donors tend to like them.

Jose de la Torre talked about community networks, strategies for alumni, investment in relationships by providing services, and building loyalty. He stressed the word "loyalty" on multiple occasions. Alumni participate in many of the school's activities. They have a deans' council consisting of top executives. They have program advisory boards, including 20 to 30 executives who provide advice and promote the programs. There are also alumni chapters and an alumni circle. Besides, Jose mentioned something that I had never heard before: social and affinity-driven alumni groups. The school's alumni are expected not only to provide money but also to be socially engaged with their school. Jose also mentioned an "entrepreneurship hall of fame". They give awards to young entrepreneurs, to faculty, and other recipients.

The main conclusions are that relationships cannot be rushed and that we need to be specific about what we want. As for fundraising, I would say that the more you have achieved in the past, the more credible you are. I reiterate that fundraising is a management function. It is a continuous project, not a once-in-a-life-time story.

I would also advise you to think big as you start doing fundraising. When I started out, I told the potential donors that I needed 2 million euros for the new school building. Think big but of course, be grateful for small gifts as well. This is one of the things that people in our part of the world have not learned to do well yet. You have to show your gratitude and write a nice thank-you letter. You have to visit your donors also after you received the donation. You have to display their names at your school. Then, you need to maintain your relationship with them and congratulate them on their birthdays, successes of their companies and their managers, etc.

Try to use this wisdom as it is very important for our future.

Session 3: Creating the Infrastructure

Irina Sennikova, Rector, RISEBA – Riga International School of Economics and Business Administration, Latvia



Unfortunately, our session was not well attended. And I must admit that if I could choose which session to go to, I would go to the one on fundraising.

The topic of infrastructure is connected to the previous one as donations are often used for building infrastructure. We had three speakers on our topic: Jim Ellert, Le Roux Franken, and myself.

The goal of building infrastructure is to have a modern, stimulating learning environment for students. However, this needs to be related to the school's mission. It is not a good idea to adopt new things just because they are trendy. They should serve a specific academic purpose. In our case at RISEBA, we needed to support our business model. We say we are the place where business meets art. I shared our experience of how we developed what we call "a creative quota". We also try to make a contribution to the development of our beautiful city and its cultural regeneration.

Jim Ellert shared his experience from IMD, Lausanne. They recently had two large projects: building a learning center and enlarging the dining hall. IMD has ample resources, yet they have to generate their own revenues so as to develop their infrastructure. I was surprised to hear that they do not try to reach alumni for the purpose of fundraising. They do approach companies but they do not ask for money. Instead, they offer investment partnerships, sharing the cost of the project.

We arrived at the conclusion that different audiences require different infrastructures: undergraduates, executives, or MBA students. It is also a question of efficient use of space.

We talked about information technologies as well. We agreed that these arrangements need to be supportive of the school's mission. Le Roux discussed the challenges in this respect in the South African context. The majority of students do not have their own computers, which means that the school needs to provide these. I liked his statement that this is related to their mission: to be a center of hope for Africa. They are developing what they call "pedagogy of hope".

Discussion

Chin Tiong Tan

As you probably know, there is no fundraising culture in Asia. We do not have universities like Harvard and Yale that have large endowments. Yet, the Singapore government is trying to encourage this culture. Relationships and personal networking are essential for this purpose. I formed a fundraising team and we started approaching people that we did not really know. Many of you have probably heard of Li Kai Shing, the wealthiest person in Hong Kong, if not in Asia. Although we did not know him well, we approached him and put a proposal on his table. We told him that we would like to get a gift from him. In return, we would name our library after him. And guess what? After some deliberation, he agreed.

The Singapore government encourages fundraising by giving us three dollars for every dollar that we have raised on our own. Thus, the 20 million from Li Kai Shing became 80 million.

Then, we approached a foundation. It did not know much about us as Singapore Management University was a brand-new university. Nevertheless, we boldly asked for 50 million dollars. We were successful and after the government provided its part we had 200 million dollars.

In this way, within the first year of our existence, we raised 300 million dollars. There are rich people in every country. Increasingly, more and more of them are prepared to give. Be bold, knock on their doors and ask them for donations. That is my advice.

Derek Abell

I helped design the program of this conference but I now realize that we have a hole in it. We are talking about building resources for our institutions: faculty, research, buildings. However, building relationships with customers is more important than that. You can spend a lot of time collecting money for a building but what is the use of that if there is nobody to sit in the classrooms? I think we should have had a parallel session on building your image and your market so as to attract customers. We are academics and we focus too much on the inside. Yet, without customers, the whole thing is nothing.

As for the inside, what is missing is building unique insight into the problems of managers. That is also more important than the physical facilities. It means that your team should know something about the problems of your customers since the customers themselves do not always know. Knowledge about this does not come from the research that gets published in academic journals. You can gather it in your classes. When the participants hear something that touches them, they say, "I can use this in my business".

These things were missing in our discussions. We were too focused on the bricks and mortar rather than on what really brings in revenues.

Danica Purg

I think these were very wise comments, encouraging us to work more with our clients. However, we did talk about these issues during our session. We talked about creating relationships in general. And we came to the conclusion that you get more clients if you have some specific things to offer. There is some interaction or synergy between all these phenomena.

I must also tell you that as we tried to set up scientific chairs in different fields at our school and have them sponsored, nobody except Coca-Cola company responded positively. But when we asked for money to buy land or build something on it, we received a lot of donations. It is a question of mentality.

Derek Abell

My point is that senior faculty have to be business people as well in the sense that they should help bring students to the classroom. Business schools should be like consulting companies. They do not have marketing departments; it is the partners that generate business for their firms. There are many academics who think that their job is to stand in class and deliver their seminars. But who will they teach if there is nobody in the classroom? Selecting and developing faculty who see themselves as part of the business is a hard task but it is worth trying. At our school in Berlin, we emphasized four elements: teaching, research that supports the teaching, institutional development, and business development. Each of these is essential.

International Cooperation and Partnerships

Jorge Talavera, President, ESAN University, Peru

As I heard the topic of this meeting, I got very excited. It is about changing, dynamic environments which means it is about us! Among other things, it is about Latin America. If there is a dynamically changing environment, that is definitely Latin America.

There are fiscal deficits in most Latin American countries and relatively high inflation. We have guerillas. We have terrorism. In Colombia and Peru, we have the Shining Path movement. We have drug trafficking. As you know, Colombia and Peru are the world's leading producers of cocaine. We produce a lot of cocaine and it is very good quality, too. So, if you want to see a dynamic environment, look at us.

I am going to talk a little bit about my institution, ESAN University in Peru, and CLADEA, the association of Latin American business schools. It is the equivalent of the AACSB in our region.

I wonder if you have heard this statement: "Thirty years from now, the big university campuses will be relics. Universities will not survive". It was made by Peter Drucker.

You cannot always find an explanation to all questions.

Yet, to explain what we can understand by "globalization," I will refer to Knight and de Wit who defined it as "the flow of technology, economy, knowledge, people, value and ideas... across borders. Globalization affects each country in a different way due to a nation's individual history, traditions, culture, and priorities".

I would now like to dwell on the evolution of the terminology of international education. There are traditional terms that have been in use for the past 20 years: international education, international development cooperation, comparative education, and correspondence education. The specific elements of international education were foreign students, student exchange, development projects, cultural agreements, and language studies.

Then, we can speak of existing terms that have been in circulation for the past 25 years: internationalization, multicultural education, intercultural education, global education, distance education, and offshore or overseas education. The specific elements were: international students, study abroad, institution agreements, partnership projects, area studies, double or joint degrees.

Finally, in the past 15 years, we have heard some new terms: globalization, borderless education, cross-border education, transnational education, virtual education, internationalization abroad and internationalization at



home. The specific elements within this terminology are: education providers, corporate universities, liberalization of educational services, networks, virtual universities, branch campus, twinning and franchise programs, and Global Education Index (GEI).

Now, let me present some background information about higher education in my part of the world. In the 19th century, there were 40 universities in Latin America. In 2011, there were more than 9,000. Students registration in the 1950s was around 266,696, reaching 15 million in 2011. Almost 500 business schools are accredited by the AACSB, whereas 100 have EQUIS accreditation. Foreign institutions are setting up operations, too. For example, the fourth graduate school of business in Latin America was founded by Stanford University. That is how my school started out 50 years ago. As Harvard competed with Stanford, it set up business schools in Central America.

There was a big difference between Europe and Latin America in the past and the European universities were reluctant to come to our continent because of all the problems that we experienced. They preferred to be in London or Barcelona. However, we have survived and we are doing a very good job at present.

Our university is very international. The first professors were from Stanford. Currently, we are the oldest and largest business school in Latin America. We have 12 dual degrees with schools from different parts of the world and more than 75 exchange programs. As you see, we are quite international. If you are interested in cooperation with our school, I would be delighted to share some more information with you. And, if you need contacts in other Latin American countries, such as Colombia or Chile, we can suggest some names.

Now, let me share some facts about the internationalization of education. Internationalization at the national, sector, or institutional level is defined by Knight as “the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of higher education”. It involves development of new international networks and consortia, growing numbers of students, professors, and researchers participating in academic mobility schemes, and an increasing number of courses, programs, and qualifications that focus on comparative and international themes. There is also more emphasis on developing international intercultural and global competences as well as a stronger interest in international themes and collaborative research.

These processes are accompanied by a growing number of cross-border delivery of academic programs, an increase in campus-based extracurricular activities with an international or multicultural component, and increased recruitment of foreign students. The number of joint or double degrees is rising and partnerships, franchises, and offshore satellite campuses are expanding. Meanwhile, new national, regional, and international organizations are being established in the field of international education.

Management education is expanding all over the world. It is worth trillions of US dollars. Business programs are usually cash cows for universities. These courses also have a tremendous impact on society as they provide guidance to leaders. In spite of that, we are quite conservative. At my school, we wait 20 years before we change a program. It is just hard to change a Stanford program overnight. Therefore it took us 20 years to adapt the Stanford MBA program to our reality. Another factor that impedes change is the significant investment in infrastructure that we have made. It creates a commitment that we cannot walk away from. Success and growth may also create institutional inertia, dampening your enthusiasm for change. If you are doing well, why change? Finally, internal politics may be another barrier to change.

The globalization strategies of business schools involve high-tech links with other schools, overseas study tours, foreign language requirements, faculty and student exchanges, as well as use of international course materials. There is a focus on increasing the percentage of foreign students and on setting up campuses abroad. The education sector is seen as a prime target for disruption in view of the rapid advances in computer technology, communication platforms, and the expansion of the Internet and international transport.

Demographic factors are also important. Population growth is accompanied by economic growth and increasing diversity. The typical students of the future will be very different from today's students. They will be older and the percentages of females will rise. There will also be changes in terms of race and nationality.

The predominant workplace is also changing. There is a transition from manufacturing to services. This will certainly have an effect on international partnerships.

There are supply and demand changes as well. New players are entering the market, such as private education firms, consulting companies, foreign business schools, and more. Meanwhile, some old players may be bowing out. I have not yet heard of a business school that has gone bankrupt but I do not rule out the possibility of that happening some day. The supply and demand changes also include company alliances and geographic expansion. The existing markets are expanding just as new ones are opening up.

Taking into consideration the major trends, the strategy of business schools will have to be based on new thinking for the future, especially in terms of markets, products, and partnerships or alliances. What kind of partnership you are looking for will depend on your market strategy, which may be characterized by a focus on a local market (domestic expansion) or the international market (international expansion). Naturally, you may also consider the regional or global markets.

With relationship to new products, your strategy may result in an international MBA program, international executive education, custom-made MBA programs, or online MBA programs. You may also consider study-abroad programs, international weeks, modular MBA programs, and so forth. Some other options include dual MBA programs, or mix of face-to-face and distance learning programs.

There exist diverse options also when you choose a partner: a local business school, an international school, a private company in the educational sector, a private firm in any sector, or an institution from the public sector. Usually, this would be the government.

Why have business schools felt a strong need to become international? The first reason is the globalization process. The development of transportation, communication technology, and computer technology has also been an important factor, related to the first one. Then, today's business education is characterized by enhanced competition but also by increasing opportunities. Business schools are expected to be accredited and to do well in the international rankings, such as those by the *Financial Times* and *The Economist*. In a nutshell, the world has changed and this has affected the balance between supply and demand.

Decisions on strategic alliances require answers to a list of questions: where, why, what type, and with whom? The first of these questions means that you should know the region and the country where your partner is, as well as the local institutions and culture. If you do not have such knowledge, you run a risk of becoming a failure. I told you that Stanford and Harvard had successful operations in Latin America but this is not true of all North American universities. Some of them have tried to set up campuses in our region but they have failed despite of their financial wealth and good faculty.

As for the "why" question, the answer might be that you need international recognition. You probably also have to expand your operation, find new markets, and achieve educational enrichment.

Concerning the type of partnership that you can opt for, some of your options include student and faculty exchange, joint research, joint programs, and dual degrees.

Deciding whom to work with, you would probably consider factors such as experience, reputation, accreditation, industry relations, student and faculty quality, and size. You have to do some homework to collect the information that you need: visit the potential partners, talk to people who know them. You can look at rankings and accreditation as well as at global, regional, and local references. Some of the best-known rankings are those by *Business Week*, the *Financial Times*, *The Economist*, *Top MBA*, *The Wall Street Journal*,

US News and World Report, and *America Economía*. As for accreditation, you would probably look for the badge of AACSB, EQUIS, AMBA, or SACS. You can also look at membership of networks and associations. As examples, I would mention AACSB, EFMD, CLADEA, PIM, NIBES, and CEEMAN.

I would say in conclusion that business school development has to do with social responsibility, democracy, economic growth, and reduction of poverty as well as social inclusion. These are ethical issues more than they are legal issues. Most people in Latin America agree with these principles but they do not pursue them because there is no regulation about them. Nobody talks about quality and opportunities for all. However, I think that it is our responsibility, as providers of business education, to teach the importance of these issues.

I would also like to share some second thoughts with you. The current crisis is not actually a crisis; it is just a major problem. There is no magic recipe for its solution but we are all searching for one. We have to learn from the past and from our experience.



Thierry Grange, Special Advisor to the President for Europe, AACSB, US/France

It is a great pleasure for me to be here today and address this audience. When Danica Purg invited me to speak at this meeting, I wondered if she had chosen me because of my looks of a French lover or because she wanted the best from the West. I think it is for the

second reason but that is not bad for my ego either.

I have visited the IEDC-Bled School of Management many times, teaching on the MBA program.

After 30 years of experience in the field of partnerships and cooperation, it is a little hard to summarize all my experience in 15 minutes.

This morning I met a dean of a school whom I have known for a long time. He was together with his head of international relations and we discussed cooperation between our institutions. We exchange some students but we do not do anything else together. In my view, this is a partnership but it cannot be called cooperation.

The goal of my presentation is to explain the difference between these two concepts. In particular, I would like to trace the development of the linear process from partnership to cooperation.

A partnership consists of two steps. It is a hierarchical and linear process. It normally starts with an individual relationship. A certain professor has some friends at another institution. This person activates these relationships and kicks off a shared activity. At this stage, the institutions are not involved and what is going on is an individual-level project. There are many examples of this across the world.

The second level is institutional cooperation. The best way to achieve that is to encourage student mobility. This can include anything from short visits to dual degrees. This is the second and ultimate level of partnership.

The next stage is the level of cooperation. This involves changing things at an institution in order to optimize operations. The institution reshuffles its resources, taking into account an offer from its partner, and creates something new.

However, optimization is not the final stage. There is also a strategy level. It is about innovation and investment in order to have a better offer to make on the market. As Derek Abell pointed out earlier today, the most important thing is that you get students. Of course, faculty members are also important.

There are countries characterized by low competition for all sorts of reasons: legal, traditional, and more. The number of business schools is so small that it is hard for the students to get into one. Indian schools, for example, can accept only one percent of the applicants. If that is the case, competition for student recruitment is not a priority.

Then, there are countries that are characterized by stiff competition for students. There are also countries with high numbers of accredited schools. In Europe, the United Kingdom and France have the highest number of such schools. That is not because the British and the French simply love to wear medals. It is because in those countries it is so hard to recruit students and the schools need some sign of recognition or differentiation that will signal to the applicants that they offer high quality.

What is the consequence of these four steps? The first step consists of combining existing operations. There is almost zero investment. There is little risk, too; the principle is "no pain, no gain". You do more with what you already have. In some countries, this stage has a very long history. For example, student exchange has been going on for 30 years. It is still considered nice to do it but it is not exotic. It may even be a must: if you do not do it, you cannot recruit students.

At the second level that I mentioned, you combine existing resources but you change their use. You still do not invest but you completely change what you have. For example, you cannot do a joint program in another country. You take existing faculty and curricula, you go to the country of interest, and you try to do something together with a partner. This does not require a big investment on the academic side but you may have to invest on the commercial side.

At the third level, you mobilize new resources. For example, a business school may decide to go into information technologies. Management of information technologies is quite fashionable these days. Institutions that do not have all the ingredients that they need to enter this domain may decide to pool their forces. That is how you combine and mobilize resources on both sides. There is a certain amount of risk here and a certain amount of gain. Because of the risk, this level of cooperation cannot be the first one.

The ultimate level of cooperation is changing one's portfolio. This morning we had a nice discussion with Nick Binedell and Chin Tiong Tan on the future of business education. It is clear that some business schools need to pool their forces and completely change their portfolios. For example, they can go into distance education. In that way, you can teach hundreds of thousands of students. Such a change in a school's portfolio would be an ultimate strategic move.

At our school, we practice the first three of these types of partnership and cooperation. We have been doing that for the past 28 years. Currently, we are trying to take the fourth step and change our offering.

Today, we heard from Professor Tan that the secret to good business is opportunism. Together with Singapore's SMU we are going to set up the first opportunistic business school. It is going to teach an MBA in opportunism. It should work well as Professor Tan convinced us that this is a time-honored model, at least in Asia. By the way, although I am not a historian, I am old and I have seen a lot. I think that in Europe we have had a lot of opportunistic business in the past 100 years. It is not an exclusively Asian phenomenon. Perhaps, opportunism is typical of business in principle.

Some of you may be excited by our idea and decide to apply to our program so that you become the first students of this opportunistic MBA. But wait a little as we have to agree on the curriculum first. Although opportunism can be very effective, I do not know if it can be taught. I suspect that some of the most important skills in business administration cannot be taught. This morning we heard that you cannot teach leadership and entrepreneurship. We cannot explain how these things work but we can make people imagine that we can.



Virginijus Kundrotas, Dean of Adizes Graduate School, US, President of BMDA-Baltic Management Development Association, Lithuania

I am going to present a macro perspective on international cooperation and partnerships. First, we need to know what exactly we are going to do, how we are going to do it, when the joint project will be completed and, of

course, who is going to do it. Once we have made these decisions, we can go further and produce more detailed descriptions of the project.

Today, I would like to address another question: why? Why get involved in international cooperation in the first place? I am sure that if I ask you to write down some ideas, I will get a lot of different answers. In my modest experience after 20 years of working with different management institutions, I have identified three types of purpose: marketing, international accreditation, and global cultural sensitivity.

Some business schools start partnerships simply because they enlarge their markets in that way. There are schools that want to show their students that they have an international dimension as that can boost their image. I would like to share an anecdote with you. It is a true story that happened to me more than 10 years ago. I am not going to mention the country where this happened as I do not want to embarrass anybody from that place.

This school stated that international cooperation and partnerships was an important element of their work. As I visited their library, I saw a big chart entitled "Our International Partners". It included 15 of the best business schools in Europe, probably taken from a ranking in the *Financial Times* or *The Economist*. I had my doubts about that and I inquired how exactly they work with those schools. The woman that I asked tried to avoid my question but I insisted on receiving an answer. Then she told me that they had written letters to those schools in which they had expressed an interest in cooperation. I asked how many of them had replied. She said, "None, but we are still waiting". Cases like this one are not typical of Eastern Europe anymore but it is still fair to say that cooperation is sometimes viewed simply as a marketing exercise.

The second reason for engaging in cooperation is obtaining some sort of international accreditation. I do not mean to say that international accreditation is not good. But if the purpose of the process is simply to get an accreditation certificate, that may be a dangerous endeavor.

The third goal may be global cultural sensitivity. This is what the best schools aim for. They know very well what they are doing and why they are doing it. They are trying to be sensitive to current international trends. It is possible that a good small school is unable to obtain prestigious international accreditation but it might be extremely sensitive to cultural issues. Danica Purg's IEDC-Bled School of Management is a good example of a sensitive school.

Why do we need cultural sensitivity? Because we would be in a dangerous situation if we did not have it. Some time ago, I read an interview with the commander of the Lithuanian special forces in Afghanistan. You may have heard how members of the Afghan army sometimes shoot Western soldiers who are supposed to work with them. For some time, this was beyond comprehension. Reading that interview, I realized that the reason was a lack of cultural sensitivity. During the seven years that the Lithuanian forces have been in Afghanistan not a single Lithuanian has been killed. The reason for that is that they are culturally sensitive and try to engage the local population in meaningful activities, rather than impose foreign ways of thinking and acting.

Consider the four-letter words that American soldiers often use. They may not mean anything literally; they use those expressions simply to vent their anger or frustration in stressful situations. But imagine how an Afghani interprets these words. After all the stress that you have been through, you take such phrases personally and you get deeply incensed.

Fortunately, we do not have such violent situations at business schools. Still, if we are not culturally sensitive, we cannot talk about serious international cooperation. Therefore, to have a successful partnership we need to create a willingness to listen to another person as well as to hear and understand the message as listening and hearing are not the same thing. This means that we need to respect the other party. If we are respectful, we will try to listen and hear.

Another important characteristic is an ability to agree with different proposals and to look for win-win situations. If the real purpose of cooperation is global cultural sensitivity, we must first of all develop respect for our partners. I think it is important first of all to create a culture of mutual trust and respect in your own organization. Faculty members, administration, students, and all possible stakeholders must be involved. It is not so easy to achieve. As we know, organizations are constantly evolving. In terms of the Ichak Adizes model, the goal of an organization is to move from the courtship and infancy stage, through the period of go-go and adolescence, to the prime time of its life. Before you reach that point, you should expose your organization to cultural diversity by bringing in ideas and people from different cultures. That is the way to achieve mutual trust and respect. However, if the organization's leadership is too strong, avoiding delegation and empowerment, building of mutual trust and respect will be hard. The same is true if you put too much structure into your organization. In that case, you might go into premature aging and will never reach your prime.

In summary, this is not an easy process. I would be glad if some of the other participants could share their own experiences: how do you develop mutual trust and respect in your organizations and in your international partnerships?

Discussion

George Iliev

I have a question about the multi-campus model. Some schools have pursued this model and have been very successful around the world. Rather than forming partnerships, they have set up their own campuses in many countries. So, where is the balance between cooperating with other institutions and increasing the complexity of your business model on the one hand, and acting alone?

Jorge Talavera

It depends. Some schools go it alone and do very well. Some prefer to form strategic alliances, taking advantage of the market positions of other schools. I do not think that it is a matter of right balance. It all depends on the situation.

As far as my school is concerned, we have considered setting up campuses in different parts of Latin America but we decided against that. We prefer to deliver our programs through partnerships. We have good partners in Colombia, Chile, Brazil, and other countries. The programs that we run are profitable for us and the partner institutions.

As I told you, we have a very good relationship with Stanford. But 10 years ago, we also started a virtual education project with MIT. It opened some new doors for us. We also have a dual degree with the University of Texas in Austin. In addition, we work with different institutions in Europe and Asia. Not all of them are well known, yet we benefit from our relationships. The key is to find good partners that can help you create what you want.

Thierry Grange

There are two types of internationalization models. One is the stand-alone campus that does not have any connection to local institutions. The other one is the co-branded campus which is a project with a local academic partner. How do you find the right trade-off between these two options? It depends. If you do not have enough cash to set up your own campus, you may choose to form a partnership. There may also be legal reasons for working with another institution. For example, we are not allowed to own real estate in a foreign country.

There may be various reasons for deciding not to get involved in co-branding. Suppose that your brand is so strong that you do not want to compromise it through a partnership with somebody much less known. To do it alone, you also have to know the local market well. In that case, your analysis of the market may suggest that it is worthwhile being on your own. But if you do not know the market and its size, you may perceive a need for a local partner.

I would also like to dwell on the issue of distance learning. There are 200 million people studying business as we speak. The battle for faculty is lost. You cannot find enough professors to teach all these people. One solution to this is distance learning. Students are now used to using computers anyway and they expect that you will somehow involve digital technologies in the teaching and learning process.

Once I attended an international conference in the United States on the efficiency of distance learning. It was a very nice and socially responsible meeting, attended by 1,000 participants. However, right before it started, we heard some loud noise outside the building. There was a huge rally of students who insisted on being allowed to make a statement to our audience. After a while, we yielded and they displayed a slogan: "In the future, the rich will have professors and the poor will have computers." We spent the next few days discussing the big advantages of distance learning with this slogan overhead.

I think that it is impossible to learn without a computer these days. It is also impossible to work without one. It is no longer something that you love or hate. It is just a machine that you need. It is like a pan. You do not love it or hate it. You use it to fry your eggs.

Virginijus Kundrotas

I ran a private business school in Lithuania for nine years. During all that time, I was quite skeptical about distance education. Then, I started working for the Adizes Graduate School, which is basically an online school, and I changed my opinion. The reason for that is that I took a couple of courses myself. Whether distance education is good or bad depends on how it is organized.

At our school, a professor facilitates a discussion with people sitting all around the world. It is a great learning experience to communicate with all those people. You can learn a lot not only from your professor but also from your peers.

I think that distance education has a bright future. I still believe in face-to-face interaction, too. But the most important question about distance education is how you do it, not whether you do it.

Jorge Talavera

I also have a few comments about distance education. I think that technology will determine the way that we deliver our programs. By now we have very advanced technologies. We have technologies that allow synchronized teaching. However, it is not problem-free. I told you that we had a distance education partnership with MIT. At some point, they said that it was too expensive for them and they had to charge us more. I wondered why since a connection to Peru, Chile, or Argentina does not cost much. The answer was that the MIT professors had to develop special course content for us. That is not exactly true but, anyway, we terminated our partnership.

Nevertheless, we are members of Global Partner Educators, and we main-

tain electronic connections with 25 business schools all over the world. It is not expensive and our students benefit from these experiences.

Arnold Schuh

As we know, teaching is what brings money to a business school whereas research is necessary for its development but it does not generate cash. How do you see the future of business school ownership in view of this dilemma?

Thierry Grange

This is a very provocative and very big topic. I am not sure that research does not pay off. It depends on its relevance or applicability. The most expensive courses that a business school can offer are part of the so-called research-oriented executive education. This means that applied research can sell well.

As for business school ownership, a recent study showed that the proportion of public money in the top 100 business schools in the world is about 63 percent. You see, public financing is a big affair even in the leading schools. My institution is fully self-financed but I would be very pleased if it were nationalized. However, our Socialist government is broke; so this is not likely to happen.

Jorge Talavera

As far as ownership is concerned, I believe in free markets. I do not think that ownership has anything to do with the quality of the service that a business school provides. It is not a matter of ownership but a matter of delivering good programs.

Virginijus Kundrotas

I agree that it does not matter who the owner is. What matters is how you view your students. Do you see them as important stakeholders? That is what it takes to have good business education.

As for research, I think that even if it is not immediately applicable, it can be useful if it is relevant to a particular society.

Accreditation Challenges in Emerging Economies



**Derek Abell, Professor Emeritus, ESMT
- European School of Management
and Technology, Germany, CEEMAN
Accreditation Committee President**

I have been involved in the CEEMAN accreditation process for 10 years. We spent the early years trying to find our bearings and figure out how to get started. Around 2004, we realized that we could not offer the same kind of

accreditation as the big international bodies: EQUIS, AMBA or AACSB. Our schools are definitely not like those in the United States or Western Europe. We also understand that emerging markets are quite different from one another although they are under the same umbrella.

We accredited schools from Kazakhstan to Germany and from Croatia to Poland, and we saw that each of them had its own problems. As a first step, we had to understand those differences. We did this fairly rigorously. We looked at demand side differences and supply side differences. We examined different firms and the needs that they might have and the different demands of the students. As for the supply side, we investigated the institutions and the faculties that they had.

Let me illustrate some contrasts that we found. In the developed world, you see mostly full-time students that go to schools with full-time faculty. A school can be public or private but if it is private that does not usually mean it operates for profit. It is important to understand this distinction. When I hear the phrase "a private school", I always ask what it means: does it mean that the school is independent of the government and does not receive support from it, or does it mean that it is for profit.

In contrast, in Eastern Europe, we saw part-time students and often part-time faculty. Also, some of the private institutions operated for profit. The typical Eastern European school is five to 20 years old, whereas those in Western Europe are about 50 years old as they were set up in the late 1950s or early 1960s. In the United States, some business schools are 100 years old. The standards of an institution that is 100 years old obviously cannot be the same as those of an institution that is six years old.

The first conclusion then was that Western accreditation standards do not fit in Eastern Europe or Russia for that matter. Conclusion number two was that, nevertheless, some schools need recognition. You just cannot wait 100 years to fulfill American standards to get accredited. Our third conclusion was that, despite the peculiarities of the Eastern European environment, we should adhere to high standards.

I would like to go through some of the decisions that we made:

First, when talking about accreditation, are we talking mainly about getting accredited, or about support that could help boost quality? We decided that we should emphasize somewhat more the latter. We should give advice

on quality rather than tick off things that the school has done or not. We should be at least as much in the business of consulting and helping than in saying “yes” or “no”.

Second, we are less interested in a snapshot showing where the school is at a particular moment, than looking at the journey that the school is on and its progress.

Third, we started thinking about global and local relevance. We thought that we should be at least as concerned about local as about global. Is this school doing a good job in its own environment? Is it relevant to its own market? We were not of the opinion that the international dimension does not matter, but we thought that the local story carried more weight.

Fourth, we look at outputs as well as inputs. The inputs are for instance faculty, infrastructure, and number of books in the library. These are important, yet we were convinced that we should stress the outputs. One school that I know well was turned down by EQUIS because it did not have a permanent faculty. This is nonsense as far as we are concerned. We know schools that outsource most of their faculty and the result is excellent. For this reason, we are somewhat less concerned about the input measures; instead we look at what school produces.

Fifth, one thing that we are aware of is that some Eastern European schools do more with less whereas some Western schools, unfortunately, do less with more. They have huge budgets because they have either big endowments or enormous public funding and yet they do not achieve much with those resources. In Eastern Europe, we witness the opposite phenomenon: schools that have limited resources manage to achieve a lot with them. Thus, what is important to us is not what schools have but what they do with what they have.

Sixth, of course we are interested in the balance between research and teaching. I think that we are more interested in education than in research for its own sake. We instead are also interested in research that supports the education process. This is what helps the professors avoid being textbook teachers. We believe that they should have a practical understanding of management but, frankly, whether they publish in A class journals is of less interest to us. We prefer to look at whether they do a good job with their students and how this is supported with new knowledge of practice.

Seventh, in terms of content versus process, the emphasis is on the second. We are interested not only in what is taught but in how it is taught. We want to know if the faculty really care about their students.

Eighth, another balance that we look at is that between theory and practice. Whereas Leibnitz emphasized the need for theory to go together with practice (*Theoria cum Praxi*), I think that we do the opposite: we look for practice supported by theory (*Praxis cum Theoria*). Of course, we also examine the contents of school syllabi to find out if the school teaches leading-edge things and essentials. We expect that a school will deliver the latter. If they can also expose the students to leading-edge ideas and practices, we think that is also good but it is not a top priority in an emerging market.

Ninth, I think that we are to some extent like venture capitalists. We assess institutions that are at an early stage of their development. Do they have all systems and paraphernalia in place? Perhaps not. But do they have good people who understand education? If they do, they are in a good position. Venture capitalists are not so interested in technology and equipment. They want to find out if the entrepreneurs have the skills that they need for their trade. Likewise, we lean in the direction of people and we want to know if the management and the faculty are prepared for their jobs.

Lastly, is our take on responsibility and ethics. I think we are less interested in how a school teaches values in the abstract, and more interested in how it teaches these things in practice. Schools need not offer a course on philosophy. Managers need to know what ethical issues mean in the specific environment of the enterprise.

These are some of the balances and choices that we make. I am not saying that they are black and white. CEEMAN simply has chosen to lean slightly more in some of the directions that I mentioned. By doing so, we are basically

trying to be sure that our schools are more relevant to their environments.

Let me finish by mentioning some things which, in my view, every school should demonstrate, whether it is in New York or in any emerging market. We are simply talking about essentials and I have picked six of them:

First, schools need to recognize the reality of the world in which they operate. The world is faster, more interconnected, more globalized, and more technology-driven than before. We want to see evidence that schools are tuned in to this changing world.

Second, is the alignment of vision and strategy with the needs of the local market. And of course whether everything that a school does is aligned with its strategy. We come across schools whose strategies sound right, yet when we look at their faculty, programs, and marketing we see a lack of alignment with their strategy. We look at alignment very closely because this story is universal. All over the world, schools that are not well aligned are bound to experience problems.

Third, we want to find out if a school has a good notion of quality. We ask each school to explain to us how they envision their quality and then how they accomplish it. I think that this is also a universal story. We are not interested in accrediting an institution where people do not know what quality means to them.

Fourth, we look to see if a school has some way of codifying their experience. They should record it in writing and get it out to a larger population. You may have 50 students in your classroom but there are also 50,000 people out there in your community. Do they know what the school's ideas are, and does the institution have ways to reach this broader community.

Fifth, we are not impressed with institutions whose professors pour out everything they know and try to cram this into the heads of the participants. We are much more interested in schools that encourage a learning process. This means that the professors need to understand where the students stand and try to bring them forward.

Lastly, we want to know how a school communicates with its potential clients. We do not believe in glossy brochures that are full of bombastic statements and other kinds of "puffery". We think that what schools say about themselves should be pretty close to the reality.

These universals are independent of a school's geographic location. These are some of the differences as well as universals behind CEEMAN accreditation. It may not be perfect, but it is certainly different. We deeply believe that is much better attuned to the needs of emerging markets than the well-known schemes, and that even leading schools in the so-called "developed" world should consider a CEEMAN accreditation. After all, they also need to be relevant to their emerging market customers if they plan to operate there!



Jonathan Cook, Director, Gordon Institute of Business Science, University of Pretoria, South Africa

The experience that I have comes from the Association of African Business Schools. We are a much younger association than CEEMAN.

We could have established an accreditation committee but we decided against that. The reason for that is that there are a number of accreditation choices already. However, accreditation is important and we wanted to do

something about it. Therefore, we decided to launch what we call “quality reviews”. As we move around the continent, we visit business schools and we ask a range of questions that are not dissimilar to many of the existing accreditation criteria. We do that in order to have an informative discussion with our members.

We have found that if the future of a school does not depend on this process, it might not be very motivated to prepare well for it. The second thing is that we cannot charge for this activity; therefore it does not help the association financially.

Here are some introductory thoughts about accreditation. It is necessary and very helpful. I think that we all agree on this based on our experience. We get what we measure. Therefore, most of what we talk about, in terms of quality improvement, will be wasted unless it finds itself into accreditation standards and processes. What follows from this is that those that control accreditation control what we do. They do not have full control but they definitely have some influence. If that is the case, do current accreditations serve the needs of business in emerging economies and dynamic markets?

As far as local schools are concerned, international standards are partly useful because they have to function globally as well. For those who are local and want to go global, accreditation standards are very helpful because they have to learn how to compete on the global market. As for the global companies coming to local markets, they are not very helpful because the multinational executives have to learn how to function in developing economies. As we have heard over and over again, that involves a number of specificities.

Dynamic economy businesses rely on managers who are, and need to be, strategically flexible, entrepreneurial, structurally simple, street-smart, and using minimal systems. However, we are in a globalized economy. If dynamic economy businesses want to grow, then they need managers who are not, but need to be, strategically clear, well-qualified, able to manage large bureaucracies that are structurally complex, and analytically sophisticated, with explicit values. They should also be aware of global competitive standards.

As we know, the main global accreditors are the AACSB, the EFMD, and the AMBA. There are also some excellent regional accreditors, such as CEEMAN. The accrediting bodies tend to be associations that provide support and networking. Consequently, all associations across the world have to consider whether to offer accreditation or not. This is a difficult question as there is obviously no need to duplicate the good work that has already been done.

Is there any space for a shared approach to accreditation across Central and Eastern Europe, Africa, Asia, and Latin America? Or do they have their own peculiarities? I think that Derek Abell did a very good job, describing the situation in Central and Eastern Europe.

Accreditors across the world need to think about a number of issues. The first one is whether to accredit institutions or programs. Another question is what programs schools should offer and whether the focus should be on global or local content, style, and products. Some of the other choices that schools face are between offering general management programs and specialized knowledge, conforming to an established standard or adopting a new approach, and selecting faculty that are good teachers, researchers, or practitioners.

I would also like to stress the summative and formative purposes of accreditation. There is a licensing side to accreditation but there is also a developing or learning side. Just like CEEMAN in Central and Eastern Europe, we would like to emphasize the quality growth aspect in Africa. This means that the all-or-nothing approach may not be the most useful. We find that many schools cannot aspire to current global accrediting standards. Therefore, if they applied for such accreditation, they would get nothing at all. These schools are a majority in terms of the number of students that they educate. If that is so, they have to be addressed in a different way.

We have a lot of diversity in our environment. As there cannot be one single standard for all diverse contexts, we probably need to think about dynamic

quality assurance processes rather than static quality standards. Of course, these processes have to be measurable. This is a real challenge that we have been struggling with: how can we make tangible the good things that we have talked about? We need some sort of measurable criteria which, at the same time, should be growth-inducing.

There are also value-related issues. The AACSB suggests mission-based accreditation. That is good. But should we assess just whether a school has a mission or not? Should we not look at whether this mission is responsible in its particular context? So what is a quality mission? And how do we measure whether a school is graduating good citizens? It is very important question and we should not duck it. But how do we operationalize it?

Here are some practical considerations. The curriculum should cover aspects of managing in a dynamic context. This may include strategy in the absence of a clear public policy, logistics in the absence of infrastructure, entrepreneurial and innovative models of business, cultural competence, and ethical responsibility in a society of high inequality. I am sure we can add much more to this list.

I think we all agree that the faculty cannot be assessed on research output only. They must be good in research, teaching, and practice. Part-time faculty are acceptable but they must be incorporated in the schools rather than simply be adjunct teachers. Schools must make provisions for visiting, shared, and even online faculty. The criteria for faculty assessment must vary in accordance with who they teach: masters of business administration, doctoral students, or managers on a non-degree program.

I think that we need faculty that are experts in process rather than content. At my school, we have a category of "professional associates". They are psychologists, coaches, or educationists whom we use in the experiential element of our learning, in group coaching, in action learning. They are not necessarily discipline-based experts. For example, they do not publish in the *Journal of Economics* or *Journal of Finance*. Their expertise is in process. These people are disregarded in the traditional university contexts. I think that this is a category of staff that we can support each other in creating.

Research standards must incorporate and not just tolerate local and applied research and development production. We need rigorous relevance so that even those who are not traditional academics are stretched. We do not want a trade-off between rigor and relevance. One of the positive contributions of the traditional academic approach involving publication in esteemed journals is that it stretches those who are involved in it. This means that they feel a pressure to perform. If you take that away, you also take away their motivation to be better. We need that stretch but perhaps in a different direction.

Institutional provisions at our schools must encourage innovation rather than just tolerate it. For example, we need to find a way to manage the absence of typical faculty. We also need to demonstrate how the provision of learning - facilities, materials and so forth - can be both cost-efficient and exemplary. I like the term that Derek Abell used: doing more with less. That is exactly what we need to demonstrate. The portfolio of activities should encourage non-traditional responses to the need of the economy - stretching the boundaries of products and participants. Maybe the degree programs are important but maybe we should do other things as well if we are business schools serving the interests of business in our context.

Why should we have only one type of quality standard? Maybe we need global standards, such as those by AACSB or EFMD but we also need regional standards such as those set by CEEMAN. These may be useful to schools that are going global from a local base. But what about schools that are staying local? Is there room for a different kind of quality standard for them? After all, we can imagine that there are schools that will probably never go for global standards, or even for regional ones.

If we accept multiple quality standards, what about multiple business school models? We did some sums for a project done by the African Association of Business Schools. There are about 110 million Africans in formal employment. About 10 percent of them are in management positions. Many of these people have probably never seen a good manager at work. The need for

management education is far greater than the small number of business schools in Africa can deal with. So, how are African managers trained?

Some are trained on the job by people who do not know how to manage either. Many go through various colleges. If that is how the bulk of our managers is prepared, who takes care of the quality of their education? I am afraid that the answer to this question is "nobody". Perhaps there is room for quality standards for non-degree colleges. If you do that, the Western schools will probably discover that they need that, too, because they have to work in dynamic markets as well. However, we should not expect that this will be done for us. We have to lead the way in it.

My last note is on the burgeoning, mostly free, online content. It is going to change everything. We have put up with computer-based learning prophets for two or three decades as they have not affected business schools very much. But we may have come to a turning point. A month ago, I looked at Coursera - a website that offers free online courses by professors from leading universities. They had 115 courses and a million students. All this is offered free of charge. A month later, it is 1.5 million students and 150 courses. The growth that is happening there is incredible.

Why should students come to us if they can have the world's best professors teach them for free? Besides, the students get exercises, tests, and certification. Still, this is an amazing opportunity for us. It allows us to play our strengths and let others do the hard and expensive part. Nevertheless, there are some barriers behind the scenes. For associations, accreditation is a major source of income. They have a considerable investment in the status-quo and it might be hard to get them to accept anything different that we want to do. But the most conservative forces in most cases are not in the accreditation agencies but in our parent universities. The whole academic community has invested heavily in traditional forms of quality assurance. We need authoritative bases for influencing them and convincing them to allow faculty to develop in non-traditional ways.

In our honest moments, we all aspire to be the globally accredited school in our country. We would not mind having the triple crown. That is a good aspiration because the crown would differentiate us from the competition but we also need to convince ourselves that emerging economies have emerged, offering the dynamism that the whole world wants. That requires moving from a deficit model of ourselves in our own minds to an appreciative understanding of our insights and rich experience. That is what we should capture in our quality and make sure that it is not second-rate quality but appropriate quality.

Discussion and Closing Remarks

Roland Van Dierdonck

I agree with most of the things that the two speakers said. Yet, I must point out that Derek Abell presented a very black-and-white picture of the different types of accreditation. In fact, EQUIS certainly accounts for the existing diversity across the world. There are schools in emerging markets that have successfully gone through our accreditation process. The South African school that is hosting this event is one example. There are also schools in Brazil and in many other countries.

It is true however that EQUIS has some specificities. We require a minimum number of local faculty members. We do this for a variety of reasons. However, we are becoming more lenient as we recognize that some of the reasons that seemed valid to us in the past, are obsolete by now.

Another issue is "global" versus "local". It is correct that you cannot get EQUIS accreditation if you are a purely local school because we consider internationalization a very important factor. Even if your market is entirely local, we believe that your faculty must have an international mindset. They need cultural sensitivity; therefore the school needs an element of internationalization.

The third point is research. We are probably too focused on the traditional type. But we believe in measurable criteria and it is easy to count the number

of publications that a school's faculty have produced. I admit that in terms of research, our standards are somewhat too high for some schools.

Derek Abell

I appreciate this comment. My point is that there is no one single system that will work for all schools and all environments. The main purpose of accreditation is to convince companies that a particular school is reasonably good and they can send people to it. We should not try to come up with pluses and minuses on some ultimate scale but should find out if a particular scheme fits in its context. I think that is the way that we are trying to go.

I also think that "global" versus "local" is the wrong way to approach this issue. When we started out, I thought that the schools we were looking at were trying to get from A to B whereas some Western schools were already going from M to N. They were much farther down the track as it were. However, I see that some schools are now moving to places that nobody else has been before. We are beginning to see very unfamiliar situations. So, we are not talking about global or local any more. We are dealing with a totally new animal. We realize that we are not talking about the emerging markets catching up with the developed ones. We are all aiming for a new point in space that neither the emerging markets, nor the developed ones have yet got to. That is what we are trying to understand at present.

What we try to find out during our accreditation process is where a particular school is, where it is trying to go, and whether that is a good place to be. It is not about catching up.

Jonathan Cook

I think that there are four or five schools in South Africa that should go for EQUIS-type accreditation. But the others would not make good candidates.

Maciej Zukowski

I liked both presentations and I was impressed by CEEMAN's approach to accreditation. I do not see accreditation as a choice between black and white. I see it as a matter of balance. Still I have two questions.

You said that you were interested in output measures, not so much in input. But how do you measure output? And how exactly do you relate that output to the functioning of the school?

Second, you stress education rather than research and you say that research must be relevant to education. My question is, what do you mean by that? There is wonderful research in macroeconomics. Is it relevant to education or not?

Derek Abell

I am really going to stick my neck out now as both question are huge.

One thing that we do is we go to the companies that are employing a school's graduates and we ask them how those people are doing. We are interested in how well they are accepted by the local markets.

As for the question of practice-based research, it can start an enormous debate. In my view, it is more difficult to do that kind of research than either theoretical research or journalistic research. You have to walk between the president's office and the academic world. We are looking for faculty who have a sense of academia but we also want to know if they can apply it in the local situation. When they look at the local situation, they come up with insights that are not in the current literature. They see new things and new ways of looking at the world. I am working quite a lot in Brazil these days and I am becoming convinced that you need to dig into the problems of local enterprises, not only in Sao Paolo but also in all kinds of places where we have never been before.

I would also recommend case-writing. That is a great way for faculty to learn what is going on in these companies. If they read books on organizational behavior in Germany or the United States, they will not be able to understand

a company that is trying to make a transition from traditional agricultural products to value-added products. That is what I mean by practice-oriented research. Unfortunately, some academics cannot even think of asking the right questions for that purpose. They do not go out to spend time in the companies where their graduates are going to work. You can ask them what their calendars look like. You may see that they spend three days at home and two days teaching. That is not good.

Jonathan Cook

I think that output is about what graduates are doing on the job. As for research, we should try to figure out what impact means beyond the formal journals. We celebrate publications in A-class journals and we pay the faculty a lot of money for that achievement. However, we also encourage faculty to publish in the popular media, including the Internet. This creates exposure and it influences practice.

Although universities would not count cases, we do, providing the case is good. It must have a teaching note and it must be approved by the Ivey Clearing House because they have a quality control process. If a case gets such clearance, we count it as research in addition to journal articles.

Jorge Talavera

I have a question for each of the two speakers. Professor Abell mentioned seven universals to look for in the accreditation process. CEEMAN's accreditation standards are based on these seven points. I know of some rigid standards that are used to judge the qualifications of professors. If those standards were applied, Peter Drucker would never become a professor.

I also wonder what would happen if there were standards for accreditation agencies. Would they live up to those standards and how many accreditation agencies would get accredited?

Derek Abell

I assume that your question is whether our standards are included in our accreditation process. They are, in two ways. We are closer to precedent law than to constitutional law. What I mean is that we have some formal guidelines but we have not written them all down. To a large degree, we rely on the experience of the people who go around and look at the school's self-evaluations. We are all in the same camp in terms of our philosophy of education. Not everybody can do this; we have a rather small team. They sniff out what is going on. It is like people who like to eat well. Right after they step into a restaurant, they can tell you how good the food is. We are like that because we share an understanding of what we are looking for. We do not score everything from 1 to 10. We try to get a feel of the institution.

Jonathan Cook

Here are a few more thoughts. Michael Porter probably would not have got tenure at an Ivy League school despite the fact that he is an incredible thought leader. However, Harvard has a system that measures impact on the field and I hope that they will be able to maintain it although they are under strong pressure to conform.

Accreditation and rankings are two very different things. Yet, we handle them at the same office as they are a marketing device. Why go for triple-crown accreditation rather than just one crown? Because this is a good way to advertise yourself: We are the only triple-crown school in town! If you want to compete with us, you have to match that. So we spend another half a million for another accreditation for very little benefit.

Associations live by their income and accreditation provides a substantial source of income. There is a system at work that supports a pernicious thing. Shouldn't we expect the associations to have just one set of accreditation standards? Since we teach competition, we should probably accept that it is

a good thing to have some diversity. But shouldn't we be happy with just one accreditation rather than three? That makes sense to me.

A few years ago, the South African Business School Association did something interesting. It may also be unique in the world. We do not have an accreditation scheme but we have our own ranking system, maintained by a local magazine. It has stopped producing overall rankings. It still publishes a supplement with tables that rank schools in different ways but it is a nuanced reporting. I think that is a brave step as it allows different schools to shine in different ways. I think that general rankings are quite pernicious as they are not as deeply based as most accreditations are.

Antonio Freitas

I would like to see an objective accreditation system. Business schools invest years of preparation in the accreditation process and they sometimes get turned down without any objective evidence. I would like to have a list of numerical criteria and instructions on how a school should score on a scale from 1 to 10 on each of them. Then, I can add up the numbers myself and find out if my school stands a chance to be accredited or not. But current accreditation procedures are subjective and opaque. I do not like that.

Derek Abell

We are in a big philosophical debate with some people as they say that if you cannot measure it is not worth thinking about. I am not one of those. A lot of the things that we are talking about are subjective judgments that are not measurable in numbers. This is especially true with respect to good teaching or capturing good ideas on the market and applying them in education. I do not know how to put a reliable number on this. I know no better way than have somebody who possesses good judgment and wisdom to make an assessment.

I think that it is possible to go the way that you suggested. But then you would only measure measurable things. You would check numbers of articles in certain journals, numbers of professors with PhD, and so forth. You cannot certainly do that. I just do not like it very much but it is a matter of personal judgment and style.

We have chosen the other approach. We rely a lot on the judgment of the people that we send out and we try to look at things that are not measurable.

Chin Tiong Tan

I think we have spent enough time on accreditation. Yet, I would like to share a story with you. Some time ago, I made a presentation at a CEEMAN event. At that time, the Singapore Management University (SMU) was still very young and had not been accredited by any agency. Still, it has always managed to attract the best students. It is highly selective, accepting one out of eight applicants. The output was also excellent as the graduates got the best jobs. According to a government survey, those graduates had the highest salaries.

Having said this, SMU got the triple crown this year. Does that make a difference from anybody's point of view? Honestly, it does not. So the conclusion is to do the right things and do them right.

Now I am going to make some closing remarks. I was intrigued by the name of the Gordon Institute of Business Science. It has "science" in its name, yet Nick Binedell said we could learn from the Bushmen. That means that we have to be experiential. Look at the tracks, find a target, then strike. This is art, not science.

We teach people how to manage, how to be leaders, and how to be entrepreneurs. But you cannot learn that by reading 10 books. As business schools, we have to do things differently. We should not restrict our approach to classrooms, with a professor teaching students. We need experiential learning and problem-solving. We need to get the students to do projects and market research. They should roll up their sleeves and get their hands dirty. That is what we need to do. It is a hard task but we should work to achieve it.

20th CEEMAN Annual Conference

Business and Educational Challenges in Dynamically Changing Environments

Day 1: Conference Opening

Welcome Words

Danica Purg, President of CEEMAN

Dear guests,

Our decision to have this year's conference in South Africa does not come as a surprise. It is rather a natural consequence of what CEEMAN is - an association of 210 members in 51 countries from five continents - and what it stands for. Since the very establishment of CEEMAN we have focused on dynamically changing environments. South Africa

is certainly one of them. In addition, South Africa belongs to the so-called BRICS countries, attracting global attention for their dynamic growth, as well as for their ability to continuously respond to global changes and their implications for business, societies at large, and management education.

The topic of our conference is "Business and Educational Challenges in Dynamically Changing Environments". Most of these challenges are of the same nature as those in established economies. Some of them are, however, more complex, while most of those that are of the same nature have a much higher intensity and pace of change. Due to a lack of tradition in business practices, we understood once again that the dynamically changing environments cannot draw new solutions from what has proven to work well in the past. While being a handicap in the past, this is emerging as an advantage now. The future will not bring us back to "business as usual". It will not bring us back to management education as usual. The world of today and tomorrow needs "business as unusual", as well as "management education as unusual".



This is exactly what our dialogue was about. One of CEEMAN's slogans is "growing together by learning together". This presumes that there are differences, but also a feeling of togetherness that enables us to learn from each other and share with each other.

This is what "Ubuntu" is about. According to Nobel Prize winner Bishop Desmond Tutu, Ubuntu refers to the concept of interrelatedness and mutual help, "the essence of being human". This is also what CEEMAN's value platform is about.

On behalf of almost 100 delegates from 80 different institutions in 32 countries, I would like to express our thanks to USB, its director John Powell and the organizing team, led by Hennie Oliver and Charmaine Kapp, for providing everything that we need for an inspiring and fruitful dialogue.

Let me also thank you all for your trust and willingness to share and contribute to making this conference a great and memorable event.

Among us tonight is one of the most remarkable personalities in South Africa, a true change agent, Dr. Mamphela Ramphele. She is a well-known anti-apartheid activist and philanthropist, an accomplished academic and author, and a successful businesswoman, described by former President Mandela as "a South African of exceptional talent, ability, and stature". Dr. Ramphele, we are honored to have you with us!

My Country and I: How Do We Transform?

Mamphela Ramphela, Founder of The Citizens Movement, South Africa

Introduction

There is a historical parallel between the fall of the Marxist system in Central and Eastern Europe and the fall of apartheid in South Africa. Complex global, regional, and domestic trends that came to a head in the 1980s created unprecedented pressures and revealed some inescapable truths. Globally, the most important factor was the collapse of communism in the Soviet Union and Eastern Europe. In the view of the then South African government, this removed a perceived external threat, undermining hardliners in the security establishment who promoted the doctrine of “total strategy”. Based on a belief that South Africa faced a “total onslaught” masterminded by Moscow, this doctrine, which prevailed during the regime of president P. W. Botha, was used to rationalize the most repressive period in South Africa’s history. The government’s decision to consider the relaxation of security measures, de Klerk explained, did not mean that Pretoria was going soft on communism. On the contrary, “we remain as firmly opposed to communism as ever,” he said. But we “will . . . fight it with normal democratic procedures The world has renounced communism and we don’t regard it as such a threat anymore.” Ironically, post-apartheid South Africa has one the few remaining Communist parties in the world.

Social transformation lies at the radical end of conceptions of social change. It implies at the very least some fundamental changes in society’s core institutions, the polity, and the economy, with major implications for relationships between social groups or classes, and for the means of creation and distribution of wealth, power, and status. Within these broad features of social transformation, it is possible to discern dramatic moments of transformation in particular societies or regions. The collapse of communism in the late 1980s in Central and Eastern Europe and the demise of the apartheid regime in South Africa a few years later are two such cases.

The most important, yet neglected, area of transformation is mindset change in all the stakeholders in a social transformation process. Mindset change involves a fundamental rethinking of our identity as individual citizens, our roles as agents of change, and our approach to relationships at home, at work and in the wider society. Such a mindset change involves moving out of the comfort zone of the known into the unknown. It calls one to confront one’s demons, vulnerabilities, and weaknesses, and to acknowledge one’s strengths. The very nature of one’s understanding of power and social relationships becomes a matter open to scrutiny.



What Are the Lessons From Central and Eastern Europe?

South Africa has much to be proud of in having made a transition from authoritarian apartheid governance to a constitutional democracy. This was a bold decision that showed our self-confidence as a people. The key challenge we face 18 years after that bold leap is how to ensure that the mindset change necessary to consolidate our constitutional democracy is tackled and promoted as a necessary condition for success. This process involves a journey from subject identities to citizen identities for all stakeholders in South Africa.

Central and Eastern Europe is a beneficiary of a long history of more structured national and regulatory systems. It also benefitted from the industrial revolution. As a result of it, many countries became highly industrialized in a number of key sectors. The region also benefitted from the vested interest that the rest of the world had in ensuring that there was no incentive to return to communism.

These countries are also beneficiaries of the acceleration of economic restructuring resulting from the expansion and consolidation of the European Union beyond its western boundaries of old. The “big brother environment” created by this European Union impulse included provision of social funds for moving away from old centralized economies and toward more open societies and economies in democratic political settings.

In this regard, Germany provides lessons for South Africa. Former chancellor Helmut Kohl understood that “too great a degree of inequality makes human community impossible.” West Germans had to invest in “equalizing” the socioeconomic opportunities for all Germans. One of the shining examples of the success of that investment is the emergence in 2005 of Chancellor Angela Merkel, an East German, not just as a leader of a united Germany, but as a major player in the economies of the European Union. South Africa, which is now the most unequal society on earth, with a Gini coefficient of .7 has to ponder the lessons from Europe and Germany. The rest of the African continent suffers from the same socioeconomic challenges arising from too little investment in human and social capital and a lack of particular attention to the scourge of inequality as an obstacle to sustainable development. This is the case despite the commitment of African leaders to the New Partnership for Africa’s Development (NEPAD) with its four pillars of good governance, management and prevention of conflict, investment in people and prosperity for all.

The Challenges of Transformation of Political and Social Cultures in Post-Authoritarian Regimes

The process of democratization requires commitment by citizens and leaders alike to embark on a journey to unlearn the authoritarian culture of the past which still permeates our homes, our schools, our workplaces, and some civil society structures such as trade unions and churches. It is my view that the transformation of our identities from those of subjects to citizens requires a commitment to the journey of healing. Authoritarianism is functional in a militaristic institutional environment, but not in a democratic one. Unfortunately, the technical skills essential for governance and managing modern socioeconomic systems in a democratic polity were not in the focus of anticolonial and liberation movements that are now in power.

Governing a modern polity and economy has never been as complex as it is today in our interdependent and interconnected competitive world. When we made the change in our polity in 1994, South Africa had a head start in inheriting a sophisticated economy and the basic infrastructure needed to drive economic growth. We were also blessed with a government that understood the importance of transforming the macroeconomic system that we inherited. It had served the privileged minority but was inappropriate as a platform for a modern open economy. We still have the unfinished business of translating macroeconomic stability into inclusive growth for all citizens.

Universities have frequently been regarded as key institutions in processes of social change and development. The most explicit role they have been allocated is the production of highly skilled labor and research output to

meet the economic needs of societies. But during periods of more radical change – which may certainly have at their heart far-reaching changes in the economy – universities and their constituencies have sometimes played no less important a role in helping to build new institutions of civil society, in encouraging and facilitating new cultural values, and in training and socializing members of new social elites.

The idea of the university as an instrument of societal change has found expression in various ways in earlier modernizing societies of both democratic and authoritarian persuasions: the land-grant colleges in the USA, the part played by universities in the modernization of Japan, the incorporation of the universities into the socialist project of the Soviet Union and the countries that patterned themselves on that model, are just three examples.

The Special Opportunity for Business Education To Change Global Economic Circumstances That Bedevil Even Established Economies and Political Systems

In many countries the fastest-growing part of the higher education system is the private sector. Private institutions educate up to 30 percent of the overall student population in Eastern and Central Europe. That population has experienced large annual growth rates recently. Many people are prepared to make considerable financial sacrifice to attend private higher education institutions. They are willing to pursue qualifications in subjects such as business and computing that the expanding number of private employers increasingly require. Traditional universities have been slow to provide education in these subjects, partly because the falling level of public funding also raises concerns in the wider population about the quality of education at state universities.

What needs to be changed for the African Lion to start roaring and become a Mecca for business education? There is great potential for Africa to harness the lessons from Central and Eastern Europe, as well as Latin America, to transform its social and political realities by leveraging its huge assets – mineral and natural resources as well as a youthful population – into a sustainable wealth-creating machine.

According to the McKinsey Report *Lions on the Move: the Progress and Potential of African Economies*, “the outlook for further growth in Africa’s resource sector remains promising. Our analysis suggests that the continent’s production of oil, gas, and most minerals, measured by volume, may continue to grow steadily at between two percent and four percent per year. Even at current prices, this would raise the value of resource production from 430 billion US dollars today to 540 billion by 2020... If recent trends continue, Africa will play an increasingly important role in the global economy. By 2040, Africa will be home to one in five of the planet’s young people and will have the world’s largest working-age population. Global executives and investors cannot afford to ignore the continent’s immense potential. A strategy for Africa must be part of the long-term planning of any self-respecting investor. Today the rate of return on foreign investment in Africa is higher than in any other developing region. Early entry into African economies provides opportunities to create markets, establish brands, shape industry structure, influence customer preferences, and establish long-term relationships. Business can help the Africa of the future.”

Yet, Africa needs to reposition itself as an active player in shaping the terms of engagement with new and established investors if it is to harness its potential to roar like a lion and achieve McKinsey’s predictions.

What Needs to Change for Africa’s Youthful Demographics and the Resource Curse to Turn Into Blessings and Competitive Assets?

Africa’s youth make up about 60 percent of the total African population and account for 45 percent of the African workforce. Youth is defined as those between the ages of 15 and 35. The *African Economic Outlook* estimates that 133 million of Africa’s youth, that is 50 percent, are illiterate, with a youth unemployment rate in sub-Saharan Africa estimated at 20 percent. Africa’s youth are unskilled and the skills of those with education are irrelevant to the

current demands of the market. For Africa to take full advantage of its youthful demographics, it will have to invest in ensuring that young people receive high-quality education, and that the educational outcomes ensure a skills base that meets the demands of the African labor market. The skills development focus must further ensure that attention is given to vocational training, including apprenticeships, linked to out-of-school employment opportunities.

Civic education is vital to empowering young Africans to understand their citizen rights and responsibilities and engage in shaping the socioeconomic and political environments of their countries. The aging African leaders are not able to rise to the challenges of modern governance that is essential for enhancing the environment for doing business, an essential feature of attractive investment destinations.

The Role of Business Schools in Innovation

The Association to Advance Collegiate Schools of Business sees innovation as a bridge that connects the business schools' historical strengths in management education and research to a broader social purpose. At the heart of their *Report on Business Schools and Innovation*, they unite five overlapping streams of research that expose diverse and important roles for managers in generating innovation, and examine them within a conceptual framework that deepens our understanding of business schools. They claim that their reward is a revelation: there is an enormous range of opportunities for business schools to create value by fostering innovation within the communities they serve. Many business schools have already assumed leadership roles in developing these opportunities, and our aim is to encourage and support all business schools to do so in their own distinct way.

Innovations can be strategic, disruptive, green, or social regardless of whether or not they come from profit-seeking companies. Innovation is important even in economies that do not rely extensively on market signals to move resources. Today, increasingly large amounts of talent and energy are dedicated to solving social problems although there is no clear underlying financial motivation. Similarly, there is a growing number of organizations that cannot be neatly placed into the traditional categories of for profit, not-for-profit, and governmental.

Business incubators play the most direct role in support of innovation, especially in the local communities surrounding business schools. Simply put, the purpose of business incubators is to create local jobs by helping entrepreneurs or innovators get their companies off the ground. Services normally include mentoring, funding, and facilities. More than 7,000 business incubators have been reported around the globe, though of course not all of them are based in universities, much less involved with business schools.

As the clamor grows for more regulation to address the corporate failings that led the world into a two-year recession, business schools sense a chance to drive the agenda. By producing academic research that can inform the debates within Washington and Brussels (among other key places), there is a chance to become relevant once again. But business is also changing its mind about what it wants from MBA students. The super-confident, gung-ho leader, that was once their calling card, has fallen out of fashion. So can schools adapt to a changing world? The presence of the visible hand of regulation is now more explicit. This means that business schools may have a role in preparing members of the government. The collaboration between the public and private sectors is becoming one of the fastest growing areas of business schools.

Is a business school a business or a school? A relevant question in this debate is whether business schools are fundamentally viewed as businesses or schools. If they see themselves as traditional businesses, they might be expected to focus on looking for market share, seek international opportunities, compete for clients, look to generate profits, and give priority to economic and efficient modes of operation. Seeing themselves as schools, however, might lead to a discussion about whether their role is only to provide education, or it should be broadened to include thought leadership and research that leads to the furtherance of the common good for humanity.

So far, business schools have tended to see themselves as businesses since it has been big business that has supported their business models through a strong demand for their products and support for their infrastructure. But if they were to see themselves more broadly, they would cast their role as enablers of the emergence of thought leaders and a wider convergence of ideas. We know from other areas of life that you get the best outcome if you innovate and cross-pollinate at the margins. Innovation happens around the areas of greatest overlap.

Business schools in the 21st century and the post-financial crisis period have no choice but to redefine their missions as hubs of innovation and enablers of the emergence of thought leadership in civil society and in the private and public sectors. The interconnected world requires leaders who are educated alongside their peers in the civil society and in the private and public sectors. The challenge of leadership calls for openness to the lessons to be harvested from the commonalities and differences in management and leadership approaches in different domains.

History provides examples of how those rare high-impact individuals who rose to leadership were products of multiple impulses. They tended to be open to different approaches to problem solution and able to derive lessons from unrelated areas. It is often the unconventional scientist, the daring artist, the outrageous performer who reaches heights of performance that conventional people fear to even dream about.

What Are the Lessons for South Africa?

South Africa's immense possibilities still wait to be turned into opportunities for success for all who live in our beloved country. Leadership is critical in turning possibilities into opportunities and successful outcomes. For that leadership to emerge and prosper, a major mindset change has to occur in our country. A modern constitutional democracy with a sophisticated economy such as ours requires innovated, well-informed, and dedicated leaders who live the values of our constitution at the personal, professional, and political levels.

Business schools have a major role to play in leadership development in the civil society, at the private and public sector levels. South African business schools have to ramp up their engagement with the public sector management and leadership training beyond short and occasional executive courses. Mindset change is a slow process that requires lengthy engagement. Business schools must undergo a mindset change in their interpretation of their mission, model that behavior as an institutional approach, and then act as change agents. This is an opportunity not to be missed.

Day 2: 20th CEEMAN Annual Conference (continued)

Introduction by CEEMAN President



Danica Purg, President of CEEMAN

Welcome to the second day of the CEEMAN gathering in South Africa. Sometimes we separate our Deans and Directors Meeting from our Annual Conference, yet this year we decided to have them together as we thought that this way we would save time and cut costs.

Some participants asked me to explain the difference between these two elements of our gathering. The Deans and Directors Meeting focuses on the issues that business schools need to deal with, whereas the Conference is about broader topics of societal interest that affect business and management education. While the Deans and Directors Meeting is mostly for business school leaders, we try to have business representatives at our annual conferences and involve them in our discussions. This year we are very lucky to have the president of Nestlé South Africa with us. I am also happy to announce that today's moderator is Nick Binedell and I would like to introduce him.

Nick is the founding dean of the Gordon Institute of Business Science at the University of Pretoria and he has held this function for 20 years. By the time he was 10 years old, he had lived in six countries. He has spent 17 years of his life outside South Africa. He has a PhD from the University of Washington. Nick worked for eight years in mining and was general manager of General Electric in South Africa for two years. This is a very valuable profile in management education because people like him know what they are talking about. In my view, they are the best professors. Whenever management education development is discussed, Nick always has great new ideas that open up new directions.

Introduction by the Chairperson and Reflections

Nick Binedell, Dean, Gordon Institute of Business Science, University of Pretoria, South Africa



Last night, Mamphela Ramphele shared some interesting challenges with us, not only about South Africa but also about Central and Eastern Europe. When I am in a foreign country, attending a conference like this one, I always have a special feeling. I have never worked out the exact psychology of it. It is the sights, the smells, the noises, the people, and the physical environment that trigger comparisons in me. And on the way home, I start thinking what we should do in view of these comparisons. Yesterday, you heard me say that I think we should learn from everyone but copy no one. Each of us is involved in a different context; a different business school in a different economy. However, many of the principles are universal.

So, what came out of last night's presentation by Mamphela Ramphele? She summarized what business schools should do in South Africa. It reinforced the thought in my mind that being deans of business schools makes us citizens. It pushes us to take the role that goes beyond the narrow definition of business education. If you are in a country in transition, a main question that you have to tackle is what defines the boundaries of your business school. How do we decide what a business school is and what its limits should be?

Last night I realized that being a dean is a tough job. When you talk to retired deans, they always tell you about the bureaucracy of the university and how they had to deal with professors who have their own ideas of what a dean should do. Normally, they think that their own subject should be recognized as the most important at the school. Deans talk about exhausting committees and the slow decision-making of the university. In addition to all that, deans spend time managing. At the end of the week, I am exhausted because of all my managerial tasks. Faculty members can talk for days about very small topics. That can be very tough.

Besides, we never have enough resources and we always try to get business to support us. We also have to deal with student complaints.

Yesterday, I talked more about the leadership role of the dean. I argue that deans must always show the best leadership that they can. The reason for that is that in our countries people expect us to be leaders, not just managers. Leadership is often the missing DNA in the fabric of our countries and at the helm of the institutions that we need to create healthy and prosperous societies. That is why people look to business schools and expect their deans to be leaders.

Thirdly, they look to us to innovate. I know that because I have been dean of two different schools. At an established school, history speaks volumes. Rules for how things are done stem from decades of history. You do not have the authority of a chief executive officer or a general to tell people what to do.

People who work for business schools expect consensus as they have volunteered for their jobs. As a result, it is very difficult to innovate.

The fourth horizon that I would like to think about is the entrepreneurial role of the dean. We come from countries that are changing quickly and many of them are experiencing economic growth. Many are also restructuring their economies in a new global world and a new world within the country. That calls for entrepreneurship. As George Bush once said famously, "I wish the French had a word for entrepreneurship". Well, that was a joke. I was just testing you to see if you are with me.

The entrepreneurial role of deans requires them to create businesses in the economy and to attract to the school the kind of people who wish to start a business. In South Africa, our biggest problem is the shortage of work. You heard last night that we have 40 percent unemployment. We have massive employment program but we will not solve the problem by creating jobs, which is what the government is telling all employers to do, but by setting up new businesses. That is how jobs will be created.

So, how do we think about these issues in Central and Eastern Europe, Russia, Asia, Africa, and Latin America? I am very interested in that.

Some year ago, I read Jim Collins. He has a lovely image that has stayed with me ever since. He says that all of us need a map and a mirror. You can figure out what the map is needed for. As for the mirror, it provides reflection. When I go to meetings of deans, I reenergize myself about what we have to do. A lot of that requires us to look at the mirror. What is the role of the dean? Is there a way to do our job differently?

I am going to talk about maps for a minute. You all know what a map is: a thing that helps you get from one place to another. As a dean, if you have an idea of what is next, what the territory looks like, where you are, how you got there, and how you can get to where you want to go next, then a map is a very helpful thing. Many companies fail because chief executives do not read the maps. They do not look at the environment accurately.

There are people who do read maps. That is management. And then there are those who make maps. I am interested in map-making.

Let me combine two thoughts. One is the question of what a business school should do. What defines the boundary? Where should we stop? Yesterday Jonathan Cook reminded us of the power and centrality of the American business school idea. A business school should be practical and innovative, and deliver high quality. I think that the concept of an American business school comes from US history. But what about Europe, Asia, and Latin America? What defines the limits of what a business school should do there?

Last night Mamphela Ramphele asked me to reflect in the mirror and look for the limits of what a business school should do. If the biggest risk a country is running is associated with its youth, the unemployed, and the poor, then what should a business school do? If the biggest risk is that the state is not efficient, civil society is not engaged, or the private sector is not entrepreneurial, what are the limits of what a business school should do? If in your country, the state and your company, and civil society and business, and civil society and the government, are not in harmony, what are the limits of what a business school should do?

I think that as leaders we can choose the horizons. I think that the time we are in is inviting us to choose a horizon. I like CEEMAN because it brings together people who come from countries where we know these things to be truths. We do not come from countries where the history is so overwhelming that you cannot imagine something new.

For years, I have been intrigued by the question of how we can define not only the role of a dean but also that of a business school. I will take the liberty of reading a passage from a book that I bought on a Saturday in London. It is called *A History of the World in Twelve Maps*.

"Sailing to Alexandria by sea from the east, the first thing a classical traveler saw was the colossal stone of the Tower of Pharos on a small island at the entrance to the city port. At more than one hundred meters high, the tower acted as a landmark for sailors along the large Egyptian coastline. During

the day, a mirror positioned at its apex beacons the sailors to it and at night fires were lit to guide the pilots to shore. But the tower was more than just a navigational landmark. It announced to travelers that they were arriving in one of the great cities of the ancient world. Alexandria was founded by Alexander the Great in 334 BC, who named the city after himself. Following his death, it became the capital of the Ptolemaic dynasty, named after one of Alexander's generals, that would rule Egypt for more than 300 years and spread Greek ideas and culture throughout the Mediterranean and the Middle East.

Riding past the stone Pharos, a traveler entering the port in the third century BC was confronted by a city, laid out in the shape of the rectangular wooden cloak worn by Alexander and his soldiers, an iconic image of Greek military might. Alexandria, like the rest of the civilized world at the time, was wrapped in the mantle of Greek influence, the umbilicus of the classical world. It was a living example of the Greek polis transplanted onto Egyptian soil."

To me, this text is about business schools in emerging economies.

"The city's rise represented a decisive shift in the political geography of the classical world. Alexandria's military conquest had transformed the Greek world from a group of small insular city states into a series of imperial dynasties, spread across the Mediterranean and Asia. This concentration of wealth and power in an empire like the Ptolemaic dynasty brought with it changes to warfare, technology, science, trade, art, and culture. It led to new ways of people interacting, doing business, swapping ideas, and learning from each other. At the center of this evolving Hellenistic world, stretching from Athens to India, stood Alexandria. From the West it welcomed the merchants and traders from the great Mediterranean ports and cities, as distant as Sicily and Southern Italy, and grew rich from its trade and the rising power of Rome. From the north, it took its cultural influences from Athens and the Greek city states. It acknowledged the influence of the great Persian kingdoms in the East. And from the South, it absorbed the wealth of the fertile Nile delta and the vast trading routes and ancient kingdoms of the sub-Saharan world.

Like most cities that stand at the crossroads of people, empires, and trade, Alexandria became a nucleus for learning and scholarship. Of all the great monuments that define Alexandria, none is more potent in the Western imagination than its ancient library. Founded by the Ptolemies, the Alexandria Library was one of the first public libraries designed to hold a copy of every known manuscript written in Greek, as well as translations of books from other ancient languages, particularly Hebrew.

The library held thousands of books written on papyrus rolls, all catalogued and available for consultation. At the heart of their network of royal palaces, the Ptolemies established a museum, originally a shrine dedicated to the nine muses, but which the Ptolemies redefined as a place for the worship of learning and scholarship. Here scholars were invited to study with promises of lodging, attention, and - best of all - access to the library.

From across Greece, some of the period's greatest minds were lured to work in the museum and its library. Euclid, the great mathematician, came from Athens, the poet Callimachus, and the astronomer Eratosthenes both came from Libya. Archimedes, the mathematician, physicist, and engineer, travelled from Syracuse.

The Alexandria library was one of the first systematic attempts to gather, classify, and catalogue the entire knowledge of the ancient world. The Ptolemies decreed that any book entering the city was to be seized by the authorities and copied by the library's scribes. Although the owners sometimes discovered that the only copy of the original book was kept by the library, only a copy was given back to them. Estimates of the number of books held in the library are notoriously difficult to make due to the wildly contradictory claims by classic sources. But even conservative assessments put the number at over 100,000 texts. One classical commentator gave up trying to count. 'Concerning the number of books in the establishment of libraries', he wrote, 'why need I even speak when they are all the memory of mankind?' The library was indeed a vast repository for the collective memory of the classical world contained within the books or catalogued. It was, to borrow a phrase from the history of science, a center of calculation, an institution with the

resources to gather and process diverse information on a range of subjects, with charts, tables, trajectories, commonly at hand and combinable at will, and from which scholars can synthesize such information in a search for general, universal truths. It was here, in one of the great centers of calculation and knowledge that modern math-making was born. In my view, it was the argument between memory and vision put into one place.”

When I read this a few days ago, it made me think of the role of a business school. In this country, the outlines of what lies ahead are very visible. We have a strong private sector, one of the best of any emerging economy of our size. We have a fabulous infrastructure. You have experienced some of it. We have an extraordinary history of multiple cultures. It is a history of invasion, of oppression, of brutality, and legislated discrimination. A process of negotiation led to democratic elections. As a result, a party came to power led by one of the greatest icons of the 20th century.

The South African economy is what it is, and different from that of Malawi, because of the national resources: diamonds, gold, coal, iron ore, and - more recently - platinum. From that mining base, we built an industrial economy, with breweries, telecommunications, and financial services. One of our telecommunications companies has the eighth biggest subscriber base in the world: 180 million people. It runs cell phone systems in Afghanistan, Iran, Nigeria, and 20 other countries. That is the capacity of the private sector in South Africa. Our stock market at one time was the eighth biggest in the world, five times bigger than Argentina's. We also have a strong banking sector and very strong professional services. We have companies that have been started by migrants who came to this country with nothing and built fantastic enterprises. Sadly, they all come from one single community. The challenge of being South African now is to take that history and energize it in the private sector to something new and different in a very global and competitive world.

But we have a country that is deeper than that. Mamphela touched on that. We are deeply multicultural. South Africa has been mainly defined by race. Races define who we are, how we interact, how we live, and what we earn. Historically, that has been a huge limitation. The last 20 years were an invitation for South Africans to create something new. You will make up your own mind when you leave at the end of the week on how far we have got. In my mind, we still have a long way to go.

We have negotiated a structure of a democratic society but we have not yet created the social dynamics of a society that can borrow the best of all of our cultures and create something different. In my mind, that is a journey for 100 years. If we draw on the best that each culture brings, we can create something extraordinary. If we take the worst of what each culture brings, we will wreck the country.

As I look north to Africa, I see that we are in a good time zone. We are at the bottom of a continent of a billion people, largely untouched by government or the quality of products and services that multinationals offer, largely disconnected from itself, largely without infrastructure and without the quality education that you and I take for granted. It is also largely without systems of government and democratic practices that you would take as givens.

Africa is an enormous continent. We can fit the whole of Europe, China, and the United States in it. The African continent beckons us as a fantastic gateway and an enormous opportunity. But I do not want to stay only in the debate on South Africa. I would rather say to you, as visitors, that the challenges of a place like this is to spark creative insights about what to do next.

I have learned that how I get into a room determines what I do in it. What happened in my past experience shapes what I do now. The challenge of our countries in transition is that we do not have a good enough curriculum. When I look at countries like Singapore, Taiwan, and South Korea, or even Japan from 1945 to 1990, and the long story of American innovation, from 1850 to 1980, I am stunned by the capacity of those nations to recreate themselves. They took the best from the past and recreated it into something new.

I think that this is at the center of the invitation that we make to companies and people: to come to a business school to find a place of refuge, thought,

reflection, decision-making, and self-energizing. The question for us as deans is what to do next.

I would like to end my speech here and open a discussion between yourselves about the hope that we carry as we think about our schools. What is your best hope for your school? What we think about and what we do here is very important for our institutions. It is very important because we are their leaders. It is critically important for our faculty because faculty need guidance from deans. But it is much more important for our students and corporate partners. Derek Abell reminded us yesterday that they are the market from which we get our sustenance.

If we do not build competitive institutions, we will not have an economy. If we do not have an economy, we do not have a nation. The critical question for us is how to change the performance of individuals and companies. To do that, we need an agenda.

I would like you now to pair up with somebody who is not from your country and spend 10 minutes discussing your main idea of what is next. What is your hope? What is the one thing at the center of your mind?

John Powell

What I heard was very practical. The aim of the person I talked to was to secure the future of the school. I hear a lot about innovation and the need for creativity. I have worked for a long time in the defense industry, which is very creative. If you do not invent you die because nobody buys your products. What I have discovered is that it is not the inventive people who added the value; those who would propose an aircraft with wings pointing forward because it is aerodynamically elegant. It was the gray-haired people sitting in the corner who said, "That is not going to work because the wings will fall off". These people add value because they stop us from doing things that are unwise and dangerous.

What I heard from Danica was very practical. We are there to run our schools, not to provide some ivory tower of socio-political change in the first instance, although it may be a desirable thing from a personal viewpoint. Innovation has to be based in its practical input and output.

Arnold Walravens

I will talk just for myself and my own context. We have been creating a meeting point at a business school. But it is only a meeting of business people. It is striking that I do not see encounters between business leaders and leaders from other segments of society. Business leaders sometimes meet with trade union leaders as well as politicians. But that is not integrated in the curriculum of our MBA programs. In fact, we are creating segmentation in society. In my view, we must see more integration in the future. That is how we can contribute to a better society.

Roland Van Dierdonck

I was fortunate to sit next to a South African and we had a very interesting discussion. I learned that only 37 percent of the students who enter the primary school system in South Africa manage to graduate. Of those, only 10 percent go to college. Of those who go to college, 50 percent drop out in the first year. By the second year of college, only about one percent of the young population is still there. The obvious challenge is how to increase access in such a way that those numbers improve. Any improvement in those numbers would be a significant improvement compared to the current situation.

Having learned that from my colleague, I wondered what business schools can do to improve these sad statistics. The easy answer, or the fashionable answer, is to use more technology. Let us reach out and use distance learning, online learning, and all sorts of optimization systems. Bringing in more technology should help us reach a larger number of people in a more efficient way. We have had this tendency at business schools for some years: trying to do more with less through the use of technology. I have one big concern about that. The more technology we use in our teaching, the more

dehumanizing the education process becomes. That goes against everything that has been argued so far that we need to do: to train people who are more in touch with society and their fellow human beings, as well as more capable of reaching out to those who are different from them.

If we try to reach out through technological means, we rob them of the interaction with other individuals. We were not able to come up with any solutions, given the short time that we had, but we wanted to present this dilemma. We need to provide open access through the use of technology but at the same time we must be wary of the potentially dehumanizing impact of technology on the interaction between us and our students as well as the interactions between the students themselves and, ultimately, between the students and society.

Danica Purg

When we established our school 26 years ago, I believed that the main task of the school was to professionalize management. I have noticed that this is typical of all less developed environments. At a later point, we wanted to be a change maker. We looked at the big picture: lead change, support the reforms in our country. At present, I see that our societies are ready for education for better leaders. We pay a lot of attention to that. I think that we can educate and produce better leaders by providing them with knowledge among other things. But that is not enough. We also need to touch their emotions.

I think that we are all thinking about innovation in the methodology of teaching management. But we have very different views of what innovation is. A colleague from the University of Economics of Austria said: "As far as I am concerned, innovation means finding a way to touch the students' feelings in such a way that the students change". That is what innovation is. It is about new roads in education. One is experiential learning. We do a lot of that at our school and I understand that the Gordon Institute of Business Science also makes significant use of it. But there are also many other roads. Change can be achieved through the arts and sciences, through sport, and more.

I think that we should strive hard to bring other professions into our business schools and work with them to find new ways toward leadership development.

As for securing the future, that necessitates setting up appropriate structures and having people who believe in that goal.

Derek Abell

Years ago, I was talking to somebody in an advertising agency and I asked, "How do you make your decisions about one huge ad budget or another?" That person mentioned only two criteria: good point, well presented. I agree with Danica that touching your participants can be a good thing. But you had better touch them with something meaningful. We have a lot of coaching going on in the world now but it is mostly about psychology and processes and not enough about good point. What I mean is that we should not lose sight of the substance of the issues. We must make sure we address that and have new ways to look at it.

Danica Purg

It is essential to open the mindsets of our students. That is why we want to expose them to different experiences and take them around the world. They need to become receptive to new ideas and capable of reflection. That is our biggest task.

Nick Binedell

Thank you all for these inputs. We will have more opportunities to think about these issues later today.

Let me just build on the last thought that Derek shared with us. I always say that what we teach at a business school must have impact. It must be useful.

What we teach can be thoughtful and philosophical and conceptual but these concepts have to be used in the daylight. We do not need a night-time dream. We need a daytime vision, which is very different. Business schools have mushroomed and grown around the world because they are practical. But I sometimes fear that they are too practical and not reflective enough.

As a last thought, let me turn Danica's question to us: are we open in the way that we learn? What I love about CEEMAN is that we are so different but we have one thing in common, apart from our commitment to general management: we are in countries undergoing very rapid change. That is our common agenda.

How Can Business Support Change in Africa and Beyond? A Food Manufacturing Company's Perspective



Sullivan O'Carroll, Chairman and Managing Director of Nestlé South Africa

First of all, I would like to thank the organizers of this conference for inviting me. It is a great pleasure to be with you here. I am looking forward to a lot of interaction as the morning goes on.

I was born in Pretoria, South Africa, 62 years ago. I joined Nestlé as my first working opportunity and have spent almost 40 years with that company in many different functions. I have been in the sales area, the marketing area, and general management. I spent two wonderful years at the headquarters in Switzerland. When I came back, I ran Nestlé's ice cream business. I also worked two years in Poland. It was a great time and I wish I could spend more time in Eastern Europe. After that, I went to Malaysia and Singapore for six and a half years. I came back to South Africa three years ago.

I have had various experiences inside Nestlé and many interactions with other organizations in different countries. When I was in Poland, we worked with the CEFTA region. In Malaysia and Singapore, we were in the ASEAN community, which includes those two countries as well as Thailand, Indonesia, and the Philippines. We had a lot of interaction across these countries. I gained a good knowledge of developing markets and opportunities.

I am going to talk about how I think that business can support change in Africa. You will get a feeling that I am very optimistic about this continent. I came back to South Africa because I felt that I could help Nestlé contribute to the African opportunity.

Listening to your interaction after Mamphela Ramphele's speech the other night, I thought about some of the challenges that business schools face. Think of what the world will need in the next 20 years in terms of agricultural products. The world currently does not have enough space and enough water but Africa has both. But what Africa does not have at this point is the skills that are necessary to optimize this opportunity. You are in the skills business. McDonalds has 20,000 outlets around the world. Is there an opportunity for your business schools to franchise themselves like McDonalds restaurants? There are one billion people in Africa and probably just about 20 good business schools. Is there a way for you to duplicate yourself and seize this opportunity? You can come as leaders to help not only the African governments but also civil society. I have a feeling that people in Africa are thirsty for help. They want knowledge and opportunities. They need a map to show them the way forward.

I am going to tell you what Nestlé is doing and what we think that we can do. Perhaps companies like ours can join your type of organization and set up some practical agricultural business schools that can be very useful in Africa. I think that we need to work together in a more cohesive fashion.

I would like to tell you what Nestlé is doing to help positive change in Africa. At the end, I will play a video, showing what we have done to help a South African farmer and, more important, what he has done to help himself.

I hope you are having a fantastic time in South Africa. But what you see in Cape Town is not really Africa. I think that there are four different worlds in Africa. This division is specific to South Africa but it is also relevant to the rest of the continent.

There are areas that can be called a First World: Cape Town, Johannesburg and other big cities where life is comparable to that in Singapore or New York. Only 15 percent of the South African population live such comfortable lives. Then, there is a Second World, similar to Thailand, Turkey, and Brazil in terms of living standards. The bulk of our population live in the Third World, similar to Vietnam, India, or Kenya. The Fourth World is exemplified by Mozambique, Angola, and Malawi. We are talking about very poor people, struggling to survive.

In South Africa, these four worlds interact daily with each other. You travel five kilometres away from a city's center and all of a sudden you find yourself in the Third World or even the Fourth. By this definition, Africa is not a homogeneous continent.

We have a very diverse and rich trading environment: large food production companies and large retailers that compare with the best in the world. But we also have very small and poor entrepreneurs, selling a single product to make ends meet.

There is a lot of talk in South Africa about the demographic dividend for companies and governments. Thirty one percent of the South African population consists of children younger than 14 years. Fifty one percent are under 24 years old and only five percent are older than 65. Besides, 65 percent of all children are being raised by a single parent.

This demographic profile is very different from that of Japan, China, or Russia. This is a challenge and an opportunity for South Africa. We have a lot of 20-year old unemployed men and this creates a social problem. On the other hand, if you manage to generate employment for this young population, that can be a huge opportunity.

Nick Binedell talked about maps. At Nestlé, we always look at the map of the outer world and try to keep abreast of what is going on. The middle-income segment of the population that can afford packaged food is growing and this is a big opportunity for the future, as long as governments do the right things in terms of education.

I want to talk a little about nutrient security. This is not just about providing enough energy. That is what usually comes to mind when we think of Africa and its problems. Nutrient security means also delivering essential nutrients in sufficient quantities. This is essential in order to have a healthy and productive society as well as a sustainable economy.

South Africa is symptomatic of what is happening in Africa. There is a lot of focus on macronutrients: protein, carbohydrates, and fat. But micronutrients are equally important: vitamins, minerals, omega fatty acids, and phytochemicals. They ensure metabolic control which is necessary for body growth and health maintenance. Unfortunately, in South Africa we have a terrible affliction of under-nutrition and over-nutrition. In a typical family, you can find an obese father, as he is likely to get the most energy-rich food, whereas some of the children may be stunted because they are undernourished: they do not get enough micronutrients. Stunting is a terrible affliction, affecting 16 percent of our population. Children are growing three-to-four centimeters shorter than they should be.

There are shortages of micronutrients around the world. Developing countries, and especially those of sub-Saharan Africa, are experiencing shortages of iron, iodine, zinc, and vitamin A. This creates opportunities and obligations for food producers. Food security is fundamental for economic growth.

At the moment, Africa has 60 percent of the world's available arable land. We are going to have an explosion of the world's population in the near future. We will go from 7 billion people to 9 or 10 billion. The world has to find

a way to feed two additional Chinas. Many countries have already run out of arable land and water. By 2030, there is going to be a dramatic shortage of water in South Africa. But sub-Saharan Africa has a lot of available arable land and a lot of water. This is an opportunity.

However, the efficiency of the farmers in sub-Saharan Africa is only 20 percent of the most efficient farmers in the United States and Brazil. The big challenge is to upscale the skills of these African farmers and make them much more efficient. If we manage to do that, Africa can be, and should be, the food basket of the world. Some countries have realized that. South Korea for instance is buying land availability for food security. It has negotiated millions of hectares in Madagascar to secure food for their future.

There is growing urbanization across Africa. We have to revitalize agriculture on the continent and rebuild rural economies. This can be done through shared initiative: government and private, with the participation of civil society. We must all work better to optimize our opportunities.

Who is Nestlé? It is a multinational food company established in 1867 in Vevey, Switzerland. The founding father was Henri Nestlé, a chemist. He noticed that a lot of children in his community were undernourished and the infant mortality rate was high. He invented a milk porridge to help the children and their mothers. That was the origin of the company.

By now, Nestlé is the biggest food company in the world, employing over 330,000 people worldwide. We are virtually in every country on the globe. We have the biggest research center in the world, consisting of a network that spans all continents. One of these centers was opened in 2009 in Abidjan, Ivory Coast with the express purpose of exploring local raw materials and brain potential. We would like to find out how we can use Africa's brains to help the world. Most food recipes that we use come from the Western world. For example, we use a lot of wheat. Yet, that crop is relatively rare in Africa. Millet, sorghum, and corn are much more common.

Nestlé has been in South Africa for 96 years. We have 12 factories, employing 4,000 people. We supply food not only to the South African population but across all sub-Saharan Africa, all the way to Nigeria. Nestlé has just opened two new factories north of Pretoria: one for noodles and one for breakfast cereals. We are expanding our operations because we believe in the existing opportunities in Africa.

We are strongly focused on creating shared value - a concept that is not unique to Nestlé. I am convinced that this is the way to go in Africa rather than emphasize simple corporate social investment. I do not believe in check book philanthropy. I believe in learning how to live and work together inside our community, sharing the value that we are creating. Our vision is to become the recognized leader in creating shared value, at the brand level and the corporate level, trusted by all our stakeholders.

Providing a definition of "shared value", we have identified three areas. First of all, it is about providing nutrition, water, and rural development. We need to do that beyond sustainability, to create value for shareholders and society - integrally linked to our core business. The second part is about sustainability and protecting the future. We want to meet the needs of the present without compromising future generations. The third element is compliance with laws, business principles and codes of ethical conduct.

We want to improve nutrition for the consumer while increasing sales and profitability for Nestlé. In terms of water, we want to reduce our environmental impact and our operational costs. As for rural development, we would like to help farmers improve earnings and assure our supply of raw materials.

One example of water conservation in South Africa is our milk factory in Mossel Bay where we convert milk into milk powder. Recently, we responded to the extreme drought situation in that area. A normal liter of milk contains 97 percent water. In the process of milk powder production, that water normally goes down the drain. We have invented a way to capture that water. By the end of next year, the Mossel Bay Factory will be water neutral. The water from the milk will be used to run the factory. In that way, we will not have to use any additional water.

As for rural development, over and above sourcing from 200 commercial farmers, we also support 20 emerging farmers who are part of our supply chain. In 2009 the new research and development center for Africa was launched in Abidjan, to support research into raw materials and improve the quality of locally-sourced raw materials, including cocoa, coffee and cassava, as well as adapting products for the nutritional needs and tastes of West African consumers. Better quality crops in West Africa will allow Nestlé to source more raw materials locally, which in turn will raise the income and the quality of life of local farmers.

Agricultural raw materials are a vital factor affecting the quality and costs of Nestlé's manufactured food products. The quality of raw materials can have a significant impact on Nestlé's business performance. Therefore, sourcing agricultural raw material has to contribute to the sustainable and profitable development of the company. Nestlé sources its agricultural raw materials either through trade channels or directly from farmers, but does not engage in its own commercial farming activities.

We believe that there is enough technology and enough opportunity to repeat the Green Revolution of 20 or 30 years ago. Just one example is the fact that 30 percent of the food worldwide is lost in the supply chain. The world will not be short of food if we do the right things, working together in a sustainable way. We should be able to feed everybody.

In South Africa, we have very strong links to our farmers. We have 200 farmers supplying 200 million liters of milk to our factories. We are also working with 20 emerging farmers, one of whom is Jan Zim. Our general policy is to find ways to ensure good quality by sharing our expertise with the local farmers. We work with more than 10,000 farmers in Western Africa on what we call good agricultural practices and good storage practices. We have very strict quality standards concerning what we will accept from our suppliers. Our farmers now produce grains with mycotoxins levels within Nestlé norms and achieve a price premium. We have created market access for locally produced grains in West Africa with a farm base value of 20 million US dollars.

We are working with the farmers to help them capture and conserve the energy that they have created through their cars or the manure. That energy can be then used in cooling systems that they need to preserve their produce.

Most of our milk comes from South Africa, although a little bit comes from Kenya and Zimbabwe. However, this base could expand; there are huge opportunities in that respect, not only for milk but also for grain. Africa could become a food basket for the rest of the world.

Now I would like to tell you a little about the Nestlé cocoa plan for Africa. We use a lot of cocoa and so does the world. The research and development centre in Abidjan is developing a new facility that will supply over 10 million high-quality plantlets to cocoa farmers in 10 years. The plantlets are produced from high-yield and disease-tolerant varieties through an accelerated propagation method. Together with farmer training and premiums for better quality cocoa, it will be possible to increase yields fourfold and boost farmer income. This will mean higher incomes for rural communities and a more reliable, higher quality supply to Nestlé. This is particularly important as 40 percent of the world's cocoa currently comes from Ivory Coast.

For us sustainability includes holistically reducing the environmental impact of Nestlé products. This involves areas like processes, sourcing of raw materials, product development, manufacturing, packaging, and new systems and devices.

To conclude, local sourcing coupled with our Farmer Connect model will result in replicable and consistent quality and food safety, predictable timing and volume, increased price stability, sustainable production, and farmer loyalty. A company like Nestlé can assist African development as we need a certain amount of cocoa, coffee, corn, and wheat for the products that we transform and sell around the world. At the moment, Africa contributes around 4.5 percent of Nestlé's turnover worldwide. We expect our turnover in Africa to grow at a faster pace than anywhere else except China and India.

Six of the fastest growing economies in the world are in Africa. The opportunities here are simply enormous.

I have not talked about opportunities in terms of product development. For example, we provide 12 billion servings annually of products that combat iron deficiency and 7.7 servings of vitamin A. We respond as best we can in terms of supplying products to people who need them but we are not always as quick as we should. Unfortunately, we have a large percentage of relatively poor population who suffer from various deficiencies while the most expensive ingredients - vitamins and micronutrients - are the best ingredients. Africa needs more affordable nutrition and that is a real challenge for science and business. But we are not giving up and we have some success selling some of these products in countries like India and Nigeria.

The other area is education and skills development. You heard some scary stories about unemployment and schooling in South Africa. Unfortunately, this is typical of all Africa. We are helping in a small way. We have a policy of adopting a school close to each of our rural factories. This can help in some ways develop the necessary skills. But this is a task for you. If there is a way to enhance the skills of the African population, all the available arable land and water can be used for growth and development in Africa and food for the world. In my view, there is a close link between government support and agribusiness success. Policy interventions are very important, as well as smarter public-private partnerships, continued skill development and capacity building, access to finance, and consistent and sustained farmer support.

There is a need for training of extension officers and development of experimental farms. Unfortunately, the agricultural schools in our country were not as good as they used to be. This means that there is an opportunity in that area.

Finally, Africa should not rely only on export of raw food material but should also process foods at home. Young people should be encouraged to go into farming as a career. Like in other developing countries, African youngsters want to get to the big cities, looking for job opportunities. However, agriculture also provides an excellent opportunity.

I hope that I have given you a good synopsis of the challenges that we see, what we are doing to help, and what we think can be done in the future.

Business and Educators Panel on Management in Dynamically Changing Environments

**John Powell, Director, University of
Stellenbosch Business School,
South Africa**



I would like to set the scene for this panel as we will be talking about something that requires some definitions. We all accept that we are living in a dynamically changing environment. We often hear that the world is changing quicker than it has ever changed in the course of human history. What nonsense!

In 1641, the city of Magdeburg was invaded and sacked 31 times in one year. That seems to be a fairly fast pace of change. If you were a merchant in Magdeburg, you would have found life to be as exciting as a dot.com millionaire in the early 1990s. We are talking about dynamically changing environments but what do we mean? There are five levels of change if you look at this from a theoretical viewpoint.

The first level is exemplified by systems that are changing too fast for the participants to cope with and the change occurs in a linear fashion. It is a little bit like being at a tennis game without being fit. It is uncomfortable but you know it is going on very well.

At the second level of dynamic uncertainty, the existing system is changing in a way that the participants cannot cope with and the change is a chaotic, non-linear fashion. There are many publications in pop psychology addressing chaotic systems. People often say that they are unpredictable but that is not exactly true. They are predictable at a different structural level. The fact that the system is self-organized means that a system manager feels different in it compared to a situation in which things are too fast yet predictable.

The third level is probably where we are today. The rules of the system itself are changing in a way that we cannot understand. Have you thought about that? It is very different from just being in a fast-moving tennis game. Now we do not know the rules of the game.

The fourth level is where the rules of the system are clearly changing but we do not have observations of those changes. You might think that we are now in this situation in Europe.

At the fifth level, we do not have a clue what is happening. As a European, I look at my continent and the reactions of my European leaders. I do not think that they have a clue of what is going on. Some of you may think that the European leaders are purposeful and aware of what is going on but I do not share that view. As business school deans, we have to cope with that. It seems that there is a number of responses that we have to make to whatever level of dynamic uncertainty you choose to interpret. Whatever the level at which we are responding, we must at least understand the system and how it is changing. That leads us to a clear conclusion about our business school agenda. It leads us to the traditional functions of marketing, finance, and operations management. They define the system as it is now.

The second conclusion that I draw is that we must be able to see how the various parts of the system work together. For example, Yale University has launched a project of integration within the curriculum and it is very worthwhile. We have to understand how the system works today if we are to understand how it will work in the future.

Thirdly, we must be able to create a new system. That is a different level of system theory. That means we have to understand the processes of innovation and its cousin, risk management. If we are to change the rules of the system, we have to be inventive, pragmatic, and cautious.

The fourth conclusion is a message to us, as deans of business schools. If we are at the level of not knowing what is going on at all, because we cannot even tell if it is the rules of the system that are changing or merely details of the system, we had better get some intellectual skills in place. This is so because if we are unable to make decisions under uncertainty, we are not doing a good job for our end users.

One of the retail leaders of this country happens to be the chairman of our advisory board. I addressed the inability of our students to take part in board-level decisions under uncertainty and he told me a remarkable story. He said that he had a brand manager of dairy products. That is big business in a big retail firm. We are talking about an intelligent, well-trained executive. He wanted to change the positioning from processed dairy foods to traditional ones. My colleague was pretty much swayed by the argument but he said, "I do not really understand cheese. How do you make traditional cheese?" The brand manager answered "With milk". My colleague said that he felt an irresistible urge to sack him.

That story mirrors a feeling in the United States that their business school products are unable to take part competently in the decision making processes just below the board level. In other words, they cannot cope with the uncertainty that surrounds them.

I hope that the panel speakers will be able to put some flesh onto that rather abstract system theory.



Vladimir Mau, Rector, Russian Presidential Academy of National Economy and Public Administration, Russia

I am very glad to be in South Africa. Europeans think that it is far away from everywhere. However it depends on the perspective from which you look at the world. And we might just as well say that it is at the very center of the

world. Thank you very much, Danica, for choosing this charming place for the venue of CEEMAN's conference.

I think that dynamically changing environments are a key topic and this will remain so in the next few years. There are two types of changing environments. Until 2008, we lived in a dynamically changing environment based on rapid growth. It was so rapid, and had lasted for such a long time, that many people believed it would never end. Some even thought that a kind of new secret had been found that ensured smooth and long-lasting economic development.

Then, the crisis struck unexpectedly. Some experts had predicted it long in advance. However it is always easy to predict any crisis in principle and difficult to say when in particular it would start. It is like forecasting rain. If

there has been a long drought, you know that sooner or later there will be some precipitation.

The same is true of the question of how a crisis should be prevented. The only simple way to prevent crises is to suspend modern economic growth. There were no crises until the 17th century as modern economic growth did not exist up to that period.

Crises are important generators of changing environments. They play an important role in our reconsideration of management and economic theories. We must be aware of the nature of the current crisis: it is not cyclical. This is a structural crisis. It was not caused by stupid professors or stupid governments. A focal point in it is a systemic transformation of economies, currencies, welfare systems, and managerial doctrines.

If you compare the current crisis with the two previous ones - those of the 1930s and the 1970s - you will notice that the systemic crises resulted in changes in management doctrine. Therefore, it is important to think about the response of management science and management education, as well as economic science and economic education, to the current challenges.

At the beginning of the crisis, some analysts claimed that the world would shift from a liberal economic approach to a Keynesian one. However, we do not know exactly what will happen. We know from the past that systemic crises last about 10 years; therefore it is still too early to make predictions.

A couple of months ago, *The Economist* wrote that European sustainable development needs French effort, German extravagance and Italian political maturity. To some extent, this summarizes the necessary managerial response to the changing environment. But is it possible to train people in those three countries in such a way that they acquire these traits? I am skeptical about that.

I believe in predictability. However, it is fair to say that sometimes the unpredictability of Russia's past (we rethink our history regularly) is greater than the unpredictability of our future.

What are the new challenges that we need to deal with in management science and managerial practice? First of all, management is a complex and multifunctional system. The old boundaries between business and government, as well as those between different markets, are getting blurred. Speaking about markets, we sometimes say that the economy is getting "financialized". Twenty years ago, commodity markets and financial markets were completely separate. At present, they are merging and influencing each other.

As far as Russia is concerned, this means that the oil price crisis is not just an issue related to commodity markets. It also affects the securities markets. This makes the whole system even more unpredictable. The same can be said of people who change jobs and move from one sector to another: from government to private companies or the other way around.

Interestingly, the stagnation of the Japanese economy is attributed to the same factors that had previously been identified as generators of growth. I remind you that back in the 1950s, many commentators predicted that Japan was doomed to fail because of its rigid economic system. Then, in the 1970s, Japan's success was attributed to the same special features of that country's markets. Now, once again we hear that Japan is in trouble because of its rigid labor market. As a result of that feature, it has stagnated for more than 20 years.

The next issue that I would like to touch upon is the new welfare state and the development of human capital. This has to do with education, healthcare systems, and pensions. This is becoming a key source of stability or instability in developed nations, including Russia. In my view, the structural core of the crisis is the traditional welfare state. It can also be called a crisis of the industrial welfare state, which now poses structural challenges to the developed economies. There are demographic and educational challenges. That is why the current crisis can never be overcome without grasping what needs to change.

One thing is certain: there is a need for completely new managerial skills. We must start a serious discussion of the role of international competition

and public-private cooperation in this respect. However, it is very difficult to find a workable solution when there are so many people who do not have access to medicine while the percentage of young people is higher than the percentage of old people. When the demographic pyramid is upside down, there is a radically new situation that was never encountered before. Nobody knows how to organize an effective healthcare system or a pension system when those who need these systems are a majority.

The Russian Presidential Academy of National Economy and Public Administration is changing its profile, becoming a deeply multifunctional institution. We are actually going to be a combination of a classic university, a technical university, and a university of management. However, although we are aiming for a leading position in management training, we are not simply interested in teaching hard and soft managerial skills. We would like to train people who should be able to work in a variety of sectors. I would call this "applied humanities". We produce graduates who can manage private companies and run public institutions. We control half of the Russian MBA market and retrain 80 percent of all civil servants as well as managers of state-owned companies. An important element here is our partnership with the state. This cooperation is not limited to funding. In fact, two thirds of our revenues come from private sources. What is important is that the government is involved in the educational process whereas the Academy provides consulting services to the government.

The last point that I would like to stress is internationalization. We live in an open world. And we understand that we have to benchmark the leading universities of the world. That is an important consideration for the development of our strategy.



The Transformation of Customer Focus: Lessons From Emerging Markets*

Sandra Vandermerwe, Extraordinary Professor at Gordon Institute of Business Studies, University of Pretoria, Associate Fellow at Imperial College Business School London, Adjunct

Professor at ESMT - European School of Management and Technology, Germany

Introduction

Customer focus is undergoing a transformation. As a consequence, strategies reflect new world issues and life values. They demand the creation of enterprise activities deliberately formulated to contribute to human progress and social development. At the same time, they must achieve a healthy financial return. This distinct sense of mission transcends old models. It goes beyond corporate responsibility, involving subsidization or donations, social marketing, the use of marketing principles for selling products to change societal problems or practices, and business sustainability, focusing on environmental initiatives. It is beginning to filter into the contemporary literature on strategy and marketing.

*Based on "The transformation of customer focus: lessons from emerging markets" published in *Innovative Marketing*, Volume 8, Issue 2, 2012

Here I take the customer focus perspective, and offer a fundamentally reformed model. My main tenet is that while producing customer value remains at the heart of customer focus, what constitutes the customer is much broader, and the concept of value has a new meaning. This requires enterprises to achieve mutual, not just competitive, advantage, and proactively seek opportunities that lead to plus-sum games, or a better outcome for all, in a deliberate, reinforcing virtuous cycle.

This approach alters the very context of business. Some of the best examples and innovations come from emerging markets where large consumer numbers, surging middle classes, and high growth potential make them increasingly lucrative and attractive to local and multinational enterprises.

Specifically, the objectives of my presentation are to awaken enterprises to new humanistic and social values and drivers, show how these manifest in new principles of customer focus resulting in a fundamentally altered model, and demonstrate successful applications of these principles and models in emerging markets. I will also emphasize the importance of new customer focus in strategy.

Myths and Shifts in Mindset

Some of the myths pertaining to emerging markets have been shattered, as converging high growth rates and rising needs of middle class aspirers are reshaping markets, mindsets, and economic milieus. Here are some examples.

There is a myth that innovation comes from developed markets, and is then taken into emerging markets. In fact, innovations are emanating from emerging markets, where some of the most pressing challenges and opportunities present themselves. Three linked phenomena illustrate this point.

The first one is inverted innovation. Innovations increasingly come from emerging markets and are then adapted for richer countries. For example, GE Healthcare created a portable electrocardiogram machine for rural India, which was then marketed for accident site use in the United States.

The second is frugal innovation. It has gained prominence as firms seek cost-effective solutions for emerging customers. One example is a foldable paper tube asthma inhaler developed in Mexico. It is deemed better for young sufferers as it costs a few cents compared to current devices costing 40 US dollars. Another example is the safe and affordable Nano from India's Tata for the new middle class who hitherto have not been able to own a car. That model is now destined for Europe.

The third phenomenon is leapfrogging. Customers in emerging countries may be encouraged by enterprises to skip products and move directly from mobile phones to printers, bypassing computers. This is what many Indian and African customers are doing.

According to another myth, emerging markets consist largely of low-income consumers who need mass-produced, functional, cheap products, adapted to suit their pockets. In fact, customers in emerging markets can be more sensitive to customer service than their counterparts in mature markets. According to survey results from one such market, 86 percent of respondents switched providers in at least one industry because of poor service in 2008 (18 percent more than the global average). Also, 69 percent tell acquaintances, 25 percent use social media and 40 percent use blogs to spread the negative word.

The new middle class in the developing world is swelling in numbers. They have expectations and aspirations that make them as demanding as their counterparts in rich countries. Take India, where households spend 55 percent of their income on food - a higher proportion than in the Western world. They demand the same high quality in supermarkets as Westerners.

Low-end customers cannot afford high prices, but the alternative - cheap goods - does not produce desired results. As one Kenyan executive put it: "Cheap doesn't work and expensive doesn't work". He explains that cheap often means bad service and poor product quality, which costs more over time, and opens up avenues for dishonesty.

There is a third myth: New humanistic values, expressed as concern for society and wider environmental issues, reside only in a fringe population. Maslow's hierarchy of five progressive needs has been the basis for understanding behavior for decades. New research reveals, however, that Maslow amended his model, believing that self-actualization did not sufficiently reflect the optimally functioning human being. He discussed a sixth level, namely self-transcendence, or thinking beyond the personal self, as the motivational step beyond self-actualization. This gives a theoretical underpinning for understanding today's values around service to others, resonating in increasing numbers of enterprise and consumer behaviors.

According to a fourth myth, social investment benefits are difficult to quantify and take long periods to manifest. Actually, new customer focus brings exponential returns. In other words, small contributions have a huge impact. For instance, MTN, Africa's leading telecom provider, operates a so-called "mobile wallet" service in Uganda that has enabled millions of individuals without bank accounts to send and receive funds. Heathstore, a Kenyan for-profit micro franchise, has not only improved health and quality of life for millions, but it has decreased corruption.

Eras and principles at work

Described below is the progression of customer focus divided into three periods, with examples from emerging countries illustrating how shifting mindsets and new principles have led to successful strategic practice. In earlier days, up to the mid-80s, the value chain was assumed to be linear, extending from producer to consumer. In the second period, lasting from the mid-80s to the 90s, it was realized that real value only happened in the ultimate customer's space and failure to deliver value to end users resulted in failure for everyone. Individuals and societies, as well as the communities and the planet that they inhabit, became central to strategy. They became the customers for whom, and with whom, value was created and shared so as to create more value. "The days when we can only do what's good for us and customers are gone: we have to think about what's good for the country and the communities which comprise it", says Isaac Nsereko, chief marketing officer of MTN Uganda.

One segment MTN feels is very important is youth. Half of Uganda's population is 15 years old or younger, and all are at school. Therefore, MTN's efforts include services to enhance their education, health, and security, making sure that these young people acquire digital skills and tools that can enable them to become income producers in the future. They should also be able to compete and make Uganda competitive at a global level.

In another example, Y. C. Deveshwar, chairman of India Tobacco Company (ITC), describes his strategy as nation-oriented, a commitment beyond, but not excluding, the market. Millions of Indians rely on ITC's high-tech compendium of Internet-based services to achieve increased and improved crop yields. In this way, they enhance India's agricultural health and competitiveness.

In the period from the mid-80s to the 90s, there was an awareness that value is created only in the customer's space. The most important tenant for any customer-focused enterprise became delivering the desired customer outcome. By the mid-80s, customer experience had taken center stage. It was argued that the ability to deliver fully integrated experiences throughout the customer activity cycle, rather than just make and market products and services, gave customers the most value and created the strongest advantage to the enterprise. This trend continued in the period after the year 2000 and resulted in purpose-inspired customer experiences that lead to better quality of life and living.

More individuals use phones in Africa than in the US and, with the majority of web access through mobile phones in the future, numbers will become larger. But it is creative application, not devices, that gives meaning to people and impacts the quality of life. The cell phone is only a means to achieve the life-changing outcomes that empower the African continent. Farmers and fishermen in Senegal use it to obtain market trading information that can mean the difference between poverty and a good return. Health work-

ers in Malawi obtain real-time information that enables them to better diagnose patients.

In the period since 2000, enterprises have not just tried to differentiate themselves. They have been making genuine efforts to improve the quality of lives. Banks in South Africa are typically formal and intimidating, especially for those without bank accounts. Until 10 years ago, these people were disregarded, deemed too risky and too costly.

Capitec, South Africa's youngest bank, entered the scene with a different innovation formula. At a time when banks tried to save costs by actively discouraging customers from coming into their branches, Capitec built an accessible ever-growing branch network. While other banks offered increasingly complex products, Capitec simplified theirs. While the customers of other banks were desperately trying to understand the fine print and decipher what they were paying for, Capitec's clients got transparent and simple documentation. As competitors complained of rising costs and increased their prices, Capitec reduced costs by using simple technology and achieved the lowest prices in the industry. And while other banks found that inquiry queues were getting longer, Capitec injected more face-to-face contact into the customer experience, reducing queues, frustration, and costs.

Between the mid-80s and the 90s, there was an awakening to the fact that as long as an enterprise aimed at mere market share, it would get a share of products or services, but not a share of customers. Whilst separations and silos were the hallmark of the period before the mid-80s, it was now clear that no single silo or enterprise could win customers. Looking for partners with whom to produce a joined-up customer outcome became critical to strategy. With advanced technology, market spaces developed into market-ecosystems and networks that were more likely to prosper together than apart through co-evolution and interdependence.

Cemex is a Mexican supplier of cement. The company knew that 60 percent of the Mexican population earned less than five US dollars a day. Yet it realized that these people had the potential to become an impressive source of revenues. Cemex redefined itself around the "lifetime home ownership" market space. Its objective was to ultimately provide homes to 20 million Mexicans. A business system was developed to put them through their own home-building process with access to high-quality building materials at guaranteed prices and credit extensions. As a result, 100,000 low-income families signed up for this program in the first five years of its existence. Construction costs were cut more than 30 percent. Cemex is still outpacing analysts' forecasts. It has not only become a showcase example of success at articulating a market space and finding partners, but has also built an interdependent market-ecosystem of collaborators across companies and teams prospering together in a plus-sum game.

In the period after 2000, customers have become producers and thus part of the market eco-system. Moving from selling products to "promoting hygiene, health and nutrition", Hindustan Lever has built up a directly-to-customer network. These customer-producers are equipped with business skills and micro financing working capital. This has resulted in a source of monthly income that they otherwise would not earn, fostering more spending to feed a virtuous cycle. So successful was the scheme that by 2010 there were 45,000 small entrepreneurs in 135,000 villages in 15 states, serving 600 million people. The scheme accounted for 50 percent of the company's revenue. By now it has been taken to Indonesia, Bangladesh, Sri Lanka, Vietnam, and recently Africa.

Whereas prior to the mid-80s customers were locked-in due to artificial constraints or disincentives to switch, deregulation and technology freed both enterprises and consumers to build stronger and longer relationships. In the subsequent period, customers were connected through an exchange of information and knowhow and customer retention over long periods became the key objective. After 2000, unserved markets represented the biggest challenge and opportunity for local and multinational enterprises. These customers often did not have regular incomes, were outside the remit of formal banking and credit sectors, and a vicious cycle had set in, whereby they continued to be locked-out.

New customer focus fosters inclusive growth by deliberately enacting plus-sum games. Prince Kofi Amoabeng, chief executive officer of Ghana's indigenous UT Bank, had a simple idea: provide as many entrepreneurs with loans promptly and so boost the income and wealth-creating capabilities of all. He had tried several times to start a business but banks took such a long time to make a decision that opportunities slipped away.

"They took months. I would take days. Clients hated being asked to come back again and again. I would give an answer in days and an instant 'no' if we couldn't help. Banks wanted collateral. I would not, but I would spend time getting to know clients, under what circumstances their plans would work, and, how, and when, they could repay the loan. If people had no legal address, we went to their homes and sketched our own maps with codes (for example a straight line for tar roads and a dashed line for dirt roads), and we built a system based on what fits the clients payment scheme depending on their cash flow, when they need money, and when they expect money in."

Instead of anything risky being avoided and enterprises refusing to become involved, after the year 2000 enterprises become more involved with customers. For instance All Life Insurance in South Africa aims for customers that other insurance companies shun, offering comprehensive life assurance for AIDS sufferers.

The period up to the mid-80s was plagued by an obsession with immediacy as the profit of the silo and discrete products and services was paramount. Stuck in this paradigm, the enterprise tried to optimize short-term financial performance including cutting vital costs, missing the more important and longer term factors that determine the ability to excel sustainably. After the mid-80s, greater concern was placed on customer value. Opportunities for keeping customers longer, became cardinal. For example, with the combination of climate change and water shortage, Hindustan Lever's strategy emphasized crop rotation and restoration, proper irrigation and sustainable farming methods, reducing waste and use of resources, so as to meet the needs of this generation and the next.

The conspicuous need to buy and replace, often epitomizing the period prior to the mid-80s, shifted as customer experience took precedence. What mattered was whether and how products were being used over time. After the year 2000, the logic was that physical access, and virtual access propelled by advanced information technology, are the key empowerment tools. Lack of access today can compound damage in the future, not only for poor markets. In Britain, which has some of the lowest cancer survival rates in Europe, doctors have been told to ration the number of patients that they refer to hospitals for scans. This is likely to result in late diagnosis or no diagnosis, with potentially fatal consequences and costs to all.

In Kenya, 80 percent of the doctors lived in cities while 70 percent of the people lived in rural areas and half of the drugs were counterfeit, out of stock, unlabeled, or of poor quality, sold in grocery stalls. Then, Health-Store launched micro pharmacies and clinics to provide access to essential medicine, health education and preventative services to underserved villages and urban areas across Kenya. Micro-franchising scaled up activities in much the same way as micro-financing. Community members engaged as local nurses or health care workers owned and managed clinics or stores, located within short walking distance of the communities they served. And the startup costs, for each franchise, was covered by a low-interest micro-financing scheme

Access means going where the customer is, instead of pulling customers into catchment areas. Public transport is of particular relevance to Capitec customers; therefore branches are located near railway stations and taxi ranks, as well as malls. As chief executive officer Riaan Stassen has explained, branches are geared to serve different profiles, for example blue-collar workers who commute by train and are paid weekly, or those employed by bigger companies and the government, commuting by cars or taxis and paid monthly. Capitec's banking hours are longer than those of other banks. Recently Capitec became the first bank to open for Sunday trading.

The bank's branches are hospitable and customer-friendly, employing staff who speak local languages.

Benefits accrue when access is constantly and consistently made easier. Ghana's UT Bank recently launched a service called "phone for loan". Typically entrepreneurs cannot get to the bank without closing their stores or trading stations. Now they can phone in for a loan, followed by a call by the bank to the person's work. Capitec advisors and mobile service units go to factories and people's homes and keep branches open after hours.

Cloud technology epitomizes the shift to access in order to empower. Instead of having the fixed costs associated with server or IT department ownership or usership, the benefits of computer capacity and storage can accrue in an affordable way to anyone anywhere.

Classic market research prior to the mid-80s amounted to sophisticated science-driven compilation and analysis of data, often reduced to average responses. With computing, this became the back-up to a more engaging form of market research after the mid-80s, based on customer involvement, quality conversations, and even co-creation. With futures no longer a linear extension of the past, no degree of sophisticated traditional market research could predict accurately how customers would react to innovations, particularly if they were disruptive.

The period after 2000 added an ethnographic lens to marketing research as enterprises increasingly employed and deployed sociologists and anthropologists to get deeper insights into consumer behavior. Exploring a particular demographic group or community first-hand, being with them in their own space to find out what they feel and how they behave and react, has become the mainstay of customer-focused inquiry.

Because of literacy or local language problems, stories and narrative interpretation have become commonplace, with in-depth interviews or conversations through social media and blogging as well as interactions at physical or virtual research centers.

Before the customer experience became mainstream, with an emphasis on retaining individuals over time through relationships, customers were divided into target markets and goods and brands were positioned for different segments. Since the year 2000, this has changed so as to accommodate the affinity group or social market: people of like mind, who by virtue of a common interest or goal come together to share, learn from each other, and influence one another.

An example is provided by ITC. Instead of letting individual Indian farmers struggle with inadequate government help or subsidies, the company developed a technology-based information system, called e-Choupal Sanchalak, for communities of farmers across the country. Linking them electronically, it provided information and knowledge to increase efficiency and education levels. It also provided weather forecasts and information about market prices, which is essential to run farms.

Aggregation works with low-income customers because they buy together, take joint responsibility for loans, and apply peer pressure and controls to make repayment rates high, thus enhancing their buying potential. Yet, aggregation does not apply only to the poor. There is a trend in China called tuango: group online buying. Huge numbers of customers, vocal and informed, with common interests in certain products or brands get self-organized to chat, share opinions, and leverage their collective power to get lower prices or prizes from vendors. Sites like shuanngo.com have sprung up, aggregating customers across cities and negotiating through a team leader. And as more customers come online, prices are reduced, attracting more customers, increasing demand, and pulling prices still further down.

Sharing is a form of aggregation and the norm in many emerging markets. In Africa for example, phone sharing has become the driver for small business growth with individual and small entrepreneurs informally bulking up or aggregating demand and selling on to other customers. This sharing phenomenon has forced enterprises to come up with products more suited to shared experiences, like multiple address book handsets. MTN Uganda uses cloud technology to enable customers to share files and benefit from shared costs.

A hybrid of sharing is pooling. In China, if penetration of cars reaches US levels, the traffic congestion will make roads unsustainable. This has caused

a surge in car-pooling and car-sharing ventures as a viable option to taxes and legislation. Included in this idea is the concept that if people working together and living close-by pool their car travel, this will foster a community spirit and environmental care.

Conclusions and challenges

As this presentation has demonstrated, we are witnessing the transformation of customer focus associated with mutual advantage and expanded opportunities for everyone. This requires enterprises to master the art of unlocking and interlocking value in a compounding self-reinforcing positive loop, which ultimately brings prosperity to all constituents, customers, communities, and nations. As a result, there is a need for an alternative model and approach to innovation, distinctly different from the linear approach prior to the mid-80s, in which the enterprise was fundamentally inward-looking, seeking value for itself and its shareholders, or the period from the mid-80s to the 90s, in which producing customer value was seen as the means to creating value for stakeholders.

The logic after the year 2000 postulates a new set of principles. They define the successful strategies that I described. These strategies are in keeping with today's broader human and social concerns and Maslow's self-transcendent need to serve others.

Emerging markets are increasingly attracting the attention of local and multinational enterprises that can benefit from the lessons evidenced in the examples that I provided. Many of the innovations that I discussed are easily replicable at relatively low cost. Anything else would be an unfortunate opportunity cost for enterprises and the economies that they represent.

But the lessons learned are not exclusively for emerging markets. With consumers worn out by the financial crisis, the time is right for future-oriented strategies with a deeper sense of purpose. This may well be the engine for the next generation of growth. How many enterprises are ready for the challenge?



Steyn Heckroodt, Director, Lateral Dimensions, South Africa

I am going to change my topic slightly and the reason for that is that a lot of what I was planning to say, has just been said.

I am here to talk to you about dynamically changing environments and how to manage within them. I am going to

use a model to explain management and then, I will put forward a recommendation on how we should be dealing with dynamically changing business environments.

In essence, organizations consist of a number of components. In her book on the Biomatrix theory, Elizabeth Dostal distinguishes between a number of organizational aspects. One of them is the ethos aspect of an organizational system. It contains the values of the organization which ultimately anchors its behavior. Organizations also have a quotidian vision and mission. The vision is something that they are working towards. That is what they want to achieve and, become, so to speak. Then there is the mission steps that take the organization towards the achievement of its vision. Further, the organization (systems) has aspects of processes and activities, as well as structure, upon which organizations implement their plans. This provides a platform for planning and implementation.

There is also a governance aspect that makes sure that the intent of the organization matches its behavior and the other way around. A lot of times, organizations have an intent to do one thing but they end up doing another, or at least are perceived to be doing so. Then, of course, as Professor Powell pointed out, organizations operate in an environment. This includes politics, economics, buyers, suppliers, competition, technological developments, and social changes that make up the seventh aspect of the organizational system.

Brummer, Badenhorst and Neuland tell us that management is about the application of resources: money, people, infrastructure, and information. These are applied with the aim of delivering some sort of product or service. They have dominant attributes, such as quality, price, range or variety. We go to a particular store or support a particular business because it offers the best quality, or the best deal on some of the other dominant attributes. Organizational resources are applied through the organization to make sure that they yield products and services that will be bought in the market.

Judging by the description of management above, management appears to be a very simple and straightforward activity. Why then the big fuss about managing in dynamically changing environments if we know that management is about planning, implementation, and evaluation? It is also about scanning the environment, gathering information, crafting scenarios, making selections, working out a strategy, implementing it, evaluating it at the end of the year and then starting all over again. So, what is the big deal about changing environments? Why do we have to treat dynamically changing environments as something new in management? Why can't we just carry on doing what we have always done? Just scan the environment, outline scenarios, select a strategy, implement, and evaluate.

I will tell you why not and I think that most of us know the answer to this. It is because we are not succeeding at the moment at what we are doing, as businesses. We are not getting out of the recession, we are not turning the tide on unemployment and we are not enabling our organizations to remain competitive. That is the problem.

We can look at the problem of the recession or that of political instability or unemployment. These all impact on our business organizations, but at the end of the day, it is about sustainable competitiveness and keeping our doors open rather than shutting them. That is the challenge of managing in dynamically changing environments.

So, let us talk a little about competitiveness.

Porter tells us that competitiveness resides within the organization. It does not reside in the product or in the market place. There is also a view that there is nothing competitive in strategy and that the competitive ability of an organization actually lies where the job gets done. It is in the operational ability of an organization, which is part of its physical reality, and not its conceptual reality where strategy resides.

Having concluded the introductory section regarding organizational systems, management and competitiveness, let us now talk about dynamic environments.

Yes, the world is changing and it is changing increasingly fast. But it is worrying that we do not seem to succeed in changing the way that business sustainable competitiveness is going currently. There is a strong argument that we need to change the way in which we think about management. If we want to change things, we need to start thinking differently about them. We are too used to thinking of the environment as the starting point for management and rely too much on getting the future right; creating the right scenarios, making the right strategic choices, to enable sustainable competitiveness. We believe that our competitive edge is in our ability to predict. Just before the launch of our new fashion tomorrow, Oprah Winfrey decides that she is going to wear green, or Bon Jovi decides that he is going to wear leathers and not jeans. And then, we notice that none of the scenarios that we have planned for, have come true. This is because we based our strategy in a sense of knowing what the future is about, and not in being prepared for any sudden changes.

We believe that it is fine to do business environmental scanning because we need to know what is going on out there. But we should stop sling-shooting our competitive ability around an environmental factor that we cannot influence or change, because if a change happens, we are not ready to absorb it.

Here is a quick example from South Africa, dating back to the late 1990s. At that time, the British pound was worth 20 South African rands. A good bottle of wine was going for about 22 rands in South Africa. Most farmers here started exporting to the United Kingdom where they could get four pounds for a bottle. In that way, they made 80 rands per bottle rather than 22, which was the going local rate at the time. This is an example of sling-shooting your competitive ability around a factor over which you have no control. They took their wine to the United Kingdom market and established dominance on price. It sounded perfectly fine: The South African farmers undercut the French wines.

But what happened six months later? The exchange rate of the rand changed. Suddenly it was not 20 rands to the pound but 13. What would you do in this case? Would you increase your price? Can you? No, you cannot, because you are an established price leader in the UK market. You may consider changing something in your model, in the mechanics of your organization. But you cannot do that either because everything is structured around the environmental factor of the exchange rate at a specific point in time. Yet, ladies and gentlemen, that factor is luck. We should not build our competitiveness on luck.

In the six months following the crash of the British pound against the rand, the number of registered exporters fell from 350 to 26. All of them were saying that the rand was killing them. That is nonsense. It was not the exchange rate that was killing them, but the fact that they had structured their competitive edge around a factor over which they had no control.

The change in thinking that the experts recommend is not to start looking at strategy as the most important factor in management in dynamically changing environments, but at organizational flexibility. This means that we can respond to sudden changes in the environment, enhancing our ability to sustain competitiveness.

Here is a story to illustrate my point. Sarah Palin ran alongside Senator McCain against Barack Obama. She made an inaugural speech viewed by many people across the world, as the election campaign caused a lot of excitement. During the speech she wore black spectacles. The next day, particularly in Japan, the demand for those spectacles went through the roof. If you were somebody that likes to predict the future, your reaction that day would be "How can this happen? How could I not foresee this?"

The other possible response is, "We do not care why this is a trend. We do not care why people all of a sudden like these spectacles. We only care how quickly we can produce them". Four days later, seven of the largest manufacturing firms in Japan were pumping out these spectacles by the millions. They made a switch in thinking. It is not about predicting the future. It is not about making a dynamic environment stable. By analyzing it, you do not make it less dynamic or less complex. Sustainable competitiveness resides in your ability to build flexible organizations, not in predicting the future and getting the strategy right.

The Brazilian Approach to Management in a Dynamically Changing Environment

Antonio Freitas, Provost, Fundação Getulio Vargas, Rio de Janeiro, and President of CLADEA, Brazil

First, I will talk a little about Brazil because I cannot expect everybody to be knowledgeable about my country. After that, I will focus on management and education.

Brazil is a huge country. Originally, the whole population was concentrated on the coast but by now there are cities also in the interior. The population is 192 million. The country's territory is 8,514,876 square kilometers, which is larger than the United States without Alaska. Brazil is the fifth largest country in the world, both in terms of population and territory. The GDP in 2011 was 2,492 trillion US dollars, whereas the GDP per capita was 11,770 dollars. The current unemployment rate is 5.8 percent.

Brazil is the largest economy in Latin America and the sixth largest in the world. The middle class consists of 105 million people, which is more than half of the population. This is important because companies usually try to sell their products to the middle class. They have more money than the two lower classes taken together.

Until the late 1940s, Brazil was pretty much like Africa. It was just a big farm that produced only coffee and sugar. In 1950, the country began to experiment shyly with industrialization. In the 1960s, some students were sent abroad to learn about technology. That resulted in some pockets of knowledge in which people were beginning to prosper.

At present, Brazil is the world's second largest producer of beef and soybeans, the third largest producer of poultry, and the third most important exporter of agricultural produce. It is home to Petrobras, the fourth biggest energy company in the world. The company has significant experience in oil exploration in deep waters.

Since the 1940s, all social indicators have been improving, regardless of the government in power. The railroad network has expanded seven times. The number of five-to-nine-year-old children in school has risen from 10.5 percent to 94.5 percent. Life expectancy has almost doubled, from 43 years to 73.4. We are not happy with the speed of change and would like it to be faster. But it is important that, no matter what government has run the country, all indicators have been improving.

We have discovered so-called pre-salt oil fields off the Brazilian coast. They are very large, yet they are eight kilometers deep in the Atlantic Ocean. Unfortunately, the extraction of that oil is a delicate task that cannot be solved with traditional equipment as it would destroy the oilfield. If you want to extract pre-salt oil, you need to develop a new technology.

The development of education has changed everything in Brazil. Instead of coffee, our most lucrative exports now are military aircraft. The other major



export products are electrical equipment, automobiles, ethanol, shoes, iron ore, steel, coffee, orange juice, soybeans, and corned beef.

We can now live without pollution because we have a strong focus on renewable energy sources and have been able to produce large quantities of ethanol. It is made from sugar. As you know, sugar is not good for you because it makes you obese. Instead of eating sugar, it is better to convert it into fuel. That is what Brazil is doing. This is good also because ethanol production creates a lot of employment. As a result, most cars in Brazil by now run on ethanol and bio-diesel. Brazil also produces wind energy, solar energy, and tidal energy.

Brazil invests five percent of its GDP in education, and there are plans to increase this figure to 10 percent by 2010. However, I think that this is too much as people do not know how to use that much money. My guess is that the increase will be lower.

We have 75 million people at school every day. Brazil has 2,600 higher education institutions, with 6.5 million students going to college. Distance learning programs are growing very fast.

Our higher school system is based on the notion of mission. Schools in different parts of the country have different missions. They are also expected to have an institutional development plan. Quality control is ensured through self-evaluations and peer reviews, as well as student evaluations.

National and international educational groups are confident that school enrollment will continue to expand in Brazil due to rising incomes and the growing demand for qualified professionals. This will open new opportunities for different schools in the fields of information technologies, communication technology, energy, agriculture, shipbuilding, construction and management of infrastructure.

Discussion and Comments by Sullivan O'Carroll

John Powell

I would like you now to think about the following question. Based on what you have heard so far, what unifying lines do you draw that inform the education of business people?

Arnold Schuh

One obvious conclusion is that copy-paste application of business education models is not always useful. We need a sort of indigenization based on the specifics of the local market.

Another issue is the huge demand for business education in the developing world. How can we teach so many people when we do not have ample resources? The classic business education model, based on that of the United States, is very exclusive. The problem is that we do not know how to handle classes of 300 or 400 people. We need a totally new approach to business education to address issues of this type. Technology might be useful, at least to the extent that it covers the knowledge part of education. However, technology cannot address the inspirational part adequately. Of course, you can watch a video of Steve Jobs giving a speech at a graduation ceremony and feel energized by it but I think that we are talking about a more complex process here. You need to bring leaders to the classroom and provide role models and then work on the creation of virtuous circles to move this process forward.

Sandra Vandermerwe

I am going to take a bit of a risk here. I would like to propose a new perspective on some of the problems that we have to deal with.

You find out who the shakers and movers are and have those people influence other people. That is how you get a multiplication effect. Why are business schools worrying about the capacity of the classroom instead of dif-

fusing new ideas in the marketplace? What I am saying is that if you have huge quantities of customers and you cannot get to all of them at once. That would defy all the principles that we have been talking about. Instead, we should see education as a diffusion process. You have to find the right people at the beginning. They will influence the rest afterwards.

John Powell

Thank you very much but I am still looking for unifying principles rather than particular solutions. Would anybody like to offer a unifying perspective?

Jolanta Mazur

Business schools in Central and Eastern Europe have copied the Western business education model and it is too late to change it. Companies also behave in the same way as in the West.

Once I read a paper that said that people work for companies, doing things they do not like, to earn money and buy things they do not need, so that they can show off to their neighbors, whom they hate. This is a vicious circle and there is a lot of truth in it. I wonder if we can really change this.

I have already mentioned the so-called service dominant logic during an earlier session. According to this logic, companies do not know what I want; only I do. But their goal should be to find that out and support me in the pursuit of my needs.

There is also a problem with big corporations. They are now trying to be society-friendly as they have found out that they can have more customers in this way. However, they have their shareholders and they have to prove that they are creating value.

In view of all this, I wonder if it is possible to change this model in any country, including South Africa?

Vladimir Mau

I believe that the most important quality of professors of economics and government advisors is modesty. We have to realize that we cannot do much. You cannot teach adult people. You can teach a small child to speak and then to read. But you cannot teach adult people to think. Our role should not be to teach them but to get them to listen to each other and get them to adjust to the changing environment. To paraphrase a title that I read in *The Economist* today, we can help adults search for a dream. However, you cannot create that dream for them and give it to them.

As for business education models, I do not think that countries can choose. They take the model that they are able to take and apply. It is not a matter of choice.

Thierry Grange

We were told that Eastern Europe has chosen the Western business education model. What exactly does that mean? Do you mean the French model? Or the German one? Or the Italian? They have nothing in common. The only person who knows everything about the West is definitely Danica Purg as she took the best from the West, leaving the rest, as she puts it.

On a more serious note, I think that there is very little similarity between the existing business education models across Europe and beyond. Last year, a very nice study was published on doctoral studies all over the world. Among other things, it concluded that all doctoral programs were in a bad situation. The study also compared different PhD models. The researchers thought that the lower a degree, the greater its adaptation to local conditions would be. Thus, the greatest variety would be found at the bachelor's level. Vice-versa, studies for high degrees, such as a PhD, would not differ much across the world as those studies are highly scientific and science is the same across the world. Yet, the results showed that the actual situation was exactly the reverse. All bachelor-level studies now look pretty much the same: a similar

curriculum, with the same number of subjects and classes per year, lasting the same number of years. But there is enormous diversity across the PhD programs.

In conclusion, I would say that if Eastern Europe has borrowed its business education model from the West, that is not such a bad thing after all, because we are taking about a vast territory with a lot of diversity.

John Powell

Thank you very much for your contributions. It is now time to ask Sullivan to share with us his final comments.

Sullivan O'Carroll

I am not sure I can do justice to such a wonderful discussion in just five minutes. I found it very stimulating.

I was intrigued to hear about multifunctional education. I was also impressed by the wonderful success of Brazil. Antonio Freitas described its past very simplistically as a big farm that used to produce nothing but coffee and sugar but now it is a leading exporter of airplanes. It is a fantastic story.

I think that the customer focus that Sandra Vandermerwe talked about links to Vladimir Mau's concept of multifunctional education and the humanistic model that they are working on in Russia. In my view, the main question is how we can all work together. Business schools should not be isolated, teaching the elite. Business people should not just look at the bottom line. They need a deeper vision or model.

The other very important discovery that I made was that a lot of best practices are coming from the developing markets. This is a very encouraging sign.

I was also impressed to hear that government officials in Singapore are so good that they are better managers than the leaders of some multinational business corporations. Seeing what that country has achieved over 40 years, and how far ahead it is of all developing markets, is very encouraging. The question is how we can use the lessons from Singapore, Brazil, and the other success stories to develop Africa.

In South Africa, we have many people doing fantastic work but they are most often isolated. We are not connecting the dots to create a strong force. The World Cup in 2010 was one of the few occasions when all South Africans really pulled together. It was a fantastic job but it lasted only six weeks and we went back to squabbling after that. However, I believe that interaction and friction bring innovation out.

This is the view that I wanted to share with you. The most important observation is that many fantastic things are coming from the developing markets. I think we will find a way forward even though I am not so positive and optimistic about the political leadership situation in our country at present. But we have been through worse and I am confident that we will find a way out.

Reports from Parallel Sessions

Session 1: Achieving Teaching Excellence

Arshad Ahmad, President, Society for Teaching and Learning in Higher Education (STLHE), Canada & 3M National Teaching Fellow



Thank you for inviting me for my first experience with the CEEMAN conference, which has been thoroughly enjoyable.

Our topic was “Achieving Teaching Excellence” with three presentations followed by a brief discussion and constructive comments from the floor.

Our first speaker was Drikus Kriek from the Wits Business School at the University of Witwatersrand. He leads in-company programs for leadership and executive development. Drikus outlined a number of institutional challenges framed in a global context. He identified dichotomies, such as the growing gap between academic research and classroom lectures. Some of the other challenges included applied skills versus knowledge, the identity of managers and the realities they face, and connecting deep disciplinary expertise and work experience in a meaningful way so that students can make a connection between the two.

The thread that tied these dichotomies encouraged teaching to move from a theoretical space towards real world applications and getting students to relate to these applications.

Drikus then described some of the characteristics of expert teachers using six C’s that characterize behaviors. He began with the “Core” which is about connecting the audience with a key message. Excellent teachers are also “Credible” and “Contextual”, allowing students to connect with their dispositions. Also “Caring”, “Challenge” and “Commitment” were described in getting students to take responsibility of the learning process.

Interestingly, a participant from the audience suggested expanding the C list with his three F’s: “Fun”, “Feedback”, and “Focus”. We agreed that these characteristics and behaviors are important but the question of transferring them into teaching excellence remains a challenge.

Drikus also showed an interesting graph which plotted “risk” and “value” suggesting that teachers should be willing to take on more risks so that they get away from the practice of analyzing the world in terms of black and white, and move toward more complex analyses that better reflect the reality that the students face. This is a trajectory that moves teaching away from just revealing facts to helping students form their own opinions about truth and meaning in contextual ways.

Drikus’s motto is “Excellence in teaching is not negotiable”. He encouraged the participants to add community-building to the teaching,

research, and service triangle. His goal is to personalize teaching so that every student is engaged.

The second speaker was Jolanta Mazur, Dean at the Warsaw School of Economics in Poland. Jolanta shared a mini case study of a very influential person in her life who also had a motto: "Learn, earn, and return". Jolanta learned a lot about case study pedagogy from her mentor. She learned about generosity and giving as this teacher went out of his way to pay for students to go to Harvard and take an intensive program. This opportunity allowed her to work hard and understand just how the case study dynamic unfolds.

Enabling students helps them "earn" and eventually "return" or give back. Teachers who serve as role models have a multiplier effect. The teacher in question created a program in entrepreneurship that was adopted at her own school and in other parts of Europe. It was eventually transplanted in a consortium of schools including some from Barcelona, Cambridge, Turkey, and Sweden, which used case-based teaching. In replicating case-based programs, different schools encouraged an entrepreneurial spirit into students that was particular in their unique settings.

In my remarks, I raised some of the new trends and challenges based on the knowledge explosion and the emergence of MOOCs (massive open online courses). MOOCs provide universal access to top quality courses offered by the most reputable universities at no cost. For example, Coursera, which was founded by two professors from Stanford University, has already launched some 200 MOOCs that have attracted close to 2 million students making a number of university courses irrelevant. The pedagogy used by MOOCs is mastery learning with a lot of feedback opportunities to the learner. MOOCs also have mountains of rich data to analyze how learning can be personalized and how MOOC designs can be improved. Given the significant involvement of top universities in MOOCs and online learning, universities cannot assume they will go away but instead must think carefully about working with MOOCs in ways that will clearly add value to the student experience.

My point is to view the advent of MOOCs not as a threat but as an opportunity to focus on conditions that make the live (learning) experience at our institutions really worthwhile. If we can raise the quality of in-person learning, then MOOCs might be used to think of innovative blended models which allow teachers to focus on higher levels of learning including critical thinking, judgment, and creativity.

I also made a few provocative points. I said that we needed to stop thinking about teaching as an amateur sport and instead consider it as professional practice. We need to develop meaningful faculty development programs that provide deep insights into how students learn. In Canada, where such programs exist and are provided by centers of teaching and learning, they are still largely ineffective. Instead of creating clinics that fix teachers, we need centers of excellence that support teachers to address practical issues, teach innovation, and disseminate usable research on teaching.

Good teaching must also address learning. Teachers must learn about learning as we do not know how to enable students to learn outside the dominant paradigm of lecturing and knowledge acquisition. We have a large body of evidence that support different models of teaching encouraging inquiry and problem-based approaches, peer and experiential learning, and community based and service learning. These models stimulate participants to be active, engaged, committed, and motivated! In addition, a university culture that supports new teaching initiatives and development provides incentives and rewards to faculty so that they spend more time on these worthwhile endeavors.

The presentations were then opened up for a brief discussion and the following themes emerged.

One participant observed that different people need different types of teaching. This means that you cannot use a standardized approach with all audiences. For example, undergraduate and graduate programs obviously require different methods. However, even within each of these programs, there are people with different needs. This requires flexibility and adaptability on the part of the teacher.

Another participant observed that in some emerging economies the infrastructure is so poor that it is impossible to create a learning environment that is conducive to experiential learning. Large classes are crammed into very small spaces and the teachers have no idea how to deal with situations like that.

Training teachers as part of a PhD programs was an interesting suggestion. However, according to one estimate, only 30 percent of doctoral students remain in academia. The rest of them go on to do other things. If that is so, forcing everybody to learn how to teach is not practical.

Another suggestion was that faculty members should have a license to teach just like other professionals. The UK has a fairly sophisticated voluntary certification program aimed at new teachers who are interested in becoming skilled and start with good habits for professional development.

In addition to the possibilities to change our habits and improve teaching, there were lots of good suggestions that encourage more conversations and presentations about teaching just like the ones we have about research. Teachers should be encouraged to take personal development programs like CEEMAN's IMTA, which has a reputation to transform one's perspective and practice in just two weeks. Good developmental programs and retreats that encourage participants to learn practical skills also unpack philosophical issues, some of which address the very identity of the teacher.

Session 2: Innovations to Support the Educational Process

**Michael Netzley, Assistant Professor,
Singapore Management University,
Singapore**

We had a small but engaged audience. A lot of what we talked about had to do with the ideas that we heard this morning and yesterday. In particular, I could not help thinking about Derek Abell's comment that as you visit various schools you see people with new starting points, pursuing new destinations. I think this very much tabs on the four presentations during our sessions. The focus was on teaching innovation, bringing new techniques into the classroom.

Irina Tykhomyrova shared with us the Telepresence Network that she has helped bring to Ukraine. In case you have not had the opportunity to be on Telepresence, I have to tell you that it is an amazingly rich experience. It is very close to being in the same meeting room with one another. She brought this high-technology solution as a way of building a community with business practitioners throughout Ukraine and made this resource available to her students.

After that, we also heard from Samuel Duru. He represented a youth organization called Challenge:Future (co-founded in 2009 by a small Slovenian company, CEEMAN and IEDC-Bled School of Management). It was very interesting to talk and listen about how 25,000 young people have come together around this project. By now there are projects all over the globe. They have created a community that goes beyond the classroom. They are addressing real world problems - the sort of problems that we have been talking about. They are applying the skills that they acquire in the classroom in an extracurricular manner. It really adds a rich practical dimension to what we are trying to do at universities.



Following that, we heard from Walter Baets. He turned our attention to pedagogical innovation. The idea here is action learning: having students work on real projects, with real people. They produce a real business plan that they have to execute upon graduation. As an example, he discussed the idea of building a 1,000 dollar house. Looking at the South African context, that is a great question. It makes me think of India's Tata Nano, a very inexpensive automobile, or the 100-dollar laptop project. These are great solutions that Walter's students work on. But the key is that everything needs to be translated into a business plan that could be realized as a workable business upon graduation.

The final set of ideas that we discussed came from myself. I talked about teaching digital media in Singapore. This is largely a phenomenon of North America and Western Europe. Unfortunately, in Asia there are no available resources. Just try to find a handbook on digital media and you will very quickly come up with nothing.

I turned to open networks, getting my students to build their own networks and reach out to practitioners in China, Myanmar, Laos, South Korea, Australia, or India. In fact they reached all around the region. They looked for information, trying to bring it back in the form of a wiki. In effect, we created our own wiki textbook by employing social networks, bringing that information back, and making it all usable.

These are some of the different innovations that we talked about. I thought of the threads that connect them all. I think that all our presentations mentioned building networks and communities. This is also connected to the idea of pursuing a different destination. As I think about what I have been thought in terms of how to teach, I recall that the notion of building a community as part of the class and the educational experience was not prominent. I think that is one of the key things.

Walter, in particular, emphasized a second theme: being purpose-driven. This connects to what we talked about these days: the amazing opportunities and challenges that are ahead of us. These are the organizing principles of much of what we heard during this session. That is what galvanized people around these projects.

The third theme was about what is beyond the classroom walls: the peer-to-peer connections and their integration in the learning experience.

The last idea was setting the context. Again this is about opportunities and challenges as well as providing a context to what we are doing as universities.

This is my humble attempt at trying to pull together the ideas that came up during our session.



Session 3: Designing Research to Support Change

Antonio Freitas, Provost, Fundação Getulio Vargas, Rio de Janeiro, and President of CLADEA, Brazil

Our subject was designing research to support change. "Change" was the key word in our session. We were privileged

to have John Wilson and Gyula Zilahy lead our roundtable discussion.

Professor Wilson discussed structures and strategies at business schools in the United Kingdom at times of change. This is a research project that has not

come to an end yet. He told us that business schools like to preach about mission, vision, and strategy, but the bad thing is they do not practice these.

Business schools are very conservative. Usually they change only after the appointment of a new leader. Many of us will go home after this conference and keep teaching stuff from Philip Kotler's 20-year old book. We are talking about dynamically changing environments but we do not know what our students will need 10 years from now. We do not teach them how to think and combine new ideas, or how to keep going on their own without being led by the faculty.

The second presenter was Professor Zilahy. He used to teach at the Karl Marx University in Budapest, which changed its name to Corvinus University. He has been trying to form leaders and make his school international. He told us that because students have to pay tuition fees at his university, some of them prefer to move to another country where they can study free of charge. I would suspect that many of them will not return to Hungary after they graduate.

Professor Zilahy told us that he had a huge research agenda but it cannot move forward without financing. He identified the same problem as Professor Wilson: a mismatch between what the school preaches and what it does in reality. He also told us that people sitting in the office next door did not know what research he was doing. Everybody at his school is out on his own.

Professor Zilahy's area of expertise is sustainability and that is what he teaches. However, students who specialize in that area cannot find jobs. As a result, the school needs to rethink its curriculum.

The main conclusion from our discussion was that there is not much change at business schools. We use the same books and the same articles to teach the same things. After that, we go home and watch TV.

Session 4: Spending the Marketing Budget Wisely

Vladimir Nanuț, Dean, MIB School of Management, President of ASFOR, Italy

Our topic is very relevant in this period of crisis. First of all, we analyzed the different options for marketing that are available to business schools. We have Internet tools such as websites, social media, and webinars. There are also offline tools, such as open days, fairs, exhibitions, and brochures, recruiting agencies, alumni associations, and more. All these can be combined so as to optimize the use of the school's marketing budget.

Lavinia Rasca is general manager of the ASEBUSS school in Romania. She outlined three main factors that can lead marketing efforts: customer satisfaction and brand awareness, the sum of which builds a school's reputation. This is the most important goal for the marketing success of the school. She also stressed the role of word of mouth. That is an inexpensive tool that can be very important, especially in executive education.

Pavlo Sheremeta showed us some video advertising. He advocated the use of social media, such as YouTube. He stressed the importance of differentiation and inspiration in marketing messages. Pavlo indicated that it is important to touch people's hearts, not just their brains.



During the discussion, it became clear that there are a variety of factors that can influence marketing decisions depending on the specific characteristics of a given school or program. It was stressed that there is a substantial difference between full-time graduate programs and executive programs. For example, younger students are much more attracted by job opportunities. They are also more susceptible to the effect of messages that target hearts rather than minds. On the other hand, senior executives will pay more attention to the quality of the advertised program and the career opportunities that might open up to them after the program.

Finally, we observed that the expectations of the participants are changing. This can have a deep impact on budget allocations and marketing decisions.

Concluding Words by the Chairperson

Nick Binedell, Dean, Gordon Institute of Business Science, University of Pretoria, South Africa

There is something very inspiring about being together with deans from similar countries. I think that I mentioned my doctorate in the United States. I learned a lot from being in that country. But South Africa is a long way from America and when I landed here in 1986 I knew I was in a different world.

South Africa has some of the best practices and quality standards. They are as good as anywhere in the world. On the other hand, we are overwhelmed with hard challenges that are even difficult to understand. Ever since I returned, I have been inspired by my environment. It has been wonderful to spend time with people who share an agenda.

I chair promotion committees and marks meetings. This is not the first thing that comes to mind about being a dean. But the idea of being in a place where business people come with real problems and real energy, having the opportunity to meet the best companies and the best leaders in the course of the year, and actually getting paid for doing that, seems pretty special.

I am always energized by meetings like this one. We are so lucky to do what we do. Being teachers, we have a new group of students each year. They come with an aspiration and a hope that we will change, and that they will change themselves. I have stayed in this wonderful career for so long because of what the MBA did for me. I was a youngish executive when I did an MBA program and that experience changed me in almost every way. Apart from the techniques of general management that I learned, and the opportunity to be in the company of like-minded energetic people, it gave me something that never left me. I am sure you all share it. It gave me a room with a view.

In the 1970s, I worked for Mobile Oil in New York. I will never forget how I went to the 45th floor of the head office and my boss, looking out on Manhattan, said, "My boy, this is a room!" He was right. What I took from that was this incredible idea that energetic people just need a room with a view.

This country has prevented people from having such a room. We may do many things, like how to do costing, and the principles of marketing, and what operations are about in a seamless speedy world, but there is one thing that I know: at every graduation ceremony we give these people a room with a view. I think I am very lucky to have this job.

There is a South African beer brewery that I referred to yesterday, called SAB Miller. It is the second largest beer maker in the world. For 60 years, they had 98 percent market share. Once I met the chief executive officer and I asked him how he energized people who work for a company with 98 percent market share. He said, "We have redefined the size of our market. It was just a



gimmick but it provided an intellectual change in our thinking. Instead of thinking that we had 98 percent market share of the beer market, we thought about our share of throats. When we worked that out, we realized that we had only two percent.”

I read a lovely book about Israel called *Startup Nation*. Sergey Brin, one of the founders of Google, was giving a talk at a public high school in Israel. As he went up to speak, the school’s headmaster said to him: “Mr Brin, you should know that seven of the 10 top math students in Israel last year came from this school”. Brin said, “What about the other three?”

I remain an idealist. I look at South Africa and all of Africa and I know that our share of throats is very small. What has been troubling me for some time is that I have been reading in American and West European press about business schools corrupting chief executive officers and leaders without ethics running financial services. According to those views, they have run the world’s economy into the ground. I reject all of that. It is not that these moral issues are not important. These statements simply do not do justice to what we do. In countries like this, and I am sure this is the case in countries like yours, the quality of leadership of institutions is literally a matter of life or death. When I fly over Africa, I know that people live for 45 years, instead of 80 years, not because of a lack of resources, not because of a lack of imagination, not because of a lack of humanity, but simply because of the leadership of institutions.

I often think whether we are in a troubled period or the beginning of a new era. I prefer the second.

Concluding Words by the Host

John Powell, Director, University of Stellenbosch Business School, South Africa

As I am not an African, I can speak with very limited authority about these things but I know that there is an African saying that you should not stand between a lion and a water hole. The water hole in this case is your gala dinner, so I will not be long.

I would like to thank you all for coming here because you lifted the spirit of this place. We pride ourselves on certain things in this school. One thing that characterizes it is the devilish glint in the eyes of our students when they think of a question that we do not want to hear. I think I noticed that in the debates that we had at this conference. They lifted the spirit of this school.

I would like to thank Hennie Oliver in particular. He is the head of our international affairs division. Having seen many such divisions all over the world, I want to pay my compliments to him and his team. Organizing an annual conference in South Africa for an East European association of business schools is quite a thing. Thanks also to Charmaine who worked so hard to make this happen.

I must also thank Danica Purg for being such a charming and professional chairperson. It is always a delight to work with her.

Finally, I would like to share a little poignant story with you. It sums up for me what I see in South Africa as an outsider and why I am so enthusiastic about this country. There is a Black colleague here working as a cleaner. He cleans floors and you can imagine how much he earns. But in his spare time he runs a charity whose goal is to help disabled black children obtain high-school education. He is a man with a heart bigger than I have ever seen. Here is the story.

Once, I flew in from the United Kingdom and I met this man. I asked him how he was. He said he was fine and asked me how I was doing. I also said I was fine but I was in a bit of a rush because I had no food in the house. To people in this room it means you do not have the right kind of food in your house. But to him it meant something else. An hour later he gave my secretary a packet. It was a bag of rice and a banana. That for me is Africa.



Concluding Words by CEEMAN President



Danica Purg, President of CEEMAN

Every CEEMAN annual conference is an inspiring event, energizing our members to cope with new challenges and walk new roads. I am convinced that, as we look back at the last 19 years, we are all aware that CEEMAN and other regional associations have helped our schools reach higher levels of competence and quality than we would have

been able to reach alone. Our faculty and our institutions have developed beyond realistic expectations through IQA, IMTA, and other CEEMAN programs. The recent research on hidden champions showed what synergy can be achieved in the framework of CEEMAN. That research is only possible within CEEMAN's network. It has a big potential and challenges us to use it even more productively in the years to come.

I would also like us to be able to provide better information to the world about us, particularly what we have achieved in less than 20 years. CEEMAN's members possess a very strong innovation tool if they use the network well. We will set up some new platforms to encourage innovation and new ways of learning.

Professor Henry Chesborough, who authored the concept of open innovation, will be speaking at our school on October 19. I am sure that he will agree that CEEMAN is a fantastic opportunity for open innovation. This means that individual institutions do not need to make discoveries about leadership and management development on their own. We can learn from each other and share.

Let us start by collecting the best examples of innovativeness and research in education that CEEMAN members have produced in the past five years and publish them for the 20th anniversary of our association. We are planning to have a book that describes these best practices.

I am sure that we will reveal the potential of dynamically changing environments as effectively as we did when we studied hidden champions. I must point out that CEEMAN is no longer about Central and Eastern Europe. It now encompasses other transforming regions as well. We have discovered that we can learn best practices in leadership and management development also from the first-class South African schools. That is why we are now in Cape Town. In the future, we will certainly be traveling to other parts of the globe as well. We will go wherever we find partners and friends interested in working together with us for a better future.

We realize that we cannot seek solutions to current issues by looking at what worked well in the past. While we were handicapped by our past, this is now emerging as an advantage. The future will oblige us to be more creative and innovative; it will oblige us to reinvent ourselves.

My dream is that CEEMAN and its members become – besides everything we are already - a new force of change, a real contribution to the future that we want.

On behalf of almost 100 delegates from 80 institutions in 32 countries, I would like to express our thanks to the University of Stellenbosch Business School, its director John Powell, as well as the organizing team, led by Hennie Oliver and Charmaine Kapp, for providing everything that we needed for an inspiring and fruitful dialogue. Let me also thank you, dear participants, colleagues, and friends for your trust and willingness to share and contribute to this conference so that it becomes a great and memorable event. I look forward to seeing you tonight at the great gala dinner. I would also like to invite you to the next CEEMAN annual conference and PRME Summit in Bled, Slovenia on 25-27 September 2013.

Thank you very much!

List of participants

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José De la Torre, Executive Director, EMBA Consortium, Florida International University

Phil Mirvis, Research Fellow

20
years



CEEMAN

Your Window to Management Development in a World in Transition

CEEMAN is an international management development association which was established in 1993 with the aim of accelerating the growth and quality of management development in Central and Eastern Europe. Gradually CEEMAN has become a global network of management development institutions working mainly in emerging markets and transition economies. The organization's interests cover the quality of education, research and innovation in these economies, as well as the broad range of subjects related to change and development.

With professional excellence as its aim, CEEMAN fosters the quality of management development and change processes by developing education, research, consulting, information, networking support, and other related services for management development institutions and corporations operating in transitional and dynamically changing environments. Its holistic approach to the phenomena of change and leadership development celebrates innovation, creativity and respect for cultural values.

CEEMAN's objectives are:

- To improve the quality of management and leadership development in general and in countries undergoing transition and dynamic change in particular
- To provide a network and meeting place for management schools and other management development institutions in order to promote and facilitate cooperation and the exchange of experience
- To provide a platform for dialogue, mutual cooperation and learning between management development institutions and businesses that are operating in the context of transition and dynamic change
- To promote leadership for change, global competitiveness and social responsibility, innovation and creativity, and respect for cultural values
- To represent the interests of its members in other constituencies

The main activities of the association include:

- International conferences
- Educational programs to strengthen teaching, management, and leadership capabilities in management schools
- Case writing support
- International research
- Publishing
- International quality accreditation of business schools

CEEMAN has 210 institutional and individual members from 51 countries in Europe, North America, Latin America, Africa, and Asia.

www.ceeman.org

Situated in Bellville near Cape Town, the University of Stellenbosch Business School (USB) offers a range of internationally accredited programs aimed at sustainable human development in South Africa, the greater Africa and globally. These programs include the MBA in three formats (full-time, part-time and modular), MPhil degrees in Development Finance, Management Coaching and Futures Studies, PhD, postgraduate diplomas in Dispute Settlement, Leadership and Project Management, and executive development programs.

The USB's international standing

- **International accreditation:** The USB has two international accreditations – EQUIS and AMBA.
- **Beyond Grey Pinstripes Top 100 Schools List:** This acknowledgement from the Aspen Institute in New York, USA, confirms the USB's focus on environmental, social and ethical issues.
- **EDUNIVERSAL global survey, France:** The USB has an A-rating and the Five Palms Award (one of only three schools in Africa).
- **QS:** The USB appears in the top 3 in Africa on this international ranking.
- **EFMD's Globally Responsible Leadership Initiative (GRLI):** The USB is a member of this initiative which focuses on reframing the purpose of management education.
- **UN's Principles for Responsible Management Education (PRME):** The USB is one of the world's first 100 business schools and universities endorsing this UN-backed global initiative which promotes corporate responsibility and sustainability in business education.
- **International network:** The USB is part of the international network of business schools, owing to its EQUIS and AMBA accreditations. The school has partnership agreements with over 80 schools on all continents, which facilitates research and teaching cooperation, a compulsory international module for its MBA students, exchange study possibilities and various options for foreign study groups at the USB.

Creating and sharing thought leadership

The USB creates thought leadership through its research centers (for leadership studies, corporate governance, futures studies, dispute settlement and business at the base of the pyramid), academic conferences, a research fellowship program and the research undertaken by its faculty members and students. The USB shares thought leadership on platforms such as its monthly Leader's Angle talks, an online research publication and academic journals.

Engaging with society

Social engagement at the USB is ingrained into the academic fabric of all programs. The USB engages with society on three levels:

- **Teaching level:** This includes social development in course content, class discussions, essay topics, seminars and more.
- **Research level:** The USB encourages faculty and students to do research on social issues. The school also partners with institutions to undertake joint research.
- **External project level:** The USB's staff, students, alumni, corporate partners and other stakeholders are involved in specific projects aimed at the betterment of society. Examples include the USB's Small Business Academy (SBA), the Management Program for NPOs, and conferences.

Previous CEEMAN Annual Conferences

- 2011 *Management Education in a Changing World:
Are We Ready for the Challenge?*
Tbilisi, Georgia
- 2010 *New Global Performance Challenges and Implications for
Management Development*
Caserta/Naples, Italy
- 2009 *Local Responses to Global Crisis*
Riga, Latvia
- 2008 *Management Education for the Realities of Emerging Markets,*
Tirana, Albania
- 2007 *Globalization and Its Implications for Management Development*
Istanbul, Turkey
- 2006 *Creating Synergy between Business Schools and Business*
Berlin, Germany
- 2005 *Innovations in Management Development
New Challenges of Faculty Development*
Kiev, Ukraine
- 2004 *Enlargement of the EU and Its Impact on Management Development*
St Petersburg, Russia
- 2003 *Business Co-operation and Business Schools Co-operation:
New Opportunities within CEEMAN*
Sofia, Bulgaria
- 2002 *Leadership and Our Future Society*
Bled, Slovenia
- 2001 *Going International from an Emerging Economy:
Corporate Experience and the Business School Challenge*
Dubrovnik, Croatia
- 2000 *Entrepreneurship on the Wave of Change:
Implications for Management Development*
Trieste, Italy
- 1999 *European Diversity and Integration: Implications for
Management Development*
Budapest, Hungary
- 1998 *Transformational Leadership - The Challenge for
Management Development in Central and Eastern Europe*
Riga, Latvia
- 1997 *Developing and Mobilizing East and Central Europe's
Human Potential for Management*
Sinaia, Romania
- 1996 *Managing in Transition in Central and Eastern Europe: Stage II*
Prague, Czech Republic
- 1995 *From Restructuring to Continuous Improvement
Lessons from the Best-Run Companies*
St Petersburg, Russia
- 1994 *East-West Business Partnerships*
Warsaw, Poland
- 1993 *Management Development in Central and Eastern Europe*
Brdo pri Kranju, Slovenia

Proceedings are available upon request from CEEMAN Office, while the latest editions can be downloaded in pdf from www.ceeman.org.

21st CEEMAN Annual Conference and 2013 PRME Summit



25-27 September 2013, Bled, Slovenia

The 21st CEEMAN Annual Conference will be held on 26-27 September in Bled, Slovenia in conjunction with the 2013 PRME Summit "New Ways of Developing Leaders for the Future We Want" on 25-26 September. We will continue the discussions from the PRME Summit, but also expose the experiences, lessons learned, best practices and inspirational solutions that have been developed by numerous innovations taking place among CEEMAN member institutions and the association as a whole.

At the conference, we will celebrate the 20th Anniversary of CEEMAN, which has become a leading association of management development institutions in countries in transition.

For more information or to sign up for the PRME Summit and/or 21st CEEMAN Annual Conference, please visit www.ceeman.org or contact CEEMAN Office at info@ceeman.org, Tel +386 4 57 92 570.



20
years



CEEMAN

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ISBN: 978-961-92270-8-4



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