

The Age of Uncertainty



Tomorrow's MBA

Prospective MBA students set out their views on what they think of the MBA qualification, what they expect from the business school experience and what they want to study.



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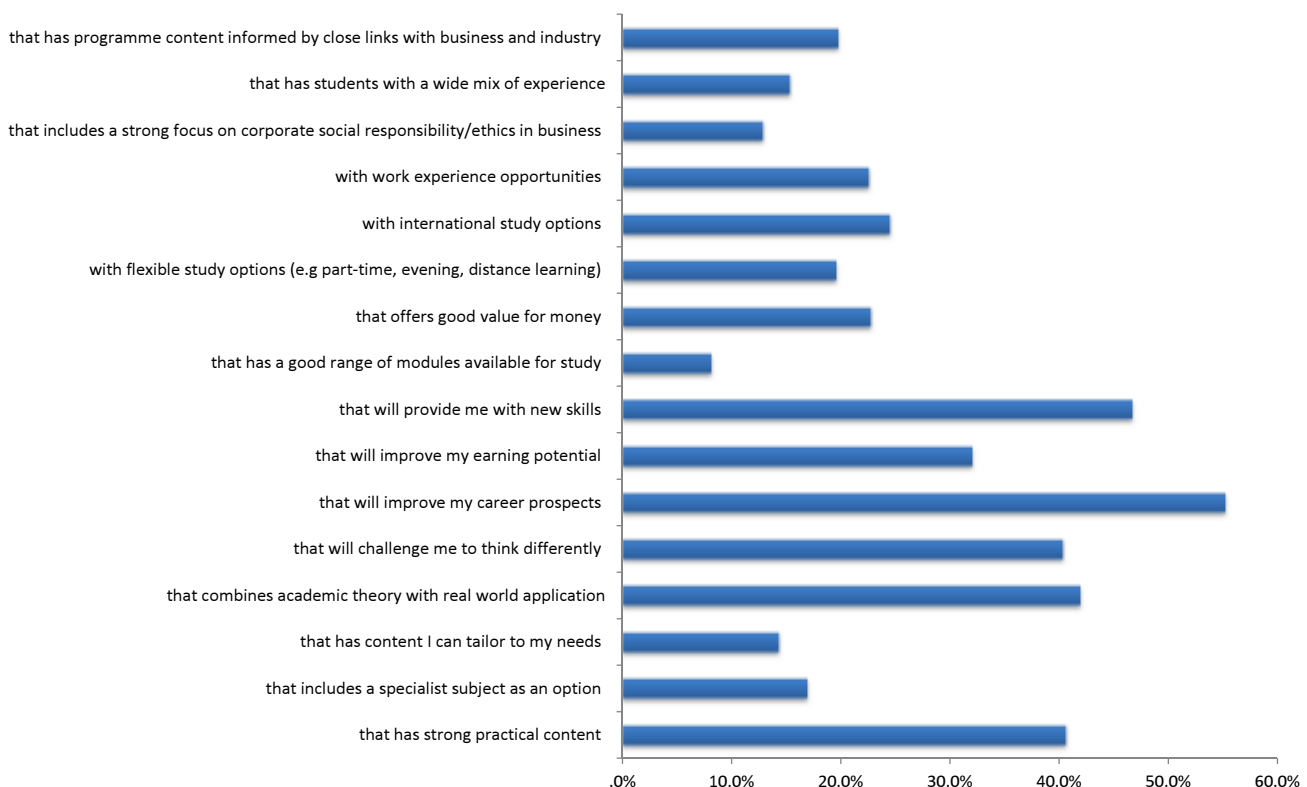
Tomorrow's MBA is not easy to define. All that is certain is that the MBA market is uncertain. The 2011 GMAT Survey Report recorded 131,187 applications for full-time MBA programmes at 199 business schools. Management education in the UK is estimated to contribute £2bn to UK export earnings and £7.5bn to regional economies. Globally, UNESCO suggests that 23% of the 3 million internationally mobile students study business. All looks good on the surface.

In 2009, the background to the first Tomorrow's MBA study was economic crisis and negative press coverage for the MBA qualification. However, the study reported continuing popularity for the degree among prospective students.

In 2012, economic uncertainty remains and in some parts the MBA marketplace also seems uncertain. Debate about the future of the qualification continues and anecdotal data suggests that a number of schools in the current recruitment round are facing a decline in applications. However, the MBA continues to prosper overall and is especially popular in many Asian markets.

My perception is that the fees of the MBA are not correlated with salary evolution and that the ROI may be not only low, but as well uncertain.

Figure 1. Factors considered important when selecting an MBA programme



Data for the third Tomorrow's MBA study was collected in October 2011. The study was run by CarringtonCrisp working in partnership with EFMD and the Association of Business Schools. A total of 610 respondents completed the questionnaire from 91 countries. Among the respondents the largest groups were drawn from India, Pakistan, China, UK, USA, Australia, France and Egypt.

Do I really want an MBA?

In 2009 and 2010 1 in 5 or less of the respondents said they would definitely consider a specialist Master's degree as an alternative to an MBA; in 2011 28% said they would definitely consider a specialist Master's degree and a further 23% said this would be a possibility.

The study of specialist subjects such as Logistics or Taxation look increasingly attractive as a Masters rather than within a MBA, being cheaper and often quicker to complete. For the large number of undergraduates leaving university today, a one year Masters can offer a useful way of differentiating themselves in the labour market, but may in the longer term make them less likely to take an MBA.

In another sign of a move away from the generalist MBA, 58% of the sample stated that they would prefer a specialist MBA with the two most popular titles being MBA Finance and MBA Marketing.

At the same time interest in full-time study seems to be uncertain. Only among North Americans did a majority of students still seek a two-year programme. Just over a third (34%) of the total sample want part-time study and 18% choose distance learning. Only 18% want to study academic terms-office hours.

The numbers seeking full-time programmes may be overstated due to the high response from Indians and Pakistanis, among whom more than 60% seek full-time programmes.

With prospective students typically taking two years in their decision making process, much can happen in the world that might lead them to rethink their study plans during this time.

Another choice is just a click away

Choice of where to study also seems to suggest a degree of uncertainty in some students' minds. Although career issues are dominant in many cases with students indicating they want an MBA that will improve their career prospects, improve their earning potential and provide them new skills, they also want to be challenged to think differently and their top reason for choosing a school is the strength of its academic reputation.

MBA courses should be able to provide cutting edge subjects in response to the job market internationally with a lot of in house research being used as course components.

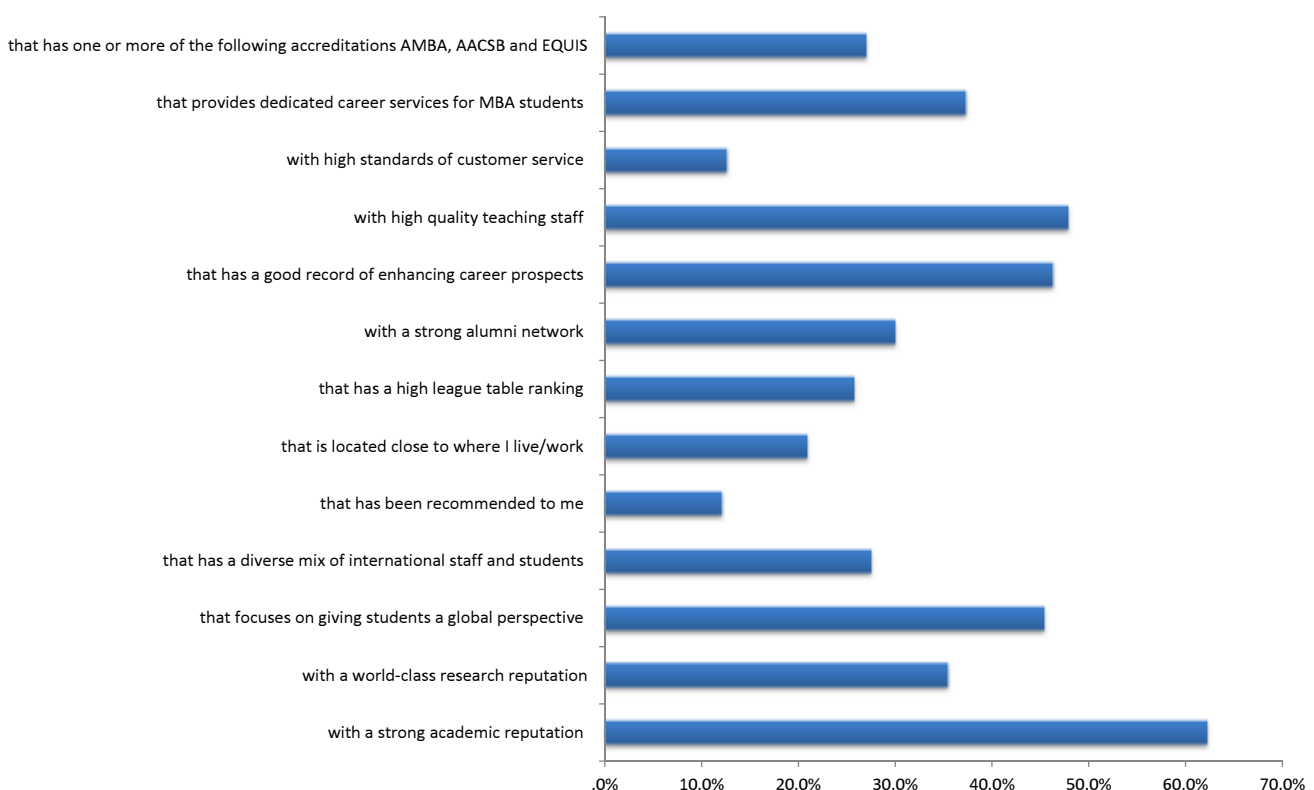
One reason for choosing a business school which stands out in the current study compared with previous years is a focus on giving students a global perspective. Even here, there may be an element of career embedded in this choice as students are increasingly aware that their future may involve working internationally or in a position that involves international business.

Where there is certainty is in the subjects that students want in their MBA. In each year of the study the top three choices have been Strategic Management, Leadership and Managing People and Organisations. Marketing also continues to appear in the top 5, while Entrepreneurship drops from the top 5 last year to eighth.

Less popular is Corporate Finance, once a mainstay of the MBA, it is now only ranked as the 13th most valuable subject with respondents. Ethics, corporate governance and sustainability all remain in the bottom ten out of the 30 subjects listed in the question. Students consistently report that these subjects are of interest, but not as stand alone items, instead they should be embedded throughout the MBA.

I would rather a master of science in finance or any other degree that gives me more technical knowledge.

Figure 2. Factors considered important when selecting a business school



Entrepreneurship has not gone away as a popular subject, but the edge has come off it. Europe seems to have no end in sight for its economic malaise and thus the prospects for starting a new business, and perhaps more importantly, growing a new company, are not as bright as might have been anticipated at this stage in the business cycle.

A year ago, large corporate organizations were recruiting fewer graduates and their reputation was suffering following the demise of Lehman Brothers and negative press around groups such as Enron. Students saw running their own business or involvement in a start-up as a good alternative, especially with the continuing success of tech-IPOs.

Not every business school meets the expectations of a prospective student. Of course, MBA content, cost and potential career outcomes play a large part in decision making, but service and people are also important. One of the key reasons for rejecting a school, chosen by 29% of the sample, is that applicants are not impressed with the people they meet, be that current students, alumni, academics or professional staff.

I am looking for an MBA degree which not just enhances my employability but also opens up a wide spectrum of jobs to choose from.

Figure 3. Reasons for rejecting a business school

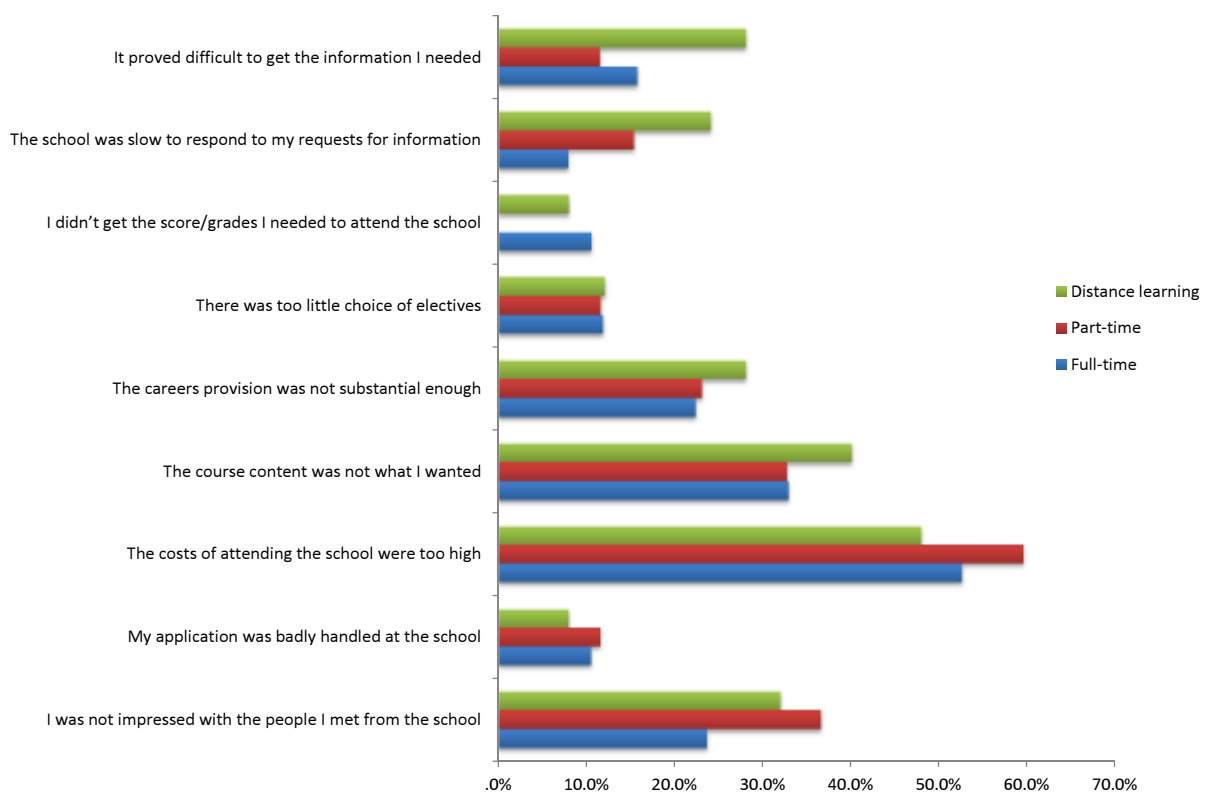
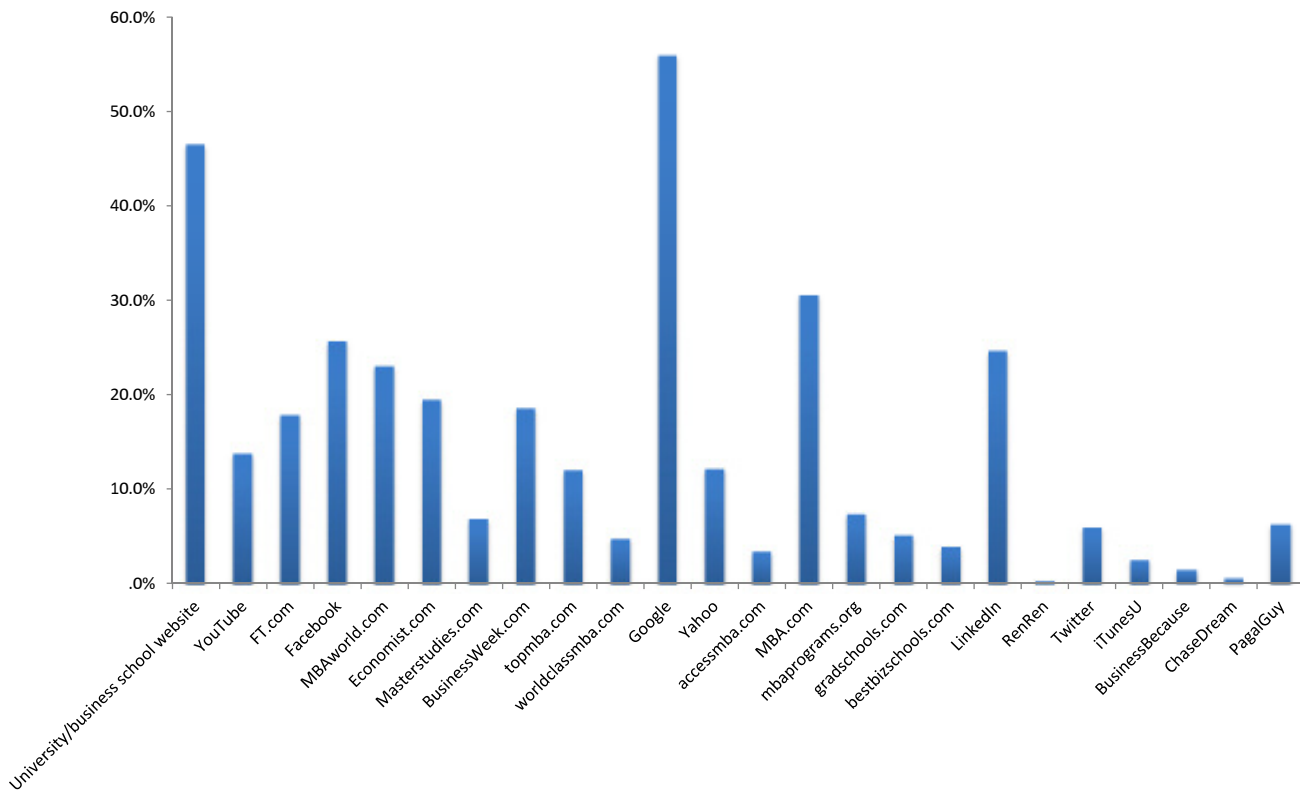


Figure 4. Websites used by respondents when deciding where to study

Service quality is particularly important for distance learning students. While the technology to deliver distance learning has improved vastly in recent years, there is a sense that the selling of these programmes still lags behind more traditional products. Just under a quarter (24%) of those seeking a distance learning programme rejected a school because ‘The school was slow to respond to my requests for information’ and just over a quarter (28%) rejected a school because ‘It proved difficult to get the information I needed’.

The power of people

The power of people is perhaps best demonstrated when potential students are asked what affects their view of the MBA. Four factors are likely to have had the greatest impact on views of the MBA:

- Visiting business schools,
- Working with MBA graduates,
- Meeting MBA alumni, and
- Marketing by business schools.

In other research CarringtonCrisp consistently hear from MBA candidates and current students that any final decision on what and where to study, although often informed by online research, will rarely be made without human contact. With the growth of social media this has become easier with many current students and alumni available online.

A lot of business schools have done a great deal in offering their MBA services however, they should consider the option of establishing satellite campuses in Africa. In my country Kenya, we have only USIU although universities from the UK and US usually visit to recruit students at fairs.

Content and contact are key factors in decision making, but cost and career can be just as important. An expectation of better career outcomes will make students consider paying more than they anticipated for an MBA, along with stronger links with business and industry and support from a business school in finding employment.

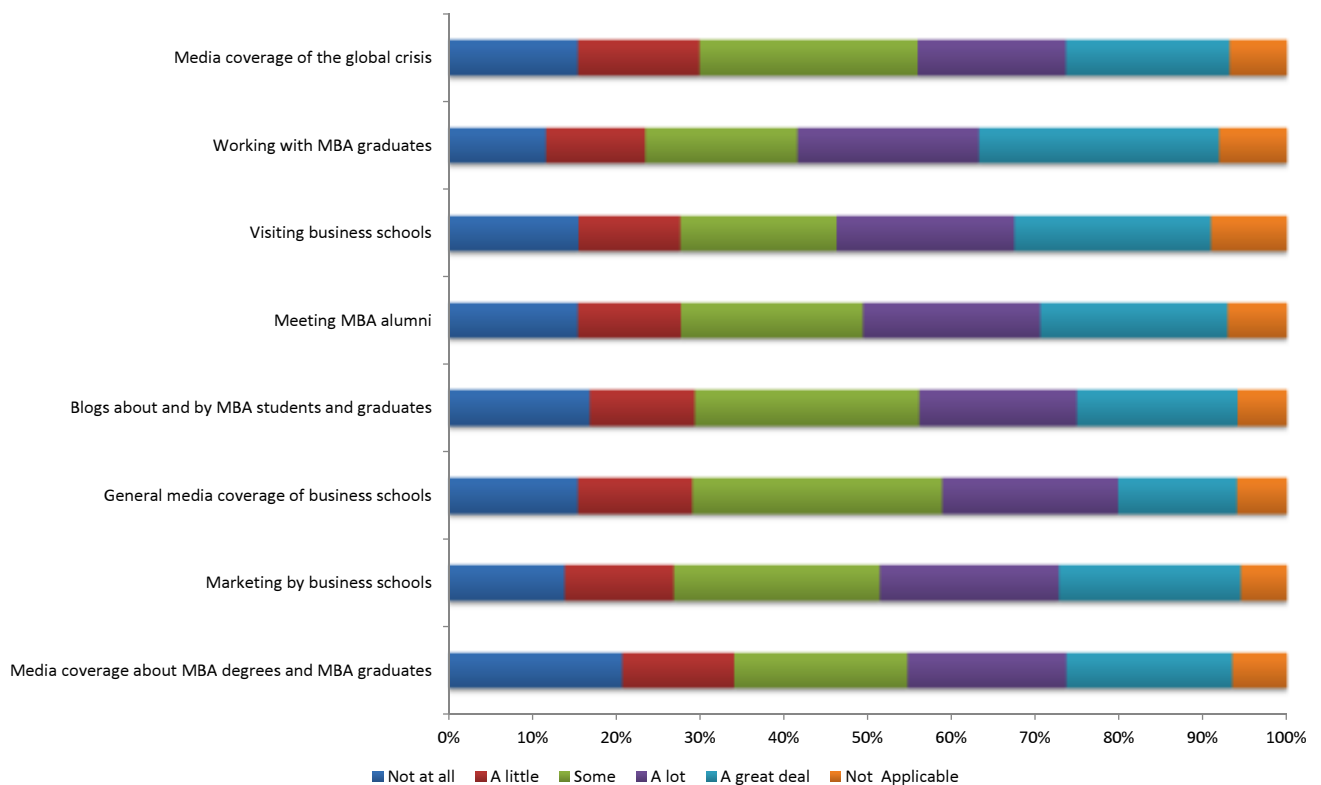
How to value an MBA?

Prospective students are also focusing on value for money, not necessarily measured in terms of fees and cost of living, but instead as likely career outcomes. When thinking about future careers, students were most likely to look for business schools that provided dedicated career services for MBAs and helped them to seek placement/intern opportunities during their studies.

As part of the selection process students will also consider rankings and accreditation, although neither tend to be significant in final decisions. Rankings were described as important or very important by 73% of respondents, while 75% made the same assessment of accreditation.

The Financial Times and BusinessWeek were highlighted as publishing the most important rankings followed by The Times Higher Education World University rankings. The THE World University rankings are particularly important where a business school sits within a university, but is not independently ranked itself.

Figure 5. Factors affecting your view of the MBA qualification



Greater competition in the MBA marketplace has driven many schools to greater marketing efforts, but at the same time there has been a proliferation of marketing tools made available. Choosing the right approach for the audience that a school wants to reach is not straightforward.

Inevitably the web dominates when candidates look for information about business schools and their MBA offers, but there are some changes taking place. LinkedIn has become more popular and runs alongside Facebook, while Google and the business school website are still more important than any other media. Twitter continues to make little impression.

Although national newspapers and magazines have only a slight impact, some have managed to move to an international stage and cannot be ignored – the Financial Times, BusinessWeek and The Economist. People power is emphasised in the enduring popularity of business school open evenings/information sessions as an information gathering tool among prospective students.

The age of uncertainty

In an age of uncertainty it is even more important that schools are clear about their MBA offer. Competition for applicants is more intense than ever and from more places than ever before. If a prospective student doesn't like what they see, the next option is just a click away. If they don't get a quick and professional response to their enquiry, a student will move to another school.

Add to the competitive setting, uncertainty about the qualification and growing interest in specialist Masters, and business schools are promoting their MBA in a tough environment. However, distinctive positioning, innovative programmes and professional marketing, focusing on outcomes and value can deliver a strong and successful MBA offer.

I recently made a decision to study my MBA based on visiting 3 business schools in my area – the biggest influencing factors for me were – how responsive they were to my initial enquiry, the quality and professionalism of their information session, how I felt about alumni and other potential students and the international element.

To take part in the next Tomorrow's MBA study in October 2012 and find out what prospective MBA students expect from your business school, contact us at info@carringtoncrisp.com

International competition is intensifying in the MBA marketplace at the same time as questions have been posed about the future of the qualification.

- What do future students want from an MBA?
- What do they expect from a business school?
- What content do they want in their programmes?
- What relationship do they expect beyond business school?

The Tomorrow's MBA study answers these questions and many more, providing a business school with key information to help them enhance their MBA offer, attracting more, quality students.

To take part in the next Tomorrow's MBA study in October 2012 and find out what prospective MBA students expect from your business school, contact us at info@carringtoncrisp.com or complete the booking form below. Reports will be available for participating schools in January 2013.

**For schools booking before 1 July 2012,
get a £500 discount on the usual price of £3500.**

All prices are exclusive of VAT which, where required, will be added at the applicable rate.

Participating schools receive:

- a market-wide report on the views of prospective MBAs,
- a personalised report on the strengths and weaknesses of the MBA offer at their business school; and
- an on-campus presentation of the survey results.

Name and address of Business School:

Name:

Title:

Telephone Number:

Email Address:

Please accept this completed application form and a cheque or send me an invoice for the amount shown below.

Signature of Lead Contact:

Date:

Please send your completed booking form to: CarringtonCrisp Ltd,
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