Training the future of EMEA business

Business education is booming in the EMEA region. But should local business people seeking a business degree look to local or western schools? Julian Evans explores.

Has your bank just laid off half its staff? Your law firm closed your office? Government capped your bonus? Now might be the time to get that MBA you always dreamed of.

The business education sector offers one bright spot amid the otherwise grim global economy. According to the Graduate Management Admission Council (GMAC), 77% of full-time MBA programmes around the world reported a rise in applications last year, which is the biggest year-on-year jump on record.

One such applicant is Konstantin Kapiturov, a 31-year-old manager from Penza in Russia, who last year applied to do a part-time MBA at the Higher School of Economics in Moscow.

He says: “It is becoming more and more common for Russian business people to do MBAs and other forms of business education. Sometimes your company pays for you. In my case, I am paying for myself and studying in my spare time. I am hoping it will help me step up to a higher pay grade, and eventually I dream of running my own company.”

For EMEA business people like Konstantin, getting an MBA in the past usually meant saving up to travel west, to study at business schools like the LSE, IESE, Duke or Harvard. But now, with the rise of strong local business schools in their own countries, they have a choice: study abroad, or stay at home?

Russian pride
One of the leaders among new local business schools in the EMEA region is Skolkovo, the Moscow School of Management. It opened in December 2006 with its executive education programme, which works with 9,000 employees of top Russian corporates, and in January 2009 it launched its executive MBA programme, for 300 students a year.

Skolkovo was set up by some of the leading business people (or ‘oligarchs’) in Russia, including Ruben Vardanian, head of Troika Dialog, who is president of the school’s board; Roman Abramovich, owner of Chelsea FC; and Alexander Abramov, owner of steel company Evraz.

The school’s strong links with blue-chip Russian corporates gives it a great advantage in winning executive education business, and it already has programmes established with some of the biggest Russian corporates, such as TNK-BP and Severstal.
The school also enjoys high profile state support. It was opened by then-president Putin, and president Medvedev is the head of its international advisory board. Clearly, having a business school in Russia that meets international standards is seen as strategically important by the Kremlin.

The government has made the development of the school a national priority, but also recommended that it source its financing from the private sector. In fact, the school received a US$245mn 10-year loan from state-owned Sberbank in October 2008, which is the amount it has cost to build the school’s grounds, facilities and private helipad. It also received US$7mn from each of the tycoons on its board.

Wilfried Vanhonacker, dean of the school, says: “We’re a local school, but with the highest international standards. We pay international standard salaries to our staff, who all have international experience.” Vanhonacker himself used to be the dean of the China-Europe International Business School, which today runs the most popular MBA programme in Asia, so he was something of a José Mourinho appointment for the school.

So why should young professionals from the former Soviet Union or elsewhere come to Skolkovo rather than studying at the LSE or Harvard?

Vanhonacker says: “We’re the only international-standard business school that offers an MBA specifically tailored for people working in fast-growing emerging markets. Western schools merely fly out their staff from London, Paris or New York and teach the exact same course as they do over there. There’s no recognition that emerging markets are very different places to do business.”

The emphasis at Skolkovo is very much on hands-on experience. Students on the 16-month MBA course will spend just three months studying management theory, with the rest of the time spent on project work. That will include three projects in Russia, one in China or India, and one in Europe or North America.

Graduates will also have the opportunity to bid for private equity financing for any start-ups they dream up via the school’s US$100mn private equity fund.

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Another strong competitor in Eastern Europe is the Zagreb School of Economics and Management in Croatia, which was set up in 2002. The dean of the school, Djuro Njavro, says: “The interest in studying at a business school in Croatia is growing, especially during the last few years. In fact, the number of applicants wishing to study at the Zagreb School of Economics and Management is increasing every year by almost 30%.”

Njavro believes his school has an advantage over western schools: “We have better insights into local markets and local business practices. At the same time, many of our faculty members either received their degrees in western institutions, or accumulated their professional working experiences in western countries. This makes our school an outstanding choice for those students who want to be enrolled in western schools but for some reason cannot do so.”
Njavro believes the school may have actually been helped by the credit crunch: “We expect an increase of 20% in the number of applicants this year, which we see as a reflection of a shift from people spending money on consumer goods, to investing more in their own or their children’s education.”

Western schools heading east
However, western schools are also heading east in their pursuit of growth, and are setting up regional subsidiaries throughout the EMEA region in a bid to attract new applicants in the emerging markets.

One example is the London Business School, which in late 2007 set up a centre in Dubai in partnership with the Dubai International Financial Centre (DIFC).

Zeger Degraeve, associate dean at the centre, says: “This is LBS’ first time overseas. There are a number of reasons why we chose Dubai. It shares fundamental strengths with London, such as the strategic location as a bridge between regions. Dubai is also trying to position itself as a financial centre, like London. And it’s a multicultural society, perhaps the most liberal city in the Middle East, so it shares that welcoming aspect of London.”

The school enrolled 78 students in its first executive MBA programme in September 2007, then 78 more in September 2008, and a further 75 in January 2009. Degraeve says: “The courses are exactly the same as we teach in London. The programme is identical. We fly in our faculty members for four days every month.”

At the same time, Degraeve says the school tries to cater for the more local interests of students: “There is a particular interest in Islamic finance. We cater for that by having a series of guest speakers talk on the topic. There’s also a strong interest in family-run businesses.”

But he says the centre did not want to choose a course that is specially-tailored to the environment of working in an emerging market: “We deliberately chose not to do that, because our strategy is to develop global business leaders.”

Training academic leaders in Africa
In Africa, meanwhile, the IESE business school is taking a different approach: running courses to train business academics from the region, so that they can then work in independent local business schools in countries like Nigeria and Kenya.

Xavier Santoma, director of the IESE’s international faculty programme, says: “From the very beginning, IESE was approached by people who wanted to start business schools in other countries. Because we began in Spain in the 1950s, when the country was not very developed, we have a lot of experience of running business schools in emerging markets.”

In 1992, Santoma travelled to Nigeria, and started to give advice and training to the Lagos Business School, together with Harvard Business School. Faculty members of the school would travel to Spain for training, and a Harvard-IESE steering committee still meets every year to provide advice.
In 2004, he began a similar process in Kenya, with the Strathmore Business School in Nairobi. He says: “We’re flying in faculty members to lecture there.”

Santoma speaks with obvious pride of these schools: “The quality of these schools is first class. They’re bearing the future of business education in Africa.”