

The Globalization of Tertiary Business Education

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AACSB is committed to the concept that the educational experience in every management education program should promote diversity. Sensitivity and early exposure to other cultures and concepts can enhance this diversity. One method for achieving this goal is to encourage diversity among participants in the educational process, the students and educators. An emerging global trend involves expansion of universities across geographical regions. The challenge to this trend is to maintain academic standards and ensure the credibility of the degree.

INTRODUCTION

Globalization is defined by *The American Heritage® Dictionary of the English Language, Fourth Edition Copyright © 2000 by Houghton Mifflin Company* as “To make global or worldwide in scope or application.” Over the last century this phenomena has resulted in major changes in the standard of living around the world through trade and the exploit of comparative advantages. The process has spread to the service industry which includes education. In recent years, there has been a proliferation of trends in the globalization of post secondary education. Several American universities have already begun the process of adapting to the current trends toward globalization through the introduction of online learning and collaboration with agencies around the world.

Trade in higher education services has grown within recent years into a multi-billion dollar industry estimated globally at over \$30 billion annually. According to statistics published by the American Council on Education (ACE) in 2003, the United States of America is the largest provider of educational services in the world, including recruitment of international students, establishment of campuses abroad, franchised arrangements and online learning. In fact, in 1997 the US earned an estimated \$8.5 billion from trade in higher education making it the country’s fifth largest service export. As a provider of educational services internationally, the USA is followed by the United Kingdom and Australia where government policies support measures to increase trade in educational services overseas. Canada is also becoming a significant player.

The following abstract is taken from a report entitled “Trade in Higher Education Services: The Implications of GATS” available online at the website of The Observatory on borderless higher education (www.obhe.ac.uk): “The General Agreement on Trade in Services (GATS) is currently being negotiated under the auspices of the World Trade Organization (WTO).” GATS is designed to increase trade liberalization internationally, and include ‘education’ as a service sector. “Examples of perceived ‘barriers’ in the trade in higher education services might include visa restrictions, taxation that disadvantages foreign institutions and accreditation arrangements that privilege domestic institutions and qualifications. Some view GATS as a positive force,

accelerating the influx of private and foreign providers of higher education into countries where domestic capacity is inadequate. Others take a more negative view, concerned that liberalization may compromise important elements of quality assurance and permit private and foreign providers to monopolize the best students and most lucrative programs.” Undoubtedly, the current environment of the increased border vigilance in the aftermath of September 11th has restrained trade somewhat. Oftentimes it is easier for one individual - the faculty member - to travel rather than a larger student body.

In the report, Dr. Jane Knights, an expert on the internationalization of higher education, presents a critical view of the potential impact of increased trade liberalization of educational services and examines a wide range of issues that would affect developing and developed countries. Worldwide, the increasing demand for tertiary education and the changing role of governments have given rise to a higher level of commercial activity driven by the business sector in this sphere. Foreign institutions can provide learning opportunities to the population that were previously unavailable or limited. This occurs since one of the obligations under GATS requires the equal and consistent treatment of all foreign trading partners.

It is important to note that tertiary education can be categorized as “non-university” or “university.” The non-university level refers to programs that lead to the award of sub-baccalaureate qualifications such as the associate degree, and university education refers to the awarding of baccalaureate (bachelor’s) or post-baccalaureate (master’s and doctoral) qualifications and is further characterized by research that maintains, advances, disseminates and assists the application of knowledge. Opportunities exist in both categories. As higher education markets globally are liberalized, there are increasing demands for the implementation of standards and mechanisms to assure the quality of institutions, faculty and the programs they offer.

It is important that these trends result in more than simply having exchange programs and international campuses. Globalization in tertiary business education needs to provide a value-added component. Some of these benefits include providing training for the multinational employer in techniques consistent with the home country’s method of accounting and shareholder governance, permitting interdependence, facilitating diversity and ensuring rapid change. The student should benefit from exposure to different cultural views. Additionally since the student has not been forced to emigrate (even if only for a short space of time) there is less of an eventual brain drain.

THE NEED FOR CREDIBILITY OF THE DEGREE

Apart from the benefits derived by the exposure to foreign cultures and methods of learning it is important that the degree conferred is credible. It is evident that failure to provide assurances of the quality and standards of programs and qualifications offered by an American University can harm its reputation in the eyes of the world. A number of Codes of Practice have been developed in other countries to provide guidance in respect of ensuring that the quality and standards of programs offered through partnerships with overseas universities are comparable to those available at the same institutions in their home countries. Online learning presents even

greater challenges because of the current unconventional nature of the educational process, as innovations in information and communication technologies provide virtual modes to deliver tertiary education.

The major concern in both instances is to guarantee that the integrity of the educational process has not been compromised to the detriment of the actual value of the qualification awarded. It is essential to verify that the degree is worth more than the paper that it is printed on and that the graduate can actually display the competence he or she should have developed and which employers and clients expect in the workplace. In order to protect the interests of students, graduates, employers and other stakeholders, it is necessary to adopt a systematic approach to the establishment, monitoring and evaluation of academic standards for all tertiary level programs offered.

While national and international accreditation provides quality assurances for students as consumers of educational services, for employers as the purchasers of these services when they recruit graduates, for the public at large as the ultimate beneficiaries of these services, and even for the owners of tertiary institutions who invest large sums of money in affiliation and franchised arrangements and in the operations of their institutions, quality standards should also be ascertained within the educational institution. Institutional accreditation examines such general characteristics as governance, administrative strength, academic policies and procedures, quality of faculty, physical facilities and financial stability. The accreditation of individual programs evaluates the quality of teaching and the support of learning, design and planning of curricula, assessment and feedback to learners, learning environments and learner support systems and program evaluation and quality assurance systems among other things.

Evaluation teams should include qualified and competent professionals (local, regional and international) with well-established reputations in their fields. Site visits and other assessments are necessary to collect evidence verifying the claims institutions make in their self-evaluation reports. The experience of other countries around the globe illustrates that higher levels of participation in tertiary education and high standards of academic quality and student achievement are positively correlated to increased productivity, greater economic development as well as better health, lower crime rates, and the development of more cohesive and inclusive communities. The imparting of various cultures and lessons learned from this interaction is another positive side effect. The challenge in this context is to improve the quality, access and relevance of tertiary education while ensuring equity, accountability and efficiency in the sector. Many times whatever cost advantages attained by companies through outsourcing dissipate because while technical proficiency is assured, the lack of common cultural binds cause frustration and loss of goodwill.

Essentially it is necessary to systematically determine whether the credibility of the degree has suffered because of the sometimes logistically difficult task of transferring knowledge from one individual to another group of individuals in a distant location.

Accordingly it is necessary to compare and contrast the pedagogy of teaching and testing the Anglo-Saxon standards of finance, where shareholders goals are at the center of decision-making. The methodology is based on testing the null hypothesis of no difference in academic

performance among the Americas. Further testing may be done at the corporate level, where the difference is ascertained between the economic performance of graduates of global programs versus foreign trained ones.

STATISTICAL ANALYSIS

The methodology involves testing the null hypothesis of no difference in skills learnt from one country to the next. A multinomial logistic regression¹ will be carried out where the potential dependent variable is the grades attained in a capstone business course. Data is obtained from the results of Florida International University's Global Master's of Business program and the institute's local graduates from various programs. Potential explanatory variables are the GMAT/GRE scores, and a dummy variable which differentiates among the different groups, as well as gender. Statistical tests will be carried out on the significance of each of the regression coefficients.

An alternative methodology for testing the hypothesis but one which is more subjective is to have independent readers grade capstone projects across the regions. If there is no significant difference in the results, the goal of equality in the degree is assured.

CONCLUSIONS

It is undeniable that trade is easily facilitated when there are strong ties. Some of these ties may be proximity for example, the countries governed under the NAFTA treaty, the European Common Market etc. It is easier to do business because the business culture is familiar. Therefore while undoubtedly the globalization of tertiary business education while ensure the integration of business cultures and ease of doing business it is important that the degrees provided are worth at least the same level of other degrees offered by the conferring body and can undergo the same scrutiny that these business schools face when undergoing accreditation exercises. Certain skills are need globally in the management of finance, personnel, and computer applications, although each has unique aspects to consider in the management of a corporation. Practitioners must learn the techniques necessary to engage in activities that would help them apply their skills to their own workplace and in the process develop those higher order thinking skills that so often seem lacking. Pursuit of shared global knowledge would ensure an improved climate for collaboration and productivity gains.

¹ A multinomial logit model is for data in which the response is often a set of choices and is therefore measured on a nominal scale.

<http://support.sas.com/faq/009/FAQ00959.html>

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