

The
Economist

Hong Kong's business schools: Trouble at the gateway

Nov 4th 2014, 14:25 by A.D.P. | HONG KONG



AFP IN

SEPTEMBER, Which MBA? debated [how Scotland's potential independence might adversely affect Scottish business schools](#). In the end the status quo prevailed and Scottish MBAs had nothing to fear. Just as the referendum's result was announced, about half way around the world another struggle began: the Occupy Central Movement (OCM) in Hong Kong, also

known as the Umbrella Revolution. The protest has since entered its sixth week. Eventually it will subside, but some worry that irrevocable damage will have been done to Hong Kong's economy by the time life gets back to normal.

Hong Kong is but a small speck on China's southern coast. There is practically no space for manufacturing or agriculture. Instead, its economy is fueled by the services sector. For the past 20 years, the city has topped the [Index of Economic Freedom](#), a ranking produced by the Heritage Foundation, a think-tank, which looks at metrics from property rights to entrepreneurship. It has excellent corporate governance, and is a stable place to do business. Furthermore, it is known as the gateway to China due to its proximity and strong ties with the mainland.

Hong Kong is also home to [three esteemed business schools](#): Hong Kong University (HKU), Hong Kong University of Science & Technology (HKUST) and Chinese University of Hong Kong (CUHK). All have MBA programmes that attract students from all over the world, but primarily from China. They play on Hong Kong's natural strengths: its relationship with China, a large and accountable finance sector, and a fledgling start-up culture. However, as the OCM continues there is a chance that business schools will be on the losing end regardless of its outcome.

Attitudes to the protest tend to divide along cultural grounds. Sean Ferguson, an American who runs the MBA programmes at HKUST, says that the government's relatively peaceful handling of OCM is a testament to Hong Kong's respect of personal rights and openness to debate. "Students who go to Hong Kong for their MBA appreciate there is a higher risk in doing an MBA outside of the US or their home country," he says, "and a short-term dispute such as OCM does not add much to the already calculated risk."

Lawrence Chan, who handles admissions for CUHK, echoes the sentiment. "All world-class cities attract talents, investments, all kinds of business and political interests and to some extent these complexities make an important city continue to grow," he says. In any case, he thinks, OCM has not had a big impact on Hong Kong's economy or job market: "So far, the employment outlook for our 2014 graduates remains robust."

International students tend to agree such comments. If they had to take their MBA over again, most say the demonstrations would have no effect on their choice of location. However, speaking to students from mainland China (none of whom wanted to be cited due to the sensitive nature of OCM), it is apparent that the Umbrella Revolution has affected their feelings about studying, and consequently living and working in Hong Kong. Most say that if OCM were to have happened prior to their application to business school, they would have bypassed Hong Kong and studied in China or elsewhere in the world. The current civil unrest, they think, could well breed more instability, which in the long run could make Hong Kong a less compelling choice than China—particularly if, as they expect, the Communist Party

reforms its domestic policies to make studying in China more prestigious and working there more lucrative, perhaps even threatening Hong Kong's title as the financial nexus of Asia.

Pride hurt

More intangible is the sense of insult that mainland students feel. They consider Hong Kong to be a part of China, albeit under "one country, two systems". They are finding it hard to digest the fact that Hong Kong does not want to be led by the Communist Party of China, even though it has improved the lives of most mainlanders. The hurt and confusion is palpable in the conversations.

Since most of the students who attend school in Hong Kong are from the mainland, this could be enough to hurt admissions numbers. Hong Kong's loss could be China's gain. Today, the China Europe International Business School (CEIBS) is the only Chinese school to be ranked in The Economist's top 100 MBA programmes. An MBA at CEIBS costs US\$63,000—comparable to the Hong Kong-based schools. Once living expenses are added in, it becomes a bargain. Other world-renowned schools are bound to follow. The worry is that future generations of business-school students may wonder why they would waste their time at the gateway to China when they can dive right into China proper?

It may not come to that. Hong Kong is a place where the bottom line reigns supreme. With China contributing the lion's share to Hong Kong's economy, the local government will take great care in ensuring that OCM does not persist too long and alienate the 1.3 billion people and free-flowing capital that is its lifeline. Business schools, too, need to act quickly to allay the fears and hurt feelings of its Chinese students.

- [Comment \(5\)](#)
- [Timekeeper reading list](#)
- [Permalink](#)
- [Print](#)