



CHAPTER 1

INTRODUCTION

1. Rationale

According to the top 10 International Master of Business Administration (MBA) ranking 2006 conducted by “the Economist Intelligent Unit”, eight schools out of ten are from the USA. Data were collected using two web-based questionnaires, one for business schools and one for students and recent graduates during spring 2006. All data went through verification checks in order to verify their data by comparing with historical data and published scores, and all students’ and graduate’ questionnaires were audited for multiple or false entries. These survey questionnaires consisted of four main standards, thirteen indicators including assessments of career services, faculty and student quality, leaving salary, and alumni effectiveness. The followings are the international top 10 business schools.

- No.1. IESE business school, University of Navarra, Spain
- No.2. Dartmouth College, Tuck School of Business, USA
- No.3. Stanford University, Stanford Graduate School of Business, USA
- No.4. University of Chicago, Graduate School of Business, USA
- No.5. International Institute of Management Development, IMD, Switzerland
- No.6. Northwestern University, Kellogg Institute of Business Administration, USA
- No.7. Harvard Business School, USA
- No.8. New York University, Leonard N. Stern School of Business, USA
- No.9. University of Michigan, Stephen M. Ross School of Business, USA
- No.10. University of California at Berkeley, Haas School of Business, USA
(Economist Intelligence, <http://www.mba.eiu.com>)

The list below is the Asian MBA ranking listed in top 100 by the “economist intelligent unit.” Having the strongest economy in Asia, Japan is listed as the seventh after Hong Kong, Australia, and Singapore in Asia ranking. In over all ranking, Japan is ranked No.85. The international ranking is written within the bracket.

- No. 1. Hong Kong University of Science and Technology – School of Business and Management, Hong Kong (No.37)
- No. 2. Hong Kong University, Faculty of Business and Economics, Hong Kong (No.39)
- No. 3. Monash University, Australia, (No. 49)
- No. 4. Nanyang technological University-Nanyang Business School, Singapore (No.77)
- No. 5. Macquarie Graduate School of Management, Australia (No.81)
- No. 6. University of Melbourne, Melbourne Business School, Australia (No. 84)
- No. 7. International University of Japan-Graduate School of International Management, Japan (No.85)
- No. 8. Curtin University, Graduate School of Business, Australia (No. 91)
- No. 9. University of Otago, School of Business, New Zealand (No.97)
- No.10. Indian Institute of management, Ahmedabad, India (No.98)
(Economist Intelligence, <http://www.mba.eiu.com>)

The reason for the difference in ranking among USA and Asian MBA programs may be due to historical circumstances related to the labor force. For example, in the past, the Asian economic development did not depend on the knowledge industries or higher education. They made economic progress with inexpensive labour force, exporting unsophisticated manufactured goods or heavy industry materials. In particular, Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam have the strongest potential to be the economic center in the next few decades due to their strong manpower. In order to achieve this task, that requires a sufficient number of university graduates who have a strong research background, the ability to create innovative business

knowledge and the skills. Given this, the Asian education system needs to have recognized MBA programs that are able to recruit, retain, and graduate students who will be able to work successfully in business management field within their countries.

INSEAD, the one-year MBA program's pioneer in France, opened Asia campus in Singapore on October 23, 2000. They have MBA, Executive MBA, Ph.D and online programs in business and management. School of Business and Management at Hong Kong University of Science and Technology has Executive MBA program conjunction with Kellogg School of Management, Northwestern University. Also, Sasin Graduate School of Business, Chulalongkorn University, Thailand has a partnership with Kellogg School of Management at Northwestern University and Wharton School, Pennsylvania University.

In the future, Asia will have the highest world growth enrollment in higher education (Altbach & Umakoshi, 2004). At the moment, when we compare to the developed industrialized Western nations, the percentage of the university age cohort remains still very low in among some Asian countries. In China, only 15% of university age group enters in to the university, followed by India 10%, Vietnam 6%, and Cambodia 3%. Recently China overtook USA in having the largest numbers of postsecondary academic system, even though USA's university age cohort was more than 60%. In fact India and China, whose population occupies one third of the world population, are expanding their academic systems. Moreover, Singapore, Japan, and South Korea already have highly established academic systems. Thailand and Malaysia are also highly invested in higher education (Altbach, 2004). Yet, these countries business schools are not internationally recognized or competitive when compared to USA schools.

In order to improve their quality and international reputation to reach the top MBA schools' standards, most Asian countries are undergoing significant changes at national level. For example, Japan's current national educational reform centers on building a new knowledge-based economy. To address this issue in higher education, "The National Institute of Academic Degrees and University Evaluation" (NIAD-UE) was established. The Korean government issued a policy "Brain Korea

21” to elevate Korean higher education to a world-class level. One point one billion US dollars are allocated for this plan (1999-2005). Singapore’s “Strategic Economic Plan” is to internationalize the nation using global talent. In 1996, they also announced the plan to make the nation into the “Boston of the East”, by inviting the 10 most prestigious universities to set up campuses in Singapore by 2008. In 1947, India only had 20 universities and 636 colleges. Fifty-one years later, the number of the national and state universities had increased to 214. Thirty-eight of those were “deemed-to-be universities” nine thousand seven hundred three were colleges and eight hundred eighty seven were polytechnics. The total number of students was 6,755,000. To keep the standard and quality of each institution, National Assessment and Accreditation Council (NAAC) was formed in 1994. In China, there are 3,000 universities and colleges, and 13 million students. Within 3,000 institutions, there are 1,225 national universities, 686 adult higher education institutions, and 1,202 new private universities.

Many national universities have set up goals and strategies to be “world-class” institutions. However, it was only after Asia’s economic success that educational institutions in the West started viewing the East as their counterpart. During this period, the number of Asian students studying at higher education institutions in English speaking countries reached its height. This trend of sending students from Asian continent is slowly changing as the top leading universities have opened campuses in Asia. Nottingham University (UK) in Malaysia, University of Boston (USA) in Singapore, Temple University (USA) in Japan, and more to come at very near future at various Asian countries. There are many reasons for this change, but one of the reasons is the strong economic sustenance and high population rate in Asia.

In April 2004, the new Japanese higher education reform was implemented throughout the country. This reform was initiated under the slogans of “liberalization”, “diversity”, and “individualization” promoted by higher education institutions. One of the strong initiatives came from the demand to create creative knowledge workers from industries. Under this new policy, “Priotization of Graduate Schools” shifted teaching and research from undergraduate levels to graduate schools, increasing operational expenses, and allocating extra research money from government ministries and private firms.

Among all Asian nations, Japan is the most industries nation. Japan has emerged miraculously as the biggest economic giant in the post war era. "Made in Japan" is the top brand name in electrical, car and other industries. Sony, Hitachi. Toyota, Honda, Toshiba...etc are one of the renowned "world class" Japanese business organizations, but yet, Japan still does not have "world class" graduate business schools. At this moment, there is a very strong demand for graduate schools to further their talent and skills. For this reason, many business organizations are looking for those who hold an MBA. Many organizations in Asia are requiring potential employees to earn an MBA from Western institutions that are internationally renowned. Organizations view these "MBA programs" as the key to developing knowledgeable workers in business management field, which will increase their economic growth.

The most renowned MBA programs are normally located in Western countries. On May 22, 2006, Mohendra R. Gupta, the Dean of Olin School of Business at Washington University stated that unless Western Business Schools are continually improving, they will not be able to compete with the up-coming domestic schools in Asia. As importance and recognition of the MBA has increased, many schools have started to offer very high quality MBA courses in Asia.

2. Objectives of the study

- 2.1 To analyze the "Best-Practiced" MBA programs from USA, Europe, Asia Pacific
- 2.2 To synthesize the needs and demands of an MBA program in Japan
 - 2.1.1 Use a document analysis to examine the social, economical and political environmental demands, and needs of MBA programs in Japan
 - 2.1.2 Survey: Opinions about general business practices and MBA programs in Japan from those in the Business field.
- 2.3 To develop a world class MBA program based on Blue Ocean Strategy in Japan.

3. Research Question

- 3.1 Are there any similarities between “Best-Practiced” MBA programs at graduate schools in USA, Europe, Asia Pacific?
- 3.2 What is the trend of MBA programs in Japan?
- 3.3 Is there any bond (relationship) between MBA programs and business practices in Japan?
- 3.4 Does Western business management theories affect Japanese business culture?
- 3.5 Does Western theoretical based MBA programs work in Japan?
- 3.6 How to use Blue Ocean Strategy to develop World Class MBA program in Japan?

4. Scope of the Study

- 4.1 The study employs a document analysis, which is grounded in a survey of top MBA programs in USA, Europe, Asia, Pacific, and Japan, Japanese business executives, MBA experts, Blue ocean Strategy experts, MBA students and their parents, faculty members and stakeholders of MBA programs in Japan.
- 4.2 The Blue Ocean Strategy used in the study is composed of business theories, and practices implemented in the actual settings.

The purpose of this study would be to develop an innovative Japanese MBA model by introducing “Blue Ocean Strategy” to attract more international and adult learners. This model will not include curriculum and instructions.

5. Definitions of terms

Blue Ocean: The Blue Ocean Strategy is a business strategy that focuses on how to make business competition irrelevant by creating new market place.

Developing: To create a new, different, unique, valuable, innovative, affordable, and prestigious world class MBA program to meet the needs and demands of globalize knowledge-based society.

Eastern Wisdom: This term is derived from ancient Eastern religion or/and philosophies (e.g., Sun Tzu, Daoism, Confucianism, and Zen), which are based on the notion that one should take the middle path, embrace simplicity, have compassion to all beings, respect elders, and be obedient. For example, in Zen teaching, it emphasizes “simplicity” in life, which helps us to discriminate between need and greed. In Mahayana Buddhism, it teaches us to walk in the middle path.

MBA program (Master of Business Administration): MBA will be classified into program fee, mission and vision of the program, curriculum contents, learning/teaching methods, period of study, quality of faculty members (e.g., their obtained degree, expertise, number of publications), quality of students (e.g., GMAT and TOEFL scores, work experiences, class participations), students’ age range, ratio of foreign students, ration of women students, salary of graduates, students services/affaires, alumni network, administration work, admission requirements, and facilities.

Red Ocean: This term is the competition based business strategy. It is focuses on competition and winning within the existing market place, which is opposed to the Blue Ocean.

Value Innovation: It is the strategic logic and cornerstone employed in Blue Ocean Strategy. It means to create a leap in value for both groups; buyers and the seller to open up new and uncontested market space. It is not technology innovation or market pioneering. It can only occur when the whole organization system is aligned in the constant seek in differentiations and low cost.

Western Theory: In this study, western theory means the business theories derived and practiced in Western countries, which are widely used in MBA programs through out the world.

World Class: It means the internationally acknowledged institutions with academic excellence. Usually these institutions are research based, not teaching based.

6. Conceptual framework of the study

The following diagram shows about some significant theory, concept and principle related to the study as the framework.

Figure 1 Development of a World Class MBA Program in Japan By Using Blue Ocean Strategy Conceptual Framework

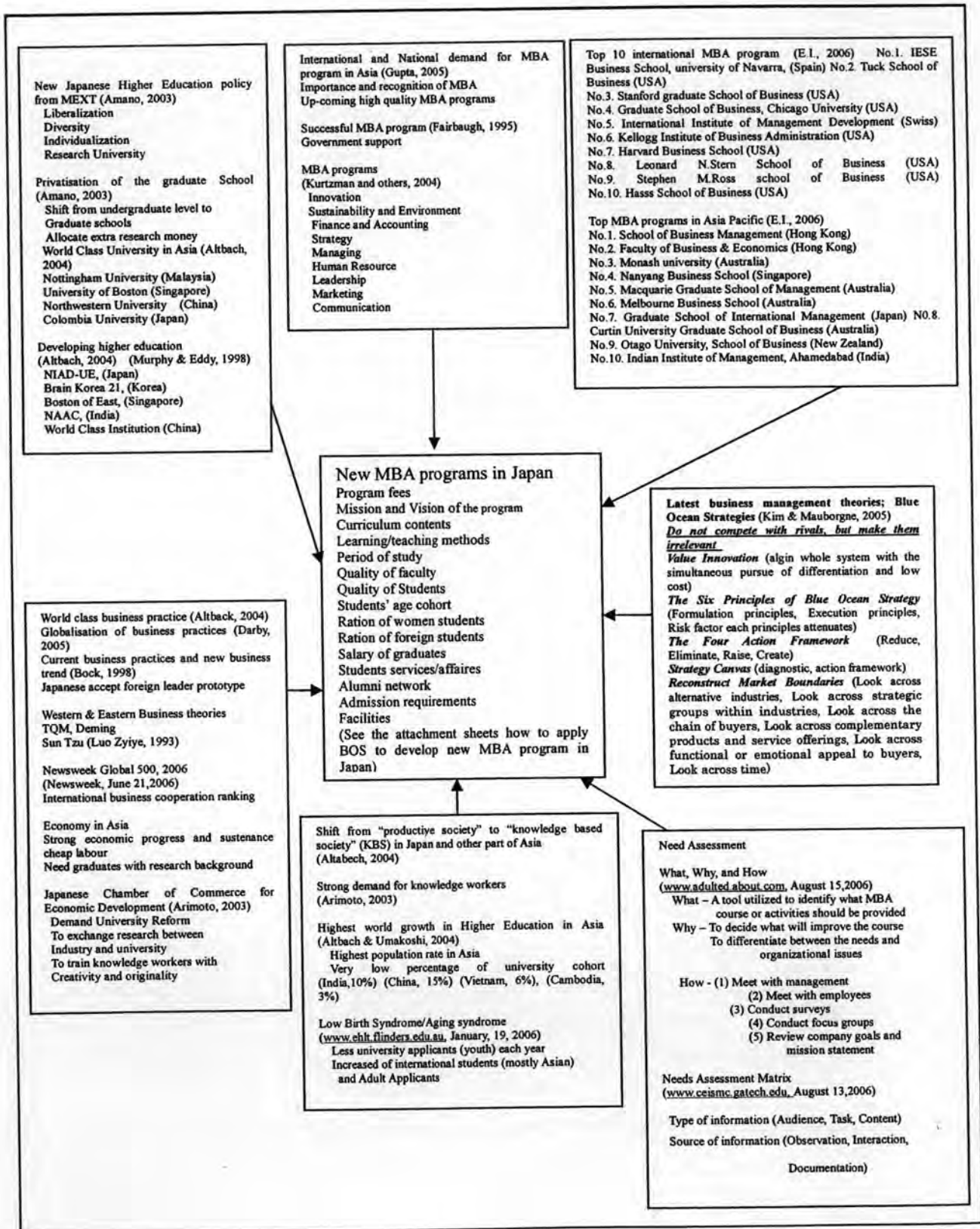


Table 1 How to apply MBA into the “Six Principles of Blue Ocean Strategy

Six Principles of BOS	Applying Procedure	How to apply to the new MBA program
1. Reconstruct Market Boundaries	1. Look across alternative industries → 2. Strategic group within industries → 3. Chain of buyers → 4. Complementary products and service off → 5. Functional or emotional appeal to buyers → 6. Time →	1. If not MBA, what would they do? 2. What kind of groups of students in MBA? 3. Who is the end user of MBA? 4. What is the complementary service or products MBA can offer? 5. Does our MBA emotionally appealing? 6. Can we see the future trend of MBA?
2. Focus on Big Pictures, Not Numbers (The Four Steps of Visual Strategy)	1. Visual Awakening → 2. Visual Explore → 3. Visual Strategy Fair → 4. Visual Communication →	1. Compare your MBA with competitors 2. Go to explore the six path to create BOS, observe distinctive advantages to alternative Products. What should be eliminated, raise create, and reduce? 3. Based on the field insights, draw your “to be” strategy canvas, get feed back from competitors, customers, etc. 4. Support the project that to close the gap to actualize the new strategy
3. Reach Beyond Existing Demand (Three Tiers of customers)	1. Soon to be your customer → 2. Non user of current mark Industry → 3. Never considered to be the Customer →	1. Customers waiting for better offer for MBA 2. Customers cannot offer or not required MBA 3. Customers never considered to take MBA
4. Get the Strategic Sequence Right	1. Buyer Utility → 2. Price → 3. Cost → 4. Adoption →	1. Does your MBA offer exceptional utility? Do we attract many people? 2. Is your MBA fee compatible? 3. Do we make enough profit to cover the cost? 4. What is the objections we need to overcome to adopt changes?
5. Overcome Key Strategic Hurdles	1. Cognitive Hurdle → 2. Resource Hurdle → 3. Motivation Hurdle → 4. Political Hurdle →	1. Does your MBA products suit their needs and demands? 2. Do we have enough budget to make changes in MBA? 3. How do we motivate our staff with limited resource? 4. How do we encounter opponents?
6. Fair Process of Strategy	1. Strategy Formulation Process → 2. Attitude → 3. Behaviour → 4. Strategy Fair →	1. Administrators and stake holders of MBA must make all faculty members and others to understand the strategic changes. 2. Once the reasons and expectations from the new change was explained, there will be mutual trust between them. 3. Once mutual understandings were established, people will voluntary corporate to pursue the task. 4. Once the expectation is exceeded from the Self-initiation, the strategy execution is completed.

According to the above diagram, the New Japanese Higher Education Policy from MEXT is to take initiative towards “liberalization”, “diversity”, and “individualization” in higher education institutions throughout the nation. Also under this policy, they aim to make a shift from “Non-research University” to “Research University” among higher education institutions (Amano, 2003). In order to achieve this, extra research money will be allocated to graduate schools.

Some world class universities have opened campuses in Asia: Nottingham University (UK) in Malaysia, University of Boston(USA) in Singapore, North Western University (USA) in China, and University of Columbia in Japan (Altbach, 2004).

These Asian countries also realized the significance and needs to create their own “world class” institutions at their countries. In Japan, the National Institute of Academic Degrees and University Evaluation (NIAD-UE) was established to support the national educational policy for higher education. In Korea, the government issued “Brain Korea 21” to elevate their higher education institutions to world-class status. In Singapore, the government established a strategic economic plan to make the nation to “Boston of East”. In India, the National Assessment and Accreditation Council (NAAC) were set up to control the quality of higher education institutions. In China, the government is spending large amount of money to create “world class institutions” (Altbach, 2004).

In the filed of business, as the science has progressed, globalization has spread all over the world. Under the name of globalization, the diversity of the wealth, the gap between the have and have-nots is getting wider. Rich international business organizations are using various strategies to compete one another, and always-in search of very reasonable man power and quality management. For instance, in the beginning of the 1950’s, Japanese automobile, electrical and other industries were looking for the better quality management system to be implemented for the further progress of the nation. At that time, an American scholar, Mr. William Edwards Deming was invited and spread his statistical process control and quality management system among Japanese industries. Japan was inclined to import the Western business theory. Later this theory was named “Total Quality Management” (TQM). In 1970’2, Japanese industries success could not be mentioned without TQM. In 1980’s, The American automobile industry, Ford Motor, implemented this system to increase the sales.

After few decades passed, getting prestigious name in “made in Japan” with high quality, reliable and reasonable various manufactured goods, by setting up factories at cheap manpower nations, now Japanese business sectors realized the importance to meet the international business demands. Japanese Chamber of Commerce for Economic Development demanded the ministry of education to Japanese government reform the education systems to create knowledge workers to meet up the globalization of the world with creativity and originality. To exchange research findings between industries and higher educational institutions is one of the example.

Most Asian economy is still very strong. Their economic progress did not depend on their knowledge industries, but with cheap labour and by exporting manufactured goods or heavy industrial materials. Throughout Asia, there has been a strong desire to shift from a “Productive Society” to a “Knowledge Based Society” (KBS) (Altabach, 2004). This has resulted in a demand for workers who have graduated from higher education institutions. However, Asia has the highest population rate in the world, but a very low percentage of university cohorts (Altabach & Umakoshi, 2004) (e.g., India 10%, China 15%, Vietnam 6%, and Cambodia 3%). Recently China overtook USA of having the highest number of postsecondary academic system, even though USA’s university age cohort was more than 60%. On the other hand, Japan is facing two major problems in their higher education institutions. The first is the low birth syndrome and the second is the aging syndrome. Given these population issues, there are fewer university applicants coming into college from high school. In contrast, international applicants and adult learners are increasing (Flinders University, <http://www.elf.findlers.edu.au>).

There is a strong international demand for high quality MBA programs in Asia (Gupta, 2005). The main reason for this demand is the perceived importance the MBA has both publicly and privately. Thus, in order for universities to have successful MBA programs they must have strong support from their own government. In addition, MBA programs should offer innovation, sustainability and environment, finance and accounting, strategy, managing, human resource, leadership, marketing, and communication courses (Kurtzman and others, 2004).

An assessment is needed in order to create efficient world-class MBA programs. Given this, the following questions need to be examined; 1) What types of tools can be used to identify the MBA courses and/or activities that should be provided; 2) Why do we need to improve the course or differentiate with others? How can the needs of the stakeholders be met? (Contemporary Literature, <http://www.adult.about.com>). A Needs Assessment matrix can be made from both types and sources of information (The Center for Education Integrating Science, Mathematics, <http://www.ceismc.gatech.edu>).

Blue Ocean Strategy's main concept is to not to compete with rivals, but make them irrelevant. There are four categories, we need to look at in order to achieve this task; reduce, eliminate, raise, and create. Which factors should be reduced well below the market standard? Which of the factors that the institutions take for granted should be eliminated? Which factors should be created that the institutions have never offered?

New MBA programs in Japan with strong support from both private and public sectors, inculcating Western business theories and Eastern wisdom and philosophy using Blue Ocean Strategy will be very unique and significant.

7. Significance of the Study

7.1 The University Council report "Higher Education in the Age of Globalization" in Japan on November 2000, advocates the training of higher professionals through expansion of specialized graduate schools. In order to produce better professionals, the critical issue is to understand the relationship between academic knowledge in Japanese university and the professional knowledge needed. The professional graduate schools must link theory and practice together. At the present, we can hardly see this balanced phenomenon. This study will present the guidelines for implementation of the above-mentioned principle.

7.2 Culture is the significant determinant to define ethical attitude toward certain questionable practices of business managers. If Western MBA schools and/or programs did not imply this cultural differences and impact on their strategies and curriculum to apply to as well as Western and non-Western situations, their program will not be strongly rooted in foreign countries. However, the number of Japanese higher education students who attend College in the USA to earn their MBA degree is increasing year by year. Now Japan is ready to implement and develop original MBA programs at various graduate schools. In Japan, there are very few internationally recognized graduate schools in business and administration, despite of having multi-disciplinary world-class universities. This indicates that there is a need to develop a new type of MBA program if Japan intends to be competitive with the USA universities. A competitive MBA program in Japan would keep citizens from looking abroad for a program and may even promote more non-Japanese citizens to also pursue a degree in Japan.

7.3 Developing world class MBA programs in Japan will not only attract international students, but will also stimulate other countries to develop their own MBA programs based on their own culture and tradition, which will aid them in being globally competitive. This will also help their nation to develop highly qualified knowledge workers who are familiar with both domestic and national business environment.

7.4 This study will contribute to the field of Higher Education in general by providing the latest information of top MBA programs in USA, Europe, Asia, Pacific, and Japan, and by creating new mechanism and procedures to develop world class MBA program by using Blue Ocean Strategy, which will help to inform further studies in this field.