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Making the Global Grade: Chinese Managers Are the Latest Enrollees in Western Executive Education Classes

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It is no secret that China's economy has made tremendous strides in recent years, that it has become the factory floor for multinational corporations (MNCs) and that its 1.3 billion citizens represent an unprecedented market for Chinese and non-Chinese companies alike.

But as Chinese firms increasingly turn their attention to strengthening their ability to compete in the global economy, they have a new challenge -- developing international expertise. One way they are meeting this challenge is by turning to Western executive education programs.

Business education of the kind that managers are accustomed to in the developed world is a relatively recent phenomenon for firms in China. It was only in 1979 that China, under the leadership of Deng Xiaoping, began to embrace a free market approach to business.

One person with a long perspective on the involvement of MNCs and Western universities in coordinating programs for Chinese managers is Denis Simon, provost and vice president for academic affairs at the Levin Graduate Institute in New York City, which is part of the State University of New York (SUNY). Simon, a former dean of the Lally School of Management and Technology at Rensselaer Polytechnic Institute, has worked in Chinese-related executive training programs for 25 years.

"In the late 1980s and early 1990s, AT&T, looking to get into the good graces of China, trained 50 senior Chinese officials in management and technology in a specialized three-year program. That was very unique," recalls Simon, who was a consultant to AT&T at the time. AT&T arranged for the Chinese officials to spend six months at MIT and Harvard and take a six-month tutorial at AT&T. "It was a marquee project -- training a leadership cohort and globalizing them before globalization was a popular word. A lot of programs started off like that."

Before long, business education for executives (as well as undergraduate and graduate students) began to grow.

"In China, business education started in the mid 1990s," says Hobbs Liu, director of executive education at the China Europe International Business School (CEIBS) in Shanghai, which offers MBA and executive education programs and receives financing from the Shanghai Municipal Government and the European Union. "We were the pioneers in introducing Western business knowledge in China."

Governance Issues to the Fore

The executive education market is burgeoning today because Chinese companies have much to learn to compete globally. "Chinese managers need a little bit of everything, from strategy to marketing to finance," says Liu, noting that CEIBS has worked with Wharton and other leading business schools on joint executive programs. "They are thirsty."

Sandhya Karpe, director, executive programs, at Wharton Executive Education who also manages relationships with key clients in India and China, agrees. "Management education is a relatively recent phenomenon in China," she says, "and there is an excitement around it." She echoes Liu in noting that Chinese managers are seeking education on a number of different levels. "We find, at one level, a need for functional programs and, at another level, programs for the top of the organization to meet the challenges of operating in a global market," she says. "Chinese companies have been very successful domestically. But if they want to expand their reach outside China, they need access to people doing business across the globe."

Karpe adds that Chinese executives are mindful of the need to institute changes within their own organizations and to start embracing executive programs now. "They are more willing to make large commitments in terms of time and resources so they can move ahead quickly, compared with our other emerging-market clients."

For example, Wharton and CEIBS joined forces to deliver, in September 2006, the Corporate Governance and Board of Directors Program, aimed at strengthening the ability of senior executives and board members of Chinese enterprises to manage long-term sustainable development challenges.

"We are targeting CEOs and board directors from Chinese firms," says Liu of CEIBS. "There are some fundamental [governance] problems [in China]. A lot of issues facing companies -- both indigenous companies and subsidiaries of multinationals -- can be traced to governance at the top level. We try to combine best global practices within a

China business context and expose participants to governance models and their evolution in a global context. We have offered this program on our own for the last six or seven years. This is first time we have allied with Wharton."

People Skills and New Cuisine

The Levin Institute has designed a number of programs for Chinese managers, including the four-month China Executive Software Leadership Program. The institute brings about 25 software engineers from China to New York for training in how to grow a global software company. The emphasis is on business management, leadership and the dynamics of competition in the global software industry. Participants attend sessions on writing and communication and learn about the key elements that allow the United States' high-tech business culture to thrive. They are taken to Bloomingdale's to view Western business attire and are introduced to chefs at restaurants where they get a first-hand look at American and French cuisines.

"They already have good technical knowledge and software expertise, but [now] they are in management roles. They are being groomed through this program to interact with their counterparts in IT companies from around the world," Simon says. "Globalization and leadership are very important parts of that. We're trying to put these people through a self-transformation experience where they open their mindset to new possibilities" and apply what they learn "when they go back home."

One of the specific goals of this program is to give software engineers the tools to lead and manage people, a task they typically have no experience in, according to Lin Wei, manager of China Programs at the Levin Institute. "Students [sometimes] become managers of software companies, not because they choose to be, but because the company gives them more responsibility to manage people," says Wei. "Not everyone understands what the responsibilities of a manager in a software company are."

Since it was launched four years ago, the program has evolved to address issues related to the personal growth of the participants. On some occasions, participants discover that they are not cut out to be managers. "Before, we didn't focus on personal development," Wei notes. "Now, we help students understand themselves first. After two months, if a student tells me he doesn't want to be a manager, that's fine. We have introduced the concept of choice."

Participation by Chinese managers in executive programs where they will interact with non-Chinese managers is overseen by two Chinese government agencies, according to Simon. The State Administration for Foreign Experts, under the China State Council, deals with bringing non-Chinese experts into China. Another agency, the China Association for International Exchange of Personnel, which is also affiliated with the China State Council, oversees Chinese employees who go out of the country for education and training programs.

For example, the Levin program for software engineers is sponsored by the China State Council and the State Administration for Foreign Experts, according to Simon. It is linked to China State Council Document Number 18. That is the document that the China State Council has issued with respect to China's software and integrated circuits industry.

Frequently, executive programs may serve the needs of Chinese managers better than traditional two-year MBA programs, according to Wei. In large part this is because many managers, especially in Chinese technology companies, cannot afford to be away from their firms for 24 months. "When you're in the high-tech industry, there are changes every day," she says. "If you're away from your job, you are out of touch."

In all of the programs that she develops, Wei emphasizes to participants that they need to set aside time in their lives to broaden their horizons by making a commitment to lifelong learning. Many are so busy at work that their lives become consumed by daily crises, narrowing the parameters of their vision. Wei recalls that one participant in the program for software engineers was disappointed when the course ended because he had enjoyed the time and opportunity to think, digest new ideas and share views with others.

"It was a compliment," Wei says. "It takes a lot of effort to get them into the habit of learning. I always tell students, 'As a manager, you should understand that you have the ability to make other people's lives better.' Sometimes it's very touching. As an adult, you don't have time to meet friends. By staying together for 16 weeks, students find they become friends with people from different parts of China. And it is a time to think about their lives. They always focus on best practices: *How* do you do this. But without asking *why* do you do this, I don't think they can ever make dramatic changes. We ask them to open their horizons. Most are engineers and they never read about history or other such topics."

Understanding Citigroup

What lies ahead for executive programs for Chinese managers?

Liu of CEIBS says the demand for such programs is growing rapidly, with CEIBS training some 8,000 managers a year in both custom and open-enrollment programs. He notes that most Chinese continue to request executive courses in the general subject areas of management, finance and marketing. But, more and more, they have begun to request


programs that are industry-specific, such as software, health care and telecommunications.


For courses like the Corporate Governance and Board of Directors Program, Chinese participants "don't expect us to provide customized content for China," according to Wharton's Karpe. "They don't want us to teach them how to operate a Chinese bank in China. They want to understand how global companies, like Citigroup, work. They aspire to be global players. What they're looking for from us is how other companies have been successful abroad, how their companies can integrate into the global economy, what their clients abroad would expect of them, and what the global standards are."

Wharton Executive Education has been operating in China since 2004 and has an office in Shanghai, according to Karpe. Some participants like to visit Wharton to participate in activities on an Ivy League campus and have exposure to the way U.S. businesses work, Karpe says. In addition to the academic content, there are requests for cultural activities. For other programs, Wharton faculty travel to China. "We work with both models," Karpe says. "We are client-driven."

Among other things, Wharton has developed programs for officials in Shanghai's municipal government and for executives of China Minsheng Banking Corp. Wharton, in collaboration with INSEAD in France and the Cheung Kong Graduate School of Business in Beijing, also has developed a program for Chinese CEOs.

Karpe notes that state-owned enterprises in China are showing a lot of interest in executive programs. "There is an eagerness to understand how businesses work overseas," she says. "They realize they have a lot of catching up to do."

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