

The Role of FEM: A Pathway to Socio-Economic Development

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1. Introduction

The Faculty of Economics and Management (FEM) was created with great expectations to produce capable human resources who can enhance the nation's socio-economic development. This report consists of mainly two parts; the first part is concerned with the current status and problems of FEM and the second part is concerned with the main theme of the role of FEM.

I am very fortunate to have been able to observe the whole process of the development of FEM from its very early stage of creation thanks to the requests (or orders) of the two governments. Until now, many people, organizations and even volunteers in addition to the two governments have contributed to develop the Faculty. Without any of these, we may not have attained the present state of FEM. In this connection, I would like to praise particularly the excellent capability and leadership of Dean Khamlusa and also the hard work of the Vice Deans and the faculty members.

When I was first dispatched to FEM in January 1998, all seven staff that had been appointed from other faculties gave me a warm welcome on the 2nd floor of the Faculty of Education building. They had been allowed to occupy two rooms but no facilities like computers yet. We immediately started the discussions of the basic concept and structure of the Faculty and then after several days of discussions we drafted the basic curriculum and brief contents of each subject. To confess the truth, I was very anxious about realization of a new Faculty at that time. After several months, the two European advisors-consultants arrived to set up the education system. They basically agreed with our drafted curriculum and made very few modifications; when they modified it, they consulted with the FEM side (the Dean) and me. They made great efforts to establish the teaching system, which began in October 1998. However, the period before 2000, in my view, were very difficult years and may be referred to as the period on a knife-edge. It was the period with very few permanent staff, no classrooms, few textbooks and very limited funding available for the long-run sustainability.

Japan's formal support as a project-type technical cooperation began in September 2000 after about two years preparation. Also, the new building was completed in October 2001. At the same time, FEM has become a popular place, which has a continued demand for placement of both students and lecturers. We really can say that we escaped from the knife-edge and now are on a small but sound way to the future development of FEM. As to its contribution of FEM to socio-economic development in

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This essay is my personal view as a deeply concerned advisor for FEM, not being an official view of the FEM side nor the one of JICA, and any remaining errors attribute to the author.

the Lao P.D.R., we are just in the beginning and therefore I call this as a pathway.

First, I will report, from my advisor's viewpoint, the present state of FEM, particularly its special features. Second, I will describe three main roles of FEM for the nation's socio-economic development. Third, I will consider several problems still existing ahead of FEM. Conclusions will follow.

2. Some Features of FEM

In order to identify the role of FEM, let us first consider the present state and some features of FEM. There are several features of FEM and I will enumerate them below.

(1) Uniqueness

There are no faculties of economics and management (or business administration), which are accredited to offer Bachelor's degrees except FEM. The existence of FEM is unique not only at the present time but also in the history of Laos. The backwardness of higher education in Laos was rooted in general to the educational policy under the regime of French colonialism. However, even after independence of Laos, the creation of a tertiary educational institution of economics and/or management had not been made until 1995. Currently, there exist several private business colleges and their number is increasing. In the future the uniqueness of FEM will disappear, but I believe that it will continue to be the leading faculty of the field in Laos.

(2) Curriculum

As noted before, I joined with the Dean and the Vice Deans to design the curriculum and syllabi from the first stage of its development. The European advisors, who came several months after our first creation of curriculum design of January 1998, agreed to finalize the curriculum with only minor changes.

Due to the shortage of teaching staff, most of the offered subjects are compulsory for students to complete the required credits.

(2-a) **The World Standard:** Students are provided with the world standard and basic subjects of economics and management. All students are required to study basic contents of both economics and management and also some quantitative subjects such as mathematics and statistics. In their last two years, students learn different subjects separately in the two departments.

(2-b) **Separation from Political Economy:** When I first came here, I had prepared to set up two kinds of economic principles; one involving modern economics and another including Marxian economics, just as many Japanese universities still provide. However, it had been decided beforehand that Marxian Political Economy is separated and taught at the Faculty of Social Sciences. Then, the curriculum became clearly directed to a market-oriented economy.

(2-c) **Context of the Lao Economy:** The economy of the Lao P.D.R. is still least developed and also is in the process of transition from the planning stages to the market-oriented economy. These two aspects are taken into account in the following subjects: Lao Economic History, Asian Economies, Comparative Economics, Natural Resource Management, and two subjects each of

both Development Economics and Agricultural Economics. Considering the importance of population problem, we are now preparing to open a subject on Population Economics.

(2-d) **Japan's Experience:** Included are successful Japanese economic policies, Industrial Policy and Medium and Small Firm Management.

(3) The Teaching Staff

When I came here for the first time, there were only seven staff members. Now, we have 52 teaching staff. This growth was beyond my supposition.

(3-a) **Age:** The average age of the staff members is very low at 30.5 years old.

(3-b) **Highest Degrees:** 1 Ph.D., 17 Masters, and 34 Bachelors. This means that the academic upgrading of the FEM lecturers is necessary.

(3-c) **Foreign Experiences:** Many faculty members have already experienced studying abroad. About half of the staff experienced their long-term studies in Thailand. Other countries include France, Russia, Germany, Vietnam, China and Japan. Currently, 10 persons are studying in Japan, 6 persons in Thailand, 2 persons in the Philippines and one is studying in Belgium.

(3-d) **Natural Science Background:** 12 persons have an undergraduate education with a natural science background. This ratio is quite high compared to other countries.

(3-e) **Gender:** There are 28 male and 24 female staff members. The female ratio is quite high.

(4) Students

(4-a) **Enrollment:** So far, 328 students graduated from FEM in the last two years. Currently, 190, 178 and 150 students exist in the 3rd, the 4th and the 5th year classes, respectively. Regarding the special course, there are about 500-first-year, 194-second-year and 327-third-year students.

(4-b) **Employment:** According to the record of two months after graduation in 2001 (the first graduates from FEM), about half of the graduates secured jobs at that time point. There is a clear difference in career between the two departments: the majority got jobs at ministries and the Central Bank from Economics while the majority of Management went to private companies. Since quite a few graduates have gone abroad to study and a general practice of job-searching is slow, the current employment result may not be so bad after one year of graduation (Unfortunately, no such data are available at present).

(5) The Cooperation Projects

Between the years of 1998-2000, there were several missions from Japan including short-term and long-term experts and study teams. For the period of 1998-2001, the French and German experts-consultants worked cooperatively with the Japanese experts and built up the basic teaching system. Since September 2000, the Japanese project-type technical cooperation began. Under this project, until now, 3 long-term and 11 short-term experts from Japan, 2 short-term lecturers from Thailand and one short-term lecturer from Vietnam were dispatched.

Additionally, to upgrade their quality, 9 persons were sent to Japan and 2 persons were sent to the Philippines to pursue higher degrees. The new building was handed over from the Japanese government as a grant aid. A research project of a Belgium fund has been underway since 1999.

(6) Self-Reliance Efforts

Annual budget of FEM is very limited and some kind of self-reliance activity is necessary. By establishing a special night course, the Faculty is managing a separate 5-year undergraduate program. The Faculty can use some portion of the tuition for various operating costs.

3. The Impact on Socio-Economic Development

(1) Supplying Specialized Competence

Since its start, FEM has been directed towards preparing students for jobs, *i.e.* giving them specialized competence in economics and management. After studying the above-mentioned curriculum, graduates from FEM, in general, have basic and sound knowledge in their fields. This is, of course, what students, their parents and the government all expect. However, it should be noted that the specialized competence is neither so much specialized as in European universities nor so much liberal as in American universities. Considering the historical background of the country as mentioned above, there should still be potential demand for BA's in economics and management. If employed, graduates from FEM shall contribute as capable human resources to higher outputs both in public and private sectors in the Lao P.D.R.

Generally speaking, the graduates have already obtained high reputations in various places. However, I have sometimes heard, from Lao government officials, that the graduates from FEM lack deep knowledge in some special subjects, e.g., the one of "statistical project evaluation". We do teach basic statistics and project planning and evaluation, but practical application using these subject matters should be obtained via on-the-job training in each actual workplace. We admit that our undergraduate curriculum inevitably has its limits of deepness in specialization. Therefore, the contents should be specialized but also should be selective so that they are more or less applicable to the real economic and business situation of the Lao P.D.R..

(2) Impact beyond Specialized Education

It is widely recognized that universities are supposed to do something more than to provide specialized competence to their graduates. It is particularly true for good or top-ranked universities in any country. Students can learn and train themselves by extracurricular activities or obtain broad knowledge through friends or books. It is a historical fact that the leading universities in many countries, including Oxford and Cambridge, Grandes Ecoles in Paris, University of Tokyo and Singapore National University, have produced many leaders and elites from their countries. In the modern advanced countries, the society and people are inclined to mistrust elites. But, it is also true that many elites who graduated from these leading universities ultimately led the nations. In Laos, everybody agrees that NUOL is the leading university and also FEM is the leading faculty in economics and management disciplines.

Too much elitism, of course, contradicts against the general feeling of egalitarianism in modern society. Compared to foreign (both Western and Asian) students, the students of NUOL in general seem

to have good manners and discipline. If the balance between elitism and good discipline is retained, I believe that graduates from FEM could be leaders at various organizations.

I also want to mention that economics and management sciences, in their natures, have flexible applicability to broad areas of working places not only at the public sector and business firms but also at other various offices, educational institutions and even households. We learn how to use limited resources efficiently and even strategically to attain our goals. We pay attention to different angles and directions of values, *e.g.*, profits against losses or present consumption versus saving (future consumption). These flexible and multidirectional ways of thinking will help graduates from FEM to be qualified human resources with high adaptability to any social environment.

(3) Serving both Individual and Social Development

The hypothesis of theory of human capital says that if we invest more in (higher) education, we will get more income on a life-long basis. In the case of Laos, going to NUOL for five years means that one must bear opportunity cost even if the tuition is free. However, it is clear in Laos that the opportunity cost is not so high compared to the expected life-long income. If a potential student is unsuccessful in the entrance examination for the normal course, many students want to attend the special (evening) course, even paying tuition. This evidence shows that the opportunity cost may not be high (or, at least, it appears not).

There is quite a high possibility for FEM graduates to attain individual development and higher income through university education. Furthermore, they have a chance to become leaders at various levels, *e.g.*, at the public sector, business firms, organizations, schools and so on, as described above. They have more possibilities to influence other people through various channels than non-university graduates. This means that graduates from FEM (or NUOL in general) can achieve not only individual development but also social development by influencing other people, organizations and society.

Some lecturers of FEM are also working at outside private colleges in addition to the LJ Center. If his or her teaching outside is within the limit of the faculty regulation, this teaching activity is also serving both individual and social development. However, I hope that, in the future, lecturers would serve the government and society more through their research and advisory activities.

4. A Further Pathway Existing Ahead of FEM

I am sure that FEM has exited out of a narrow path on a knife-edge. However, it still must walk on a pathway because there remain the following problems:

- (1) Curriculum upgrading: To produce qualified and demanded human resources, we need to upgrade the curriculum step by step. But, this is not a big problem.
- (2) Follow-up study to improve placement: As a first step of improving the employment situation, the Faculty should start a follow-up study of graduates in their professional career and establish an improved system of placement. If an educated and qualified person cannot find a job, it is not only a private loss but also a great social waste. Hence, it is also expected to establish an equitable

- recruitment system by government offices through annual examination as in many other countries.
- (3) Upgrading lecturers: This remains as the biggest problem and various measures should be taken at least for the coming five years.
 - (4) Establishing a Master's program: A system of completing a Master's degree in Laos and then studying abroad for a Ph. D. should be seriously taken into consideration.
 - (5) Improving the management of the Faculty: The quality of administration staff of FEM is quite high but we need a more efficient and effective management system. Also, not all committees among the staff are functioning well.
 - (6) Enhancing research activities: I have observed that some lecturers want to do more research but usually they are too busy in teaching at FEM or elsewhere. However, it will be an important role for the FEM staff to publish research results and use them in teaching.
 - (7) Increased contribution of staff activities to socio-economic development: In addition to research activities, the FEM staff should participate more actively in the nation's socio-economic development through various activities.

5. Conclusions

The role of FEM is first to enhance a market-oriented economy by supplying qualified human resources from the Faculty. More specifically speaking, I have pointed the following three points:

First, FEM should keep the good education system and provide each graduate with specialized but applicable knowledge of economics and management to the real economy and business of the Lao P.D.R. In various places, the graduates are supposed to utilize their competency.

Second, it is quite possible for FEM to nurture human resources who can be future leaders in various fields in Laos. However, the balance between elitism and good discipline should be retained. This can be done beyond specialized education including the one, formal or informal, outside of classrooms. Also, since thinking ways of economics and management can be applicable to broad areas, training for flexible applicability of specialized knowledge to real situations should be pursued in classes.

Third, FEM will contribute to individual development of a student through education, a promising future of higher income. However, graduates from FEM will give favorable influence upon other people, organizations and society through a kind of technology transfer, so that FEM will serve not only individuals but also social development. The faculty staff should also contribute more directly to socio-economic development of the Lao P.D.R.

At the moment, FEM is still unstable, although being dynamic, on the pathway. In several years, FEM will have a larger number of qualified teaching staff on its site because some will come back from their studying abroad, and also performances of graduates will be accumulated in the public and private sectors. The pathway will become wider and wider and a broader highway may be sighted in a visible distance.