

## **BORDERLESS EDUCATIONAL PRACTICES IN THE DEVELOPMENT OF COMMERCE**

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### **ABSTRACT**

Commerce transcends the boundaries of nations. With so many people involved, a common approach and articulation is necessary to advance the interests of commerce for everyone involved. This paper addresses online MBA (Master of Business Administration) degrees and the nature of its presence alongside the more traditional face-to-face MBA program. While the MBA was not originally a global phenomenon, the development of so many online programs has made it one. Through this analysis, the MBA is first situated historically with subsequent challenges that have encouraged and/or forced it to go undergo changes in its structure over the last several decades. The approach to this analysis utilizes the lens of neo-realistic principles for organizational effectiveness at the international level.

The conclusion(s) argue that both types of formal education form a symbiotic relationship as higher education's end goal is to better inform the workings of the business environment in ways that are consistent and stable across national borders and across the globe. The framework of operation in commerce requires training that is situated within the culture from which that training occurs, but also requires that, in order for more seamless business relationship to develop; this form of education is not strictly located within that same cultural framework. The creation and propagation of commerce requires that both forms of education be employed in complimentary ways. The final result is not the program(s) itself, but the business practices they are designed to enhance.

**Keywords:** education, international, ordering principles, unit characteristics, hegemon

### **INTRODUCTION**

The modern MBA program has come about from the influence of a variety of forces, both economic and academic. The fact that the business environment is globalized to its present degree has a direct influence in the need for larger numbers of people to be skilled in understanding and working with others that may lie across different national boundaries. The online MBA program represents an additional means of effectively delivering these kinds of skills.

In this context, the hegemon, as it relates to the global business world, does not operate by the codes or mores of a single nation, but through the plurality of a larger set of self-interests. The hegemon, as it will be addressed here, is a system of belief and practice that resides within the constructs of a larger international system. This system has manifestations which are political, economic, and educational. The political and economic workings of this system address multiple layers of the larger organizational structure or framework.

The educational component addresses both the entry of new people into the business setting, as well as the updating of skills for those that are already a part of one enterprise or another. The focus of this paper will address the characteristics of the online MBA degree and offer suggestions as to its potential contribution towards stability within the international system. While primarily referring to the business context, it will also assert that this type of education has concrete manifestations within larger economic and political structures.

For purposes of this analysis, the MBA program will first be situated historically, but concisely, with a discussion of some of the influences that brought change within the general framework of the program, both from the business and academic worlds. Kenneth Waltz's theory of Neo-Realistic international relations will then be used as a lens, both in the construction and viewing of what will be referred to as an international hegemon, namely the business hegemon. Education and distance learning will be examined, since its goals relate to the effective utilization of human capital. Taking into account that this form of education may be highly customized to meet specific needs, whether establishing an increased range of awareness of individual options or simply as a tool necessary for refining what one does, it is an important component in further propagating and refining the globalized hegemon. It does this by disseminating dominant theories and beliefs that further guide the construction of the subsequent rules that businesses operate by, both within and across borders. The changes in the education that MBA students receive combined with the development of media and other communication systems have influenced the construction of an online MBA degree, one which is being offered through increasing numbers of various institutions.

## HISTORY OF THE MBA

The MBA program is one of western construction, namely American. It came about as a formal program of education during the time when the country was industrializing heavily and was originally configured as a two-year postgraduate extension. In October, 2003, the *Economist* reported that, though the program had won wide acceptance and spread rapidly, it came under severe attack during the 1950's. Reports were published condemning "American graduate management education as little more than vocational colleges filled with second-rate students taught by second-rate professors who did not understand their fields, did little research and were out of touch with business". As a response to these accusations, business schools across the country quickly raised the standards of their scholarship, admissions criteria, and quality of teaching. A tradition of extensive research has also resulted.

Though the program was an American invention, it was copied by other countries such as England. The resulting programs had both strengths and weaknesses. Counted among the weaknesses were contentions that the original degree in America was partly the result of problems in business that were uniquely American. These did not match events or trends as they manifested in the economic landscape of European countries. Other countries in Europe, of which France is an example, did not strictly copy this model, but developed their own instead.

As a result of competing paradigms of business education, American programs have had to adapt the issues and topics offered in their curricula in order to 'internationalize' them. The *Economist* also reports that resulting developments within a number of programs include focusing on at least three issue areas;

- internationalism as a “pervasive issue”
- introduction or increased emphasis on leadership, ethics, and interpersonal skills and
- practical integration of various management functions.

As history has shown, requirements of the economy and the academy will likely bring about further institutional changes in the century ahead.

### The Hegemonic Lens

In order to appreciate the specific place and contribution of educational programs such as the MBA, it is necessary to articulate the nature of the structure to which they make their potential contribution(s). This can be somewhat problematic since the nature of globalization is one that is still hierarchic, but also decentralized in regards to the possible difference in the locations of management, labor, facilities of distribution, and means of consumption by different populations. Since the end result of economic productivity is consumption of one sort or another, the systems that produce the goods or ensure their consistent distribution are only as legitimate as they are reliable. Whether this organization is domestic or international, the collaboration of participant groups or individuals within it must follow accepted or preferred rules and procedures. Failure to follow these rules may result in potential harm to the system, either in its parts or as a whole. Since rewards to different parties, be they individuals, groups, companies, corporations or nation-states, are contingent on effective and knowledgeable participation, each member of the larger hierarchy must know where their responsibilities or opportunities lie, and when and how to best act on them. For instance, countries such as Mexico which have industries that assemble PDA computers such as Palm Pilots must do so in a reliable and efficient manner, yet they must also be attuned to the time when the industries they operate will be able to transition to higher levels of production with goods that are more complex and so bring a greater return of profits.

Currently, various countries such as China and India are working towards keeping a greater range of the production structure ‘in house’ through the training of engineers and others so that valuable time is not lost by waiting for engineers at other locations to get to their problem. This improves marketability, efficiency, and the ability to remain or become competitive. In viewing international relations where there is any formal structure or hierarchy involved, neo-realism provides a framework through which to view the positions of the relevant parties or persons. This system has rules of operation that supercede the boundaries and abilities of a single nation-state or its economy, but at the same time are heavily influenced by the fact that nations and the larger international systems they build are oriented on the idea of nations being self-help actors. Kenneth Waltz (1986, p. 96) argues that such a framework is composed of

- ordering principles,
- characteristics of the units, and
- distribution of capabilities across the different units.

While this is originally a framework for political structure, these same rules readily apply to the context of economic interaction, either national or international. Each of these will be addressed briefly as they relate to organizational structure and stability.

### Ordering Principles

Ordering principles are best likened to a set of rules for playing a game. While the rules are mostly formally codified, their overall construction is oriented to the success of one or more of the players in winning or coming out ahead but more importantly the system as a whole.

These principles are what direct the efforts at rule making and also serve as referent points to guide the actions of the players. Thus, the rules and regulations that govern the actions of different players must be both sensitive and adaptive from one context to another. These principles allow for the interaction of units, namely states, that act with their own self-interest as the primary focus. Thus, "structures are defined, first, according to the principle by which a system is ordered. Systems are transformed if one ordering principle replaces another".

In the context of education, especially that of the MBA, increased interaction across the boundaries of nations and industries means that these same guiding principles will become increasingly complex. This is not the same world as when industrialization was first taking place, and so the kinds of interactions people must be adept at understanding and operating in are becoming more complex. As with ordering principles, people that account for the contact elements between different parties are many times the ones who are most familiar with the operational intricacies of both. Re-ordering and restructuring the relationship a group has with a particular principle may yield increased returns for the group, or even the system itself, thus presenting the guiding, but adaptive rules of business.

### **Unit Characteristics**

International relations, be it business or any other, involve some form of hierarchy. Another defining characteristic of neo-realism is the manner in which individual units are identified and regarded. Depending on the particular mission, focus, or organizational theory involved, there will be differences from one unit to another. With each unit charged with the completion of a certain part of the overall function of the system, be it administratively or otherwise, they will naturally have particularized abilities or strengths as the result of labor on the part of the particular unit. Regardless of the position a unit may occupy with respect to the overall hierarchy of the system, there is a differently allotted set of tasks that is assigned to each unit. Thus, the "structures are defined... by the specification of functions of differentiated units".

With this, education takes on the importance of providing proficiency with respect to certain responsibilities of the unit. Where either basic or advanced skills are involved that may not be gleaned simply by being on the job, different systems of training improve, or at least maintain the strength of a particular unit in relation to its peers. This is an important component of a hierarchy for many reasons, of which the turnover in members of the workforce is but one.

### **Distribution of Capabilities**

This component of neo-realism refers to the manner in which abilities reside within different organization structures. These organizational structures may be part of one larger body (*hierarchy*), or they may be in direct competition with one another (*anarchy*). Since each actor in an international setting is interested first and foremost in their own success, they will naturally look to either develop the talents of their own members to the highest level possible, or they will look to acquire new members with increasingly higher levels of skills or expertise.

The skills and expertise possessed by these newer members will give the organization itself a greater degree of strength and influence in whatever enterprise it is engaged in. Increasing the level of complexity in which the specific unit or organization is capable of competing in will give them an increased probability of ascending to higher levels of influence on the hierarchic structure or to a more dominant position in the anarchic structure of competition.

Thus, "structures are defined... by the distribution of capabilities across units. Changes in this distribution are changes of system whether the system be an anarchic or a hierarchic one".

In this context, the nature of competition between parties is reason enough for an organization to desire that its workers possess the highest skills possible. The tension created by competition will bring about innovation and the continual development of newer ideas and approaches, thus increasing the strength of the system as a whole. This creates the real possibility of ascending to a higher level of influence on the part of the group.

#### THE LIMITED NATURE OF ANTHROPOCENTRIC AND PAROCHIAL PRACTICES

In referring to different business practices or organizational arrangements, distinctions are not made based on culture, but rather based on levels and degrees of development. There will always be a cultural paradigm separating different groups of people. Beliefs and the emotions they charge regarding what is right or wrong, will be situated in some context whereby certain parties believe them to be incompatible with others believing the opposite. This may readily affect the perception a group holds of globalization and their place within it.

That which is relevant here is the manner of approach to business and education as practiced by different groups in various settings. Purser, Park, and Montuori (1995) look at the "historically constituted dimensions of anthropocentrism". They assert that the different states of development which exist between groups account for an egoistic orientation to business practice. In beginning or earlier stages of economic development, this, in turn, makes it difficult for organizations to see past their own needs and begin to accept the reality of a much larger picture where higher numbers of interests are at stake. Since organizations are interested in maximizing their own gains, they will not see the logic in activities that may benefit a potential competitor. This form of organizational anarchy represents too great a degree of loss of control. With this view of ones place or relationship to others, organizations cannot be as effective or forward-looking, so the same gains they seek to maximize will not be able to be sustainable.

Thus, their organizational structure confines them to a reactionary stance. Part of the reasons this may happen is due to cultural mores which are adhered to, sometimes blindly. This has made for a real set of stumbling blocks with our own domestic industries.

During the 1980's, the failure of American businesses in sectors of global competition were assigned many reasons, among them the nature and depth of the existing curricula. This meant that the subject matter being studied by business students was not oriented toward the external world adequately and so the economy was suffering as a result. Harris (1984) asserts that business schools contributed to this failure largely through the curricula they offered. His argument rests partly on approaches taken to the instruction of economic theory within the curriculum of business schools, but also addresses what eventually developed as the status quo. Citing the fact that larger and larger numbers of students are enrolling in programs such as these and that the budgets they require are also becoming larger, Harris also contends that the industry of this education itself became and is market driven. In this context, it is in the general self-interest of the market, in this instance being education, to ensure uniform products oriented towards what is considered the dominant ideologies. With this, innovation can easily take a back seat.

In the case of the United States, it was parochialism, not ethnocentrism, that made for a loss of competitive advantage. Boyacigiller and Adler (1991), assert that the organizational theory utilized in the United States had not evolved adequately since the close of World War II. This fact was based on being a product of the times. Following the close of World War II, the United States came out, not only as the only major economic power, but also the one whose industrial infrastructure was largely unscathed in spite of the conflict. This being the case, the United States did not have to contend with major forms of competition from others in the world. It possessed dominance in the markets with which it held any interest. The result in academia was that models and contexts relevant to the United States were focused on instead of those that pertained to the wider contexts of others in the world.

Adler and Boyacigiller note the model proposed by Ray Vernon in the middle of the 1960's relating to the manufacturing process and product life cycle. The model proposed by Vernon involves the domestic, international, and multinational phases. Adler and Boyacigiller, however, add a fourth phase and label it the 'global' phase (p. 265-6). They see this as being relevant due primarily to the increased complexity and nature of competition as it manifests in the global economy. In each of these phases, industry works to meet and supply the needs of specific markets. As these markets increase in scope, refining the nature of industrial organization theory becomes increasingly necessary if companies or industries wish to maintain dominant positions in their respective markets.

As came to pass, American post-war economic dominance was not to be long term. As economies were put back together and started to function once again on the world stage, the United States found itself in an increasingly disadvantaged position, partly due to the concepts its industries and business education programs operated by. These 'parochial' concepts were included in the teaching of MBA curricula.

The concluding points of the Adler and Boyacigiller article state the need for different kinds of scholarship to be included in the material and substance offered by the academy. Among these are universally applicable theories, regiocentric theories, intercultural theories, and intercultural theories (p. 283). Each of these, in their own scope, is oriented to include the subtle differences inherent in different settings.

#### **Tickets from the MBA**

In the same article, Harris (citing Michael Thomas, 1983) asserts that the "MBA degree has become a virtual necessity for those aspiring to the managerial fast track, the effects of this screening process are increasing" (p. 122). It is not only the domestic industries that are seeing this kind of education in terms of a basic necessity; this belief also resides with developing countries. Since the western developed countries control access to a vast majority of the world's capital and subsequent influence on other resources, developing countries that aspire to navigate the four phases described by Adler and Boyacigiller must operate by a set of rules that is not of their own making. This requires them to become intensely familiar with a specific framework of operation. The framework of operation which is encompassed by the modern day MBA program is not uniform across different schools, but it still approaches the subject of business and organization from a common orientation.

#### **Relation of the MBA to Online Education**

Online education has changed forms many times since its original inception, be it in industry, higher education, or the public schools.

The online system, as it relates to education, has strengths and weaknesses and these differ from one discipline to another. Larger and larger numbers of schools are adopting some form of this kind of instructional delivery each year. It is important to note that, at present, the requirements between online degree programs and those which involve full-time attendance still differ. Whether and to what degree this will continue to be the case is somewhat an open question, but it appears that most universities that choose this route are not blindly committing to something that may easily get out of control.

The December 1998 edition of *Infoworld* noted that some universities offering online MBA degrees still require that the student complete a residency requirement in which they are physically at the university. This is done for reasons that vary from one university to another. Some may utilize this time for test taking and others so that students have access to professors when they otherwise would not, and so increase the breadth of experience their education would offer. *Infoworld* also noted that students have a variety of reasons for choosing an online degree instead of attending a university. These reasons range from people having to retain existing employment to the factor of distance and the expense and possible inconvenience of relocation for such a short period of time (1998, p. 71-72).

It is also notable that people choosing either the online form of MBA or actual physical attendance are many times at different points in their careers. The online version of the degree is utilized more by people who desire to have their skills updated. This can be with the aim of getting a promotion or some form of pay raise where they already work. Those that choose the traditional route are many times entering the workforce and so the contact that most programs provide with recruiters is part and parcel of the entire point of the program itself.

One concern which has been prevalent since the beginning of online education relates to the quality of the educational experience for the student and the caliber of educated individual that emerges after the course of study is completed. This is a valid concern, but one that is also one-sided in view of existing technologies. In the same article, *Infoworld* also notes that test scores for students that get their degrees online is "on par with or above their full-time counterparts at the same school" (p. 72). The quality of evaluation will always be concurrent with the efforts of the instructor and the combined efforts of the program as a whole. A factor that is gaining increased recognition for its importance lies in the level of comfort the student experiences in working with the computerized medium itself. Citing Leidner and Jarvenpaa (1993), Webster and Hackley (1997) describe the "...advantage of using information technology in education is that students are introduced to and take advantage of the very technologies that businesses are using to gain competitive advantage" (p. 1283). As stated at the beginning of this paper, the changing nature of the global workplace is continually requiring new sets of skills to be available.

David Szatmary (2000) of the University of Washington describes some of the forms online education has taken. It is more modularized and represents collaboration between education and business (p. 42). This is seen as strength, since it is the business world that inevitably evaluates the merit of this kind of education and the strengths of the field include the fact that consumers of this knowledge, namely the students, can have quick delivery of their programs of study. Additionally, it is beneficial if the same curriculum can be reinforced by those recognized as experts in the field. The presence of this element establishes a consistent form that is of higher quality.

Peter Lorenzi (2002) notes that "global business education has been characterized by the development of the MBA degree as a valued, global credential" (online version). The dominant framework of operation employed in global business sees this education as an obvious asset. Lorenzi asserts that the delivery of this information is becoming increasingly decentralized. This is due to the nature of the audience that online education is addressing. With larger numbers of people spread out in different locations, more refined forms of communications allow universities and other institutions to concentrate their efforts and, at the same time, not be so constrained by time or place.

Lorenzi cites Zlatuaka (2000) in that the highly adaptive form of online business education as possesses five general elements of general change from the traditional to the electronic mediums. First, the customization of education programs to suit specific needs allows institutions to cater to the needs of groups or businesses that may be at different stages of economic development. Second, disintermediation allows for higher volumes of information to be shipped via the computer. Third, the issue of convergence recognizes the fact that different economies, societies, cultures and political bodies converge when they participate in the global economic setting. Fourth, virtualization allows for the creation of larger virtual "university-like systems" that may closely replicate the operations of traditional institutions, but without the bricks and mortar. Fifth is globalization whereby the four preceding elements all converge with and on one another.

## CONCLUSION(S)

The focus of this paper has been to examine whether and how online MBA programs contribute to stability within the international system. In order to arrive at the conclusion that they do contribute to the stability of the system, certain qualifying characteristics must be named in regard to the system itself.

First is the fact that, even though the western developed countries, or those other countries that have closely emulated them, control the majority of access to capital and influence over resources and means of production, they are not the only players. Although their influence is quite substantial, other less-developed nations can, through more efficient utilization of their resources, eventually challenge the balance of power for members of the dominant hegemony. This may come about through the same progress made through better organization and technologies which allowed the United States to overtake Great Britain in terms of steel production during the early part of the twentieth century. Michael Porter (1998) refers to the ability of talent and skills to be pooled in ways that promote this same kind of innovation and change, but in the concept of the cluster. A primary point in his argument, at least as far as education is concerned, lies in the fact that in order to more effectively compete, industries need workers that are better educated. This further substantiates the possible contribution of institutions of higher education in ways that are not limited through physical presence. Developed or developing clusters of economic activity will have real needs of training/re-training programs. This is an educational need that will have to be met, if not then the proficiency and prosperity of the cluster may not continue on.

Second, due to the decentralized nature of online education and the diverse nature of the possible audience that may participate in it, the same skills which are coveted by the core countries are no longer limited to specific audiences. For this reason, Lorenzi (2002) asserts that there will be an increased demand for American business education due to the success of the American model.

Chris Werry (2001) echoes this sentiment in saying "it is predicted that this [educational] marketplace will become increasingly global as the digitization of education enables education providers to reach previously local, isolated markets" (online journal).

There are several factors which affect the particular choice of program and whether or not a person is interested in them. While there are always both strengths and weaknesses within these kinds of learning environments, Kathawaia, Abdou, and Elmuti (2002) outline several criteria that account for choice in light of these factors. They include the degree of flexibility within the program, time to complete the course work, quality of services offered, price of the program itself, and the accreditation it possesses.

Kathawaia et al also note that the strengths of online MBA programs also applies to those students where traditional correspondence may not be productive or who would not otherwise be able to come to the United States or go to another location far removed from their home country. At the same time, this geo-physical handicap increased the array of choices the student may hold in regard to schools that can meet their online capabilities. This customization of curriculum also works to the benefit of the specific needs of different industries around the world, whether they are located in developed or developing regions, as well as being cost efficient. Through the improvement in efficiency and the self-help nature of the individual economic units, higher levels of affluence or influence within the international hierarchy may be achieved.

In the context of global business and the skills required for it to thrive, online educational programs like MBA's serve the vital function of disseminating the kinds of knowledge and experience that promote not only the stability, but also growth of nations that are not as developed as the hegemonic western nations. One might draw several kinds of conclusions here; among them the fact that the dominant western nations are on a time line with the existence of such access to educational resources like these.

Another conclusion might be that, as noted before, the resulting tension in the international system would be good for driving change and innovation. Since the theories and principles within the business world are continually evolving, and since this is certainly the case where globalization is concerned, the ability to stay current on skills and bases of knowledge represents a vital and positive asset. Kathawaia et al make the observation that "the online MBA is not necessarily a competitor to the traditional MBA, but it may take part of the market share of the traditional MBA" (p. 22). That which may serve to promote the greatest sense of stability within the international system does not lie in potential competition by schools for students, but in the fact that the information they present through those programs is reaching greater numbers of people.

These people are the same ones that desire greater prosperity through their affiliation with the international system. As asserted at the beginning, while this primarily refers to the business context, this type of education has concrete manifestations within larger economic and political structure(s). Through this the international system is made stronger and more stable. Thus, the economic, social, and cultural dimensions of education still occupy roles of highest importance, but are increasingly subject to the understanding that the pluralistic nature of commerce requires greater sacrifice on their part. This is not a negative feature, but one that is pragmatic and to the advantage of all.

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