

Comparison Study of MBA Education between China and Japan

Yanwen Dong*

Cluster of Science and Technology, Fukushima University, Fukushima, Japan

Xiyang Hao

Graduate school of Science and Technology, Fukushima University, Fukushima, Japan

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ABSTRACT

Master of Business Administration (MBA) education is growing rapidly in China, while many business schools in Japan are having difficulty in recruiting new students. The MBA education in China and Japan followed a different course and showed very different trends. In this article, we make a comparative study of MBA education in China and Japan. The emphasis is put on analyzing the reasons that caused the difference in the MBA education in the two Asian countries. We trace back the development of MBA education in China and Japan, examining the MBA education from the viewpoint of social environment, enterprise culture, and government support and control as well as the incentive and faculty management system of universities.

Keywords: Master of Business Administration (MBA), Industrial Engineering Education, China, Japan, Management Education

* Corresponding Author, E-mail: dong@sss.fukushima-u.ac.jp

1. INTRODUCTION

The Master of Business Administration (MBA) designation originated in the United States emerging from the late 19th century as the country industrialized and companies searched for scientific approaches to management. Although there are some criticisms of MBA education, it is in an increasing trend all the time in America. In the mid-1950s, just over 3,000 MBA degrees were awarded in a year, and sixty years later, the MBA degrees conferred by degree-granting institutions of America comfortably exceeded 191,000 in 2012 (National Center for Education Statistics, 2013). The MBA degree has been adopted by universities worldwide, and it has been adopted and adapted by both developed and developing countries.

In Japan, Keio University established its business school (Keio Business School [KBS]) in 1962 and launched graduate-level educational programs to develop skilled

and innovative business managers (Aoi, 2005). In 1978, KBS started a two-year MBA program in the graduate school of business administration; this is the first MBA program in Japan. In 2003, Ministry of Education, Culture, Sports, Science and Technology (MEXT) decided to introduce the Professional Graduate School System for highly professional education. Because of this professional education system, the MBA education of Japan continued growing up from 2003, and as of 2012, 45 universities have established 64 MBA programs (MEXT, 2013). Although the enrollment capacity increased, applicants for these MBA programs did not increase as expected. The most serious problem is that many of MBA programs in Japan cannot attract enough applicants to fill their student quotas.

In China, the first MBA program was set up in 1984. In 1991, the National Education Committee licensed nine MBA schools to deliver a "Chinese-style" MBA. After that, MBA provision in China is growing rapidly,

and there are 238 schools (universities) that offer MBA degree, both full-time and part-time, as well as the executive training as of 2012. The growth in China's MBA education has been fed by the unprecedented growth of China's economy, the ratio of acceptance to applicants range from 27% to 40% since 2009 (over 2.5 times) (Ministry of Education of the People's Republic of China, 2012).

The MBA education in China and Japan followed a different course and showed very different trends. In recent years, several researches have focused on comparative studies of MBA education in Japan and China (Washio, 2002; Dong *et al.*, 2013a, 2013b; Ishikawa, 2003; Izawa and Itow, 2008; Kim, 2005, 2010), but these researches were reported in Japanese language and so they are not suitable to international researchers. Moreover, as MBA education in China and Japan has experienced rapid developments in the past decade, the reports published so far cannot reflect the newest state of affairs.

In this article, we make a comparative study of MBA education in China and Japan. The emphasis is put on analyzing the reasons that caused the difference in the MBA education of the two countries. This research differs from the others and makes the following contributions.

- This study aims to give the latest comparison of MBA education in Japan and China according to the newest investigation data. In particular, we offer a new perspective towards understanding the trend of globalization and internationalization in MBA education of both China and Japan.
- No studies have ever tried to compare the incentive and faculty management systems of universities in Japan and China, this article is to fill in this blank and give a detailed examination and comparison from the viewpoint of the incentive to the faculty and the human resource management system in universities.

The purpose of this study is to contribute to the improvement of MBA education by providing systematic, comprehensive understanding of the newest trend, and clarifying the characteristics of MBA education in China and Japan. In addition, we intend to provide an important topic on the incentive and faculty management systems of universities for stimulating discussion of future and advancing MBA education. Furthermore, the difference in the enterprise culture between China and Japan can also be reflected through the comparison of MBA education.

We organize this article as follows. In Section 2, we provide a brief review for prior studies and describe our aim and the contribution of this study. Then we trace the development of MBA education in China and Japan, respectively, in the next two sections. Section 5 gives some comparisons of the MBA education in China and Japan from the viewpoint of social environment, enterprise culture, and government support and control as well as incentive and faculty management system of

universities. The final section summarizes the main points of this study and give several discussions for the further researches.

2. LITERATURE REVIEW AND CONTRIBUTION OF THIS STUDY

Because the MBA boom in China continued since 1997, there are a great many of articles dealing with the MBA education in China. Mass media take up the topic of MBA frequently and many websites have been opened and specialized in providing MBA information. As research reports, Shi (2000) has given a status report on MBA education in China. Zhou (2003) reviewed development of MBA education in China and then discussed problems with Chinese MBA teaching in 2003. He also gave some suggestions of how to solve these problems. Chen and Yang (2010) examined the uniqueness of management development in China during 1990 and 2010 as represented by the MBA education, and to explore its successes and challenges in the Chinese transitioning context. Goodall *et al.* (2004) considered human resource development in the China and analyzed the value of an MBA in a transitional economy. O'Brien (2009) reviewed some of the developments in management education and training of China, and described the challenges and opportunities which management education faces in taking China into the next major phase of its industrial development and economic reform.

In contrast with the MBA boom in China, MBA education in Japan is not recognized easily and mass media seldom take up the topic of MBA. Many research papers consider why the development of MBA is so difficult in Japan. Okazaki-Ward (2001) explained why MBA education did not develop in Japan until the end of the 1980s, and then how considerable changes came about as part of the reform in postgraduate education. He also looked at the changes in social and economic backgrounds that promoted and speeded these changes. Based on the questioner about 101 MBAs who graduated from business schools in Japan and 34 companies in Japan, Kim (2009) examined the gap and common myths believed in Japanese society about MBA. Okabe (2009) has investigated why Japanese business people prefer to go to overseas business schools, particularly in the United States annually rather than Japanese ones despite greater costs of money and effort. She also described the added value that they expect to obtain from American business schools. Recruit Works Institute (2010) has released a detailed investigation report about graduates of Japan's graduate schools in business management and MOT. Recently, Isomura and Huang (2012) gave a detailed review of the history of MBA education in Japan and clarified that the main target market of MBA education in Japan has shifted from full-time students dispatched from companies to part-time self-sponsored students. Further, they suggested that Japan's MBA

education has developed differently than in other foreign countries because the business context of in-house human-resource development is dominant.

As MBA education is growing rapidly in China, it has been attracting considerable interest in faculty and staffs of many universities in Japan, several articles presenting China's MBA have been released on some Japanese publications (Washio, 2002; Dong *et al.*, 2013a, 2013b). There are also several comparative studies of MBA education between Japan and other countries. Ishikawa (2003) has made a comparison of business schools in the United States and Japan on the basis of historical background and from five different angles, i.e., economics offered in business schools, the scale and scope of business schools, tuition and related expenses, the degree of diffusion of distance learning, and respective accreditation organizations. Izawa and Itow (2008) described the status of management education and MBA programs in Northeast Asia and compared the MBA programs in Japan, China, and Korea mainly on the viewpoint of the degree of knowledge or recognition. The comparative studies made by Kim (2005, 2010) are very famous in Japan, She has given a comparative analysis of Japanese, Korean, and Chinese MBAs and made the comparison through examining the career problems among MBA degree holders, and looking at human resources management, values of MBA degrees, job-hopping of MBA degree holders, and future demand toward MBA degree holders, etc.

Although several researches have focused on comparative studies of MBA education between Japan and China, but there has been insufficient systematic comparison because of the following two problems: 1) MBA education in China and Japan has a very short history, and has experienced rapid developments in the past decade. As the progress of MBA education in these two countries is very quick, the reports published so far cannot reflect the newest state. 2) Almost all literature on comparison of MBA education between Japan and China is written in Japanese and so these research results are usually not available and not suitable to international researchers.

In this study, we take into account the newest development of MBA education in recent years and offer the latest comparison of MBA education between Japan and China. Additionally we intend to summarize the latest research results written in Japanese to provide a systematic, comprehensive comparison of MBA education between Japan and China to international researchers and practitioners.

3. THE MBA IN CHINA

3.1 A Historical Perspective

The first MBA program in China was set up in 1984,

and the Dalian Institute of Science and Technology and New York State University at Buffalo ran the initial three-year program jointly. The first 38 participants graduated in 1987 and their MBA degrees were offered from the US partner rather than an indigenous qualification. Also in 1984, the China-Europe Management Institute was established in Beijing, following negotiations between the European Commission and China's National Economic and Trade Committee. The Institute moved to Shanghai in 1994 and changed its name to the China Europe International Business School (CEIBS). CEIBS is the first Asia-based business school that has achieved top-tier global rankings for its MBA. In order to enable local lecturers acquiring MBA teaching skills, the Chinese government sent education experts to study overseas MBA programs in 1988, and in the same year, the Renmin University of China in Beijing worked with Canada's McGill University to train Chinese MBA teachers (Zhou, 2003; Dong *et al.*, 2013b).

In 1991, the National Education Committee licensed nine MBA schools to deliver a 'Chinese-style' MBA. After that, MBA provision in China is growing rapidly. In 2011, 238 schools (universities) offer such a degree, both full-time and part-time, as well as executive training. Figure 1 shows the development of MBA programs in China (Dong *et al.*, 2013a). The bars represent the numbers of schools (universities) being licensed to MBA programs in each year and the line represents cumulative total.

As shown in Figure 1, in the first half of the 1990s, the MBA in China was not recognized widely because there were few MBA programs and few admission capacities. In 1997, the Academic Committee of the State Council decided to introduce the national MBA Association Exam and authorized newly 29 schools to offer MBA degree. Under the increase in the admission capacity and the influence of the national MBA Association Exam, the MBA is widely recognized by the industrial world and public, the applications to MBA programs increased rapidly and the MBA boom occurred.

It is worth remembering that MBA is a branch of master's level management education in China, its recruitment is limited to four-year system college graduates with three years or more of service experience. In

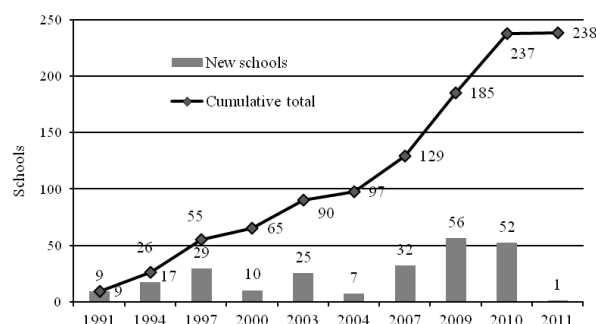


Figure 1. The development of MBA programs in China.

2012, 226 universities offer degree programs in industrial engineering intended to train professionals familiar with both engineering and management. There are also 296 universities offering master's level management education in accounting, business management, etc. According to the Educational Statistics in 2011 published by the Ministry of Education of the People's Republic of China (2012), of the 50,289 doctor's degrees conferred in 2011, 3,792 (7.8%) degrees were conferred in the fields of administrators. At the master's degree level, 46,530 (12.3%) degrees were conferred in the fields of administrators. Considering some of the graduates in industrial engineering were conferred the degrees of engineering, the master's degree level management education has accounted for a relatively large share of the country's total management education provision, as well as a very large proportion of total education places.

The growth in China's MBA education has been fed by the unprecedented growth of China's economy. China is going through a continued period of major economic reform, based upon a market economy within centralized planning by a one party system. The rate of economic growth creates the need for an increased supply of high quality managers. The Chinese business context has particular characteristics, but the skills required of its managers are similar to those of all developing and developed countries. The MBA programs can satisfy the needs to the skilled managers capable of emulating the success of Western and Japanese business, and of managing Chinese and foreign companies located in China and Chinese companies expanding overseas.

Figure 2 shows the applicants, examinees, and acceptance of MBA in China in recent years. The applicants and examinees have been increasing more than 15% every year and the competition rate (examinees to acceptance) was 2.74 in 2012. It is estimated that China will need millions of MBAs (Southworth, 1999) for its booming economy and the annual intake of MBA students will need to be expanded to around 30,000 by 2006. The Financial Times reported a Business Education Special Report at January 26, 2004; it says a government source noted that China "... needed 1.4 million MBAs within ten years."

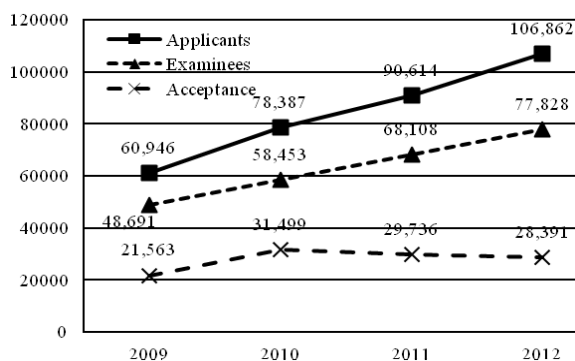


Figure 2. Applicants, examinees and acceptance of MBA in China.

3.2 Recent Developments

In 2012, there are 238 schools (universities) offering MBA programs and total enrollment is 28,391; the recorded high point of total enrollment was 2010, when 31,499 students were admitted to these programs. As the enrollment capacity of MBA programs increased, the schools (universities) are rushing into the time of competition. In order to win or survive the competition, many efforts have been made.

By investigating the information provided on each school's website and interviewing five professors who are being engaged in the MBA education at universities of China. It was clarified that the universities or business schools in China are making their efforts to improve their MBA programs from the following three aspects.

International Accreditation

To provide students and employers with an independent view of their quality, and indicate that the educational curriculum meets specific quality standards, some schools or MBA programs have received the accreditation by international accrediting bodies. By 2013, nine MBA programs (Tsinghua University, China Europe International Business School, Fudan University, Xi'an Jiaotong University, Shanghai Jiao Tong University, etc.) have the accreditation from Association to Advance Collegiate Schools of Business. As of December 2013, there are 19 MBA programs of China accredited by the Association of MBAs, and 14 MBA programs having the accreditation from European Quality Improvement System.

Globalization

Many schools (universities) have launched English-language programs in collaboration with famous foreign business schools or universities. These programs feature the excellent MBA curriculum and faculty of foreign business schools or universities. The students can receive a world-class education with a unique vantage point of China's rapidly changing business and economic landscape. Upon completion of the programs, participants will receive a double MBA degree or the MBA degree from the foreign partner.

Meanwhile, as China's economic importance grows there have been greater numbers of foreign students completing Chinese MBAs and more visiting study-groups from overseas. Some China's MBA programs are very active in increasing applications of overseas students.

Specification

As competition among schools for insuring sufficient applications is intense, it is necessary for the schools (universities) to differentiate themselves by offering unique MBA programs that others cannot offer, intending to attract students and cement their brand identities. One trend is the creation of specialized MBA programs, particularly by second-tier schools. There are many specialized MBA programs offering majors or dual degree in areas

like agriculture, aviation management, culture, finance, hospital management, medical management, sports management, biosciences, electronic commerce, and product development.

4. THE MBA IN JAPAN

4.1 The Development of MBA Education

As mentioned previously, in 1978, KBS started its MBA program by conducting training seminars for companies; the target students were mainly employees dispatched from companies. However, the professional business education at Keio University goes back to 1956, when it invited two professors from Harvard University to start an executive course (Ishida, 1997). The starting of MBA education in Japan is over ten years earlier than China.

In the 1980s, Japanese companies began to seriously internationalize their business and send their employees to overseas MBA programs in particularly to the United States, in order to develop senior managers who could start up international businesses. Many of large Japanese companies regarded MBA education as a tool for developing their employees as general managers or as managers who could set up international businesses (Kagano, 1996). In fact, Japanese business people who earned an MBA in the United States have contributed to the establishment of many international businesses.

In 1988, the University Council of Japan (UCJ) published a report titled “Enhancing the flexibility of the graduate school system.” This report encouraged Japanese universities to accept more adult students at the graduate school level, approved the establishment of evening graduate schools for this purpose, and allowed universities to exempt the master’s thesis as a degree requirement. In 1991, UCJ also released the report “Quantitative enlargement of graduate schools” and set a numerical target of doubling the number of graduate school students by 2000. In response to UCJ’s report, MEXT amended its Standards for the Establishment of Graduate Schools to allow each university to establish an evening graduate school and to make its program term and entrance requirements more flexible. Following the government’s suggestions or instruction, some universities, such as Kobe University, Tsukuba University, implemented two-year evening programs (Kagano, 1996).

In the 1990s, Japanese companies reduced the number of employees sent to overseas business schools. However, because of the Japanese economic recession, business people became aware of the need to protect their jobs by enhancing their employability. They invested their time and money in securing their survival owing to the more severe business environment. Consequently, the number of self-financed students going to business schools was increasing. Responding to the social trend and fol-

lowing the government suggestions, most universities started a part-time MBA program for adult students and the main recruitment focus of the business schools then gradually shifted from business students sent by companies to self-financed students.

In 1998, the UCJ released a report titled “The image of the university in the 21st century and the reform plan for the future.” This report suggested the establishment of a graduate school to develop advanced professionals through practical education. In response to this suggestion, MEXT established the Professional School System in 1999, which encouraged Hitotsubashi University to establish a business school. By 2003, four additional professional schools were established in fields such as business management, finance, and public health. In 2003, MEXT reorganized its Professional School System into the Professional Graduate School System to make it more flexible. It aims at training of professionals with advanced specialized skills and the ability to fulfill a leading role in the various areas of social economy and take an active part in the international arena.

The Professional Graduate School System has the following characteristics:

- The standard period required to complete a degree is two years (however, it is possible to shorten it to one year);
- A master’s thesis is not necessary to finish the program;
- Practical education methods, such as case studies, discussions, internships, and field studies, have been adopted;
- Practitioners with sufficient work experience are required to be employed as staff.

Since this new system was carried out, professional graduate schools have sprung up mainly in large cities like Tokyo and Osaka, typically run as evening and weekend programs stretched over two-year to four-year periods. As shown in Figure 3, MBA education of Japan continued growing up since 2003 and as of 2012, 45 universities have established 64 programs of MBA including public policy, public health and MOT (MEXT, 2013).

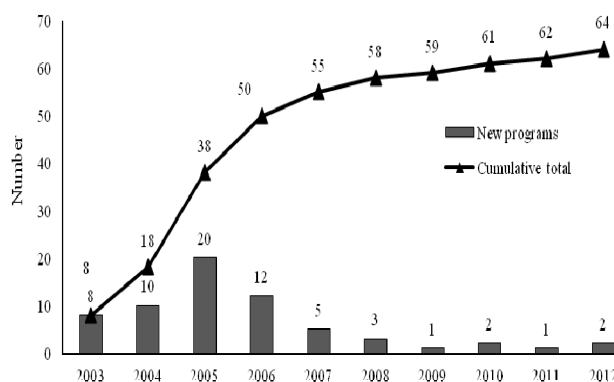


Figure 3. The development of MBA programs in Japan.

4.2 Accreditation and Issues

MEXT has set a new standard for professional schools. Now when universities establish a new program in Japan, they have to obtain approval from MEXT. Each university has to undergo an accreditation review every five years. MEXT has certified three accreditation agencies to perform certified evaluation and accreditation in the field of business, public policy and accounting fields. The three accreditation agencies are the Japan University Accreditation Association, the Alliance on Business Education and Scholarship for Tomorrow, a 21st century organization (ABEST21), and Japanese Institute of International Accounting Education. ABEST21 was established in 2005 as a non-profit organization, its mission is to advance management education of business schools on a global basis by encouraging mutual cooperation among its member institutions. As of 2013, the number of member schools at ABEST21 has increased to 57 business schools from 17 different countries.

Along with the number of MBA programs and their enrolment quota increased, there was a marked increase in the number of applicants to these programs during the period from 2003 to 2009. As mentioned above, the growth in Japan' MBA education had been fed by two major factors: a weak economy has pushed more professionals to seek degrees and certificates to improve their job prospects, and big Japanese companies have largely stopped sponsoring expensive overseas degrees in the way they once did for their employees.

Unfortunately, the growth of applicants was not able to continue forever. The applicants reached its maximum in 2009 and then gradually decline up to the

present. In 2010, MEXT conducted a thorough survey of all 186 professional graduate schools to review the results of its policies over the past decade. The survey noted that:

- For the 32 programs in business management and MOT, the rate of filling enrolment quota is 91% and the competition rate is 1.5 times.
- For the 17 programs in accounting, the rate of filling enrolment quota is about 85% and the competition rate is about 1.3 times.
- 45.2% of programs in business management and MOT and 52.9% of programs in accounting cannot fill their quota of examinees.
- The rate of employment for the fresh graduates of MBA in business management/MOT and accounting is 43.1% and 34.9%, respectively.

From these results, it is clear that the most serious problems is that many of MBA programs in Japan cannot attract enough applicants to fill their student quotas and therefore, supply exceeds demand. Because it is difficult to recruit new students sufficiently, Nihon University Graduate School of Business has decided to stop recruiting new students from 2013.

5. COMPARITATIVE ANALYSIS

5.1 General Comparison

As MBA education providers, the schools or univer-

Table 1. Comparison of MBA education between Japan and China

Comparison content	Japan	China
Starting and growing up	Started in 1978 and grew up since 2003	Started and glowed up since 1992
School or university (As of 2012)	45	238
Annual enrollment capacity (As of 2012)	3,985	28,391
Admissions requirements	Bachelor's degree or above	(1) Bachelor's degree or above (2) The full-time work experience of three years or longer (MBA) or the minimum of 10 years work experience with at least 7 years in managerial positions (EMBA)
Entrance examination	Individual exam by each school	National exam
Competition rate (examinees to acceptance)	Comparatively low (1.5)	High (2.49-3.76)
Government support and control	Weak	Very strong
Degree of recognition or level of familiarity	Comparatively low	High
International Accreditation (As of 2013)	AACSB: 2, AMBA: 1, EQUIS: 1, ABEST21: 9	AACSB: 9, AMBA: 19, EQUIS: 14, ABEST21: 1
Globalization	Less	Many programs with foreign business schools
Incentive to the faculty	Almost none	Monetary incentive
HR management system	Rigid	Flexible

sities of both China and Japan share the common concept, that is to provide their graduates with the essential tools for success in many career paths by delivering a solid business training and encouraging independent thought, team collaboration and open communication. However, because there are a lot of differences in social systems, education system and enterprise culture between Japan and China, MBA education in these two countries differ in many aspects. We summarize the main differences and show them in Table 1.

As shown in Table 1, the starting of MBA education in China was behind Japan for fourteen years, but considerable attention has been paid to the rapid growth of Chinese MBA. As of 2012, the number of business schools or universities providing MBA in China is 238; it is about 5.3 times of Japan. Moreover, the annual enrollment capacity of MBA programs in China is 28,391 and it is 7.1 times of Japan. However, if we consider the populations of these two countries, the ratio of enrollment capacity to total population is about 0.313 ten-thousandth and 0.208 ten-thousandth in Japan and China, respectively, and thus, MBA education in Japan is not necessarily behind China.

Meanwhile, Japan is a developed country and China is a developing country. According to the level of Japanese economy development, the current level of MBA education in Japan is probably lower than the true level of demand. As pointed out by Shimizu and Higuchi (2009), the need for MBA programs in Japan is still rather minor because of two fundamental problems. One problem is inherent in the social environment for the business people and another problem comes from the content of MBA program offerings.

5.2 Social Environment

From the viewpoint of social environment, going to business school to get an MBA degree will accompany with a huge financial burden in addition to causing instability in the career after graduating from an MBA program. In Japan, the annual tuition fee of most national and public universities is JPY 535,800, whereas that of most private schools is more than JPY 1,200,000. The most expensive annual fee is JPY 1,680,000. In addition to the direct cost, one must consider the opportunity costs of finding the time to devote to studying for tests and moving. If one chooses to study in a full-time program through private-pay, the opportunity cost would include the loss of employment. Because of these costs, applicants seriously consider the value of a business school before applying. In order to ease financial burden of the MBA applicants, public support and funding should be provided through scholarships and financial aid.

In addition to this, the most important aspect is whether the industry or the society recognizes the value of an MBA degree. If the MBA holders could be provided the salary and job specifications that are appropriately aligned to their efforts and abilities, they can re-

ceive a greater return on investment of MBA in terms of higher wages and/or nonmonetary benefits. These monetary and nonmonetary benefits will become a strong motivation to bring more applicants of MBA.

About the benefits from MBA education in Japan, there are some research reports having been published. Table 2 shows the investigation result conducted by Shimizu and Higuchi (2009). In the line of 'MBA' of the Table 2, 'before graduating from MBA' is the average wage per sex, industry sector and age of respondents in the year they would enter an MBA program, and 'after graduating from MBA' is the average wage in the same categories for five years after entering the MBA program. For comparison, in the line of 'No MBA' of the Table 2, the average wages for the workers having the same attributes as the MBA holders are also showed, these data are taken from the Survey of Wage Structure, a survey of the entire Japanese labor market. From Table 2, it is clear that the average wage increase for MBA holders from domestic MBA programs of Japan is only US\$8,880, while a worker who did not pursue an MBA but had similar attributes earned an average wage increase of US\$7,076. Therefore, no significant benefit was derived from the Japanese MBA programs when compared to those who did not obtain an MBA. Shimizu and Higuchi (2009) have argued that the current MBA programs offered in Japan fall short as an investment in human capital.

Recently, Hyodo (2011) has given a new investigation report that surveyed Japan's graduate schools in business management, MOT, and accounting for master degree's holders who had business experience before entering graduated school. According to this report, only 16.1% of them targeted on wage increase before entering graduate school, and 15.2% of them could receive wage rise after they acquired the degree.

In general, MBA in Japan has not been recognized widely, because traditional companies still perceive that knowledge and learning with respect to business and management can only be effectively gained through experience and not within a classroom. Big Japanese companies had preferred to send their employees overseas to gain foreign MBA degrees, intending to provide incentives for younger workers or to use it as an alternative to promotion. Therefore, there was little demand for specialized business education by institutions external to the Japanese companies.

On the other hand, the social environment for MBA education in China differs largely from Japan. China has experienced such fast growth over the past 30 years that business schools cannot yet produce enough graduates

Table 2. Annual wage increase for Japan's MBA graduates (US\$)

People	Before graduating from MBA	After graduating from MBA	Amount of wage increase	No. of people
MBA	79,966	88,846	8,880	26
No MBA	66,231	73,290	7,076	-

to meet the expanding needs of business. Meanwhile, the gap of economic development, living conditions, opportunities, and many other things have narrowed between China and developed countries, so more and more students simply consider an MBA as a purely choice rather than ranking advantage of going abroad and staying there. According to a recent Business Week report, salaries for graduates from China's MBA programs are comparable to their Western counterparts. Considering purchasing power, these salaries are on par with, or higher than those earned by the graduates of the top western MBA programs. As income levels rise in China, these salaries are also expected to rise at a faster pace. Because of these reasons, many China's MBA programs are seeing a noticeable rise in the number of applicants, and the MBA boom in China has continued since 1997.

Furthermore, the value of an MBA degree has been highly recognized by industry or society in China. Many benefits including wage increase and promotion have been provided to the MBA holders from China's MBA programs. Table 3 shows a full-time MBA program ranking in China for the graduates of 2007; this is the fifth ranking result released by Forbes China (2012). From Table 3, it is clear that the average wage increase just after graduation is 94.2% compared to the salary of before entering graduate and average annual growth rate of salary from 2007 to 2012 for all MBA holders is 17%. These monetary benefits are the strong motivation for business people to enter MBA programs.

5.3 Government Support and Control

The high growth of China's MBA education has depended largely on strong governmental support and control. Mainly there are two Chinese government departments in charge of the major regulation issues of MBA education in China.

- The Degree Office of State Council: It accepts and makes approval decision to the applications from Chinese universities for offering new MBA program.
- The National MBA Education Supervisory Committee: It is in charge of directing and coordinating the China's MBA programs, making policy-related stud-

ies, promoting the cooperation between the business schools and the business community, and channeling international communication.

These two Chinese government departments play a more and more important role in Chinese MBA education. In 1991, when nine MBA programs were first authorized, the National Education Committee and the Academic Committee of the State Council of China issued regulations governing the award of MBA degrees. According to these regulations, Chinese government has provided strong support and control to the MBA education mainly through the following measures.

- Approval system for new MBA program: When universities offer a new MBA program, they must submit their applications to the Academic Committee of the State Council. Only the universities that passed the severe screening can obtain the approval.
- National MBA entrance examination: In order to inspect academic ability of MBA candidates, the Academic Committee of the State Council organizes a national examination in January and the National MBA Education Supervisory Committee organizes another national examination in October every year, MBA candidates have to pass one of these two examinations.
- Unified Teaching Syllabus: In order to control the content of MBA education, the National MBA Education Supervisory Committee instituted a Unified Teaching Syllabus. It specifies the following 10 core subjects and MBA students have to study eight or more subjects—managerial economics (or economics), organizational behavior, data models and decisions, accounting, financial management, marketing, operations management, human resource management, information systems and information resources management, and strategic management.
- Supervision for award of certificates: The Academic Committee of the State Council is always supervising award of MBA certificates severely. This is an important guarantee on the quality of MBA graduates.
- Faculty development: In order to improve the quality of MBA education, the Chinese government has emphasized on international collaborations and faculty

Table 3. China's MBA program ranking for the graduates of 2007 by Forbes China

Rank	MBA program	Annual salary of 2012 (CNY 1,000)	Growth rate of salary just after graduation (%)	Average annual growth rate of salary from 2007 to 2012 (%)
1	China Europe International Business School	697	157	14
2	Beijing International MBA at Peking University	1,009	81	22
3	Guanghua School of Management, Peking University	547	92	19
4	Tsinghua University School of Economics and Management	583	121	19
5	Cheung Kong Graduate School of Business	555	134	14
	Average for all business schools	416	94.2	17

development. For developing teaching staff, and improving educational methods and teaching materials, the Chinese government sent education experts to study overseas MBA programs and sponsored schools or universities to employ famous foreign professors.

The governmental support and control provide a strong guarantee on the quality of MBA education and help to raise the degree of recognition. As argued by Chen and Yang (2010), it was found that successful practices, such as the National MBA Education Supervisory Committee, the top-down approach by the government, the emphasis on international collaborations and faculty development, national MBA entrance examinations, and other related measures have maintained the MBA education system on its current development course.

In Japan, the government also plays a crucial role in incorporating and monitoring business schools. As described previously, although the Japanese business community had not readily accepted MBA education, the Japanese government has strongly promoted the need to develop professionals with advanced specialized skills in the global economy. The MEXT founded the professional school system in 1999 and then reorganized it as the Professional Graduate School System in 2003.

The Japanese government supported university MBA programs by promoting business education for working adults, so that the target market shifted from full-time to part-time, self-financed students. This change has increased the number of applicants to MBA programs demonstrating that the value of an MBA degree is gradually being recognized in Japan. The Professional Graduate School System could accelerate this movement. As a result, business people have begun to recognize the importance of MBA programs. As mentioned above, to improve the quality of education offered, MEXT has set a new standard for professional schools to become more practical and each university is closely monitored and assessed against the new standard.

However, because of the difference in social systems, Japanese government has not enough measure to support and control the development of MBA education as strongly as Chinese government. Because business schools or universities are the higher educational institutions with autonomy in Japan, they can decide MBA education programs by themselves and organize their entrance examinations. As the result, variation occurs in the quality of MBA education, which is disadvantageous for improvement in degree of recognition or level of familiarity.

5.4 Incentive and Faculty Management System

In order to enable the sustainable development of MBA education, it is important to meet the needs of industry and clarify the focus of each program as well as improve its quality. The overseas MBA programs, especially in the United States, have a history of more than

100 years; they have been able to enhance the value of the program by capitalizing on the features of the country and the economic conditions of the region in which the school is located. This is one reason why these programs rank higher and why holders of overseas MBA degrees enjoy a significantly higher increase between the pre-MBA wage and post-MBA wage.

On the other hand, the history of MBA education in both Japan and China is relatively short. Almost all of the MBA programs in Japan and China were established as the extension and/or specification of graduate schools. Because graduate schools are formerly designed for research and most of teaching staffs are researchers who are proud of research-oriented education instead of practitioner-oriented one, the number of academic professors who are capable of teaching in business schools is very limited. Therefore, one of the most urgent challenges is to develop teaching staff.

In China, business schools or universities have introduced a very flexible faculty management system and incentive system through the top-down approach by the government. The following is some important measures adopted in China's MBA programs.

- Training of education professionals: As described previously, the government has sponsored many teaching staffs to go abroad to study overseas MBA programs.
- Promotion of education specialist: Almost all business schools or universities have improved their promotion system to regard highly not only researchers but also the teaching staffs that are outstanding at education.
- Utilization of external resources: In order to introduce the excellent educational skills or knowhow of overseas MBA programs, almost all business schools or universities have employed famous foreign professors. Meanwhile, they usually invite the education specialists from other universities to take charge of several core subjects.
- Encouragement of improving education method: There are various educational awards in China's business schools or universities, these awards aim at encouraging the teaching staffs with outstanding achievements in education improvement.
- Incentive pay: Almost all business schools or universities have an incentive pay system. The teaching staffs can gain the incentive pay according to the hours that they took charge of the MBA's lecture. Sometimes, this incentive pay is much more than their regular salaries.
- Rigorous evaluation and feedback system: Many of China's business schools or universities have a rigorous evaluation and feedback system. According to the system, questionnaire survey results of MBA students and the educational achievements have an influence on the decision of salaries in next year. In the most severe situation, a teaching staff with bad evaluation could be changed into the position of the non-teaching staff.

These incentive evaluation and feedback systems

serve as motivation for the teaching staffs to participate in education improvement or reform.

In Japan, according to MEXT's new standard for professional schools, professional graduate schools are required to undergo accreditation every five years. However, this accreditation is not necessarily conducted in a useful manner. As argued by Isomura and Huang (2012), accreditation associations do not necessarily check the quality carefully, and the accreditation standards and methods are not appropriate to the programs. Hence, the current system does not work well.

Almost all of Japanese universities have a very rigid faculty management system. There is almost no incentive pay to the teaching staffs, and fewer universities have any educational award or promotion system to encourage education improvement of teaching staffs. Moreover, questionnaire survey results of MBA students and educational achievements can only be used to write a survey report and it is difficult to reflect the evaluation result of teaching staff to their salaries.

In general, MBA education in Japan has many hurdles to overcome. To increase the number of applicants, it is crucial for business schools or universities to understand the needs of business people, and train education professionals.

6. CONCLUDING REMARKS AND DISCUSSION

In this article, we made a comparative study of MBA education in China and Japan. Because of the big difference in social environment, particularly, in enterprise culture, between China and Japan, MBA education of these two countries has been developed by tracing different processes. Although the value of an MBA degree has been widely recognized by industry and business people in China, the Japanese business community has not readily accepted MBA education, and it is necessary for Japan's MBA schools to develop educational programs and manage human resources that best serve the needs of the Japanese market. Both the Chinese government and the Japanese government have provided much support to establish or incorporate their MBA programs, and the government support played an important role in development of MBA education of these two countries. However, the Japanese government could not control MBA education as strongly as the Chinese government because the autonomy of business schools or universities should be respected in Japan. In China, business schools or universities have established a very flexible faculty management system and an incentive system through the top-down approach. These systems have helped and encouraged the teaching staff to improve the MBA education constantly. In Japan, it is important to respect the autonomy of a university and academic freedom, and therefore, it is impossible to introduce the same kind of faculty management system that China has introduced. As a result, the process of re-

sponding to the needs of the business community and the education improvement in Japan's MBA programs is slow.

The results of our comparative study indicated that there are two challenging issues for MBA education in both China and Japan. The first one is the balance between the autonomy of universities and the government control, and the second one is the balance between the academic freedom of faculty and the necessity of education improvement. The support and control of the Chinese government played an important role in establishing MBA programs in China and in guaranteeing the quality of MBA education as well as raising the degree of recognition. However, since the government has controlled even the syllabus, Chinese MBA education is suffering from a narrowly defined curriculum, a shortage of qualified teaching staff and outdated instruction methods (Ma, 2010).

Moreover, in order to achieve the sound development of business schools or universities, academic freedom and autonomy is important. However, this does not mean that they can ignore the needs of industry and society. In order to improve the quality of MBA education, education professionals are more important than researchers are. It is necessary for teaching staffs to change the consciousness of their own. Academic freedom is not intended to interfere with the MBA education improvement.

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