





LIBRARY  
OF THE  
MASSACHUSETTS INSTITUTE  
OF TECHNOLOGY









WORKING PAPER  
ALFRED P. SLOAN SCHOOL OF MANAGEMENT

THE QUALITY AND RELEVANCE OF  
INTERNATIONAL BUSINESS MANAGEMENT EDUCATION IN  
THE UNITED STATES - AN 18 COMPANY,  
12 SCHOOL STUDY

by

Richard D. Robinson

WP1009-78

MASSACHUSETTS  
INSTITUTE OF TECHNOLOGY  
50 MEMORIAL DRIVE  
CAMBRIDGE, MASSACHUSETTS 02139





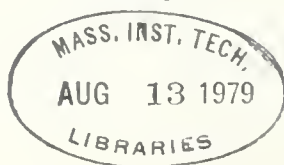
THE QUALITY AND RELEVANCE OF  
INTERNATIONAL BUSINESS MANAGEMENT EDUCATION IN  
THE UNITED STATES - AN 18 COMPANY,  
12 SCHOOL STUDY

by

Richard D. Robinson

WP1009-78

Dewey



The growing economic interdependence of nation-states is, perhaps, the most glaring phenomenon of the post World War II era. "U.S. investment abroad is now more than 155 billion dollars, a five-fold increase in twenty years. The products generated by these assets have a value of above 200 billion dollars annually—equal to one-fifth of the entire G.N.P. of the U.S.A. . . . Multinational corporations (moreover), are expanding at the rate of more than 10 percent yearly, twice the growth rate for gross world product. Should present trends continue, within the remaining years of this century the economy of the world will be more than half internationalized through the further development and expansion of multinational corporations. . . ."

Recognizing the importance of this phenomenon for American business enterprise, and, consequently, for American business education, the American Assembly of Collegiate Schools of Business (AACSB) has recently modified one of its accreditation standards to read:

"The purpose of the curriculum shall be to provide for a broad education, preparing the student for imaginative and responsible citizenship and leadership in business and society—domestic and worldwide."

The last three words of that standard—'domestic and worldwide'—have been added recently to the standard, and are intended to reflect the view of the AACSB that business curriculums should expose students to the international dimension (such as the transnational corporation) as well as the standard operations and management of domestic enterprise.

"Towards Global Economic Advance," *Internationalizing Management Education*, a report of four conferences sponsored by the Advisory Committee on Business and International Education of the U.S. National Commission for UNESCO, p. 5. Bracketed portion's are this author's.

— Walter W. Perlick, "Internationalizing  
The 'Common Body of Knowledge,'"  
Collegiate News and Views, Vol. XXX,  
No. 2, Spring 1977

Less than 1% of the college-aged group in the U.S. is enrolled in any courses which specifically feature international issues or areas.

Foreign language enrollments at all levels have dropped. Thus, of this year's high school graduates, fewer than 2% have any foreign language competence. College enrollments are off fully 30% in the past seven years alone.

Fewer than 5% of the teachers being trained today have any exposure whatsoever to international, comparative, area and other intercultural courses in their work for certification according to a 1973 survey conducted by the AACTE.

Multinational business enterprises account for one-seventh of the world's GNP and for one-half trillion dollars of business. Barely 3% of persons trained in international education fields are presently employed by business.

The current average newspaper coverage of international events which is regularly read by Americans equals less than a column of newsprint per day. Only between 1% and 2% of the average television week on commercial networks features international items—the lowest average of 100 nations surveyed by UNESCO. Runners up: USSR and PRC.

The number of persons engaging in study abroad programs has declined 50% in the past three years.

1975—only 429 American staff correspondents working abroad for U.S. news organizations—a tiny cadre for a nation which has 1,774 daily newspapers, 934 television channels, and 7,500 radio stations. Fewer American correspondents reside abroad now than at any time since World War II when there were 2,500.<sup>2</sup>

On the receiving end, a recent survey reports that 14-year-olds in the U.S. rank near the top among students in 8 countries (Federal Republic of Germany, Finland, Ireland, Israel, Italy, Netherlands and New Zealand) in knowledge of local, state and national affairs; but next to last in their knowledge of world affairs.

A 1974 survey of a national sample of 4th, 8th, and 12th grade students reports that 50% of the 12th graders tested could not chose correctly the Arab country from among these four choices—Egypt, Israel, India and Mexico; and fully 40% of the 12th graders thought that Golda Meir rather than Anwar el-Sadat was President of Egypt.

THE QUALITY AND RELEVANCE OF  
INTERNATIONAL BUSINESS MANAGEMENT EDUCATION IN  
THE UNITED STATES - AN 18 COMPANY,  
12 SCHOOL STUDY

by

Richard D. Robinson

The purpose of the inquiry reported here was to develop a more precise notion of the quality and relevance of international business management education at the graduate level in the United States. Initially it was hoped that international personnel executives in a sample of relatively large internationally-active firms scattered across the country would be able to rate programs and describe very specifically what they liked or did not like about them. Some measure of relevance could thus be developed. This approach had to be discarded almost totally, for it very quickly developed that executives possessed little information about such programs, even in nearby schools. And, indeed, few corporate executives other than in some of the large banks reflected more than casual interest. The corporations simply did not recruit IB majors. This finding seemed to support generally prior research.

Questions about what business schools should be doing in the international area generated somewhat more response. Although many opinions were voiced on the subject, those responding seldom indicated any insight into what schools were in fact doing. Nonetheless, out of the interviews --

which were completed in January 1978 -- fell a number of measures of relevancy insofar as the perceptions of those in the market were concerned. Hence, the report begins with an analysis of the demand side of the equation.

## Survey of Perceived Business Needs

Perhaps the best way to define the apparent market for those coming out of graduate schools of business and management with majors or concentrations in international business is to run down the responses of the 18 companies in which interviews were conducted. The consistency of these responses seemed to rule out the need for a larger sample.\* Due to promises of confidentiality, the identities of the firms are not disclosed.

In each case the purpose was to solicit information on corporate hiring policies (with special reference to international operations) and attitudes possibly relevant to those policies; on the extent of corporate training programs to prepare employees either for overseas assignment or for positions with international content; on executive views of international management training offered by graduate schools of business; on the identification of any special educational needs not being addressed by the schools.

The banks seemed to be the only category of institution specifically interested in MBAs with a concentration in international business. Even so, they were not enthusiastic about the business school products. A serious deficiency in financial accounting was identified, particularly that required for credit analysis. It was felt that some schools had a tendency to lose the management perspective, particularly Harvard and Sloan. This defect was present in the international courses as well as elsewhere.

---

\* The sample consisted of four financial institutions (two east coast, one southeast, one west coast), two engineering-construction firms (one east coast, one west coast), one raw material processor (west coast), nine manufacturers (one west coast, five mid-west, one east coast, two south), one oil and energy related firm (east coast). In most instances, at least two, and frequently more, executives were interviewed.

All were major corporations (top 500) except two of the financial institutions. One of the engineering-construction firms was a semi-autonomous subsidiary; otherwise, all were independent and essentially owned and managed by U.S. nationals.

Some executives felt that the "better" schools were prone to permit professors to use classes to explore their research interests rather than to develop what students needed to know. On the other hand, schools such as American Graduate School of International Business (Thunderbird) were criticized for spending too much time on language, too little time on technical business courses.

Executives in one bank believed that schools should offer international courses carefully differentiated from on-the-job training, but not too general as to carry little content. Emphasis should be placed, it was felt, on an understanding of the international economic and monetary systems, on balance of payments, on sovereign risk, on trade flows and their meaning, comparative business practice, public finance, inflation accounting, not on "management science." One top executive felt that international business courses were important only in a performance sense. The bank was "numbers oriented," meaning principally financial accounting. Finally, the "silent performer" did not do well. The art of making presentations was of signal importance, likewise writing skills. These were felt to be a communicable skill. The implication was, given the context of the discussion, that these skills were of special importance in the international area.

Spokesmen for the bank recognized that there was a visa problem in hiring foreign nationals for permanent employment in the U.S. Headquarters hoped to find foreign students who could qualify for permanent residency, particularly in that part of the organization serving U.S.-based "multinational corporations."<sup>\*</sup> After a foreign national was hired, the bank would go to work immediately to secure the "green card." In one division, some 40% of the headquarters' personnel were non-American; in the U.K., about 40 to

---

\* In quotes, for the use of the phrase multinational corporations was not technically correct in that international, transnational, and international service organizations were included.



50% non-U.K. The objective was "to hire a multinational talent base to handle a multinational client base." Prior to overseas assignment (a 90 to 180-day leadtime was attempted), the executive received intensive language training if the business language was non-English. Other than Japanese and Chinese, the assignee was generally fluent in the language before departure. The bank was happy with Berlitz in that the training was one-on-one, done by native instructors, and worked cultural mores into the training. The bank also arranged for wives to meet with bank wives who had lived in the area of assignment. Finally, each branch was required to submit a post report, which was updated by everyone who left the branch. The new assignee could not depart for his new post until he familiarized himself with it.

This bank was organized into three groups and some ten or so divisions. Recruiting requirements were established at the division level, but the actual recruiting was done at the group level. It was bank policy to maintain a flow of bright young MBAs, whether needed or not. There was the obvious problem of forcing them on managers who were held financially responsible. At least one of the groups asked each overseas office whether it wanted local nationals recruited in the U.S. for immediate dispatch to their home country and at home-country salary level. Prior to departure, they underwent an orientation program at headquarters, which could run anywhere from 3 days to 6 months. This experience included a once-a-week breakfast for trainees which top bank officials attended and discussed their respective functions.

One bank executive observed that there had been a slowdown in the bank's international growth rate over the past decade. Did people now feel that the challenge was gone and, hence, were not as motivated as before? He was uncertain, but did observe that the average age and tenure in the job were going up. He went on to observe that there were very few general

management jobs in the bank, but that the people ending up in them tended to be ill prepared in that, generally speaking, promotion was gained via performance in a highly specialized job.

This bank had a special "international staff" consisting of approximately 1000 U.S. expatriates and third country nationals who were willing to work up to two years outside their home country. It was claimed that this corps "glued the corporation together worldwide" in that it consisted of a special set of people -- mature, knowledgeable of the corporate ethic, highly mobile. Until recently, virtually all had been U.S. nationals, but the influx of non-U.S. nationals had picked up during the past five years. A recognized problem was that such an organization generated a sharp distinction between international and domestic. It was expected that top corporate executives would emerge from this international staff.

The bank's U.K. subsidiary had begun hiring U.K. nationals from Oxford and Cambridge -- "liberal arts types" -- for the U.K. management. According to bank spokesmen, this was the first time that a U.K. bank had hired college graduates.

A second bank, as the first, had drawn fairly heavily on graduates from the Thunderbird School (American Graduate School of International Business). The reason seemed to be that such people had demonstrated a commitment to international careers and had working knowledge of at least one foreign language. "For banks particularly, the top quality MBA often has more difficulty in adjusting, particularly those from Harvard. Expectations are entirely too high." This comment echoed a remark by an executive in the first bank to the effect that Thunderbird was not hung up on the MIT-HBS syndrome, that is, "graduates are not quite sure why they have not been asked to be chairman of the board." He went on, "There is a greater willingness of Thunderbird graduates to do what we want, and they do well in the training courses." But to return to the second bank, an executive

observed that the "success rate in international operations of Thunderbird grade is incredible. In Singapore alone there are possibly 500 U.S. businessmen, of which 30 or 40 are from Thunderbird."

This second bank seemed to be looking for a demonstration of interest and ability on the part of young men and women to get along in a foreign culture, plus intellectual capacity and maturity. "What we are really looking for is one who can become a qualified banker and, on top of that, has the personality and interest to work satisfactorily in international. We do not assume -- or look for -- expertise that can be put to work immediately." In respect to the desired international content of a business school, the executive observed, "most important to us is (1) general understanding of how the world operates (including an historical perspective), (2) knowledge of the international economic and financial systems. Thunderbird does not do this."

An international executive for a large west coast bank observed that what his institution really looked for was for those who had completed solid courses in accounting and finance. Knowledge of international finance would give them a small edge. With more and more units overseas, he felt that the bank was giving more emphasis to managerial ability. "We are hiring potential managers, those with the ability to get along with people and can communicate well -- people-oriented individuals. Exposure to a superior international business program was considered a plus, but was not critical. Educational needs? An understanding of what was involved in an international career and of the international economic order, a definition of issues.

The chairman of a relatively small west coast bank, but one of regional significance and which had been expanding rapidly into the Pacific basin, observed that a demonstrated international interest on the part of a job applicant would be given some weight. However, almost all overseas posi-

tions were filled by foreign nationals. First of all, the bank was interested in hiring potential bankers, which meant basically, the credit area. That required working well with numbers, that is, in accounting and statistics. After that, the bank might look at an area of interest, particularly if the individual had some language ability and the capacity to travel.

In general, spokesmen for the engineering and construction firms echoed similar views. Neither hired MBAs. The first did not hire in the U.S. for its overseas offices, and a young engineer hired in the U.S. would not be sent overseas for many years. A vice-president observed: "If a man with a relevant technical background had some international management training (or an MBA) plus a language, we would be interested." (But the firm had not recruited in a nearby academic institution with precisely that mix.) U.S. nationals did hold 3 or 4 of the top positions overseas in this firm, and there were 1 or 2 project directors abroad from the U.S. The latter were sometimes preferred by U.S. clients operating internationally for which the company was building foreign plants. Increasingly, however, the clients were becoming governments, so this pressure would be reduced. It was felt necessary to bring foreign nationals reaching top positions to the U.S. for a management course, such as that offered by Columbia. This experience, it was felt, gave them more confidence in dealing with Americans. "A foreign national who finds himself in a senior position in a foreign company tends to worry, to feel somewhat threatened." It was recognized that the company lost technical expertise as some of its more senior engineers moved into project management and departmental administration. On the other hand, it was felt that having non-engineers managing engineers -- including the more senior -- would cause friction and loss of morale.

A larger, west coast engineering construction firm was hiring new

technical personnel to go overseas within a relatively short lead time. It would prefer to send experienced company employees and, indeed, some clients specified such, but it was not always possible. The firm did try to bring people into headquarters first to become oriented with the company, during which time they were used on various tasks in the personnel division. Language training was provided if there were enough time. One of the problems arising quite frequently, it was claimed, was that many people were sent overseas for relatively short periods to places with no facilities for families and no recreational opportunities. The one motivating factor had to be compensation. "But once a person is there, money is less important."

Major academic deficiencies perceived in the international area were the absence of work in international construction management and inattention to the problem of mobility. This firm had an older, highly mobile cadre of craftsmen (iron workers, pipe fitters, etc.) often used overseas in a teaching capacity. The esprit de corps among newer people relative to overseas work was lost. "There is a different attitude." Implied here was a loss of mobility in the younger generation.

As the engineering-construction firms, the one west coast raw material processor in the survey used largely technical personnel in its overseas operations. It did not hire directly for international operations. This corporation had passed through the international division phase into global product lines which in turn maintained regional headquarters. The "international division" remained as a corporate support group and policy coordinator. Although at corporate headquarters some expertise was employed in international finance (a Stanford MBA), economic forecasting, and international tax law, it was very unlikely that MBAs would be employed in

international operations.\* Persons sent overseas must rate high in interpersonal skills and flexibility, must have demonstrated a high level of technical expertise ("we do not want second rate people overseas"). As one executive commented, "Unless a person has a language or life experience in an area, international business education is not relevant; one can learn the basic business skills." Joint ventures were negotiated by the VP of the international division and the manager of international projects, sometimes assisted by an external consultant.

How should educational resources be allocated within the international management area? In such a way as to create an awareness of the strategic alternatives and the range of relevant variables, to develop knowledge of the basic principles and issues, to generate familiarity with the different concepts of what the law means and how it is used, to teach how to work effectively within any system and not to be surprised by anything.

Executives in a west coast manufacturing firm expressed no interest in the general preparation provided by international management courses. "But continuing education is another matter. There is a need for management to be aware of, and sensitive to, major issues." As in the preceding case, this firm had gone through the international division phase to worldwide product organization, with each operating organization in charge of its own international operation. The "international corporation" remained, but essentially with general marketing and administrative staff functions. It defined the charters under which overseas personnel operated and was in charge of running the corporation's overseas offices (i.e., approving leases, providing instructions re local hiring, setting up accounting procedures,

---

\* Backgrounds of headquarters personnel in the "international division": a senior VP in charge, who was likewise head of an operating division. A Harvard law graduate, he had become involved in a number of international projects during his career with the company. His principal assistant had come up through a product division, and had asked for overseas assignment in the Far East. A second assistant was a graduate in international affairs, a former political science professor with special expertise in Latin America.

giving legal assistance, and other support services). Occasionally it took on the role of trouble shooter and monitor of overseas activity. In this company, a unique set of technical skills, which could only be acquired by experience with the company, was required of overseas personnel. Family stability, plus some language, were seen as secondary criteria. The company provided language labs. As one executive observed, "We keep Berlitz in business." The company was running training programs for individuals and their families prior to overseas assignment. Business schools were seldom used for this purpose, but Thunderbird, the University of Syracuse and Columbia had been used to train people for specific assignments (i.e., area study plus language).

Executives within a mid-western manufacturer of technologically-advanced equipment specified as company objective to have no Americans overseas. There was a tendency to bring foreign nationals to the U.S. to be socialized in the company. Later, they might return in top corporate positions in the parent corporation, although this had not yet happened. Periodically, U.S. nationals were assigned overseas for purposes of personal development, but this was not part of a formal career development program. There were very few entry-level positions at corporate headquarters. The exceptions were financial analysis and economic planning. International experience was not considered essential for top management, but desirable. There was allegedly a "closed mind attitude to outside training and the use of consultants." A short time ago, foreign manufacturing had been organized into product groups because of a world-wide sourcing strategy. This reorganization had created a serious problem in that managers had been assigned global responsibility who had no prior experience. If a person were promising and had indicated a strong preference for international, he would be given some consideration, but there was no career development path involving international. Job content was

considered the same, world-wide, and each country manager was responsible for recruiting his own people. Nor was there any formal preparation for overseas assignment when this did occur. Nonetheless, failure was alleged to be very slight. But of course what was usually involved was a senior management assignment, and the person was very likely to have travelled quite extensively. Language knowledge was an asset, but not deemed important.

In the case of a southern-based corporation involved in the manufacture of closely related lines of consumer goods, only if an associated overseas company were unable to find appropriate people locally might the parent company be asked to fill the positions. The parent firm would be involved only in the appointment and transfer of plant, marketing, financial and technical managers. Otherwise, the local subsidiary would fill all positions. Some time before, the company had been divided into a number of zone offices, located in various places, which reported to an export corporation. Subsequently, these offices had been disbanded and the world divided into three "groups," all of which were headquartered in the parent corporation. One consequence was that foreign nationals were beginning to appear in headquarters' positions. In international operations, training was pretty much of an on-the-job nature. It was felt that it was very difficult for a school to prepare a young American for international service who had never been outside the U.S. "The most important thing a young guy can have is the language, at least to some degree," one executive observed. When the "intercultural communications" sequence offered at one graduate school was described, the response was, "That is the sort of thing that really pays off. To us this is one of the most important things."

A mid-western manufacturer of heavy industrial equipment, whose foreign operations were managed by an international division, had an explicit policy of having all overseas operations managed by foreign nationals. At the same



time it was likewise explicit policy that to advance to the top required international experience. About four years before, the company had begun an international recruiting program in Europe. An executive explained, "We designed the system, selected the schools and recruiters and picked the pre-screening candidates." Active recruiting of foreign nationals was done at INSEAD, Stanford, Harvard Business, and London Business. Some recruiting was done at Thunderbird, but "it has more Americans." The firm had a long-term recruiting relationship with Harvard and Stanford, both of which had many foreign nationals. A few years ago, the firm had looked at a number of European schools. It ruled IMEDE out because its people were already spoken for. INSEAD was seen as having a "super program." London Business was rated as "questionable," but it was used some. Foreign nationals were hired in the U.S. at a U.S. salary. Normally, they would work for two years in the U.S. and then be assigned for employment elsewhere. If they were hired in Europe, they were sent to U.S. for 18 months of training. Some might want to stay. If so, the company sponsored them for permanent residence. Thus far, the company had not lost one but admittedly getting the "green card" was a hassle, and it might become more difficult. The standards for U.S. and foreign nationals were the same - technical skills, language capability, and cultural familiarity. There was a special problem with UK personnel. They all wanted to stay in the U.S. It was pointed out that it was easier to get a permanent visa from an L visa than from an H visa. Those with L visas could come in several times, gain skills, and ultimately build a stronger case. Insofar as U.S. nationals were concerned, the firm was interested in language skills and a strong commitment to international, plus the relevant technical skills, "the Peace Corps type." (Interestingly enough, one of the banks and one of the engineering-construction firms had reacted negatively to the "Peace Corps type" as being incompatible with their

respective organizations; they were seen as a possible source of friction.) Although a foreign subsidiary could refuse to hire job candidates suggested by the parent company, it "better have a damn good reason." Apparently, this problem had arisen particularly in the case of the U.K. subsidiary, the management which had demonstrated a bias against hiring MBAs.

This particular firm was one of the few which had formed an "international cadre," membership in which was insensitive to nationality. One joined by indicating that he wanted a career for a period of time which involved living overseas. If one had the potential (technical skills, etc.), the probability was that he would get in. At any one time, some 15 or 20 people were trying to join the international cadre. Meanwhile, the company on average had about 25 jobs overseas that it could not immediately fill. "There is always a trade-off between technical skills and cultural skills and adaptability." The Director of Development and Training knew of no institutions trying to generate cultural skills in the U.S. At one time Indiana University wanted to sell a program of cultural training, but the company was not convinced of its quality. "It sounded naive....What we look for are people who are brighter than hell," "have a high personal energy level," "have language and cultural skills (an understanding of the literature, customs, history)," "have a sense of ethics and a value system which treats people with dignity and respect." He went on to add, "If a program reinforces these things, great. Any school can teach financial analysis and the like, which are critical and have to be taught, but what about the social sciences? Also, what sort of people are brought into the program? I am very dubious about those who were in business as undergraduates and then go on to business school. We prefer other backgrounds, breadth. A person has to be able to adapt to a rapidly changing environment and to ambiguity, and to like it." The corporation has used the Sloan Program at Stanford, the Aspen Institute, and the Salzburg Seminar as growth experience for top executives.

A large southern-based corporation, a supplier of high technology goods and services to the energy and resource industries, was organized into some ten or so product groups with global responsibilities. It also maintained three overseas regional offices for coordination and marketing purposes. It did not have a formal career development program, and international experience was not a necessity for advancement to the top. Recruiting was done at the group level, each of which was pretty well self-contained. In discussing the educational problem, the Director of International Planning observed, "The U.S. does not grow international businessmen. We are not an exporting country. In some other countries they think exports. You can train people in international finance and the like, but how do you train a person to be an international exporter? Generally, the graduates of U.S. business schools are not prepared for international business." In selecting personnel for overseas assignment, the firm looked for technical competence, experience, adaptability, understanding of other ways to do business. There was an explicit policy to reduce U.S. expatriates to a minimum, although it was recognized that there were greater opportunities for sales growth outside the U.S. in that the firm has a smaller market share abroad. With very few exceptions, no foreign nationals were recruited within the U.S. Foreign nationals were sometimes brought to the U.S. for training, particularly for a new operation overseas. For example, the top management cadre for a new European plant was brought to the U.S. for six months. But they were hired out of related industries within the country concerned.

Executives in a large, mid-western, multi-product manufacturing enterprise professed an explicit corporate philosophy that familiarity with international operations was needed for all top corporate executives. There was, however, no career development planning except at the very senior level, and it was a corporate objective to have all off-shore subsidiaries managed by local nationals. In this company each product division had global responsi-

bility and recruited directly. There were four regional offices for purposes of coordination and staff support. The corporation had two kinds of "foreign service," one for U.S. nationals, one for Third Country Nationals (TCNs). The U.S. Foreign Service was limited by cost considerations. Its primary mission was to replace itself. The "cadre" consisted largely of individuals selected because their expertise matched needs abroad. A corporate executive concerned with management personnel planning observed, "In fact there are very few Americans who adapt easily overseas. Merely speaking a language is not enough." An annual inventory was made of all management personnel. Among the information collected was willingness to accept a foreign assignment, language capability and foreign experience. This information was used to fill jobs requested by overseas units. Actually, a very small percentage of the total went into foreign service.

One of the major product divisions currently had over half of its business overseas. It used to try to recruit students with an international interest (such as from Thunderbird), but most who went overseas went because of need, not plan. People who had a degree in international business and a language had an advantage, nothing else. Foreign nationals had been recruited within the U.S., but "there were problems involved." Generally, the philosophy was to refer individuals to the subsidiary in his country. A foreign national could not be sent to his own country as a member of the corporate foreign service. One did not apply to the foreign service; he was tapped for it. Some members were almost continuously in the foreign service due to performance and declared interest. How did one get into the foreign service? Work for the domestic corporation for 15 years first. A major problem with permanent foreign service personnel was that they lost any direct contact with headquarters in the U.S. For example, a U.S. national was leaving a Latin American assignment and being replaced by a local national who had no direct personal linkages with headquarters. Another problem arose because

the corporation was moving rapidly in the direction of developing products for the world market, not merely for national or regional markets as up to the present. Yet, only about half of the corporation's executive VPs had had any international experience. As production and markets were integrated, there would be opportunity for more top management candidates to get international experience and there would be fewer and fewer foreign service people.

The Manager of the Management Personnel Planning Department went on to observe, "Anyone coming out of an MBA program would be out of his mind if he did not have international exposure, a major exposure. Perhaps that is an answer to the dilemma we face. There is no longer any such thing as designing (one of our products) without considering the international aspects. The new guy coming in should recognize that his management concerns are going to be with international issues." He added that in his judgment the Thunderbird School did not meet this requirement, that eventually it would disappear.

Another large, mid-western, multi-product manufacturer was in the process of moving its international division out of New York back into corporate headquarters. This move was being undertaken in order to "internationalize" the corporation. It was explicitly understood that no executive was likely to move to the top without international experience. At the same time, fewer and fewer Americans were being sent overseas other than on very short-term assignment, but it was unlikely the corporation would go below some minimum number, possibly 3 to 400 out of 3 to 400,000. It was observed that the company was relying more and more on third country nationals in that "once you put a local national in the top spot in his own country it is very difficult to move them. Therefore, we try to avoid doing so. We try to use TCNs instead."

In Europe the corporation has gone from semi-autonomous companies in each country to more of a regional product orientation. The international

division in headquarters had become an administrative support unit in that manufacturing in Europe was run from the major European subsidiary, and sales, by the global product management. Admittedly, this organization was cutting down on jobs through which U.S. nationals could gain experience overseas. The trend was to look for management candidates with U.S. experience. There was also a real need to develop a better system for transferring people back into U.S. operations. The company had a long history of taking specialists from domestic operations and assigning them abroad where needed. But reabsorbing these people once the need overseas expired was another matter. And as the reentry difficulty became known, it became difficult to find good candidates to fill the overseas needs which remained.

Essentially the hiring policy of the corporation was to recruit young people with functional expertise. International management education was not seen as being relevant. Those employed in international operations were recruited from the corporation. "It is difficult to specify something as international. We are interested in general entrepreneurial talent." Another executive commented that international management education at the MBA level came awfully early. "How can we use that education initially?" he asked. "The new employee has to prove to us that he knows how to build and sell (our product)...What I've been talking about is age. Education itself becomes obsolete by the time one is in a position to use it. One must continue the study of international management throughout his career." He then went on to point out that there had been exceptions, such as two young people at Johns Hopkins studying international affairs. They had been with the company for six years. The company seemed to be more interested in senior management training. It had been using the Harvard program in Switzerland to which had been sent high-potential, proven young executives who know that they would be internationalists. The Columbia executive program for international management was likewise used.

In a large, eastern-based manufacturer of high technology products, which were sold globally with little modification, marketing, service support, and general coordination were the responsibility of several regional headquarters. One of these was located in the U.S. Corporate headquarters, which itself was becoming increasingly international in orientation, was still managed essentially by U.S. nationals. The objective was to develop local national managers overseas, and the percentage of U.S. nationals with foreign experience was dropping. For example, one region contained 45 countries. All but 12 had local nationals as country general managers. And increasingly, there was a tendency to bring foreign executives into U.S. headquarters in significant jobs.

High potential people were deliberately tracked through international operations. A number of headquarters jobs had been designated as development jobs to be filled by high potential executives (HPEs) for two years. Permanent assignment to the U.S. was admittedly a problem. Within the past couple of years a management acceleration program had been developed. Essentially what was involved was identifying some 12 HPEs with the potential of becoming country general managers. They were brought into headquarters for one year, together with their families, and given two months of intensive classroom work, plus two three- or four-month assignments.

The corporation had set up no programs to prepare U.S. nationals for overseas assignment. Nor had any programs been designed for the executive with new international responsibility, even though, in percentage terms, fewer and fewer U.S. executives were being sent overseas on long-term assignment. Many were working constantly with various countries and doing a lot of travelling, and occasionally given the opportunity for some external training. Mentioned were the Aspen programs on Asia and Japan, the CEI, Columbia's four-week program for international executive, and a three-week internal executive

training program to which sessions on "cultural patterns" were added.

The corporation had studied the success record of MBAs vs. non-MBAs. The former had a significant edge in the average time required to achieve a certain level, although admittedly neither age nor prior experience had been held constant. It was observed that many of the most successful salesmen were those with only a bachelors degree. "We hire intelligence, energy and commitment." It was felt that international management exposure in the graduate schools of business served a purpose, but one was reminded that the corporation did not recruit other than local nationals for overseas assignment. It was admitted, however, that the dynamics of the whole process generated a possible communications problem between a U.S.-dominated headquarters and foreign-national dominated managements abroad. Although headquarters was becoming increasingly international, it was still managed pre-eminently by Americans. There had been some cross-movement at higher levels, i.e. rotational assignments of short duration.

The company did not hire foreign nationals from U.S. schools for assignment in their own countries. In 1976, 13 foreign nationals were hired in the U.S.; in 1977, 8.

It was pointed out that "most U.S. businessmen do not realize how complicated the national economic systems are (e.g., Brazil, Mexico), particularly in view of the role played by government." Listed as "emerging issues for us" were "nationalization, balance of payments, equity considerations, cultural customs." There was a need for "external affairs training," one executive observed. The external affairs staff had at least doubled in the last few years.

A mid-western manufacturer of chemicals and chemical products -- both industrial and consumer -- was organized into six operating companies, each with world-wide product responsibility. An "international division" remained to aid and abet the operating companies. Meanwhile, regional management (Europe, Latin America, Asia-Pacific, India-Africa, North America) was grad-



ually being strengthened. Three of these were located in corporate headquarters in the U.S. New entrants with interest in international business would be hired by the operating companies within the product groups on the basis of functional expertise. Ultimately they might find their way into international operations. As it stood, each operating company did its own hiring, although they might requisition people from the corporation. The result was that the international division ended up being a mere service organization. The international division itself had a small recruiting program. It had taken several from Thunderbird, but because the division was small and the trend was to send fewer Americans overseas, it was no longer actively recruiting on a regular basis, but occasionally did take in an MBA with international interest.

U.S. expatriates were used wherever their expertise was needed, but most were sent on short-term assignment. Their major purpose was to train and develop their replacements. Although there was no formal career development program, the corporation did identify "comers" and encouraged them to move in certain directions. There had been a number of cross-transfers, and there were U.S. nationals overseas for training purposes and visa-versa. No shift in the national origins of top corporate executives had yet been perceived. As one executive commented, "People are very provincial. Most people are tied to their home country. Many Europeans are as provincial as U.S. nationals."

There was no formal orientation for individuals assigned overseas. "To do it right needs a lot of time; this kind of people do not have the time." There had been very few failures among U.S. expatriates. It was felt that a good job of selection had been done and that most people were quite adaptable. If possible, some language training was offered via external institutions. The corporation covered the cost (including the wife) but the problem was time.

From this litany of company experience and policies, one can distill a number of perceived problems or needs relevant to the design of educational

programs in the international area. These can be listed as such:

- 1 - The loss of the managerial perspective in courses, particularly at the more prestigious, research-based graduate schools.
- 2 - Weakness in basic managerial skills - financial accounting, statistical analysis, written and oral communication.
- 3 - Need on the part of all managers to understand the dynamics of the international economic and financial system, the implications of sovereign risk, comparative business practice, government finance, forms of government intervention, political ideologies, cultural differences and their implications, "how the world operates (including an historical perspective).
- 4 - The declining percentage of U.S. nationals given long-term assignment abroad versus the need for language skills, cultural understanding, and adaptability.
- 5 - The communications gap between a headquarters dominated by U.S. nationals with little in-depth experience abroad and foreign subsidiaries managed very largely by local, or third country, nationals.
- 6 - The legal and psychological problems of introducing foreign national managers into corporate headquarters on long-term assignment.
- 7 - The preparation of U.S. nationals, often technical personnel, for relatively short-term assignment overseas, often with little lead time.
- 8 - The preparation of U.S. national managers for overseas assignment, the principal purpose of which is to train and develop local national replacements.
- 9 - The fact that international management training at the MBA level is not likely to be relevant to one's job for several years after entry into corporate employ.
- 10 - The assignment of executives to global responsibility who have no prior international experience (such as occurs with the organization of global product lines to replace an international division), that is, the move from an international to a multinational corporation.
- 11 - The difficulty of training young Americans for international service without in-depth experience abroad.
- 12 - The requirement that substantial international experience is needed for promotion to the top versus the dwindling opportunity for American managers to accumulate meaningful overseas experience.
- 13 - The relative immobility of managers internationally.
- 14 - The U.S. visa problem in hiring foreign nationals for permanent employment in the U.S.

- 15 - The need to internationalize corporate financial managers.
- 16 - The need for cultural empathy, to step outside one's own framework.
- 17 - The need to think ahead of the market.
- 18 - Determining the appropriate apportionment of training between school and the corporation; the need to differentiate vocational training from professional academic preparation.
- 19 - Pressure to generate short-term earnings vs longer-term corporate position.

It is also important to note the emergence of formal management training programs (exclusive of the purely technical) within the corporate context. Eight of the 18 firms in which interviews were conducted had instituted such programs, one of which was an accredited MBA course designed and manned by a local university exclusively for corporate personnel. None of these programs as yet offered international business management as a separate and distinct subject of training, although there was serious discussion in two of the corporations about doing so.

Educational institutions most frequently mentioned as a source of internationalized managers were the Thunderbird School, Columbia Graduate School of Business (its one-month course for international executives), and INSEAD. Virtually nothing was known about the international business content of the curriculum offered by nearby (or more distant) schools. Nor was there any evidence, with but minor exceptions, that corporate officers were familiar with the names of the leading academicians in the international management field, nor with the relevant literature. Even in some of the very largest corporations in the sample, the principal international personnel officers had never heard of the Academy of International Business.

It is important to note three earlier studies of the demand side of the international business management education market.

One of the few bits of research done in respect to corporate views of formal international business education was done in 1976 by Jesse S. Tarleton.<sup>(1)</sup> Responses to a mailed questionnaire were received from 73 of the 500 largest industrials in the U.S. (a 44% return rate). Respondents were asked to rate 30 subject areas as to the importance of including them in an MBA curriculum. The highest ratings went to the international monetary system, international capital markets, foreign exchange rates, international financial reporting, and the economic effects of restrictions on trade and payments -- in other words, the nature of the international financial and economic system. But even so, the mean rating was far short of "definitely should be covered." Furthermore, there was internal evidence of unreliability among the responses. Such subjects as international economic integration, theory of trade, and economic development and foreign aid were rated much lower. How can one treat the international monetary system without spending time on economic integration, trade theory (including differential growth rates and inter-governmental transfers, i.e., foreign aid)? Also, one wonders who in the corporations responded. Would one get the same rating if international legal counsel were the respondent as contrasted to the international financial vice-president? The question about the validity of the research is also brought into question by the finding that there was no significant correlation between the responses to any of the topics listed and size of company, percentage of employees abroad, percentage of total sales outside the U.S., or the total number of MBAs hired in the past three years. Significant differences were claimed as between industry groups, but it may be that this simply reflected the fact that the questionnaire tended to go to certain executives in one industry -- for example, to the VPs in charge of overseas

---

(1) "Recommended Courses in International Business for Graduate Business Students," The Journal of Business, October 1977, pp. 438-447.

operations in one (banking and services), to the VPs in charge of international marketing in another (machinery and capital equipment), to the VPs in charge of personnel in another (chemicals, petroleum, food, and paper), etc. Also, one would have to know more about the specific companies included in each industry category.

About 40 percent of the respondents in this study reported that virtually none of their MBAs had any significant responsibilities relating to international operations. Another 24 percent said that fewer than 10 percent had, and the remaining 36 percent reported various higher percentages of MBAs with internationally-relevant duties. Over three-fourths of the firms reported that none of their MBAs had been assigned to foreign locations, either temporarily or permanently, within their first year with the company. Most of the balance (19 percent) reported that between 1 and 10 percent of their MBAs had been given such assignments.

The study concluded that "most of the respondents seemed quite interested in, even enthusiastic about, increasing the internationalization of the MBA program."<sup>(2)</sup> The basis for this statement was not clear, nor was it clear whether the alleged enthusiasm reflected general corporate enthusiasm or merely a personal one. And it should be borne in mind that 56 percent of those corporations receiving the questionnaire were apparently not sufficiently interested to respond. The author did admit, "However, there was a significant and somewhat surprising number of responses which, while not negative, were at best neutral to any such trend. Apparently, some executives do not perceive there being very much value in having an international perspective in graduate programs from the standpoint of making the MBA more useful or valuable to their companies."<sup>(3)</sup> Did these same people see any value in the MBA program itself? We do not know.

---

(2) Ibid., p. 446.

(3) Ibid., p. 446.

Finally, the study concluded, on the basis of the responses, that if a school were to require only one IB course that it should be international financial management, international finance, or international economics and finance. (It was not clear how these were differentiated in the minds of the respondents.)

A significant bit of empirical research relating indirectly to corporate demand for international business education was undertaken by the Task Force on Business and International Education in 1976.<sup>(4)</sup> Survey questionnaires were sent to the presidents and chairmen of the largest 100 industrial firms in the U.S., from whom 73 usable responses were received from 55 firms. Results showed that 25 percent of the respondents had spent five or more years in the international division of their respective companies or on overseas assignment, which represented a 20 percent increase over a similar survey in 1965. "Of the 28 individuals who had had international responsibilities either in the U.S. or abroad, only two (5 percent) felt that their university courses had helped to prepare them for such responsibilities, while only three (11 percent) had attended a management development program with international content."<sup>(5)</sup> It was also pointed out that whereas some 90 percent of the firms represented had extensive international activity, only 35 percent had in-house training programs with any international content.

In a study of nine large companies with extensive international operations, the Task Force queried via questionnaire ten persons in each (four top managers, three middle managers, and three lower managers). From formal records, it was found that all of them had had at least one assignment with international responsibility in corporate headquarters or an overseas assign-

---

(4) Business and International Education, a report submitted by the Task Force on Business and International Education to the Government/Academic Interface Committee, International Education Project, American Council on Education (Washington, D.C., 1977)

(5) Ibid., p. 11.

ment. Eight of the nine companies responded with 73 useable replies. These indicated that none of the eight companies had a "specific policy" of rotating people through international assignments on their way to the top although one did so as a matter of "explicit practice." Only 20 of the 73 persons had had any international courses while in university, and only 22 had had specialized international management development courses. All told, 45 of the 73 had not had any formal international training and, hence, had relied entirely on on-the-job learning.<sup>(6)</sup>

The eighteen-member Advisory Task Force and the ten-member Operating Task Force were asked to participate in a Delphi process for the purpose of arriving at a concensus on a number of questions relating to the types of international training and skills required by businessmen. As listed, the Advisory Task Force numbered 19; the Operating Task Force, 17. With the occupational breakdown of the two groups combined, 20 identified essentially with higher education, 4 with government, 12 with business. And a number of the latter were heavily identified with education and training activities within their respective corporations. Only six seemed to be in line management. In any event, regardless of the composition of the respondents, the results indicated that:

(1) the number of overseas managers will not be decreasing; (2) a very high percentage of all U.S. business managers, at all levels and in all types of companies, whether or not they have international operations or are directly engaged in exporting, have need for knowledge of international business; (3) there will continue to be a growing need for both specialized and generalist types of international business skills; (4) "solid" training in one of the functional fields of business should be understood to include the international aspects of that field; and (5) most of the generalist skills in international business are preferably taught in universities, while most of the specialist skills are best learned in executive development programs or on the job.<sup>(7)</sup>

---

(6) Supra

(7) Ibid., p. 14.

Among the generalist skills were listed such subjects as knowledge of the economy, politics, business practices and culture of a foreign country or region, international management skills, and working knowledge of a foreign language. All of these were ranked as very important by the two task forces.

None of these findings seem to be at odds in any important way from those derived from the study reported here.

We turn now to the supply side of the international business management education market.

### The Survey of Schools

In order to select those U.S. graduate schools of business and management deemed to have the best programs in international business, past presidents of the Academy of International Business were asked to rank the ten best in their opinion, excluding the Sloan School at M.I.T. (Inasmuch as the author was personally acquainted with each of the respondents, it was felt that the elimination of Sloan would tend to reduce bias.) Each past president was also asked to rank the ten North American academicians who had contributed most to the international business field. (The author eliminated himself from this ranking, although not with complete success.) Seven individuals, other than past AIB presidents, were named with sufficient frequency to warrant soliciting their ranking of schools. The result was that six of seven past living AIB presidents and five of the seven other scholars responded. The result was the following ranking of schools (with Sloan not included, of course) as given in Table 1.



In order to report the quality and relevance of the international business management programs offered by the 12 graduate schools (the 11 listed in Table 1, plus Sloan), a number of measures were developed. Conceptually, it proved impossible to unlink quality from relevance unless one

Table 1

RANKING OF THE TEN U.S. GRADUATE SCHOOLS OF  
BUSINESS DEEMED TO HAVE THE BEST INTERNATIONAL  
BUSINESS PROGRAMS (excluding Sloan)

| Rank | School                                  | Score* |
|------|---|--------|
| 1    | New York University                     | 7.50   |
| 1    | Harvard Business School <sup>#</sup>    | 7.50   |
| 3    | Columbia University                     | 7.33   |
| 4    | University of California at Los Angeles | 6.25   |
| 5    | University of Pennsylvania (Wharton)    | 5.00   |
| 6    | Georgia State University                | 3.17   |
| 7    | University of Michigan                  | 3.08   |
| 8    | Indiana University                      | 2.83   |
| 9    | George Washington University            | 2.50   |
| 10   | University of Washington                | 2.25   |
| 11   | University of California (Berkeley)     | 1.33   |

\* The score was calculated as follows: a ranking of first was scored 10; second, 9, etc. The scores for each institution given by the 12 respondents were added and divided by 12.

<sup>#</sup>Technically speaking, Harvard does not have a "program" in international business.

Note: After the University of California, the scores dropped off abruptly.

were to impose a personal definition of quality. Or, one could use the collective judgment of the 11-man panel by assuming that New York University, Harvard Business School, and Columbia University programs are the "best" in some generalizable way against which other schools might be compared. The difficulty is that the programs in these three schools are very different and, indeed, Harvard does not even have an international business program. A third approach would involve actually attending a sample of classes in all schools, which was clearly impossible. Therefore, in the measures used here there is no effort to separate quality from relevance. Each school was rated along ten dimensions, which were defined as follows:

- 1 - Coverage of subject matter in a formal sense, specifically the listing of courses in international economics, international finance, international accounting, international business management, comparative organizational behavior, comparative or international industrial relations, international marketing, private international law, language and area studies, international business policy, international technology transfer, environmental analysis (comparative economic and political systems).

Scoring: 1 one to three areas covered  
 2 four to six covered  
 3 six to eight covered  
 4 nine to eleven covered  
 5 all twelve covered

- 2 - The degree of coherence or integration of the IB program (i.e., degree of leadership, frequency of IB group meetings, physical proximity of IB faculty offices, existence of a special writeup of the program, presence of joint research, absence of internal discord, presence of IB research seminars, existence of special IB facilities such as an IB seminar-library).

Scoring: 1 weak (no IB program or group as such)  
 2 below average (report of internal discord)  
 3 average  
 4 above average (special IB facilities of some sort and/or frequent meetings)  
 5 strong (special IB facilities, an IB office suite, strong leadership, frequent interaction among IB faculty)

- 3 - The extent to which the school seemed to avoid the "trade school" or vocational approach (apparent in course titles; by definition the offering of an undergraduate IM course was evidence of some tendency in this direction).

Scoring: 1 essentially vocational  
 2 some vocational courses  
 3 not more than two such courses  
 4 no vocational courses, but does offer one or more undergraduate IB courses  
 5 no apparent vocational courses, no undergraduate IB course

- 4 - The ability of the IB faculty to influence hiring and promotion.

Scoring: 1 no influence  
 2 weak influence  
 3 moderate influence  
 4 veto power  
 5 IB faculty in control

- 5 - The existence of a language-area studies track.

Scoring: 1 none  
 2 one regionally-oriented course  
 3 several regionally-oriented courses (re different regions)  
 4 only via joint degree route requiring added time  
 5 a developed language-area track within the normal MBA program

- 6 - The relative importance of management-related IB research

Scoring: 1 none  
 2 modest amount  
 3 average  
 4 above average  
 5 impressive (faculty time freed up for research, independent funding)

- 7 - The degree to which the IB group or department had succeeded in influencing the internationalization of other groups or departments within the business school.

Scoring: 1 not at all  
 2 at least one other group or department  
 3 two other groups  
 4 three groups, plus a core IB course required for all students  
 5 more than three groups, plus the required IB course

- 8 - Involvement by the IB group or department in continuing education programs for practicing managers.

- Scoring: 1 none  
 2 sporadic, short-term  
 3 involvement in one or more continuing programs sponsored by the school, but limited to a minor role  
 4 a major role (i.e., a distinct "course") within such a program, on a repetitive basis  
 5 involvement in executive training courses sponsored by the IB group or department

9 - The degree of student/faculty exposure to the international business community.

- Scoring: 1 virtually none (case writing only)  
 2 occasional (e.g., seminars or an international business club which invites practitioners as speakers)  
 3 presence of a business advisory committee  
 4 required student projects which place them in direct contact with a business firm  
 5 student internship within a business firm and/or high percentage of working students

10 - Degree to which students are discouraged from majoring in IB.

- Scoring: 1 encouraged  
 2 encouraged, but with a minor in a functional area  
 3 encouraged, but with a second major in a functional area  
 4 required to have a dual major  
 5 encouraged to major in a functional area and minor in IB, or no majors as such.

A reasonable rating of the 12 schools, based on personal interviews with two or more IB faculty members in each case on their respective campuses and study of written materials provided, would appear to be as indicated in Table 2. As in the company case, the identity of each school remains unspecified for much information was collected on a confidential basis. All interviews were conducted from July 1977 through January 1978.

Admittedly the ratings are not objective measures. The rating process took place after completion of all field work and after studying notes and materials relating to each campus visit. It is clear that a prior judgment had been made that program quality and relevance was a function, at least in part, of high scores along the ten dimensions listed above. At best, such an analysis is a mere proxy for direct measures. The excuse is that no

way to effect such direct measures suggested itself, particularly in view of the admitted ignorance of corporate executives of programs and the absence of any real consistency among the top-rated IB programs. The only test of validity would be to compare this subjective, one-man rating with the aggregate ratings (Table 1) given programs by the leading scholars in the field. But in fact no clear correlation was apparent. In any event, the problem in making such a comparison is, of course, the lack of an objectively-defined weighting scheme for the ten dimensions along which the schools are rated in Table 2. Lacking a compelling rationale for doing otherwise, the factor ratings have simply been added, which implies that all are equal in importance.

Table 2

AGGREGATE RATINGS FOR THE ELEVEN  
SCHOOLS ON THE TEN DIMENSIONS  
(Sloan excluded)

|   | Out of a possible 50 |
|---|----------------------|
| University of Pennsylvania (Wharton)    | 33                   |
| Columbia University                     | 33                   |
| University of California at Los Angeles | 33                   |
| Georgia State University                | 32                   |
| New York University                     | 30                   |
| University of Washington                | 29                   |
| Indiana University                      | 28                   |
| Harvard Business School                 | 27                   |
| University of California (Berkeley)     | 26                   |
| University of Michigan                  | 26                   |
| George Washington University            | 24                   |

As can be seen readily, the spread is relatively minor. What are perceived to be strengths and weaknesses are relatively evenly distributed.

Table 3  
 AVERAGE SCORE OF ALL TWELVE SCHOOLS  
 ALONG THE TEN DIMENSIONS  
 (Sloan included)

| <u>Dimensions</u>               | <u>Mean Score</u> | <u>Range</u> | <u>Modal Score</u> |
|---------------------------------|-------------------|--------------|--------------------|
| 1. Coverage                     | 2.5               | 2 - 4        | 2                  |
| 2. Coherence                    | 2.9               | 1 - 4        | 3/4                |
| 3. "Vocationality"              | 4.1               | 2 - 5        | 5                  |
| 4. IB Admin. Influence          | 2.3               | 1 - 4        | 2                  |
| 5. Language-area studies        | 2.0               | 1 - 5        | 1                  |
| 6. Research                     | 3.5               | 2 - 4        | 4                  |
| 7. Internationalizing influence | 2.7               | 2 - 5        | 2                  |
| 8. Continuing education         | 2.8               | 2 - 4        | 6                  |
| 9. Business exposure            | 3.5               | 2 - 5        | 2/4                |
| 10. IB major                    | 4.0               | 2 - 5        | 5                  |
| Mean for all dimensions         | 30.3              |              |                    |

The conclusions to be reached are that the schools are consistently weak in coverage and in the language-area study area. From an administrative point of view, the IB area in most schools seems to be weak in administrative influence, coherence, and participation in continuing education programs. The schools seem generally responsive to market pressures in regard to discouraging an IB major without linkage to a functional area. The degree of business exposure seems relatively high, likewise the resistance to offering vocational-type courses. Research, as one might expect among these institutions, stands quite high.

Curiously, some of the subjects missing most frequently from the curriculum of the schools are among those mentioned most often by corporate executives as being desirable, specifically some variety of comparative organizational study, exposure to area-language studies which might sensitize students to both the differences and similarities among cultures, and international accounting. Only one school offered a fully-credited area studies-language option. One other held it out as an option via a joint degree which required an additional year. One suspects that the main obstacles in this case are time and money constraints, for in about half of the schools were heard complaints from the IB faculty about the rigidity and load of required core subjects. The lack of offerings in the comparative organizational field is clearly due in part to the non-availability of social psychologists concentrating in this area. Another area of weakness which showed up was the absence of political scientists active in IB programs. Yet there is great need for a more sophisticated analytical approach to comparative political systems and assessment of political risk. Only one school seemed to have a strong offering in the international accounting area.

The ratings for coherence or integration of the IB program was very much a function of leadership. Some of the obvious manifestations were<sup>(1)</sup> the absence of "backbiting" (which surfaced very quickly in three or four of the schools), the existence of special physical facilities (three schools), the frequency of meetings among the IB faculty (whether formal or informal), and of joint activities (such as an IB research seminar). Other than in one case, schools which rated relatively low on this dimension came out well down the list in terms of aggregate ratings. In three schools there was no IB group in any formal sense, either IB was not a recognized program or the group was subordinated to a functional department, either policy or marketing. A strongly coherent IB group might either exercise considerable influence in internationalizing other departments or isolate itself from the rest of the

faculty. The mere physical distribution of the IB faculty offices, whether grouped together in a suite or scattered throughout the school, might be significant. But much depended, of course, on the personalities of the people concerned. In two cases, the most respected senior IB faculty member had almost withdrawn from active interaction with the rest of the IB faculty. A safe generalization, however, was that for the IB group to exercise a strong internationalizing influence on the faculty generally requires some degree of coherence within the group.

Group coherence, and the degree to which it has penetrated other departments, probably reflects on the group's administrative influence on appointments, promotions, and selection of course offerings (including those in the required core). In only two schools was the rating up to 4, the mode being 2, which was defined as "weak influence." In one case, the IB group obviously had no influence whatsoever, at least so members of the group perceived their own position.

As already mentioned, there was nearly universal weakness in providing students with opportunities to pursue area and language study. In some cases, where area-based courses were offered, there was reason to suspect that the level of area expertise applied was not impressive. Only three U.S. institutions are known to concentrate on this area of international business, the American Graduate School of International Business (Thunderbird), the Monterey Institute of Foreign Studies, and the University of South Carolina. (The latter two programs are described in the Appendix.) Curiously, despite the obvious concern of the U.S. international business community in Japan, a 1977 study revealed that 90 percent of American colleges and universities provided no opportunity for formal study of Japan, and only 3 percent of the total faculty specialists on Japan in the U.S. were identified with schools of business. These findings led the Japan Society in 1978 to initiate a week-long workshop for business school faculty at which teaching modules were presented, the explicit purpose



being to promote the introduction of more Japanese materials into graduate schools of business. Apparently one of the best developed efforts along this line is the Japan-American Institute of Management Science, an organization presenting programs in Hawaii for the uninitiated Japanese executive vis-à-vis the U.S., and the reverse for U.S. executives destined for, or with special interest in, Japan.

Despite the admonition by the American Assembly of Collegiate Schools of Business (see p.i), only two schools had what might be considered a required international course in the core curriculum. In one other case, an international course was one of two or three options with which students might satisfy a core requirement in "business and environment." Nor had any school succeeded in internationalizing any of the functional areas to a significant degree.

Several schools had attempted seminars for practitioners in the IB area, but had subsequently dropped the effort as being unrewarding; too few attended. No school had mounted any effort to market courses for the mid-career executive who is being given international responsibility for the first time or for the foreign national subsidiary manager who lacks any in-depth experience in the U.S. Some faculty members in one school had become involved in a special course for Japanese executives being assigned to the U.S. for the first time, but nothing else of this nature appeared in the survey. Hence, the schools are not responsive to two keenly felt needs by the international business community. One school had been asked recently to submit a proposal to a large international corporation in the throes of transforming itself into a true multinational for an intensive course for executives who had not previously been involved in international business to any significant degree. It seemed quite clear, however, that the schools generally were not addressing themselves to the problems inherent in the increasingly common corporate situation where the parent headquarters is managed pre-eminently by U.S. nationals with very little in-depth foreign experience, but who are supposed to deal effectively with over-

seas subsidiaries and affiliates managed almost entirely by local or third-country nationals. Nor was anybody offering courses for the engineer or technician being sent overseas on relatively short-term assignment. The one exception was the Monterey Institute of Foreign Studies, which was not included in the basic survey of schools but which was visited. (See Appendix.)

A reason advanced for the reluctance of IB faculties to offer seminars or courses specifically designed for the practitioner was of an institutional nature. In at least two cases it was said to be virtually impossible for faculty members to receive extra payment for such efforts unless they engaged in such activity entirely on their own time, which meant a leave of absence or undertaking such projects during the summer, which is hardly the optimum timing for their target clientele. Only one school was responding on an institutional basis in mounting short-term courses for practitioners, but even it was not doing so for specific corporations. In the one case, mentioned previously, the IB faculty was responding entirely as individual "consultants."

Despite this apparent non-responsiveness of the schools to specific business needs, the level of student/faculty exposure to the international business community was relatively high. One school had a student internship program which involved placing small groups of students within an international enterprise to work on some specific problem under both management and faculty direction. Two other schools were involved in the local business community by reason of the fact that most of their students were employees of local internationally-oriented firms. Two others required IB students to study a real-life problem within the context of a local firm and make a consulting type report. But only one school had an IB advisory group recruited from the surrounding business community, although one other was in the process of putting such together.

Given the fact that very few business firms were specifically recruiting IB majors, schools which were actively encouraging a major in a functional area with only an IB minor were rated most responsive along this dimension. In fact, only one school went so far as actually to encourage an IB concentration with only a minor in a functional area. All others, at least encouraged a dual major, IB and a functional area. One required a dual major, and six encouraged a functional major with IB as a minor. The tendency was definitely in the direction of at least a dual major.

In speaking of the relevancy of an academic program to the real world, there is always the danger of suggesting that academia should merely respond to the market rather than leading it. But this study suggests that the IB programs in the schools visited were doing neither very effectively. Insofar as the quality of IB programs could be ascertained, in general they lacked integrated and consistent inputs from the functional specialists -- from the economists, political scientists, social-psychologists, and cultural anthropologists. Very frequently those who had become involved were inadequately aware of the other dimensions of international business management. Such an integration process is obviously difficult at best, but team-teaching suggests itself, team-teaching in which all members of the team attend all sessions of a given course. In no schools was this approach being employed.

One also comes away from such a study as this with the strong suspicion that scarce educational resources are being wasted in the "shot-gun" approach used by all of the schools. That is, all students -- many with but vague ideas as to their career paths -- are required to take a myriad of courses, very few of which, incidentally, have any international content. One suspects that much more of a school's resources should be expended on mid-career

programs, or at least on programs designed for the young manager (say, after five years of experience) who knows what he wants and needs. In that case, of course, the programming response would have to be much more flexible so as to accommodate the student client. The IB area is not immune to the same charges. It may be useful to provide all students with some exposure to the nature of the international economic, financial, and political systems and to the impact of national economic, political, social, and cultural systems on organizational behavior. But to go much beyond that until one knows what the student will actually need in his work life may lead to excessive waste of resources. This view was expressed frequently in various forms by both managers and academics during the course of this survey.

Finally, it came out quite clearly during this study that the importance of having a distinct IB group within a graduate school of business lies in the internationalizing pressure on the system which it exerts -- or could, if the group perceives of itself as occupying this role and not that of autonomous empire building. The internationalizing role implies stimulating inter-disciplinary research projects by getting faculty in other groups or departments involved. It also involves developing and spinning off course, or stimulating their development, bringing visiting foreign scholars to the campus, and generally arousing student interest in the international dimensions of business. In the one school in which the IB group had lost its identity, the entire curriculum and faculty seemed to be lapsing back into a more domestic orientation.

A thought which came out of this study was that for the usual two-year MBA program, a school might be well advised to separate the two years by five years or so of job experience. The student would then return with a much better idea of what skills and knowledge would be needed on the job. More intense international treatment would then be justified.

**Appendix**

**FOUR EVOLVING MODELS OF INTERNATIONAL  
MANAGEMENT EDUCATION**

One of the few institutions giving a Masters in International Business Studies (MIBS) is the College of Business Administration at the University of South Carolina. The MIBS program is divided into six segments:

- 1 - Language instruction (June - August)
- 2 - Business Foundation course (September - May) -- acquisition of fundamental business skills, during which time the student takes "The Manager of the International Enterprise."
- 3 - Environmental Variables Course (June - July) -- the study of the cultural and political background of the area which the student has selected for study and overseas job experience.
- 4 - Additional Language Study -- achieved overseas. The College has overseas language training centers in West Germany, Belgium, Colombia, and Brazil. Students pay regular University tuition for this training.
- 5 - Internship (September - February) -- the student is assigned to a firm overseas (the non-U.S. student to a firm in the U.S.), at no cost to the firm and no long term commitment. The nature of the internship assignment is subject to agreement by both the MIBS internship coordinator and the student. A performance appraisal is given by the firm.
- 6 - Integration of Concepts and Skills Development (March - May) -- undertaken at the University, it includes a course in the overall strategy of the multinational firm, with emphasis on policy formulation and corporate planning. Also, the student is given the opportunity to specialize in a particular area of business.

Another unique program is that offered by the Monterey Institute of Foreign Studies, a privately-supported institution offering both BA and MA degrees in International Economics and International Management, International Studies, Languages and Civilizations. The Institute is departmentalized accordingly, with the first being much the smallest in terms of students and faculty. Total enrollment runs about 450, with a graduating class each year of about 100. Of these, only about 10 or 12 are in international economics and management. In addition, the Institute runs a special studies program which undertakes to meet the specific needs of corporations and other institutions. For example, it has developed the capacity to give intensive work in English as a second language, coupled with some exposure to manage-

ment. The course starts exclusively with English and then shifts to management as students build up an appropriate vocabulary. Students receive an introduction to analytical decision-making, management information systems, and to quantitative reasoning. Instructors are recruited from area schools -- Santa Clara, Santa Cruz, Stanford, and the nearby Naval Post Graduate School. The Institute is equipped to set up special courses in some 20 languages for corporate executives and their families. It is reported that Bechtel has been the largest user in preparing personnel for overseas assignment. The Institute has also trained Peace Corps volunteers.

It is quite clear that the strength of the Institute lies in its language and area studies programs of varying lengths, not in the more substantive economics and management offerings.

The point is that the total orientation of the Institute is international, with the primary emphasis on languages, and area studies. One can get a BA degree in international studies and then go on into the international management program. The Institute, however, prefers to take students with good liberal educations at the graduate level, which is a two-year program. The work in intercultural communications leading to an MA degree is said to consist of highly sophisticated training, and may well be the best available within the U.S.

Two other educational models relevant to international business management education are the Oxford Centre of Management Studies and the Administrative Staff College, both located in the United Kingdom. The Oxford Centre runs a small B Phil management program for Oxford University (10 students a year), a two-year graduate program. But the main focus of the Centre's operation is to serve the needs of some thirty-odd corporate "associates." It does so by organizing special programs for groups of executives from individual companies, for multi-company groups, or for individual executives. These

programs involve anything from lecture series, workshops, or essentially consulting. An example of the latter would be meetings of higher level executives or directors from one corporation in which the Centre's faculty participate as observers and commenters. Although it has not developed any specific international programs, at least one faculty member was pushing in that direction in 1978.

Among the various programs run by the Administrative Staff College at Henley-on-Thames is a one-month, mid-career executive program called "Directing Foreign Operations," which is perhaps something of a misnomer. (8) Course participants include individuals from LDC governments assigned to dealing with foreign business firms, from socialist enterprises in Eastern Europe, as well as business executives (largely from Europe, but occasionally laced with businessmen from other continents). The purposes include the broadening of perspectives in respect to geographical, sectoral and political environments (that is, developing insight into the distinctive problems associated with the first, second, third, and fourth worlds; public and private sectors; capitalist and socialist enterprises). A second objective is to improve interpersonal skills, particularly among people from these various environments. An important part of the process takes place via informal contact among the participants. The College is currently making plans so as to be better able to respond to the specific educational needs of international business and to constitute itself as an international center for meetings of public and private managers from all over the world. Although the College runs degree granting courses (MBA and PhD), it has developed sufficient flexibility to mount a diversity of programs.

---

\* And, indeed, it was renamed "International Management Program" in late Spring, 1978.





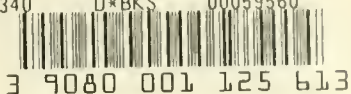




BASEMENT  
Date Due

|                          |                           |
|--------------------------|---------------------------|
| JAN 4 1980<br>FEB 16 80  | MAR 27 '86                |
| <del>JAN 02 '81</del>    |                           |
| <del>7 '81</del>         |                           |
| NOV 28 '81               |                           |
| JAN 28 '82               |                           |
| <del>NOV 28 '82</del>    |                           |
| <del>NOV 28 '82</del>    |                           |
| DEC 13 '82<br>NOV 23 '82 | MAR 01 '83<br>APR 19 1990 |
| JAN 13 '86               |                           |

HD28.M414 no.1009- 78  
Robinson, Rich/The quality and relevan  
735340 D\*BKS 00059560



3 9080 001 125 613

HD28.M414 no.1019- 78  
Little, John D/Decision support for ma  
822506 D\*BKS 00060873



3 9080 001 141 552

HD28.M414 no.1010- 78  
Lewis, Tracy R/Carrel deception in non  
818318 D\*BKS 00057685



3 9080 001 102 760

HD28.M414 no.1011- 78  
Von Hippel, Er/Product designs which e  
818316 D\*BKS 00057689



3 9080 001 102 828

HD28.M414 no.1012- 78  
Driscoll, Jame/Coping with role confli  
735338 D\*BKS 00059562



3 9080 001 125 654

HD28.M414 no.1013- 78  
Tschoegl, Adri/Weak-form efficiency in  
822505 D\*BKS 00060872



3 9080 001 141 545

HD28.M414 no.1014- 78  
Jerrett, Rober/Job creation and the ec  
735342 D\*BKS 00059558



3 9080 001 125 597

HD28.M414 no.1015- 78  
Paddock, James/Corporate investment un  
735344 D\*BKS 00059557



3 9080 001 125 571

HD28.M414 no.1016- 78  
Allen, Thomas /The relation of interna  
735346 D\*BKS 00059556



3 9080 001 125 555

HD28.M414 no.1017- 78  
Mass, Nathanie/Destabilizing impacts o  
735648 D\*BKS 00062375



3 9080 001 159 844

HD28.M414 no.1018- 78  
Mass, Nathanie/A microeconomic theory  
735647 D\*BKS 00062382



3 9080 001 160 008

