

## A changing management education landscape ushers in an era of programme innovation

**S** elcuk Erencuk, Bertrand Guillotin and Ana Portocarrero analyse why and how masters programmes are developing in the US

In the past decade, specialised masters (SM) programmes have gained popularity in the US. The 2008 global financial crisis added fuel to the growth in SM programme enrolments.

In the aftermath of the crisis, many US business schools were greatly disrupted and responded to the new environment by diversifying their programme offerings.

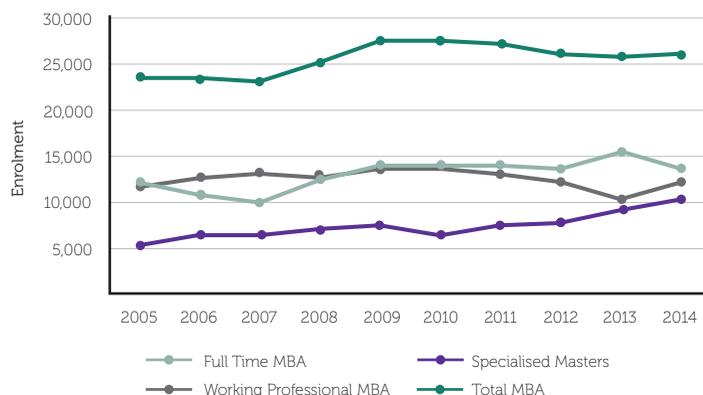
Out of necessity and due to a mature and ultra-competitive MBA market, coupled with reduced funding, US business schools were essentially catching up with their European peers. As seen in Figure 1, from 2005 to 2014, enrolment in SM programmes at 32 of the top 50 Best Business Schools ranked by *U.S. News & World Report* grew by more than 100% from 5,078 in 2005 to 10,256 in 2014.

The EFMD Conference on Master Programmes held at Grenoble Ecole de Management (GEM) in France in late 2014 gave scholars and practitioners from both sides of the Atlantic the opportunity to share their insights about this diversification experiment.

This article will discuss the presentation of two US business schools: University of Florida's Hough Graduate School of Business (HGS) and Duke University's Fuqua School of Business (FSB).

First, though, the US education market for SM degrees in business will be addressed in terms of trends and rationale for its growth. Second, the pros and cons for business schools of this market development will be discussed. Finally, recommendations to business school leaders and administrators will be made so that best practices can be learned and potentially applied.

FIGURE 1:  
**ENROLMENT OF 32 OF TOP 50 US NEWS & WORLD REPORT BUSINESS SCHOOLS 2005–2014**



(1) Figure 1 includes only 32 schools that were in the top 50 of *U.S. News & World Report* rankings between 2005 and 2014 and reported enrolment data.

(2) Working Professional MBA enrolment includes executive and part-time enrolment.



Photo courtesy Duke University's Fuqua School of Business



*One question that intrigues business school administrators is whether or not SM programmes are cannibalising the MBA*

SM programmes are designed for individuals, generally without work experience, who wish to enhance their business acumen and improve their career prospects. These programmes provide students with a more in-depth and focused education that allows them to develop specialised skills sets. SM graduates fill a gap in the employment market in that they are specialists and do not command as high a salary as MBA graduates. In addition, they are typically younger than MBA graduates and are more open to geographical relocation.

One question that intrigues business school administrators is whether or not SM programmes are cannibalising the MBA.

The enrolment trends displayed in Figure 1 may, in general, provide some support to the cannibalisation question, at least for the 32

business schools included. Figure 1 indicates that for the 32 schools over the past decade, total MBA enrolments stayed more or less level while SM enrolment grew significantly.

Whereas European business schools have been offering SM programmes for decades (the MBA market never really developed on the Old Continent), their US counterparts were late to the game. Maybe the steady growth of domestic applications was sufficient until 2005 or so.

However, it quickly changed as the market reached saturation. MBA applications started to decline and the 2008 global financial crisis sent shockwaves throughout the field of management education.

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A private institution such as Duke University lost 30% of its billion-dollar endowment and suffered significant budget shortfalls for years. Business schools within such a collegiate environment have always been the risk-takers and innovators, using academic, professional and market (profit) logics as needed when they needed to adapt.

Additional factors also played a role: demand from individuals without work experience who sought to better their employment opportunities and to fulfil certification requirements, acquire a solid business foundation, become specialists or start their own businesses.

As a result, the Fuqua School of Business at Duke University was among the first to market in its peer group when in 2009 it launched the Master of Management Studies programme. Started with 99 students the first year and priced at the level of undergraduate tuition fees, this programme increased its enrolment before going global and being offered at the Duke Kunshan University (DKU) campus in 2014.

The University of Florida's (UF) Hough Graduate School of Business (HGS) established its first SM programme, the Master of Accounting, in 1960 to allow students to fulfil additional course requirements to be able to sit for the Certified Public Accountant (CPA) exam.

From 1993 on, the UF HGS expanded its SM portfolio to include programmes in information systems and operations management (MS-ISOM), real estate (MSRE), international business (MIB), entrepreneurship (MSE) and finance (MSF).

In addition, UF offers a generalist MSc in Management (MSM) programme specifically designed for individuals without a business background.

As shown in Figure 2, in the past decade (2004–2014) enrolment in HGS SM programmes has grown by more than 55% from 1,247 students to 1,940 students.

The UF undergraduate student population is an important recruitment source for the HGS SM programmes and accounts for the majority of their enrolment.

These programs have created partnerships with departments across campus to recruit students, including a successful combined bachelors/ masters degree programme option. Employment opportunities for domestic students (US citizens and permanent residents), especially in accounting, finance, real estate, and information systems and operations management, have been excellent.

Clearly, there are more pros than cons with SM degrees.

The pros include additional million-dollar revenue contributions to a business school budget, greater absorption of fixed costs (economies of scale), wider market reach and ability to meet recruiters' needs, expanded and diversified alumni population, greater employment opportunities for graduates (without work experience), a greater in-depth and focused education (most MBA degrees are generalist).

The cons include the risks of brand dilution, confusion in the market place about the identity of a business school, as well as possible cannibalisation between products (MBA vs. SM).

But these risks can be mitigated by 1) educating the business school customers (students and employers who hire them) and 2) training the staff to address both student populations adequately, especially in career services.

# 55%

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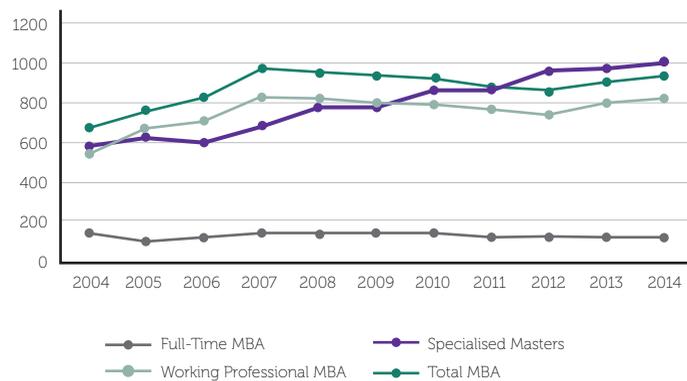
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**FIGURE 2:**  
**UNIVERSITY OF FLORIDA'S HOUGH GRADUATE SCHOOL OF BUSINESS**  
**ENROLMENTS 2004–2014**



We have additional recommendations below that we would like to make:

### Top five recommendations

- (1) Segment your market carefully so that there is no cannibalisation between MBA and SM
- (2) Maintain clear boundaries by restricting access to MBA classes to MBA students only and limiting the number of electives that MBA and SM students take together
- (3) Help define faculty expectations and pedagogical approaches for SM vs. MBA students
- (4) Create partnerships with undergraduate programmes at your university since a significant portion of your enrolment will come from your own undergraduate population
- (5) Expect more SM international students who require different approaches from the admissions process and student services standpoint throughout their programme

Once again, business schools have risen to unprecedented challenges (such as the financial crisis) by proving that they can adapt to their market environment, complex and competitive as it may be.

The growth of SM degrees offered by US business schools in recent years confirms that insights can be derived from peers on the other side of the Atlantic. As such, the 2014 EFMD Conference on Master Programmes at GEM was not only interesting as an exchange of insights but also proved to be a valuable and timely forum to explore best strategic management practices.



Photos courtesy Hough Graduate School of Business

