



China: Why Western B-Schools Are Leaving

Red tape, difficult partners, and weak demand have Western universities closing executive MBA programs

by [Alison Damast](#)

Cass Business School in London was one of several dozen MBA programs tempted by a seemingly massive and untapped market for management education in China. It started a joint executive education program with the Shanghai University of Finance and Economics in 2004 and has had about 80 students graduate from its two-year program. But the British administrators Cass sent to China grew weary of the lengthy government approval process required for each new class of students. And they were frustrated by the effort it took to bring home the money they were making. "I think we did anticipate some problems, but not as severe as the ones that emerged," says Steve Haberman, deputy dean of the school. He shut down operations in February.

Foreign businesses in China often start out with an unbridled enthusiasm that is gradually tempered by bureaucracy, difficult local partners, and fewer customers than the size of its population—1.3 billion at last count, and growing wealthier—would suggest. American and European business schools in China are facing the same sorts of troubles. Walter Hutchens, a professor at Whitworth University in Spokane, Wash., who has served as a consultant to U.S. universities setting up ventures in China, calls executive education "a field of broken dreams."

All foreign schools have to collaborate with a Chinese university and contend with the local education authority and the Education Ministry, which exercise tight control over joint ventures. But the biggest problem is that relatively few Chinese have the requisite language skills to handle an all-English curriculum. And with the cost of these programs averaging \$50,000, companies send only those with real potential. "I've done the math several different ways, and I always get the same result: It's a really small market," says Patrick Moreton, managing director of the program offered by Fudan University and the Olin School of Business of Washington University in St. Louis, one of the more successful ventures. The five top programs in Shanghai together have only 230 students enrolled.

Several programs have scaled back or ended their partnerships with Chinese universities in the past two years, and more are expected to follow suit. The China Europe International Business School, a decade-long collaboration between the European Foundation for Management Development and Shanghai Jiaotong University, says it has temporarily closed its Beijing outpost to concentrate on its bigger program in Shanghai. The University of Maryland's Robert H. Smith School of Business and the University of International Business and Economics have also suspended their five-year-old Beijing operations.

Even SUNY Buffalo, which worked with Renmin University of China to launch the country's first executive MBA program in 1998, had enrollment troubles as more schools competed for qualified applicants. SUNY ended the joint venture in 2004. Now it's running a customized executive MBA program for Motorola employees. "At Motorola ([MOT](#)), we don't have to worry about the marketing expenses and issues," says John M. Thomas, dean of SUNY Buffalo's School of Management.

Recently another, not entirely unexpected, challenge has arisen: a growing number of sophisticated programs taught in Mandarin and Cantonese. Thirty Chinese universities are now authorized by Beijing to provide executive MBA programs. "The Chinese schools are coming right at the teeth of what I offer," says Gary Gaeth, the associate dean of the University of Iowa's Henry B. Tippie School of Management, which will start a program with the highly regarded Peking University this year. "And their MBA programs are every bit as good as everyone else's."

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