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Impact of Globalization on National Management Education Systems in Europe : A
Prospective Analysis

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1.1 Globalization as a development stage in economic life

For the moment, there is no clear definition of what globalization is. It is more defined by its consequences than in itself. Many authors have enhanced the different factors that explain the growing interdependency between the different economic systems all over the world (Strategor, 1993, chapter 8, proposes a synthesis of those factors), showing that trade development, costs factors, demand factors, governmental factors as well as competition factors may together explain the potential globalization (see Caves, 1981; Buckley and Casson, 1976, Dunning, 1981; Michalet, 1976). The factors are not only economic, there are also social and demographic (Chesnais, 1996). Many theories have been elaborated about international trade (Ricardo, Smith, Mill) and internationalization of companies (Vernon, 1966, with his model of product cycle focusing on country level; Johanson and Vahlne, 1977 with their process model; Rainelli, 1979). Globalization appears as a development stage after international trade development and companies internationalization, (Adda, 1996). Prahalad and Doz (1987) proposed a guideline to determine to what extent a marked can be considered as global or local, according to the balance between pressures for local responsiveness and pressures for global integration, differentiating global and mutlidomestic businesses. Joffre (1994) proposed a historical of firms evolution from internationalization to globalization.

1.2 - Globalization and competition

Then, globalization is different from the internationalization process. Internationalization means that firms competitive advantages are set up on national bases, although their productions and their sales are internationally realized. On the contrary, globalization suggests that competitive advantages are built on a worldwide level, so that the competitive position in one country has to do with the position in another country. Hence, the condition of geographical presence put forward by Ohmae (1985), that is to say the presence of firms services and products in at least three continents. It is the same idea enhanced by Bartlett and Goshal (1989), when they evoked the "transnational solution", which suppose acting beyond nations or countries. Said differently, competition is global, and being global, strategic management and coordination should be global to win in the global context. Porter (1982; 1988) insisted on the fact that production and value chain organization are set on an international basis with different activities led in different countries¹. Therefore, strategy lies in global coordination between the different subsidiaries in different countries. Globalization is characterized by the fact that competition is intensified and broader. Lyles (1990) insisted on the fact that global competition is one of the most important research area of strategic management.

1.3 - Globalization as a result of firms strategies

If some authors, such as Prahalad and Doz (1987) recognize that global competition is determined by the underlying characteristics of a business (considerations of technology, cost, customer profile, etc.) and others insist upon the evolutions in terms of states policies in favor of international business (tariffs and trade policies, creation of economic spaces) such as Caves (1982), it is important to focus on the relationships between firms strategies and globalization. Globalization has also to do with firms strategies: firms are actors of the creation of a global environment as well as states and

¹ The idea is that there are product homogeneity, economies of scale, low product costs (see Hout, Porter and Ruden, 1982)

structural characteristics mentioned above. Actually, by contrast with the internationalization process which has clearly been the result of States deliberate policies in favor of economic integration (which is qualified by Adda as the process of the international economic space formation), globalization is the result of private interests dynamics (investments policies, financial markets development and generalization). As Prahalad and Doz (1987) mentioned it, key competitors' strategic intents determine the patterns of global competition; more generally, global strategies (Kogut, 1989) are causes for globalization as well as consequences. This is consistent with major studies based on the consideration that internationalization is a strategy process (Melin, 1992). Many works have been devoted to global strategies such as alliances and international joint ventures (Burgers, Hill and Kim, 1993; Buckley and Casson, 1996).

Generally speaking, globalization is not the fact of international space structuration wanted by nations and economic unions, it is also the result of private interest strategies (Adda, 1996) leading to international trade, international production and then to international competition between global groups.

II- WHAT DOES GLOBALIZATION MEAN FOR MANAGEMENT EDUCATION ?

Education and particularly management education is a specific "business". This is what we will try to show in a first time, and then we will try to analyze how globalization can be characterized regarding management education.

2.1 - A framework to understand management education

Management education, generally speaking, consists in education of people whose goal is to make them able to integrate companies and make them able to participate in wealth creation. Despite this generic scheme, management education encompasses importance

differences, according to the countries (there are specific education traditions for management as well as for other fields), whether studies lead to degrees or not etc.

In this article, we will only focus on studies driving to graduation. Let us propose a framework to understand management education world, according to two criteria :

- the first is linked to the fundamental pedagogical vocation of the studies : education versus qualification;
- the second is related to the participants to which studies are designed : it consists in discriminating those with work experience from those, younger, with no professional experience having only degrees.

Coming back to the first criterion, education is the traditional objective of superior training : it aims at structuring intellectual abilities of students (reasoning) and at providing them strong knowledge and adapted methodological schemes specifically set up for the field they study in. By contrast, qualification does not pay so much attention to individual generic capacities development and is more job-oriented (Briys, 1994). It aims at giving professional and immediately useful operational skills and its success can be assessed by professional integration. It contains a very significant behavioral dimension

The second criterion is easier to grasp : it concerns the targetted population, in terms of already achieved experience. The two dimensions allow us to draw a framework of management education (Figure 1)

< Insert figure 1 about here >

This framework makes us able to position management education systems by enhancing two of the important stages of the academic value chain (Porter, 1980; Abdessemed and Leersnyder, 1997) which are student or participants recruitment and pedagogical transformation achieved thanks to the proposed curriculum.

Figure 2 : the academic value chain

Recruitment -> Pedagogical transformation (curriculum) ->Enrollment

Value creation and competitive advantage can be set up at each of the different level of the academic value chain. Competition between management education institutions is symbolized by their capacity to recruit best students and to ensure them employment.

2.2 - The traditional typology of management systems and the competition forms

Generally, as figure 3 shows, there is a strong correlation between the two dimensions presented above, that is to say management education systems (schools or universities) can be depicted in two categories :

- institutions whose global is to educate young people with very low experience;
- institutions aiming at qualifying people by enhancing their professional skills.

In each country, in Europe as well as in North America, you can generally find the two systems, that we will call "standards". The national standard, which is the traditional management education system and the international standard, which is the MBA standard, created in Europe in the seventies imitating the american model. In European countries, the two standards are separated, corresponding each at the end of student life. By contrast, for anglo-saxon countries, the two systems are directly related: the best degree for a student is to get a MBA, his or her BA allowing him or her, after experience, to enter the final and the most prestigious stage.

< Insert Figure 3 about here >

Then, MBA became the international standard, perceived and seen by companies and especially internationalized companies as the proof of a good qualification in management field. What is interesting is to analyze the nature of competition between the different categories.

In the two standards, competition is different. National systems are not really in competition between them, because of their national architecture, and their national recruitment pattern (secondary studies are different, recruitment forms are different, studies languages are different, degree structures are different, see Leernyder and Abdessemed, 1996). But there is a very hard internal competition, within the actors of a same country. In the case of France, for instance, competition is very hard between High Schools, generally according to the level of the first stage of the academic value chain, which is recruitment, accomplished after a national competitive examination. Traditionally, this characteristic determines school quality, because competitive advantage is based on student selection and recruitment. Consequently, there are strategic groups (Porter, 1982; Strategor, 1993) according to the recruitment level : institutions with no selection, institution with low selection, institutions with intermediate selection and very very selective institution.

On the contrary, MBA of different countries are always in competition, whatever is their geographical location, because they have exactly the same structure and use the same educational methods. The entry criterion is not academic, it is rather professional and English is the common language.

Lastly, between the two standards, there is no competition, that is to say placement in companies for management graduates is differently achieved if they get a MBA or a national degree. The degrees do not allow the same carriers perspectives and none of them is perceived as being better than the other : in Europe, getting a degree from the most prestigious institution remains an excellent passport for business carriers, even

though the person does not get a MBA. Obviously, as stated before, in the anglo-saxon scheme, it is different, since every degree which is not a MBA is inferior.

The conclusion of this analysis is that there are two different strategic segments in management education, the national and the international standard, with specific competition rules, and corresponding to different enrollment logics. This is the first level. Afterwards, there are several other level for drawing typologies within the national and the international schemes, according to the determinant criterion for competitive advantage : therefore, it is possible to represent strategic groups in each segment.

2.3 - Globalization for management schools

Globalization, for management education, obviously originates in a change in enrollment policies led by companies, which begun to look for people with international dimension, capable of working abroad and then are looking for people acting all over the world as if they were not foreign. It also comes from differentiation strategies of management education institutions.

As regards the first point, it is the consequence of internationalization of companies themselves and the current wave of globalization described before in this article. International companies had and have a growing need for people already used to international working environment, however young they may be. Companies also look for well trained people, with professional abilities and behavioral skills. Hence, a competition between the national and the international standard.

But it is also the result of management schools or universities strategies themselves. Actually, in order to get strategic advantage, within national frameworks, they tried to

developp an international dimension, extending the range of strategic key success about which they fight from recruitment and reputation to international features. The differentiation strategies led to international alliances development between national institutions (see Abdessemed and Leernyder, 1996) that have limits in terms of pedagogical issues.

III- GLOBALIZATION ENDORSES STANDARDS COMPETITION BETWEEN NATIONAL SYSTEMS AND THE MBA MODEL

Figure 4 represents the consequence of globalization on competition between institutions teaching management. Globalization provokes a re-segmentation of the market (Bodinot, 1980, Abell, 1980; Shapiro and Bonoma, 1984), since it make the frontier between the MBA market and the national systems market disappeared. It drives companies to a new enrollment policy, based on international criteria and qualification, whatever is the age of graduates. It destroys the separation between the two strategic segments, which will are being in competition. Companies need people with qualification and international adaptability, even at the end of their first studies, which make national systems directly in competition with the originally international system (i.e the MBA model).

< Insert figure 4 about here >

Actually, globalization favours the MBA model, because of its natural initial international dimension and its job-oriented positioning. What about competition between national systems and MBA standard?

National systems, especially in Europe, are fundamentally nationally labelled and can not sustain international competition in front of the MBA standard. In terms of recruitment, it means that young europeans are more and more eager to study abroad in order to be enrolled by international companies, after having accomplished a part of

their studies in their countries or not. This represents a major danger, since it suggests the idea of national systems as undergraduate studies in comparison with MBA studies. If those systems have already MBA programs beyond their national systems (numerous are the institutions who created MBAs), it creates a situation of competition between those MBA programs and their initial system which were completely separated before and in a situation of "co-existence".

Therefore, in this new emerging context, what are the possible strategies for those institutions, in order to resist or to adapt to those changes? What future for national systems of management education ? What are the consequences in terms of competition within the national frameworks?

There are two fundamental choices for national institutions teaching management :

1- creating their own MBA programs (or developing them if they already exist), which means accepting the MBA standard and recognizing the inferiority of national systems, as a way to enter MBA programs (equivalent of BAs) but not as a final study session. It also means the end of the European specificity, raising a political problem.

2- the other solution consists in developing the two weak dimensions of national systems, in terms of international dimension and in terms of qualification : for the first point, this means setting new types of international alliances, allowing internationalization of each aspect of the academic value chain without losing specificities of each national system (Abdessemed and Leersnyder, 1996;1997); regarding the second point, it means facing an important challenge, which is to qualify young persons instead of educating them only. Pedagogically, it means innovating by programs quality allowing to develop very rapidly job skills and adapted behaviours among young students.

Figure 5 represents the strategic shift imposed by the changing environment.

< Insert figure 5 about here >

In terms of competition between national institutions, it means that schools or universities which will achieve those re-orientations will get competitive advantage. We therefore observe a sweeping change in the sources of competitive advantage which was based traditionally on recruitment and good training. Now, the question is to insert real international dimension in national programs (not only students mobility) and to integrate innovative pedagogy. It is quite interesting to notice that currently, numerous are french management high schools which are seeking for accreditations as MBA programs or equivalent programs and which are reorganizing their curriculum in order to meet those challenges. Competition in management education is only beginning.

Conclusion

This work represents a small contribution to the comprehension of management education market and its today evolutions. It allows to see how globalization, which is the result of nations policy as well as of actors strategies (firms as well as other organizations) is provoking strong changes in the competitive environment of management education and management schools strategic positioning. We have enhanced some of those consequences, showing that it creates new opportunities and new sources of competitive advantages, because of the creation of new requirements in terms of enrollment environment. This article only suggests questions that need further exploration: more advanced studies would certainly allow to depict more precisely the competitive dynamics inside national education systems and their link with the emerging new international environment. It also suggests that management education

represents a good case study for strategic management and good example for the necessity to implement strategic segmentation and to anticipate shifts within and between strategic groups, that is to say typologies of direct competitors.

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Figure 1 : management education market framework

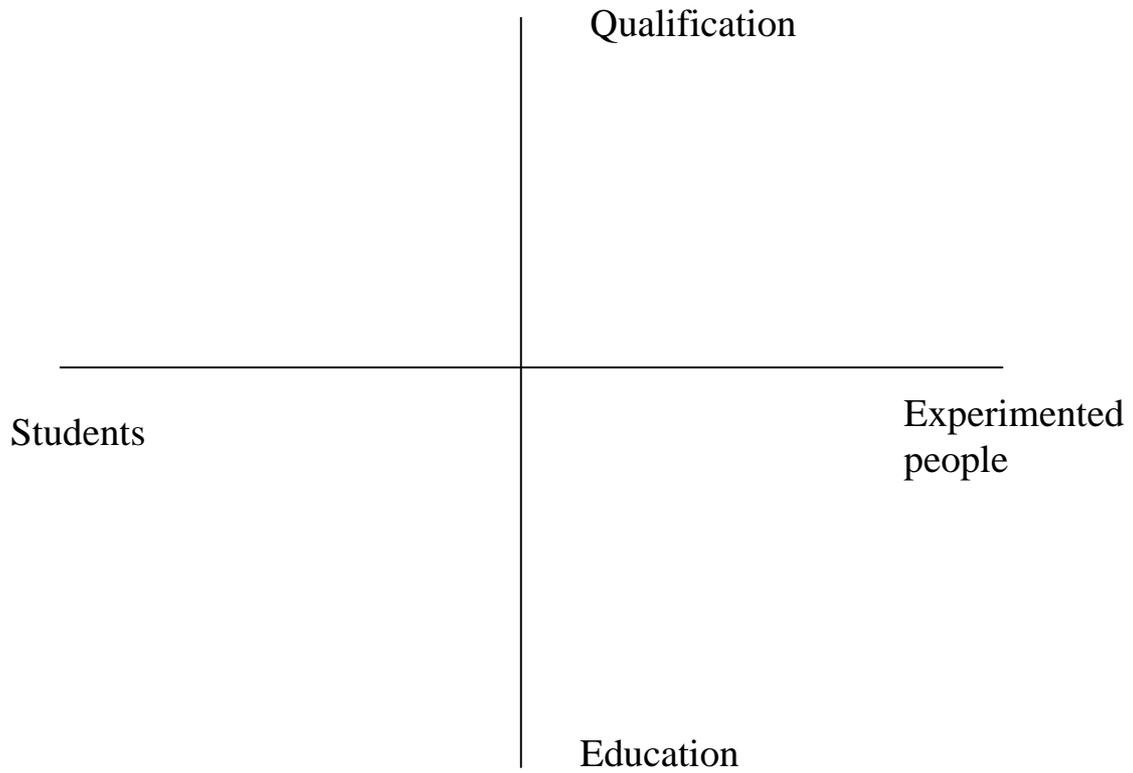


Figure 3 : two different standards in management education

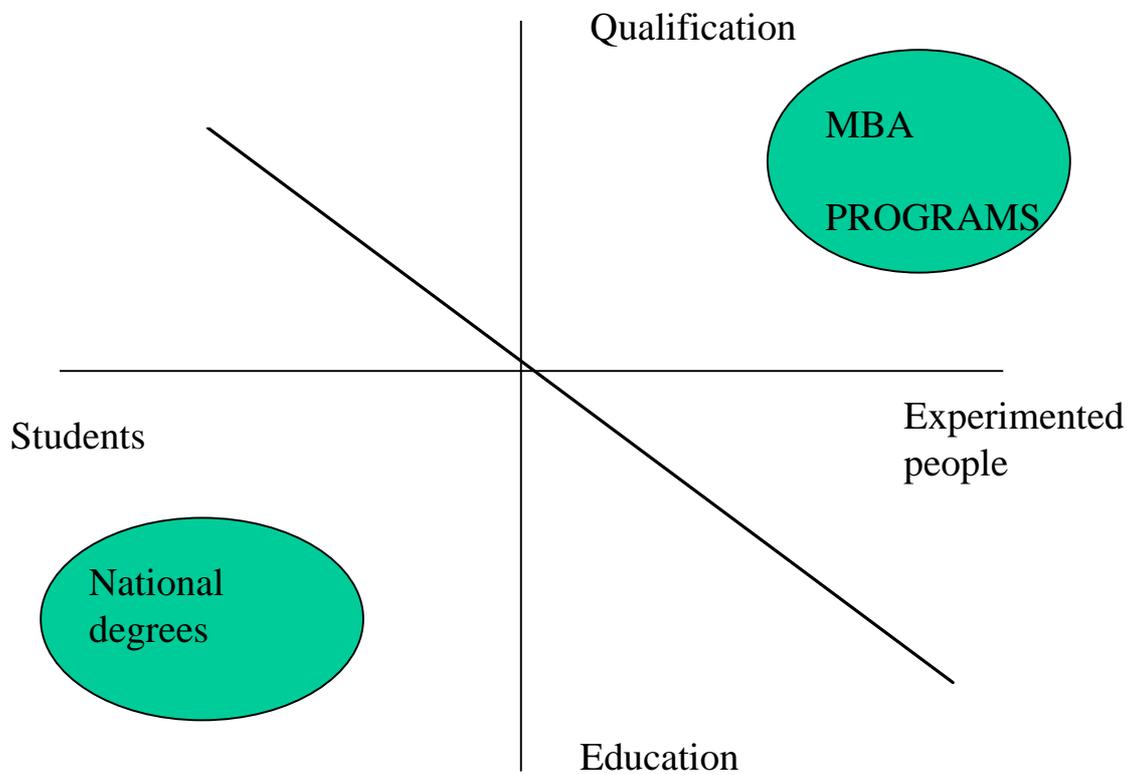


Figure 4 : impact of globalization on standards competition

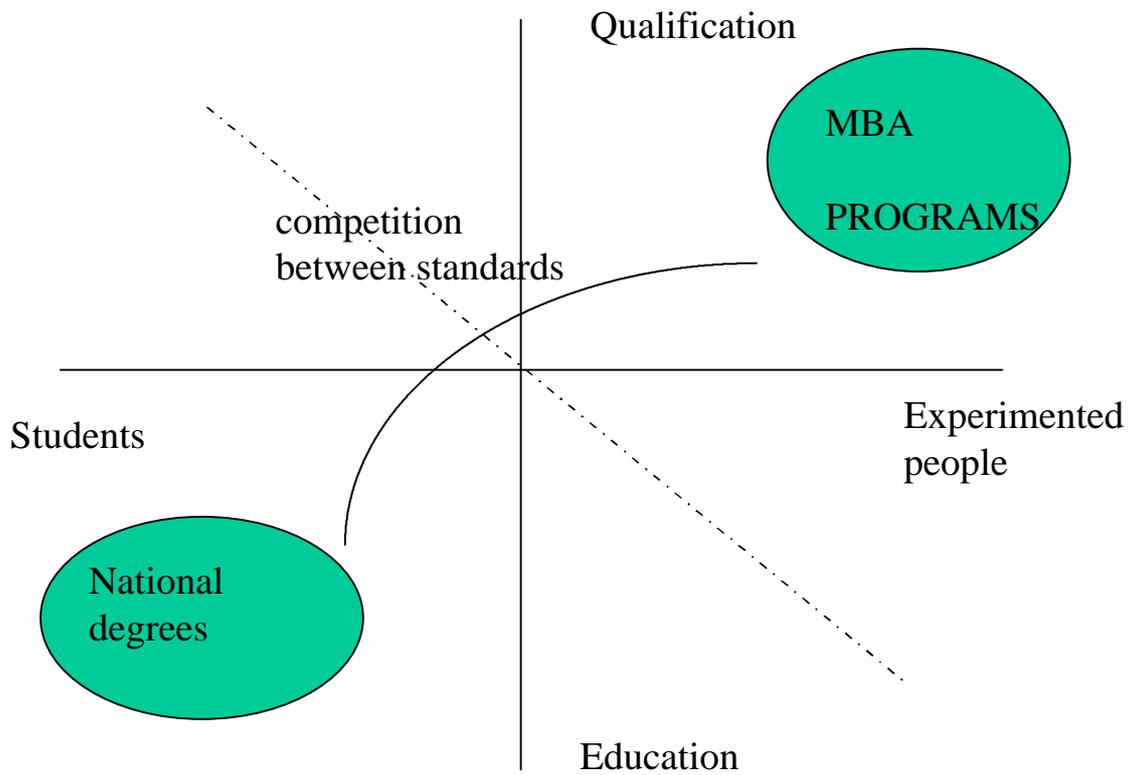


Figure 5 : national systems strategic shifts

