Quality of MBA Programs-Challenges for Thai Universities in the New ASEAN Economic Community (AEC)

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Abstract

Thailand as a country has been experiencing rapid increases in student enrollments in higher education. This has also led to creation of a variety of MBA programs. While it is largely debated, it is possible that the demand for MBA degrees would continue to grow. Although MBA programs in Thailand are proliferating but institutions with a good brand value are still lacking. The problem of MBA programs is more than rapid proliferation of below average management institutions. They impart substandard training through inefficient processes to youngsters who lack aptitude for management and leadership skills. Many of them are virtually teaching shops to make money in the garb of imparting management training. These so called MBAs provide paper certificates and degrees with hardly any training, skills, and competencies to manage systems, processes or people. This is the main reason most MBA degree appears to be outdated. Some experts believe that most MBA programs have already reached their pinnacle. New crop of students are now seeking outcomes which are measurable at the end of the MBA program- an employment guarantee. This pressure on Business Schools could lead to reforms in the traditional MBA programs. New approaches to learning such as skill-based training in collaboration with public and private sector will help in improving the quality of MBA programs. Many experts believe that MBA as a subject of study is not losing its sheen; rather it has become a necessary degree to reach pinnacles of successes in most areas of organized activities. This paper provides an insight into the ongoing struggle for improving MBA programs in context of the new Asean Economic Community (AEC). While quality of higher education is struggling, changing times warrant a change in priorities. Time has come to radically evaluate MBA programs in Thailand and revamp and realign them with digital economy and business practices driven by new technologies in Singapore and Malaysia, the two dominant economies in the new AEC. Objectives: This case study is an attempt to explore the status of MBA programs because of their special significance for Thailand and other members of Asean Economic Community (AEC) aspiring to become digital economies.

Methods/Statistical Analysis: Methodology for this case study involves 10 years of personal observations and firsthand experiences in MBA programs in Thailand and Vietnam. The author who came to Bangkok as a Fulbright Scholar hails from Seattle, USA where he worked as a business faculty. To support my own assertions about the quality of MBA programs in Thailand many other research studies have been cited and included in the references. Findings: In some small ways this case study brings forth the evidence that suggest that the current MBA programs need to reconsider their role and value in Thai businesses. Lack of proficiency in English language remains a key barrier. While increasing number of institutions in the region are offering international MBA programs, the English language proficiency of students in Thailand remains very low. The other reason behind declining quality of MBA is that the curriculum is not up to date. This puts a significant impact on international rankings of Thai universities. Thai business schools should also strive to enhance collaboration with industry to improve the quality of MBA graduates can successfully get a job in Thailand and elsewhere in AEC. The message to those Thai students considering the MBA route is that employers in the region have wised up: all MBAs are not the same, and it pays to choose carefully. More so, if they are looking for work in the rapidly expanding digital economies in AEC. Conclusion/Improvements: There is enough evidence to prove that quality of MBAs in Thailand is low because of the sheer number of business schools offering it, the outdated curriculum and lack of industry alliances.
1. Introduction: MBA programs-An Overview

The first MBA programs originated in USA in the late 19th century as the country industrialized and sought out more scientific approaches to management of businesses. Initially the core components of a MBA program were designed to introduce students to the various areas of business, such as, accounting, finance, marketing, human resources, and operations management. Business schools in many countries now offer MBA programs tailored to full-time, part-time, executive, and distance learning students, with a wide variety of specialized concentrations. These programs range from 2-Year full time programs, such as, Accredited MBA to Part-Time MBA, Executive MBA (EMBA), and Dual MBA to Mini MBA.

Most of business schools in USA base admission to their MBA programs on Graduate Management Admission Test (GMAT), significant work experience, academic credentials, essays, references, letters of recommendation and personal interviews. Some business schools also accept Graduate Record Examination (GRE) in lieu of GMAT. In many universities in USA, admission to MBA programs may also be granted on the basis of extracurricular activities such as excellence in sports or reservation based on gender, race, caste, creed and several other criteria. Although all of these qualifications may be important for admission many business schools do not give much weight to GMAT/GRE scores. Many new eLearning or distance learning MBA programs do not require the GMAT/GRE for admission.

MBA programs offered by Thai universities attract people from a wide range of academic disciplines and professions. In Thailand, the rise of MBA programs has been largely caused by open door policies and lowering admission requirements. Fast track MBAs with limited coursework has become the main attraction for many students. Rising enrollments in MBA programs in AEC, especially in Thailand, has resulted in diminishing interest in programs related to Science, Technology, Engineering and Math (STEM). Lower enrollment in these critical programs is an indication of another major crisis waiting to happen.

This case study attempts to explore the status of MBA programs in Thailand in this new century. The rampant growth of MBA programs has special significance in Thailand and other members of AEC (Figure-1) aspiring to become digital economies. Unfortunately, in this new century, excepting for Singapore, only few international MBA programs have acquired brand value in AEC. Many students are now perusing their English only “Global MBA” being offered by several universities in Malaysia, Indonesia, Lao, Myanmar, South Korea, Taiwan, Thailand and Vietnam. For the purposes of employment in AEC a foreign MBA is still preferred.

2. State of MBA Programs-from Japan to Israel

In an article published in New York Times, Tanikawa discussed the challenges faced by business schools in Japan which offered many types of programs ranging from full time to part-time MBAs. In recent years Japanese business schools have also started offering part time MBAs and eBusiness Management. Public universities such as Nagoya University, University of Tsukuba, Kyushu and Kyoto universities are among the oldest and most prestigious institutions in Japan. As shown in Table-1, in spite of their long existence none of the Japanese business schools occupy a place in Financial Times (2016) ranking of Business School.

In India, there are more than 1600 business schools that offer 2 year degree programs. Most of the Indian universities admit fresh graduates without any work experience. Among the large number of business schools, the Indian Institute of Management (IIM) is the oldest. Admission to these elite institutes requires students to pass Common Admission Test (CAT). Other business schools in India may require passing Xavier’s Admission Test (XAT), Graduate Management GMAT, Joint Management

Figure 1. ASEAN Economic Community (AEC) (Source- www.thaiprint.org) (Page 3).
are commonly known by as Post Graduate Program for Executives (PGPX or ExPGP) in Business Management. In Pakistan the Institute of Business Administration (IBA) was the first institute which started in 1955 in collaboration with Wharton School of Business of the University of Pennsylvania and it was also the first school set up with a US based MBA curriculum.

On the other hand, in countries like Israel the business programs are given higher preference. In the last year of the program, the students in business programs would be given a project and practically they can only pass if their group (about 10 in a group) can make profit of $1 million. Nobody should be surprised by this extreme example. This is the reality in Israeli universities and that is why some people believe that half of the business in the world is held by the Jews. Who design the latest Levis? It is being designed in the Israel University by the students enrolled in business and fashion programs.

2.1 Business School (MBA) International Rankings-Pros and Cons

Although many Thai public universities are fully funded by the state and claim to offer international programs they have achieved only a modest gains in international university rankings. In spite of Thai National Education Standards and Quality Assessment (ONESQA) efforts which started in 1999 their academic standards, research influence (measured in terms of impact factor) has been negligent.

In 2016 Financial Times’ Global MBA Rankings the London Business School (LBS) remains the UK’s highest-ranked institution despite having dropped a place to third in the 2016 list. Insead- which has campuses in France, Singapore and Abu Dhabi- climbed three places to knock Harvard Business School (US) off the top spot of being number one. It is the first time since 2012 that the Harvard has not been number one. The University of Pennsylvania’s Wharton School and Stanford Graduate Business School from USA make up the rest of the top five. Table-1 shows the Top-10 Business schools in the world imparting the MBA degrees.

Table 1. Top-10 Financial Times Global MBA Rankings (2016)
(Source: http://rankings.ft.com/businessschoolrankings/global-MBA-ranking-2016)

<table>
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<tr>
<th>Rank in 2016</th>
<th>Rank in 2015</th>
<th>School name</th>
<th>Country</th>
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<tr>
<td>1</td>
<td>4</td>
<td>Insead</td>
<td>France / Singapore</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>Harvard Business School</td>
<td>US</td>
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<td>3</td>
<td>2</td>
<td>London Business School</td>
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<td>4</td>
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<td>University of Pennsylvania: Wharton</td>
<td>US</td>
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<td>5</td>
<td>4</td>
<td>Stanford Graduate School of Business</td>
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<td>6</td>
<td>6</td>
<td>Columbia Business School</td>
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<td>7</td>
<td>10</td>
<td>University of California at Berkeley: Haas</td>
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<td>University of Chicago: Booth</td>
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<td>University of Cambridge: Judge</td>
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Entrance Test(JMET), Management Aptitude Test (MAT) or others exams. The IIMs and many other autonomous business schools also offer a Post Graduate Diploma in Management (PGDM) or Post Graduate Program in Management (PGPM) which is recognized as equivalent to any MBA degree. It is interesting to note that the curriculum of most MBA program offered in India is examination centered and concentrates mostly on theoretical aspects of management whereas the PGDM or PGPM is industry oriented and usually include case-study methods and is largely focused on building soft skills. However, there is a little handicap with PGDM or PGPM programs. Although students with these degrees cannot pursue PhD since they are not full postgraduates, they can still pursue several Fellowship programs offered by autonomous universities and business entities. Not only in India but also in AEC members the non-government accredited 1-Year fast track programs have proliferated. They are mostly designed to attract working people. These programs

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The 2016 global ranking of countries with maximum number of business schools among Top-50 begins with USA (22), UK (8) China (7), Singapore (3), Spain (3) and India (2).In ASEAN, only Singapore is ranked at the top in business education. All other members are missing from the Top-50 list of business schools. In
spite of more than two dozen universities providing MBA degrees in Thailand, none of them occupy a place in the rankings. Surprisingly, Australia, Japan, South Korea and Taiwan are also missing from the Financial Times 2016 rankings. Although the headline ranking figures show changes in the data year to year, the pattern of clustering among the schools is equally significant. Some 180 points separate the top program, Insead, from the schools ranked number 98. The top 13 participants, down to Swiss International Institute of Management Development (IMD), form the top group of MBA providers. The second group, headed by Hong Kong University of Science and Technology (HKUST) Business School, spans schools ranked 14 to 42. Differences between schools are relatively small within this group. The 49 Schools within the third group headed by Renmin University of China School of Business are similarly close together. The remaining 10 schools headed by Birmingham Business School make up the fourth group.

China stands out by ranking its own business schools. Forbes China surveyed 45 business schools and their graduates in the years 2005 and 2009. The report tracked salary performance and return on investment for graduates of MBA and Executive MBA (EMBA) programs. Beijing-based schools accounted for 6 of the top 10 best-returning EMBA degrees. Peking University's Guanghua School of Management came in 4th, Tsinghua University 5th, Peking University's other M.B.A. school, the Beijing International MBA (or BiMBA) 6th, Renmin University 7th and the University of International Business and Economics on 10th position.\(^2\)

2.2 Main Objective
The main purpose of this case study is to identify various factors that have contributed to the decline in the quality of MBA programs in Thailand. The specific objective of this case study is to explore which service quality indicators (non-academic aspects, academic aspects, design delivery, assessment, medium of instruction and access) are responsible for the decline.

2.3 Research Questions
This case study aims to explore relationship among various service quality variables in context of success and failure of business programs. In Thai context, its main focus is to find answers to the following two questions:

1. Does the lack of international ranking of Thai Business School reflect the quality of MBA program?
2. Does the lack of integration with industry create low quality of MBA graduates in Thailand?
3. Will the Thai MBAs be able to compete in the new AEC?

2.4 Methodology
For the purposes of this case study personal observation and firsthand experience in MBA programs by the author forms the basis of reporting. The author who came to Bangkok as a Fulbright Scholar hails from USA where he worked as a business faculty. The critical issues of MBA program quality in Thailand is also cited by other researchers included in the references.

2.5 Thai MBA Programs and AEC: The Unmet Needs
As mentioned earlier most Thai universities have open-door admission policies for MBA. They will admit any student with a bachelor degree in any discipline as long as they are willing to pay. In order to boost enrollment many universities also promise job placement and better career prospects. Increasing globalization has also resulted in increased mobility of students. With expanding prospects of mobility with low cost of travel has also prompted many Thai universities to collaborate with a foreign counterpart and offer what is called as “Dual Degrees.” Dual degrees are designed to provide students with opportunities to visit and study in a foreign country.\(^3\) It also provides for an opportunity to immigrate to a foreign country. After 9/11 there has been a surge in Thai students going to study in USA, Europe and Australia for further studies.

In 2016 AEC has become a reality and will create new challenges as well as opportunities. Most MBA programs being offered by Thai universities are not geared to fulfill these opportunities. These shortcomings are outlined or discussed briefly in the form of 8 “unmet needs.” This list is based on extensive surveys conducted by Harvard University during the US financial crisis of 2008-2010.\(^2\) Since globalization is affecting financial markets all over the world, this list equally applies to all major economies in the world. In some ways, they are more relevant for the current situation in Thailand where higher education is on the path to major reforms. This list has been slightly modified and adopted to provide local perspective on this subject.
i. **A Global/Regional Perspective**: Students graduating from Thai business school lack capabilities for inter-cultural integration. They need to cultivate “how-to-get-it-done” drive in challenging working conditions in different countries of AEC and Asia at large.

ii. **Leadership Development**: Most of the MBA programs in Thai universities aspire to develop business leaders, but efforts often fall short. Programs need to foster heightened and more accurate self-awareness and improve interpersonal skills and ethical behavior.

iii. **Integration**: Often in most MBA programs offered by Thai universities, courses are treated as standalone “silos.” When problems are complex, solutions require an integrated and holistic approach. Integration is defined in multiple ways-as a way of thinking akin to “synthesis”; as a multi-step reasoning process; as applying multiple perspectives or viewpoints; or as a problem or solution-centric focus.

iv. **Organizational Realities**: For Thailand, it can be translated as power, politics, and the challenges of implementation in the local contexts. It also implies that many Thai students graduating with an MBA degree are naive about people’s motives within an organization. Complicating this challenge is the hierarchical nature of Thai society and governance.

v. **Creative and Innovative Thinking**: When faced with a clearly defined problem, most Thai MBAs do very well. But when faced with unstructured problems, Thai MBAs are less effective. Thai students need a new set of skills that include the ability to i) find and frame problems ii) synthesize and distill large amounts of data iii) exercise creativity and imagination and iv) develop and revise ideas.

vi. **Oral and Written Communication**: Managing is a social process, hence effective communication is critical, and oral communication, in particular, needs more emphasis in Thailand. This is a big challenge for students in Thai universities where the language of instruction is not English. Most students coming out of the international MBA programs in Thailand will not be able to work in AEC and other countries because of lack of proficiency in English language.

1. **vii. The Role, Responsibilities and Purpose of Business**: Students need a better understanding of not only the rewards of holding an MBA, but the responsibility as well. Also important is a shift in perspective to view functions of an organization in service to a wider audience of ‘stakeholders’ as opposed to ‘shareholders.’ With ongoing financial crisis in almost every part of the world, many now recognize the need to re-examine the role and purpose of businesses. MBA students need the skills to wrestle with complex questions of companies’ responsibilities to stakeholders, such as customers, employees, and society at large, in addition to shareholders. The current political crisis in Thailand continues to have a negative effect in business.²

viii. **Risk, Regulation and Restraint**: In other terms, in addition to understanding the limits of local markets and models, efforts need to be made to learn more about risk management in the wider context of AEC.

Students need a deeper appreciation of local macro-economic issues and MBA programs need to shake up misplaced image of Thai MBAs as “dishonest brokers.” It is important that students understand the imperfections and incompleteness of the models and frameworks they study or are exposed to. It is critical that larger regional economic issues in upcoming AEC are fully understood. Three components of MBA as depicted in Figure-2 pretty much sums up the major flaws of current programs in Thai business schools. The “Knowing” –the knowledge and understanding and “Doing” component or hands-on training is largely missing.² In the last few years, the demand for new MBAs has evaporated because of lower growth rate of Thai economy. No new jobs are being created to hire MBAs.

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**Figure 2. Components of a good MBA programs** (Page-7).
3. Business Education in this New Century

The financial crisis which started in 2008 is now blowing away from US and Europe to Asia. The present global crisis in financial markets has also raised important questions about MBA programs. It is believed that most of the graduates from Ivy League universities in USA and Europe have entered into finance industry. As the field of finance is closely linked to global economic downturn; anecdotal evidence suggests that fresh graduates are stepping into alternate careers. There is plenty of discussion in the press and popular media about the public perception of financial crisis and role of MBAs. For the first time universities in USA are acknowledging issues related to MBA curriculum and training the students receive.

There is also a broader discussion of relevance of MBA degrees in society. The starting point is a contestation supported by the impact of business practices had in the financial crisis. It is believed that MBA programs provide the best recipe for success in management. Clearly, the achievement of the cachet of the MBA degree from a leading business school provides a huge contribution to a management career, but what MBAs do can no longer be assumed to be consistent with practices that can improve business performance.

Most Thai universities are competing for same students. Hence there is also a price war for MBA degrees. Return on investment (ROI) in MBA degree is a big missing link. Figure-3 highlights the gimmicks used for luring people to MBA programs? The advertisement shows that the price of an international MINI MBA is reduced from $1570 to $760. Divided along functional lines, MBAs in most Thai universities fail to provide much opportunity for an integrative perspective. Indeed, the contradictions of lower tuition and high quality gets majority of attention and demeans important aspects of MBA degree.

Many business schools including Harvard Business School (HBS) are looking into what they teach in the light of financial meltdown that occurred during 2008-2010. For example, these universities are now asking MBA students to sign the equivalent of Hippocratic Oath. As mentioned earlier, it is now pretty much true that those implicated in the 2008-2010 financial disaster that beset Wall Street and financial centers around the world were MBAs. Most of the graduates from Ivy League institutions easily find their way into higher echelons of finance and careers in banking, hedge funds and private equity funds, corporate auditing and political think tanks. In majority of the cases financial economics has been at the core of MBA programs in USA which prepared them to be easily employed by the big firms. It is now proven that these financial models and practices led to the financial crisis. It is alleged that many of these young MBAs manufactured their own “financial explosive devices” (FEDs) on their personal computers and leashed them into the markets.

In 2016 students at HBS are pondering a future when robots will rule the road. The pioneers of the driverless car movement, such as, Google and Tesla-are mapping MBA's future in which artificial intelligence (AI) and robotics will likely impact the entire job market and global economy. From its inception, the faculty at HBS has believed in the role of disruptive technologies in businesses. David Yoffie, professor of international business administration at HBS believes that such disruptive technologies are now an “essential” part of the B-school landscape. He and his colleagues firmly believe that AI and deep learning are bringing robots into the MBA curriculum. “It’s a capability that MBAs need to know about,” he says. Besides HBS and Oxford, robot invasion is also breaking into MBA programs offered at INSEAD, Cornell and ESCP Europe. The New York University (NYU) Stern School of Business offers courses on basic data handling skills plus programming languages like Python, and an introduction to machine learning. And at MIT Sloan School of Business.

Figure 3. Price War-Low Cost MBA (www.3m-it.ru.ac.th) (Page-7).
Management, MBAs can take electives on AI and robotics at MIT’s Computer Science and Artificial Intelligence Labs, says Thomas Roemer, senior lecturer.14 “Business schools are putting more AI or data science content into their curricula,” says Professor Vasant Dhar of NYU Stern and the Center for Data Science. Like many of his peers, Dr. Dhar believes that, as machines become better at interpreting unstructured information and acting on it automatically, they will replace humans. Researchers at Oxford University reckon 47% of US jobs are at risk of being replaced by automation. Highly-skilled jobs are thought to be less at risk than manual work. But the role of the manager will change, Professor Vasant says: “They’ll need different skills….To handle and interpret all kinds of data and [for] managing teams of people and machines.” Not only is proficiency in big data analytics now all the rage, but the ability to work with technologists too is hot in demand.14 “Students need to know how to communicate with the [data] scientists and machine learning experts,” says Thomas Lee, a visiting assistant professor at UC Berkeley’s HASS School of Business.14 While many schools have focused on the technical tools needed for the Android invasion, it is the so-called “soft skills”, such as emotional intelligence and creativity, which are unlikely to be best performed by machines. “Negotiation, collaboration, working in multi-cultural teams and networking with multiple stakeholders- these will all be very important skills in the future,” says Lynda Gratton, professor of management practice at London Business School.14

Many state funded Thai universities tend to defend their MBA programs but the fact is that their curriculum is largely theory oriented. Few outstanding Thai institutions such as National Institute of Development Administration (NIDA) and Sasin Graduate Institute of Business Administration are doing their best to improve their MBA programs to meet international standards. Future success of MBA programs in Thailand is tied to challenges posed by new and emerging technologies. To remain viable MBA programs in Thailand and elsewhere in AEC will require a major overhaul.14

4. Conclusion

This case study examines the major challenges facing MBA programs in Thailand. In some small ways it tries to bring forth the evidence that suggest that the current MBA programs need to reconsider their role and value in Thai businesses. If there is anything to be learned from the financial crisis of 2008-2010 it is that only collective action on the part of business schools, financial institutions and policy makers would result in drastic changes in the MBA programs offered in Thai universities. Lack of proficiency in English language remains a key barrier. While increasing number of institutions in the region are offering international MBA programs, the English language proficiency of students in Thailand remains low. There are major regional disparities, with Singapore providing most of their education in English, while students in Thailand and other members have limited exposure to English during their schooling. It is quite clear that the reason behind declining quality of MBA is that the curriculum is not up to date. In spite of drastic changes brought by new technologies the delivery mode of MBA courses is the same what used to be in 1980’s.14 How students enrolled in MBA degrees will be able to match up with the dynamic challenges of today’s corporate life when the education and training they get is outdated. There is an argument that an MBA has been somewhat devalued by the sheer number of business schools offering it, and some are not worth the paper they are written on. This puts a significant emphasis on international rankings.14 In conclusion Thai business schools need to focus on international ranking which reflects the quality of MBA program. They should also strive to enhance collaboration with industry to improve the quality of MBA graduates which are successful in getting a job in Thailand and elsewhere in AEC. The message to those Thai students considering the MBA route is that employers have wised up: all MBAs are not the same, and it pays to choose carefully. More so, if they are looking for work in the AEC.

5. References