



# The Third Hand

Management Education for Future Managers

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## ■ Topic

- BRICS

- Europe

- Development of High Education

# A story.....

Dream of all firms: last for ever,  
and growth for ever



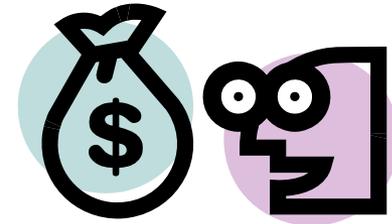
- “British firms are becoming larger and larger, leads to many small firms closed their business”
- Higher unemployment rate
- High competition



# Some situations in China...an emerging economy

## Wenzhou private lending

- high lending rate 25%
- No one is interested in manufacturing business
- 89% of the families are involved in the private lending business
- The loss of the spirit of entrepreneurship – which is the key to economic development
- Less attention to industry
- High cost of capital, low industry return rate – business people committed suicide and escape from China



## MBO activity in China in 2005-2006 for big firms, the case of Xugong

- 2005 total capital 7.2 billion yuan, sales 13.1 billion yuan (20% of Xuzhou's GDP).
- In early 2006, the Carlyle Group (owners of Caterpillar Construction Machinery Inc.) offered 375 Million US dollars to acquire 85% of Xugong's shares
  - Carlyle's terms for purchase included the possibility of transferring ownership of Xugong to Caterpillar and the loss of the Xugong name.
  - "3-1" offered a 30% higher price than Carlyle, but it was rejected by Xugong.
  - The CEO of 3-1, Mr. Xiang Wenbo fought back with more than 20 papers on his blog discussing Carlyle's terms of acquisition of Xugong
- objection from Professor Liang Xianping and the support from Chinese society leads to "STOP" to MBO to large government owned firms, a decision by China's central State Assets Supervision and Administration Commission 2 month late

The unbalance of power and responsibility

Power of capital, power of making strategic decisions

Power of .....

Influence government policies

To some way, behaviors are at the best interests of power holders

Sacrifice of the interests of other society members

Harm the development of economy



## Market - The invisible hand



Supply Demand  
Economic development  
Society  
Firms ....

## Government interfere – the second hand



### The unbalance of power and responsibility

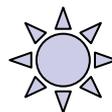
- Unsatisfaction of other society members
- High concentration of wealth
- High unemployment rate for mature economy
- Low consuming
- .....



## The Third Hand

- To provide supplement to places that policies and system can not be reached
- Provide management education for future managers
- Provide education to managers who could handle current problems
- .....

After nearly more than 60 years  
development of corporate firms,  
We are now at the cross road again



new management agendas and issues  
which require us to approach a new management  
education for future managers

# What the third hand can do?



## To conduct researches in area of

- Balance approaches of power and responsibility
  - Corporate governance
  - Relationship with performance
  - Role of specific management believes, culture and philosophy
  - ....
- Stakeholder interests
  - Decision making
  - Business activities
  - ....
- ....

## Provide education with research evidence

- To design a specific course for all MBA study
- To have specific cases for major courses
- To educate future managers with high global responsibilities for our society
- To educate future managers who.....
- .....

## To held conferences

- On research results
- On education
- .....

An example: supervisory board of German company  
Ordinary employees account for around 30-50%

In middle 70s, Japanese firms outperformed  
US firms with their specific management  
philosophy

Capital owner                      vs                      labor owner  
Decision power balance

Repay society, respect employees.....

# BRICS, Europe and Future Management Education

Education for future managers with global perspective and responsibility



With common understanding, with shared vision  
With collaboration, with working together...



## BRICS

- Large student base
- Rich variety of market experience
- Staff willing to learn and to cooperate
- Research funds
- .....



## EUROPE

- Research skills and experiences
- Mature market experience
- Student base
- Research funds
- .....

## CHINA

- Low cost labor
- Large production capacity
- Large market
- Government support
- .....



## EUROPE

- Technology
- Capital
- Sales networks
- Management expertise
- .....

## A naïve topic

“People die in pursuit of wealth  
birds die in pursuit of food”

## A dream

“Business ought provides tripartite benefits: the seller, the supplier and the society”

“reasons for our company to exist: to be efficient, reduce cost and to provide ordinary people with cheap and better products, and the our society will be better”

“The objective of our business is to repay society and our country” (Konosuke Matsushita, Panasonic)

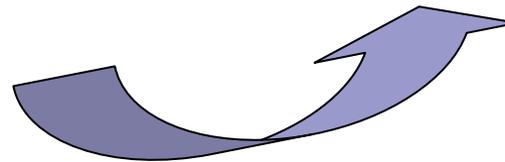
“corporate does not = profit, high office building and 5 year plan”

Numerous examples  
Cases

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## Role of business education in middle of last century to now

- management education
- MBA education
- provide society and economy with business elites
- helped companies to transform from family business to large corporations
- Enhanced efficiency and thus profit
- .....



“to develop leaders for the world  
who are capable of applying management knowledge  
to solve practical problems while addressing the  
challenges of **business and society with a  
global perspective and responsibility.**”

Thanks !

