

IS THE MBA A WASTE OF MONEY AND TIME?

Alexandra Skinner sat with Dr Wolfs of SBS Swiss Business School in Zurich for their annual MBA talk. A summary of their fascinating conversation follows:

As an educator, reading the respected international and economic press these days only gives you headaches. The headlines relating to Master of Business Administration (MBA) programmes around the world aren't particularly flattering. They typically range from: "An MBA Is No Longer Worth The Investment", to "MBA Schools Closing Due To Lack Of Students".

As the Academic Dean of a business school, I don't deny that we are going through a transformation. This is significant for our industry, since the education sector is traditionally a very conservative and risk-avoidant market. However, if you look at the Graduate Management Admission Council (GMAC) figures for 2016, you can clearly see that the statistics for the executive MBA and online MBA are on the rise. In fact, both programmes have seen application volume growth of 7.5%, with most business schools recruiting their international students from China, India and the USA. The major drive for these students being the career opportunities given in the destination country - in other words, where the business school is located.

China and India boast large-scale populations and lots of young people who want to obtain business skills but cannot always join local universities or business schools due to the stiff competition for places. In the USA, more and more American students want to go abroad, learn different cultures and, eventually, a language in order to return to the US, post-MBA, with a competitive difference.

Political polarisation is also a factor when it comes to students' choosing one country over another.

The Financial Times (FT) recently reported that, according to their calculations, it could take up to 10 years' post-graduation to recoup your MBA investment. They concluded that many may never see the return, which may point to the supposed drop in MBA applicants. However, we need to make an important

differentiation here. Whilst the majority of graduate business programmes in the US reported declines in international applications this year compared to last year (GMAC, 2017), Canada and Europe both reported increases and, despite Brexit plans, the UK also reported growth in international applicants.

It has also been suggested that MBA programmes have been suffering as a result of specialised degrees taking over the market and providing immediate Return on Investment (ROI). So, are specialised master's programmes cannibalising MBA programmes by recruiting younger students and giving them the requisite tools they need now? From SBS Swiss Business School's data, and other international data, you can see that this is not the case. In fact, those candidates who already have a master's degree see this as an entry ticket to the MBA and return to business school to complete an MBA after their master's degree.

Where is all this negative press coming from and is it warranted?

It wasn't long ago that we were under attack for not focusing enough on ethics, then there was the issue of gender equality in MBA enrollment numbers, and now this!

The World Economic Forum stated in a report (2016) that the job of the future, so to speak, doesn't exist today. Business Schools, therefore, are facing a dilemma: we need to educate future generations with abilities and skills, not knowing how industries will transform.

Yes, the future is challenging, but I strongly believe in incremental change. We need to improve our business programmes and delivery models, and thanks to our stakeholders, including the press, who remind and focus us on doing so, we will continue to do so.

So, what's the big picture?

Changing demographics have an impact on the entire world. I have often referred

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to them as a “silent bubble” - one which is already bursting, but which no-one wants to acknowledge. People only notice the changes once they see them in the form of cuts made to their pension funds. However, in the past, technological advancements and demographic changes have led to more job creation.

According to the International Labor Organization (ILO), the world’s global workforce consists of more than three billion people. This means that we need to learn how to integrate older employees into advanced economies, and not only look at labour cost. On the flip side, in emerging markets, we have youngsters without work experience who want to be part of the working world.

The key technological drivers of change are mobile internet and cloud technology, advances in computing power and Big Data, the Internet of Things (IoT), advanced robotics and autonomous transport, 3D printing and Artificial Intelligence (AI).

These technologies are forcing companies to rethink their business models.

What is expected today from employees and leaders?

Good leaders need a set of abilities and basic skills, including content and process skills. In addition, they need cross-functional skills such as social and system skills, technical skills and complex problem-solving skills. These cross-functional skills will need to be learnt via a form of formal education which produces an outcome in the form of a certificate or degree.

In my own experience, and from looking at best practice, business education needs to be practical. This practicality, and the possibility of dual-learning, results in very low youth unemployment in Switzerland. I suggest that people undertake an MBA while they continue to work. This gives you the advantage of applying the theoretical concepts learnt immediately.



What features should an MBA applicant look for when considering a robust MBA offering?

Personalised learning and hybrid models. To maximise the benefits of the programme, you need to look for opportunities to personalise your studies towards your individual goals. A perfect tool for this is the thesis. This should be an individual project focused towards your personal interest. During a good MBA programme you will at some point need to write a business plan. Why not write about that dream or idea you've had for years? Use your professors as consultants and experts. Students who receive a blend of lecturer-directed and inquiry-based instructions achieve the best outcomes.

Cross-industry collaboration. Do you have the chance as a student to interact with speakers and representatives from different industries? Do you have the opportunity to undertake an in-company project? Are company visits and interactions with senior leaders from said companies part of your curriculum? Does the business school have a Business Advisory Board? Does the institution help with career advising and job placement?

Accreditation & Rankings. Here, I have a slightly different view to most business school Deans. The MBA degree has a legal value and a market value. The legal value relates to the legal operation of the business school in your respective country. The market value comes from the specialised business accreditation agencies. The most prestigious ones are US and UK-based. They carry names such as ACBSP, IACBE, AACSB and AMBA.

In regards to rankings, MBA applicants need to consider the following: Is the business school listed in multiple rankings? What is the school's position in those rankings? How many years has the business school achieved a ranking?

Final Thoughts...

The peer pressure from stakeholders in the education industry keeps business schools alive and alert. It forces them to take the aforementioned challenges and opportunities into consideration.

I strongly recommend that talented young managers yet to consider an MBA do so. It broadens your mind, it provides you with a personal network, it offers lifelong learning and, above all, it is worth your time and money.

For experienced managers, reskilling and retraining is part of a lifelong learning process, where content focuses on today's requirements and not past successes.

An MBA does all of this! Keep on having fun learning, and see you maybe in Switzerland!

BIOGRAPHY

Bert Wolfs, Ph.D., is the Academic Dean of SBS Swiss Business School.