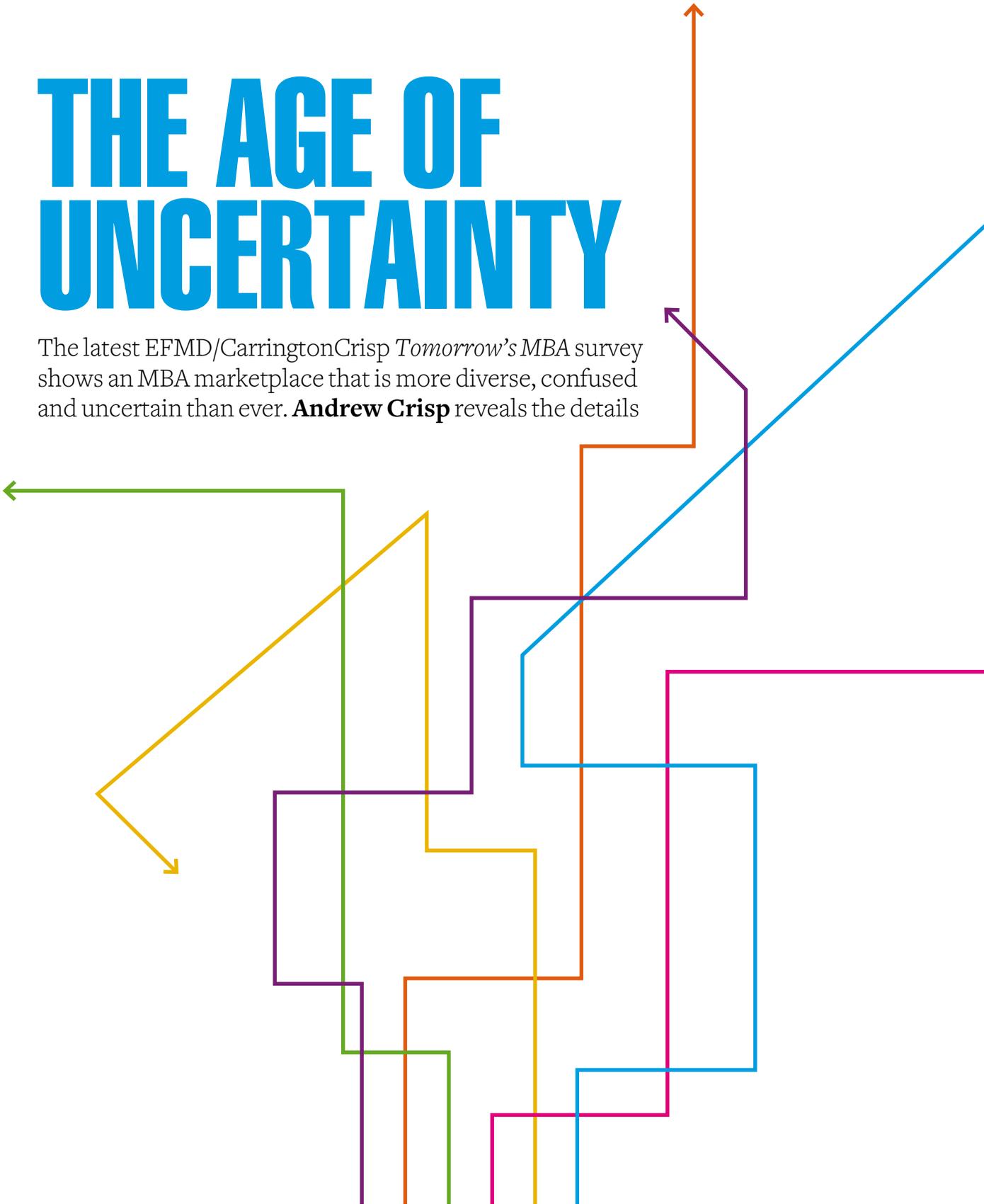


# THE AGE OF UNCERTAINTY

The latest EFMD/CarringtonCrisp *Tomorrow's MBA* survey shows an MBA marketplace that is more diverse, confused and uncertain than ever. **Andrew Crisp** reveals the details



Looking at my Twitter feeds one day earlier this year, I got a sense of the current MBA marketplace. In three tweets there was coverage of the winning entry in the GBSN MBA challenge, coverage of sexism at Harvard and the Dean at Stanford indicating that business schools need to embrace change – and can change.

The MBA marketplace has never been more diverse, confused or uncertain, depending on your point of view. For three years, CarringtonCrisp and EFMD have undertaken a study called *Tomorrow's MBA*, looking at the views of more than 2,000 prospective students around the world to help business schools better understand how the market is changing.

So is it possible to pick trends for tomorrow's MBA? Perhaps.

A desire for lifestyle learning not lifelong. Competition from different providers in different places. New ways of using technology to reach potential students. Greater focus on alumni in recruitment, using stories to differentiate providers. Supplying enhanced career services, including support for business start-ups and entrepreneurs. Revising the curriculum and finding a place for sustainability.

Among respondents to the *Tomorrow's MBA* survey the full-time MBA is still the preference of 48% of prospective students though 34% prefer part-time study and 18% choose distance learning. Blended learning is also the most popular approach to studying for 27% while just 18% choose traditional academic terms and office hours.

The Graduate Management Admissions Council (GMAC), guardian of the GMAT, has also reported that just over two-thirds (67%) of two-year full-time MBA programmes experienced a decline in application volume in 2011 compared with 2010, continuing a trend that began in 2009.

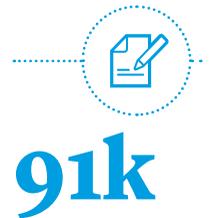
Over five years, those taking the GMAT aged under 24 grew from 58,688 in 2006-07 to 91,028 in 2010-11. Among the 24-30 age group numbers have also grown over the same period (from 114,961 to 124,878) but are down from a peak of 139,144 in 2008-09. The number of test takers over 31 years old has also declined during the same period.

The data suggest a growing interest in lifestyle learning, that is, programmes that fit around a candidate's present lifestyle and, equally, allow him or her to obtain the lifestyle that they want in the future.

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In practice this means that rather than give up a job and take on a full-time MBA perhaps in another part of the world for two years, students are looking for MBAs that offer some flexibility. They want programmes that can be taken over an extended period, perhaps with international components in different parts of the world for short spells, and use technology in place of the traditional classroom experience.

A further analysis of the GMAT test data shows that in 2010-11 only 65% of the tests taken were intended for MBA application. In the *Tomorrow's MBA* report, 28% would definitely consider a specialist masters instead of an MBA and 23% might consider this alternative. Just over half (58%) want an MBA programme with a specialism, preferably finance or marketing.

GMAC also found that specialised masters programmes reported increases in application volume over the period 2010 to 2011. Master of Finance programmes led the trend with an 83% increase, followed by Master in Management at 69% and Master of Accounting programmes at 51%.

Changes in demand are not limited to degree title but also include content. Asked about the most valuable content in an MBA, respondents to *Tomorrow's MBA* 2011-12 chose leadership, strategic management, managing people and organisations, business and financial environment, marketing, and entrepreneurship.

Corporate finance, historically a mainstay of an MBA, has dropped out of the top ten and has fallen in value each year of the study. This does not mean that MBA students do not want to study corporate finance, just that other subjects are seen as more important and, perhaps, more valuable when seeking a job. Corporate finance was undoubtedly important for those seeking roles in investment banks but the number of positions is not as great as it once was and fewer MBA graduates are choosing banking as a career.

At the same time, more students are thinking about starting their own business or joining a start-up or small company. Entrepreneurial skills are much in demand whether in a new business or driving change in established firms.

Delivering careers advice for entrepreneurs is often beyond the traditional careers service. Instead, alumni are being recruited to offer their experience of starting a business and what it takes to be an entrepreneur.

Another change in the careers market is the type of firms that MBA graduates want to join. Universum, the employer brand research firm, found in 2006 that undergraduate business students put three accountants and two investment banks in their top ten of preferred employers, with Google at number four and Apple at nine. When MBAs were asked in 2011 who they wanted to work for, there were no accountants in the top ten and only one investment bank; Google was top and Apple was number three. Also in the top ten were three consulting firms plus LVMH, Nestlé, BMW and, at number six, The World Bank.

The inclusion of The World Bank suggests a change in attitudes among MBAs and is reflected in the growing number of programmes that include sustainability, ethics and corporate social responsibility. Few MBAs want to study these subjects as stand-alone items (there are few jobs for ethicists) but having these issues embedded in core MBA subjects and understanding their application is growing in popularity.

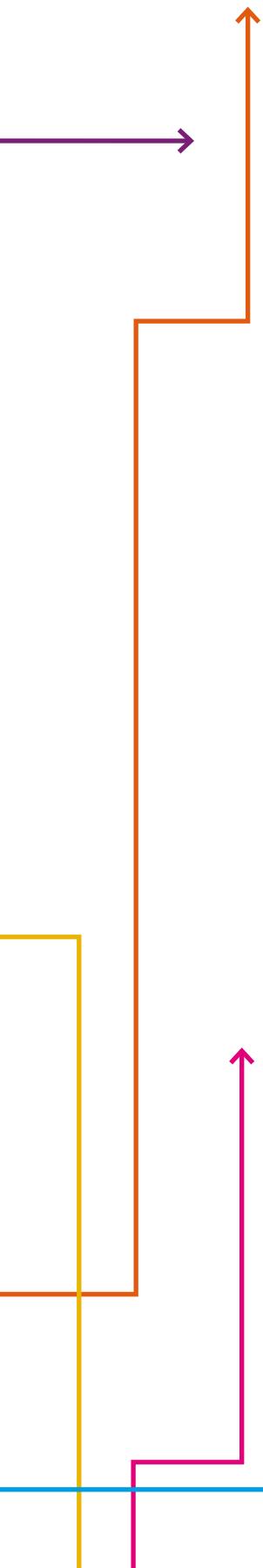
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The top-ranked schools are also changing. The FT Global MBA rankings in 2012 had three Chinese, two Indian and one Singaporean business schools in the top 30 alongside well-known European and American schools. Only five years earlier just one Chinese school made the top 30 and there were none from India or Singapore.

Private firms also have a greater role in the MBA marketplace. The latest development in business education, although not for MBAs, is the entry of Pearson, publisher of the FT, into the marketplace, with undergraduate business degrees backed by a British university. Competition for MBA candidates is intensifying while the total market size for the MBA may be growing very little.

No one would be surprised to learn about the importance of technology in attracting MBA candidates, especially Google and the business school website, but there is much more to electronic communication.

Five years ago when CarringtonCrisp launched its *GenerationWeb* study, the device most widely used by prospective students was still the desktop PC, today it is the laptop with growing use of mobile phones, PDAs and tablets. Although the business school website remains important, increasingly it is the mobile app or the social networking pages that are key to engaging prospective students.

But it's not just Facebook or LinkedIn. For international recruitment, schools need to know RenRen, Hyves, Orkut, Tuenti and a host of other services.

While social networks are beginning to have an impact on recruitment, their greatest impact has been in and out of the classroom as students seek to collaborate in their studies. The 2012 *GenerationWeb* survey shows a year-on-year increase in those using social networks for their studies from 17% to 39%.

This is the generation that ten years ago began sharing on the internet on sites such as Bebo and then moved to Myspace before Facebook and LinkedIn. Collaboration is second nature whether it is fixing party details or researching a project.

For the business school, whether it is offering a MBA or other business degrees, all of these changes can be summed up in the need to be distinctive. Too many schools appear to offer the same. One approach is to make better use of alumni, to use their stories post-graduation to bring marketing messages to life. Focusing on outcomes provides a business school with an opportunity to differentiate its offer in the competitive MBA marketplace.

Alumni are sometimes an underutilised and undervalued asset at a business school. In a new study, *Alumni Matters*, run by EFMD and CarringtonCrisp, few alumni say they would not support their business school and many offer to help with the recruitment of future students. However, alumni want a relationship rather than a one-way flow of money, seeking personal and professional development in return.

In her book *Different*, Youngme Moon, Donald K David Professor of Business Administration at Harvard Business School, says, "difference is a commitment to the unprecedented, which is another way of saying it is a commitment to letting go. Get off the competitive treadmill that's taking you nowhere. Aspire to offer the world something that is meaningfully different – different in a manner that is both fundamental and comprehensive".

If there is one prediction about the future of the MBA marketplace, it is that it will be different from what has gone before. [gf](#)

#### ABOUT THE AUTHOR

Andrew Crisp is joint founder of CarringtonCrisp and has worked with business schools for over a decade, providing market research and marketing support to more than 100 business schools worldwide.