



A Case Study on the Success of HKUST Business School : With Focus on Full-time MBA Program

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HKUST 경영대학의 성공 사례 연구 : 경영학 석사과정을 중심으로

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Abstract

The Master of Business Administration (MBA) industry is bracing for growing crisis in Korea and around the globe. GMAC (2016) reported that 48% of 133 two-year MBA programs in 16 countries have experienced significant decline of applicants. This has been mainly caused by increasing financial burden, losing prestige of general MBA degrees, and challenges from online higher education including the Massive Open Online Course (MOOC). Amid the looming crisis of MBA, the Hong Kong University of Science and Technology (HKUST) Business School enjoyed an incredible year in 2016. The HKUST earned the 14th place in global MBA ranking, and the 1st position in Asia. In addition, the HKUST graduates have been ranked the world's top 20 most employable, and the most employable in greater China over the past three years. In this paper, we aim to find the critical factors for the remarkable success of HKUST full-time MBA program. We hope that these findings help the struggling Korean MBA industry enhance their competitiveness both in Korean and global MBA markets.

Key words : MBA, MOOC, HKUST, Coursera, Low birthrate tsunami

I . Introduction

Recently, concerns over the fate of higher education in Korea have been raised. These concerns are based on rapidly declining population of students both in K1-12 and higher education, leading to mandatory university structural reform focusing on reduction of freshmen enrollments, drop of tuition revenue, and university evaluation system directly connected to government financial support

(Park, 2017, p. 188).

As a result, development of teaching and learning model for the improvement of key competitive education has become an important task for the universities in Korea (Lee, 2012). Additionally, improvement of academic performance of college students has drawn considerable attention in many papers (eg. Lee et al. (2015) for undergraduate business school students; So & Kim (2017) for undergraduate students in Busan; and

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Yune et al. (2016) for medical school students).

Among the many higher education programs, the Master of Business Administration (MBA) program is facing mounting crisis in Korea and around the world (Cho, 2015; Coward, 2016; Crowe, 2015; Datar et al., 2010; Fitzgerald et al., 2015; Im, 2016; Yoon, 2016). Forty-eight percent of 133 two-year MBA programs in 16 countries have suffered a significant decrease of applicants (GMAC, 2016). The slow economic growth and losing prestige of MBA degrees are mainly responsible for the declining popularity of MBA business.

Amid the sluggish global MBA business, The Hong Kong University of Science and Technology (HKUST) Business School experienced a remarkable year in 2016. The HKUST attained the 14th place in global MBA ranking, and the 1st spot in Asia (Bradshaw, 2016; Introduction to HKUST MBA, 2017).

In this paper, we attempt to examine the critical factors for the success of the HKUST MBA program, and provide valuable implications for the enhancement of struggling Korean MBA industry. The rest of this paper is organized as follows. Chapter 2 explains the growing crisis in Korean and global MBA industries. Chapter 3 provides Financial Times (FT) Global MBA Ranking 2016. Chapter 4 analyzes the critical factors for the incredible success of the HKUST Business School. Chapter 5 concludes the paper.

II. Crisis in Global MBA Industry

The MBA industry is facing growing crisis both in Korea and around the world due to the rapid deterioration of recruiting environment. Major

concerns include increasing financial burden and the substitutes of online educational programs. In short, business education is at a crossroads (Datar et al., 2010).

1. Mounting crisis in Korean MBA industry

The MBA industry in Korea is bracing for the worsening environment of recruiting freshmen. Graduate business education, including the MBA industry, is not immune to market forces. In terms of supply and demand, the MBA industry in Korea is suffering from excessive supply and sluggish demand. For example, a decent national university 'A' in Busan has been experiencing a steady decline of freshmen enrollment ratio between 2013 and 2017, ranging from 100% (2013) to 63.07% (2017), their internal report documented. An MBA degree from Korean universities used to be a shortcut for significant salary increase and rapid promotion. But that is no longer true. Economic recession, low birth rate tsunami and declining applicants have negative impact on Korean MBA industry (Fouser, 2016; Park et al., 2016).

2. Growing crisis in global MBA industry

The global MBA industry is also facing the deteriorating environment of recruiting freshmen. Forty-eight percent of 133 two-year MBA programs in 16 countries have suffered reduction of applicants (GMAC, 2016). This crisis results from 'Trump effect' in the U.S., increasing financial burden, losing prestige of general MBA degrees, and formidable challenges from online higher education including the Massive Open Online Course (MOOC), among the many.

Early 2017, U.S. President Trump signed an executive order to place travel ban on seven

Muslim countries, namely, Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen. Amid the Trump effect fear, 40% of American colleges suffer overall declines in foreign applicants. As the rhetoric and executive orders in the U.S. reveal an anti-Muslim attitude, international applications for American universities have dropped significantly (Saul, 2017).

After the demise of golden times of prestigious MBA programs between 1950-2000, financial burdens for the MBA students have mounted because the growth rate of total program tuitions exceeded those of annual salary. For example, the average starting salary was USD 94,000 in 2013

which was lower than the salary in 2008 by USD 1,500. On the other hand, the program tuition at Harvard in 2013 was higher than the tuition in 2008 by USD 25,000 (Cho, 2015).

Total program tuition and duration for the top 10 most expensive MBA programs in the world are presented in <Table 1>. They are all located in the United States with two years' program duration. The Sloan School at MIT (USD 122,880) tops the

list, followed by Columbia Business School (USD 121,440) and Stanford University (USD 119,100). Duke University (USD 110,600) is the lowest.

The traditional MBA programs are facing growing challenges from online higher education. The formidable challenger is the MOOC (Christensen et al., 2014; Pukyong National University, 2017; Yoon, 2016). In 2012, The New York Times designated year 2012 as 'The year of MOOC,' expecting that the MOOC would completely change the higher education paradigm. In Korea, K-MOOC (Korea MOOC, <http://www.kmooc.kr>) platform was initiated by Korea Ministry of Education in October 2015.

III. FT Global MBA Ranking

The world's best 100 full-time MBA programs are compiled by Financial Times. A total of 157 schools participated, all of which are internationally accredited and satisfy strict entry criteria (for details, see Ortman, 2016, p. 28). The rankings are based on a range of criteria including alumni career

<Table 1> Total program tuition

Unit : USD, person, year

Rank	School name	Total program tuition	Students per year	Duration	Average starting salary	Full-time faculty
1	MIT : Sloan	122,880	402	2	118,406	112
2	Columbia Business School	121,440	640	2	116,153	154
3	Stanford University	119,100	405	2	125,592	237
4	University of Chicago : Booth	117,520	588	2	116,302	200
5	Cornell University : Johnson	116,384	312	2	109,000	95
6	NYU : Stern	114,936	393	2	107,450	346
7	University of Pennsylvania : Wharton	114,052	873	2	120,605	290
8	Northwestern University : Kellogg	113,100	610	2	116,864	260
9	Harvard Business School	112,350	926	2	120,700	259
10	Duke University : Fuqua	110,600	434	2	112,751	147

Abbreviations : MIT, Massachusetts Institute of Technology; NYU, New York University.

Source : Bradshaw(2016); edited and rearranged by the authors.

progress, diversity, and idea generation. Weights for each criterion are 55%, 25%, and 20%, respectively. Each indicator is divided into 8, 9 and 3 sub-criteria. Among total twenty sub-criteria, 'Weighted salary' (20%) and 'Salary % increase' (20%) are the most influential elements, while 'Women on board' (1%) and 'Languages' (1%) are the least influential measures. The Key to the 2016 FT Global MBA rankings is summarized in <Table 2>.

FT Global MBA Ranking 2016 are reported in <Table 3>. The U.S. universities retain their dominance in the FT ranking, occupying 13 out of 20 spots. Harvard Business School (HBS), London Business School (LBS), Wharton School and

Stanford Business School remain in the top elite club of schools with two-year MBA programs. However, no Korean university is placed within the top 20 elite club. Although not shown in this table, Sungkyunkwan University Graduate School of Business (SKK GSB) is ranked at 69, the highest ranking among Korean universities.

It is worthy to take a close look at The HKUST Business School among the elite club. The HKUST was named by FT Global MBA Rankings 2016 #14 full-time MBA program in the world. The HKUST has been ranked global top 15 for 7 consecutive years and #1 MBA program in Asia for the 6th time in 7 years (HKUST Business School, 2017).

<Table 2> Key to the 2016 FT Global MBA Rankings

Criteria*	Weights** (%)	Sub-criteria	Weights (%)
Alumni career progress	55 (8)	(1) Weighted salary	20
		(2) Salary % increase	20
		(3) Value for money rank	3
		(4) Career progress rank	3
		(5) Aims achieved (%)	3
		(6) Placement success rank	2
		(7) Employment at 3 months	2
		(8) Alumni recommend rank	2
Diversity	25 (9)	(1) Female faculty	2
		(2) Female students	2
		(3) Women on board	1
		(4) International faculty	4
		(5) International students	4
		(6) International board	2
		(7) International mobility rank	6
		(8) International course experiences	3
		(9) Languages	1
Idea generation	20 (3)	(1) Faculty with PhD	5
		(2) PhD graduates	5
		(3) FT research rank	10

Notes : * According to Park (2017, p. 193), the rank evaluation criteria and weights derived from Times Education Higher (THE, 2016) are teaching (30%), research (30%), citations (30%), international outlook (7.5%), and industry income (2.5%).

** The numbers in the parentheses under 'Weights' column are the number of sub-criteria in each criterion.

Source : Ortmans (2016); edited by the authors.

IV. HKUST MBA Program

HKUST Business School offers three types of MBA programs. They are one full-time MBA program, and two part-time MBA programs for working professionals, namely weekly classes and bi-weekly classes. In this chapter, critical factors for the incredible success of the HKUST full-time MBA program will be fully investigated.

1. The Hong Kong Advantage

The most important factor for the success of HKUST is the Hong Kong advantage. HKUST Business School fully enjoys the Hong Kong advantage such as #1 in the IMD world

competitiveness rankings in 2016, #1 financial center in Asia, and one of the top three financial centers in the world following New York and London. In addition, Hong Kong is an ideal business hub, being strategically located in the heart of Asia and less than five flying hours away from half of the world's population.

2. Flexible Curriculum

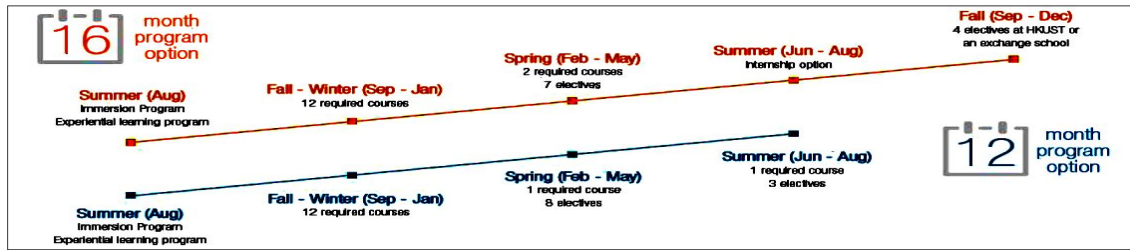
The second most important factor for the success of HKUST is their flexible curriculum. It provides two study mode options, namely full 16-month program and accelerated 12-month program as shown in [Fig. 1].

<Table 3> Financial Times Global MBA Ranking 2016*

Unit : year, USD

Rank in 2016	School name	Duration (Year)	Country	Weighted salary** (USD)
1	INSEAD	1	France/ Singapore	166,510
2	Harvard Business School	2	USA	172,501
3	London Business School	1	UK	154,150
4	University of Pennsylvania : Wharton	2	USA	177,877
5	Stanford Graduate School of Business	2	USA	185,939
6	Columbia Business School	2	USA	169,866
7	University of California at Berkeley : Haas	2	USA	169,395
8	University of Chicago : Booth	2	USA	158,259
9	MIT : Sloan	2	USA	159,909
10	University of Cambridge : Judge	2	UK	156,323
11	Northwestern University : Kellogg	2	USA	162,923
12	IE Business School	1	Spain	159,266
13	IMD	2	Switzerland	157,439
14	HKUST Business School	2	China	144,303
15	HEC Paris	2	France	134,299
16	Iese Business School	2	Spain	140,185
17	CEIBS	2	China	147,716
18	Yale School of Management	2	USA	152,232
19	New York University : Stern	2	USA	150,510
20	University of Michigan : Ross	2	USA	144,961

Notes : * Only top 20 schools are reported for brevity. **The average salary three years after graduation, with adjustment for variations between industry sectors. All information except the 3rd column under country are from the source below. Abbreviations : IE, Instituto de Empresa; MIT, Massachusetts Institute of Technology; IMD, International Institute for Management Development; HKUST, Hong Kong University of Science and Technology; HEC, école des Hautes Etudes Commerciales de Paris; CEIBS, China Europe International Business School; IIM, Indian Institute of Management. Source : Bradshaw (2016); edited by authors.



Source : HKUST Full-time MBA (2017).

[Fig. 1] Two Study Mode Options of HKUST Full-time MBA

The 16-month program includes internships and overseas exchange. Regardless of option types, credit requirements are the same. The curriculum consists of 52 credits for both options. Students can choose freely the most suitable option for them depending on their objectives.

3. Diversity DNA

Another important factor for the success of HKUST is their diversity DNA. Diversity accounts for as much 25% of overall global MBA ranking as shown in <Table 2> entitled "Key to the 2016 FT Global MBA Rankings." The diversity figures for HKUST under eight sub-criteria are female faculty (21%), female students (34%), women on board (27%), international faculty (59%), international students (70%), international board (45%), international mobility rank (9), international course experience rank (8), and languages (1) (Ortmans, 2016, p. 24). Latest class profile of HKUST MBA graduates reveals non-local nationality 93%, and number of nationalities 28. Students come from different parts of Asia Pacific (Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Malaysia, Nepal, Philippines, Singapore, South Korea, Taiwan, Thailand), Europe (France, Germany, Italy, Netherlands, Portugal, Russia, Switzerland, Turkey, United Kingdom),

North America (Canada, USA), and other regions (Brazil, Israel, South Africa).

4. Mandarin Training

Mandarin training is an essential part for the success of HKUST MBA program. Chinese is the most spoken language, and China is the most populous country in the world with a population of 1.41 billion (Korea Herald, 2017). Thus, proficiency in Chinese is becoming more important than ever. Without question, Mandarin is vital if one plans to develop new career opportunities in China or with China-related businesses.

Two options are available for Mandarin training. First, a basic Mandarin course for beginners is offered at two levels during the Immersion Program. The course aims to integrate Mandarin learning into different cultural activities to help students obtain and utilize Mandarin in everyday contexts. Second, as an optional 4-week course, inter-university program (IUP) for Chinese language studies is offered. IUP provides a tailor-made program for HKUST MBA students to improve their business-level Mandarin. Currently, IUP offers a 32-week academic year program, a 16-week semester option, and an 8-week summer intensive program. All these programs are located at the Tsinghua University campus in Beijing,

China. The IUP is and will be the most intensive and cost effective Chinese language program for intermediate and advanced students across the world (IUP, 2017).

5. Exchange Program

The exchange program provides a wonderful opportunity for full-time MBA students to obtain international exposure and maximize their experience at the HKUST. They can study for a full semester at one of 60 partner prestigious business schools in nearly 20 countries. Conversely, every year they will meet more than 100 exchange students from these top business schools on the HKUST campus (HKUST Business School, 2017; MBA Exchange at HKUST, 2017).

Partial list of exchange partners by region include North America (Columbia University, Cornell University, NYU, Northwestern University, UC Berkeley, University of Chicago, Wharton School), Europe (LBS, IE Business School), and Asia (CEIBS, Peking University, Tsinghua University).

6. Enrichment & Networking Events

The HKUST MBA Program offers exciting self-enrichment opportunities for MBA students to become future business leaders. Some examples of recent enrichment talks include Angela Ahrendts, Ex-Chief Executive Officer, Burberry and Carlos Ghosn, President & Chief Executive Officer, Nissan Motor Co., Ltd.

The HKUST MBA Program also offers global networking events to prospective students or MBA students. A good example is the Seoul Info Session on June 19, 2017 at Park Hyatt Seoul (Email from HKUST MBA, 2017).

7. Career

As one of the leading business schools in Asia, the HKUST maintains close ties with the corporate community, providing great opportunities for MBA graduates to meet with potential future employers. A partial list of the companies include Apple, BCG, Emirates, Expedia, Fosun, GM, Google, Goldman Sachs, Hilti, Metlife, Ping An Group, Pfizer, Schneider Electric, and Tencent. About 70% of MBA graduates eventually find a job in Asia, and 50% of them are outside of Hong Kong. The HKUST MBA graduates have been ranked the world's top 20 most employable, and the most employable in greater China over the past three years (HKUST Press Release; 2015, 2016).

The employment highlights from the latest class are reported in HKUST Full-time MBA (2017). Fifty-eight percent switched job functions post-MBA, 58% switched industries post-MBA, and 70% work in Asia post-MBA. Weighted salary for HKUST MBA graduates amounts to USD 144,303 in audit year 2016. Average salary percentage increase 3 years after graduation is as high as 114%, being ranked world #1 for the highest salary increase among Global Top 15 MBA Programs by The Financial Times in 2016 (Ortmans, 2016, p. 24).

V. Conclusions

The Master of Business Administration (MBA) industry is facing growing crisis worldwide (GMAC, 2016). This crisis has mainly been caused by expensive tuition, losing prestige of general MBA degrees, lowering enrollment rate, 'Trump effect' in the United States, and the growing challenges from online higher education including

the MOOC. The Coursera (<https://www.coursera.org/>) is the largest leading MOOC platform where anyone, anywhere can learn and earn credentials from the world's top universities and educational providers.

Amid the looming crisis of MBA, the HKUST Business School enjoyed an incredible year in 2016. According to the Global MBA Ranking 2016 compiled by The Financial Times, it earned 14th place in global MBA ranking, and 1st position in Asia (Bradshaw, 2016). In addition, its graduates have been ranked the world's top 20 most employable, and the most employable in greater China over the last three years (HKUST Press Release; 2015, 2016).

In this paper, we aim to examine the critical factors for the remarkable success of HKUST full-time MBA program. We find that their locational advantage, ie. the Hong Kong advantage, flexible curriculum, diversity DNA, intensive mandarin training, inspiring enrichment & worldwide networking events, and promising career are the driving forces behind their huge success in the competitive global MBA industry. We hope that these findings can help the struggling Korean MBA industry improve their competitiveness both in Korean and global MBA markets.

In order to cope with the growing global competition in MBA business, Korean universities have to try differentiate their curriculum and services, increase classes taught in 100% English, and strengthen their dual-degree programs with prestigious foreign universities.

Sungkyunkwan University Graduate School of Business (SKK GSB) is a good example of successful MBA program in Korea. According to the FT Global MBA Rankings, SKK GSB has been ranked #1 for 2012-2016 in Korea. In

addition, SKK GSB has been placed within top 10 in Asia for 2012-2015 and top 1% in the world for 2012-2016. SKK GSB offers 100% English-medium classes, and dual-degree MBA program with Kelly School at Indiana University in the United States (Im, 2016; Lee et al., 2017).

In the future study, we need to perform SWOT (Strength, Weakness, Opportunity, Threat) analysis for MBA programs in Korea. Then we need to develop timely and effective strategy, enabling to apply the critical factors of the incredible success of HKUST to Korean universities.

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