

Speculations on the Future of Graduate Management Education

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The current state and future direction of graduate management education is examined and reviewed. Challenges and opportunities are identified and discussed. The paper concludes that graduate management remains and will remain relevant to the needs of business and society at large but also points to the need for business school's to become ever more responsive to the rapid changes occurring in the business environment.

INTRODUCTION

When business first took hold in the United States, formal management education was virtually nonexistent. Early in the 20th century, however, major universities were beginning to recognize the need for a formal education process that helped the working or aspiring professional manager to develop his skills. The growth of formal management education within universities accelerated in the second half of that century. Since that time, providers of management education have continuously sought to improve their programs and produce professionals with the skills necessary to succeed in the competitive world of business.

A Brief History of Management Education

From the onset of the industrial revolution, much of the knowledge about the world of business was passed along from one professional to the next through informal training, apprenticeships, or by trial and error. During the first half of the 20th century, professional business managers with formal education were a rarity in all settings. Those formal management education programs that did exist focused their curriculums narrowly on accounting, the law and the "language of business," as these topics were considered most important for corporate deal making at that time (DeAngelo, DeAngelo & Zimmerman 2005).

Following WWII, university-based business education began to center more on the development of functional and practical skills. In fact, it was not uncommon for business students to study drill press operations up until the 1950s. However, post-war economic growth increased the demand for a more comprehensive survey of managerial competencies in the business curriculum (Bennis & O'Toole 2005).

In the 1950s and 1960s business faculties rebranded themselves from schools of commerce to schools of management. This change represented the elevated view of management in academia and industry, as well as the growing body of management research in functional disciplines that differentiated vocational

and career colleges from more rigorous academic programs. In this migration to a more academic perspective the role of theory in the classroom began to edge out practical application in support of a more conceptual and strategic perspective that replaced the more mundane and less challenging shop floor focus of the past. By the 1970's and 1980's the landscape of management courses in the college catalog began to reflect a focus on the general manager and the larger organization. This transformation resulted in such changes as courses in Human Resources Management being replaced by Organizational Behavior, Sales being replaced by Marketing, and Data Processing replaced by Management Information Systems. Areas of study such as retailing and manufacturing were eclipsed by more strategic topics of study as strategy and globalization.

Since the 1960s, there has been an explosion of demand for business degrees at both the graduate and undergraduate levels, driven by the growing professionalization of business management and the ever-increasing need for such professionals among businesses (Pfeiffer, Jeffrey & Fong, 2002). Though the primary focus was initially on the undergraduate student, business schools soon realized that the market for both graduate and undergraduate management education was rich and inviting. The Master of Business Administration became the imprimatur of basic business competence that set ambitious business managers apart from the rest. This essential degree established a standard of professional competence based upon functional, strategic and interpersonal mastery.

Whereas students in undergraduate business education programs had only minimal experience in the business world, students participating in MBA programs were assumed to have enough work experience to approach the course material on a more sophisticated level. While the undergraduate student viewed marketing, finance, business operations and strategies from a theoretical perspective, the MBA student came to the classroom with several years of personal experience in those very fields. An MBA student could challenge the faculty and enrich the learning experience of other students with stories of his or her successes and failures, while an undergraduate student could only imagine practicing in the real world. Thus, each degree served its own unique and essential purpose.

Traditional full-time MBA programs were originally designed to cater to students who had modest practical work experience in the field of business, usually 2-3 years, who were able to spend two years as full time students. Part time programs evolved out of night school delivery models that were originally aimed at the employed professional seeking specialized knowledge to augment job competencies or to facilitate a job or career change. The part time student needed convenience and flexibility to manage the variably changing demands of a heavy or light course load depending on the competing pressures from work and family without enduring the high opportunity cost of pausing a career that a full time graduate management degree program would necessitate. The desire to flexibly balance work, school, and family remains a primary need of the part time graduate student today.

The Executive MBA, which was created by the University of Chicago in the 1940s, also began showing up in various forms nationwide after the Second World War. This degree became widespread in response to the pent-up anxiety of the mid-level manager who self-identified a need for a competitive edge to advance his or her career and who sought the knowledge and skills to more quickly advance into more senior management. Competitive firms began aligning with leading universities to send high-potential employees to these programs as a reward for their past performance and a demonstration of mutual commitment, and EMBA programs thrived on the generous tuition reimbursement policies of their sponsoring organizations.

EMBA programs were originally billed as a three-way partnership of the working professional, his employer, and the business school. The core of this partnership model persists today even though the role of the employer in this partnership has been greatly diminished as tuition support has evaporated and the notion of employee-employer loyalty has given way to an at-will employment mindset.

By the late 1980s, the EMBA market had developed so much that the demand for seats in selective programs far outweighed the supply. Dr. Ernest J. Scalberg of UCLA soon observed that an increasing number of younger working professional applicants with only 5 to 7 years of work experience were not being properly served by the EMBA model, but did not want to engage in a part-time program that could take as much as five years to complete. In response, he created the Fully Employed MBA (FEMBA)

model, which was an EMBA-like lock-step cohort with service features built in. The FEMBA provided more elective options to students and targeted applicants with an average age of 30. In the decades that followed, the FEMBA overtook the EMBA by preempting the demand (Scalberg, 1988).

During this period of MBA brand extension the core curriculum shifted from a design based upon areas of concentration (e.g., Marketing, Finance) to a broader generalist approach. In *Management Education and Development: Drift or Thrust into the 21st Century?* (1988) Lyman Porter and Lawrence McKibbin challenged the current structure and focus of management education and advocated for a more global and strategic focus in the curriculum. They further maintained that senior level MBA students were disadvantaged by pursuing a degree track that focused on a specific functional area because the time spent obtaining a functionally-focused graduate management degree was better spent expanding their knowledge breadth across an array of functional disciplines instead of just augmenting one area of study.

Because not all individuals who desire access to current research and the best business practices are able to participate in long-term programs, a demand for shorter, more targeted programs developed. Business schools aspired to be the preferred provider of management education for all types of students, including those interested in non-degree courses. However, they were constrained by the limitations of an academic faculty with no practical experience in the business world, as well as their unwillingness to invite non-academic professionals to act as instructors. In response, companies in the industry began offering customized programs to their employees that focused on topics such as leadership, cross-cultural negotiations, strategic planning and other important business issues. Thus by the end of the 20th Century graduate management education had evolved into a complex array of degree and non-degree programs targeting different audiences and using different modes of delivery.

A TAXONOMIC OVERVIEW OF MANAGEMENT DEGREES CURRENTLY AVAILABLE

Academic Programs

The Traditional MBA

Traditional full-time MBA programs were originally designed to cater to students with modest work experience. In these programs students earn MBA's in a functional specialty, such as marketing, accounting or finance, that provides a point of entry into the management profession and helps to brand each student as he or she launches a career. The part-time MBA program emerged soon after full-time programs became popular. Part-time programs exist to provide an educational option to working professionals who wish to remain employed while pursuing their MBA credential.

Executive MBA

Executive MBA programs are designed with a comprehensive curriculum that results in a general MBA degree, as opposed to the specialized degrees offered by full-time and part-time MBA programs. EMBA programs assume that working professional managers already have a functional identity and, therefore, can benefit more from a comprehensive degree that focuses on developing leadership skills.

Executive Education

Executive education programs are typically structured as open enrollment programs or customized training. Open enrollment executive education programs are broadly advertised and target the general public. Custom programs are designed for specific organization following a needs assessment. In either case, executive education courses rarely accrue credit hours that would count toward a degree. When best leveraged within the business school, executive education programs become the working R&D platform for innovation. Programs and courses offered under executive education can be tested, and data can be gathered and used to foster continuous improvement within the school as a whole. In addition, aspiring faculty can practice their craft in executive education courses before teaching a more demanding course in an MBA, EMBA or FEMBA program.

Continuing Education

In addition to MBAs and executive education, many business schools also provide foundational skill development certificates earned through continuing education. In many cases, continuing education programs are more aggressive about building external relations with local businesses. Continuing education programs also tend to be more sensitive to the professional development needs of lower and midlevel professionals.

Hybrid Programs

Some universities also offer programs tailored specifically to individuals who want to use their MBA toward a career in a specific industry. For example, universities may offer MBAs with courses that focus on the law, technology or the medical field.

Industry Programs

When traditional academic programs are insufficient to meet a company's professional development needs, the company may develop its own managerial training resources. This undertaking can be quite expensive. A precise estimate of the investment in spending on training is difficult to determine because firms differ in what and how expenses are allocated in different firms and in what is considered education and training (ASHE-ERIC 2009). However a mid-range estimate of what companies budget and spend more on employee training and professional development in the United States for 2009 is \$ 125.9 billion (Stern 2011). By way of comparison, state support for higher education at a similar time was \$ 78.5 billion (Lederman 2011).

Corporate Learning and Development

For over two decades, increasing numbers of corporate universities have been developing within large business organizations. Though corporate universities originally aspired to becoming accredited degree-granting organizations, this is no longer the case. Instead, these universities have evolved into a centralized learning and development resource for employees of the organization.

Corporate university offerings include mandatory training exercises, such as those discussing sexual harassment or those required by the Occupational Safety and Health Administration, certifications, customer service training, leadership development, company process training, and other programs that fit the strategic direction of the firm's human capital management and development objectives.

Professional development activities housed in the corporate university typically integrate a custom-designed curriculum centered on strategies employed by the firm. Courses incorporate the unique attributes of the firm's target consumers and product lines. Such programs often collaborate with local universities for certain specialized courses.

Corporate universities' in-house training programs not only develop employees' essential skills, but they may also help affiliate companies in the supply chain to connect on cross-organizational procedures. For example, these universities often develop programs that directly train affiliates on a variety of skills, services and products supported by the firm.

Private Consultants

Some companies in the industry employ private consultants to train employees and enhance their skills. Private consultants can specialize in a broad variety of areas, and they may provide content, assessments, IT solutions, distance learning courses and/or products related to learning analytics.

CURRENT TRENDS IN MANAGEMENT PROGRAMS

Degree Programs

MBA programs tend to enjoy greater success in today's market when they are shorter. Students know that they can finish the program quickly, and are therefore more motivated to enroll, in part because their opportunity costs are lower for shorter programs. Programs are also more successful when they are

flexible. Many students are balancing work, family and school, so convenience is extremely important. Furthermore, students are more likely to enroll in a program that is customizable. Students are more motivated when they can choose multiple electives, as doing so allows them to exercise control over their own destinies. Finally, when students choose programs, they tend to look for those with accreditations from the AACSB or ACBSP, which assure at least a minimum level of quality and are recognized as indicators of quality by corporate recruiters.

Programs tend to produce the most successful students when they practice a restrictive application process. For example, schools may use the Miller Analogy test, GRE or GMAT to screen students before admitting them. Such selective admissions may suggest less about the programs than about the preparation and intelligence of entering students. It is telling that the use of standardized tests are used less frequently in Executive MBA programs where work experience and accomplishments in business are given considerable weight in the admissions process.

Business programs can also increase the success of their students by implementing a curriculum that integrates skill building, theoretical discussion and practical application. Students graduating from such programs tend to be well rounded and equipped for success because they have been exposed to both specific functional business knowledge and skills as well as the way various individual business functions fit together within a larger organization. A combination of analytic skills and capabilities and interpersonal and communication skills also serves graduates well both early and later in their careers.

Non-Degree Programs

Non-degree programs tend to act as a research and development tool. Using these programs, schools test their curricula, allow their faculty to gain experience in the classroom and launch new courses to gauge their efficacy. Most open-enrollment non-degree programs have a focus on tactical content and they help to build relationships in vertical markets. Custom programs, on the other hand, tend to feature strategic, specialized content relevant to a single sector or company. They operate by utilizing existing relationships between the school and its corporate partners.

Flexibility

Today's management education programs do what they can to accommodate students' changing work and family situations. These programs allow students more control over their own learning, and they may even offer distance-learning options when appropriate. Programs are most successful when they can accommodate the traditional student as well as the working professional. This is especially true in executive and continuing education settings. The growing use of e-learning technologies, such as Webinars, online courses, and broadcast or streaming video is another way to provide flexibility for students while also reducing the cost and time away from the job that a residential program might require of participants.

Areas of Concentration

Today's programs may focus on general management, or they may offer specialization. Typical specializations include finance, operations, marketing and sales, among others. Programs that aren't general or functionally specialized sometimes operate under a theme, such as leadership, green business or global business. Yet other programs focus on a specific industry. Typical industries served include professional vertical, consulting, health care, law and technology.

Collaborative Friendships

Students attending MBA programs soon discover that building interdependent relationships with other students is not only useful, but is also critical for success, especially in programs that foster a competitive learning culture. Within this atmosphere, many adult students become dependent on their classmates for support when completing papers, projects, class presentations and basic study activities. These relationships often persist well beyond graduation due to the common bond that develops while the students face the intensive challenges of balancing work, school and demands of their family and friends.

CURRENT ISSUES IN GRADUATE MANAGEMENT EDUCATION

Confusion in the Marketplace

Because EMBA and continuing education programs target similar markets, there is often a "turf struggle" over both content and customer companies. Likewise, confusion exists within the market regarding which program provides the most value when the same university offers both types. The divide between part-time programs, which are increasingly being labeled "Professional" MBA programs or "Fully Employed" programs, and Executive MBA programs has also become murky as programs admit younger, less experienced students to Executive MBA programs to fill the void left by the shrinking of the market for the Executive MBA.

Student Debt

When students choose academic management education, they must typically pay for the program themselves or seek grants and scholarships. If a student cannot pay on his or her own, student loans are the only other option. Because tuition for these programs can be very expensive, students find themselves in significant amounts of debt after graduation. For this reason, students may avoid this educational path altogether or attempt to acquire a position that will provide reimbursement for continuing education. One reason for the historical popularity of part-time and Executive MBA programs has been the availability of tuition reimbursement programs for employees. However, these reimbursement programs are declining in number and those that remain are becoming less generous. Increasingly graduates of part-time and Executive MBA programs, like their full time MBA colleagues, are taking on debt in order to pursue graduate management education. Even as students have had to take on greater debt to finance their educations many programs have continued to aggressively increase fees and tuition. This is not sustainable in the long term and recent declines in applications to some programs may reflect a growing resistance to both the price of a graduate management degree and a reluctance to take on substantial debt to finance obtaining that degree.

Return on Investment

University MBA programs focus on developing skills that are deemed critical by the university's faculty. However, these skills are not always the same skills that are important to the typical corporate firm. As the true consumers of management education, students know that they are the ultimate beneficiaries of the educational process they choose because they are able to use the new credential in order to obtain a promotion at work or a new job (Pfeiffer & Fong 2002, 2003). There has also been growing criticism of the MBA by business school faculty who increasingly question whether the degree is producing graduates with the necessary skills to be successful managers (Bennis & O'Toole 2005, Connolly 2003, Datar, Garvin & Cullen 2010, Mintzberg 2004). As a result, there is a growing need in both academic and industry-related management education programs to allow each student to chart an individualized course for lifelong learning that takes into account his or her strengths and deficits as well as their needs for career success as managers. Otherwise, the student's investment in the educational process is not sufficiently rewarded and the value of a graduate management degree will be diminished in the eyes of prospective employers.

Need for Added Flexibility

In order to participate in graduate level management education, students must invest a significant amount of time and resources. Most adult students must also balance the demands of work and family like with their graduate school commitments. As a result, the current MBA market reflects the need for flexible access to course materials, faculty, peers and other student services in order to improve program retention and facilitate degree completion. Fortunately, many current programs are designed so that meeting times, location, technology and other features center on the lifestyle of the typical working professional. Some of these programs even invite spouses and children to social events in order to create an extended family atmosphere that supports the student as a whole. This emerging relationship-centric

approach to management education creates a more humanistic value and creates a sense of unity, as opposed to the antiquated "sink or swim" atmosphere. It also serves to create a genuine learning community that can facilitate the educational experience of the student and extend learning beyond the traditional classroom.

Shelf Life

One of the most common concerns among management students is the expiration of the course content. Though some topics, such as basic accounting and statistics, have an indefinite shelf life, others are constantly changing. For example, technology, international business and industry-specific strategies and regulations change on a regular basis. While it might be assumed that business schools within research universities would have a competitive advantage and take a leadership role in updating management education, the reality is that much of the research in research oriented business schools is not focused on industry needs. This does not mean that the research that is conducted is irrelevant. Indeed, much of it does eventually find application in management practice. Rather, it suggests that research oriented business schools, or any business school for that matter, do not fill the critical role of updating management skills in response to the immediate needs of practicing managers and the firms for which they work.

Thus, the ultimate responsibility for updating management topics with relevant information lies either with each individual learner or with their employer. The reality is that many employers have neither the resources nor the expertise to provide such updating. One of the primary challenges faced by MBA programs is that students rarely understand that they must assume ownership of the learning process after the program ends. Unfortunately, the act of graduation tends to send a signal of finality and closure that often deactivates the student's quest for knowledge. Successful graduates will either figure out the need for such continuing education on their own or they will graduate from programs that inculcate the need and ability for continuing education as part of graduates' skills and career planning.

One means by which business schools can extend the shelf life of their MBA programs is by building bridges to alumni in hopes of perpetuating the relationship between the student and the institution. Offering alumni supplemental instruction in the form of seminars, refresher courses and exclusive access to executive education programs is one way to make a graduate business experience a life-long experience. These resources also serve the critical need of the ambitious careerist – relationship building and networking. Alumni events broaden the former student's network across programs in a setting that supports skill enhancement and professional growth.

“Soft” versus “Hard” Skills

MBA programs are constantly seeking to balance soft skills, such as leadership communication and management of change, with hard skills, such as finance, risk analysis and optimization. Though most firms prefer management professionals with a mixture of soft and hard skills, they don't agree on what this mixture should be. Thus, for MBA programs, finding a balance that appeals to a large number of firms can be quite challenging. In fact, students and businesses often make distinctions among different MBA programs based on how they choose to balance these skills. It is also often the case that the hard skills are more important early in a career and the soft skills become more important with experience and career advancement. Hence, many Executive MBA programs, which serve a more experienced student, often place more emphasis on strategic thinking and leadership.

Because the goal of an MBA program is to create a professional qualified to work as a general manager, a healthy balance between these skills is essential but the relative import of these skills changes over the course of a career. This need for balance distinguishes MBA programs from the more specialized functional management programs, which typically focus on technical skills. In fact, professionals with master's degrees in specialized areas, such as engineering or more relevant to business, accounting, financial engineering or marketing research, may benefit from pursuing an MBA in order to advance into general management.

Globalization

The phenomenon of globalization creates a unique and unanticipated problem for business schools. Prior to globalization, U.S. business schools needed only to focus on business trends in the United States. However, the rise of globalization has quickly connected businesses in the U.S. to those on other countries, thus making it necessary for business schools to incorporate international business strategies and theories into the curriculum. A common education strategy is to offer an “international” experience to students, often at the option of the student and to include courses in the curriculum modified by the terms international or global, such as international finance, global marketing or just international business. The problem with these approaches is that the experiences and courses are often isolated and not integrated into a larger perspective. It is also critical that the classroom include international students. Fortunately a U.S. business degree remains attractive to students from around the world. The key is to create within a business program a microcosm of relevant international markets and work forces.

Faculty Shortage

Many business schools lack a highly qualified faculty. The shortage of business faculty, in general, is well documented (Gardiner 2011, Hawawini 2005). However, the generic shortage is exacerbated by the even smaller number of faculty members with significant business or management experience. Many faculty members tend to be well versed in business theory but inexperienced in the actual business world (Bennis & O’Toole 2005). While there is a growing willingness in many business schools to the idea of incorporating business professionals into their faculty, driven in part by the shortage of faculty, there is also huge variability in the qualifications of such individuals. There is a vast difference in an entrepreneur who has had modest success in a small business and the CFO or CMO of a multinational corporation. There are also vast differences in the willingness and ability of a successful senior manager to adapt to the collegial environment and community of learning that characterizes a university-based business school.

Technology

As technology continues to develop and students rely ever more on it for learning, business schools have begun to adapt their instructional methods to the needs of the tech-savvy student. However, there has been enormous resistance by faculty to the use of these technologies. When faculty members are not experienced in using relevant technologies, incorporating technology into the curriculum is challenging. In many business schools there are few incentives, and often significant disincentives, for faculty members to be innovative in the use of course delivery technology. But faculty members are not the only ones skeptical about the ability to deliver a high quality graduate education experience using any modality other than the traditional classroom. Students and employers are also skeptical. This is both unfortunate and problematic because research has clearly demonstrated that the classroom experience can be replaced by alternative technologies in many cases.

Competition

The graduate management education market is competitive. Business schools must find ways to build up their school's brand and attract students and corporate partners in order to maintain a long-term position within the industry. There has been an increasing flight to quality with students applying to fewer but better schools. The shortage of qualified faculty has created “have” and “have not” tiers of graduate management programs. The “have not’s” are increasingly unable to compete for students and have difficulty placing graduates. This problem is further exacerbated universities use of the revenue generated by business programs to subsidize all manner of other programs. These subsidies, which reduce the ability of business schools to invest in themselves, typically go to fund low enrollment programs that produce graduates who are unemployable. This is not sustainable over the long term but does raise the question of whether the future of graduate management education resides in universities. The decoupling of business schools and universities, which have much to offer to business students, would be an unfortunate consequence of universities’ refusal to prune irrelevant and financially draining programs.

Changing Demographics

In the past, students were primarily male. Most business professionals were male, so females rarely entered the business school. Today, however, business students are overwhelmingly female. In fact, more than 60 percent of current undergraduate business students are women. In addition, many students are single parents with family responsibilities and a need for flexibility. They are more demanding when it comes to their educational products, and they focus on price and convenience when choosing a program. Today's student is looking for the WIIFM ("What's In It For Me"), and they want to be sure that they will receive a good return on their investments.

Supply and Demand in Management Education

There is a fundamental push and pull in the underlying curricular design of many graduate management programs. This can be characterized in terms of supply side versus demand side. In the case of the MBA, demand is driven by the individual student seeking to gain a competitive career advantage by earning a master degree in business and employers who seek capable management talent. Perhaps even more important an educated managerial class will feed community economic development goals, generate more jobs in the region, and purchase more goods and services with local businesses.

The supply side of the process rests with the university or college and the faculty who own the curriculum for the degree. While content driven by demand is dynamic and responsive to changing market forces, program content driven by supply is static because tenured faculty are entrenched and reluctant to add, modify or remove core curriculum content without engaging in a lengthy debate typically driven as much by issues of academic territory as concern for keeping the curriculum in synch with a rapidly changing economy.

Consequently, most MBA programs are designed using a functional model that represents the in-place faculty (Bennis & O'Toole 2005). Because business school faculties have little or no formal training in curriculum design other than structuring an individual course syllabus, there is a general reluctance to revisit the full architecture of the degree. Innovation tends to exist around the edges of a curriculum, rather than at the core of the educational mission. Still, the responsibility for academic program design historically rests with a faculty that may approach the topic encumbered with political as well as pedagogic concerns.

The corporate consumer of MBA graduates is keenly aware of the fundamental disconnect between what best prepares an effective manager and what is typically taught in an MBA program (Datar, Garvin & Cullen 2010, Mintzberg 2004, Pfeiffer & Fong, 2002, 2003). A common complaint is that an MBA is often well padded with non-essential esoteric content that does not serve the immediate strategic execution of the firm. Corporate consumers also complain that professors have little or no practical managerial experience or even real work experience outside academia, and that graduates of such programs add little or no real value to the overall performance of the company. A common statement made by corporate firms is that MBA students can solve hypothetical cases, but not real world problems (Pfeiffer & Fong 2002).

The issue of corporate dissatisfaction with university business training impacts support of both MBA and executive education programs. Not only are MBA programs experiencing a drop in applications and admissions but, similarly, non-credit executive education programs are struggling as well. Companies want talented professionals who are ready to execute with little or no on-boarding (plug 'n play), a measurable set of skills that add value to process efficiency and specific identifiable competencies. Corporate consumers of MBA graduates expect their new employees to be able to think, plan and act independently, solve problems with the big picture in mind and communicate across functional sub-cultures. Furthermore, they prefer managers who possess excellent social/emotional intelligence with a dash of a secret ingredient known as "executive presence."

The Student's Perspective on Academic MBA Programs

At the start of his or her relationship with a business school, the student seeking admission to an MBA program finds him or herself on a steep learning curve. The student must evaluate available

programs, make financial plans and negotiate agreements with colleagues at work and partners at home. Full-time programs tend to attract younger students who are willing to relocate, whether it be across the country or even across international borders. Working professional students, on the other hand, are generally captives to their own geographic area and are limited to those programs that are within a reasonable traveling distance or that are delivered through distance education technology. Students with families are further limited to programs structured to minimize the time spent away from home.

Many top tier programs tout national rankings as an indication of relative value, but most business schools must rely upon other reputational metrics to legitimize their value to applicants. These metrics include placement statistics, faculty reputation, cost or special program features, such as international trips.

Accreditation is also confusing to the MBA applicant. Many programs claim accreditation but fail to distinguish between regional institutional accreditation and professional program accreditation. Only a minority of business programs has the AACSB stamp of approval, which is based on relevance and rigor of curriculum, the quality of the faculty and admissions standards. In truth, most applicants have little clear understanding of the importance of accreditation and thus fail to utilize this characteristic in their decision-making process.

In many cases, the final decision a student makes about which MBA program he or she will attend comes down to the connection they feel with the school, the convenience of the program, their perception of the program's value and the cost of the program in terms of time, money, the political risk suffered at work and the emotional pressures of the new commitment.

Once admitted to a program, the new student often discovers that problems arise due to conflicting pressures from spouse and family, work commitments and the competing obligations of study team members and professors. Just when a new student figures out how to make all the gears of his or her overcommitted life work together, a new semester changes everything, a crisis occurs on the job, a spouse starts to wonder about all the time spent away from home with new study buddies and a boss starts to openly question the value of time spent in school instead of at work. During this period of inevitable buyer's remorse, there is a need to continuously resell the value of the program to everyone, including the student himself.

Following the recent 2008 economic downturn, MBA applications declined at an unexpected rate. What was once thought to be a never-ending supply of MBA *students* is now seen in the context of a *customer* who is unwilling to assume the new debt required to enter the program. This customer has seen corporate tuition reimbursement drop to less than 20% nationally and has started to question the fundamental cost/benefit of the degree in the marketplace. Furthermore, these customers worry that the opportunity cost of the time spent in pursuit of the degree may undermine his or her promotability due to lost "face-time" with his or her boss, rather than increase his or her appeal as an employee.

Certainly, financing the increasingly expensive MBA degree is becoming a major stumbling block in a prospective student's decision process. In the past, a student could easily finance the degree with a combination of personal loans, tuition reimbursement from an employer, and/or financial aid. However, program costs have steadily increased, while the recent economic downturn has made it harder to manage the associated debt. For example, a good FICO score is the key to qualifying for financial aid, but many applicants' scores have tumbled in recent years, thus making this option unattainable. Furthermore, older F/EMBA profile students in their 30s and 40s must now weigh the prospect of student tuition debt in a broader context. An adult applicant may well ask, "should I take on additional financial aid at a time when one or more of my children is planning to attend college and will need those same funds for his/her tuition?" The answer is often "no."

Millennial students, on the other hand, are faced with a different calculus. If they are working, they probably do not have tuition subsidy benefits. Further, in recent years, many firms have cut or eliminated in-house training programs formerly offered in their corporate university. The younger worker assumes a different social contract with the company than his older Baby Boomer colleague. The Millennial assumption is one of less dependence on the mercurial beneficence of his company and, thus, more responsibility for managing his or her professional development and learning options. Whereas the older

adult may opt out after weighing the calculus of his personal cost/benefit of paying for a graduate management degree, the younger applicant is more likely to opt in because the opportunity costs are relatively low.

Due to the current fiscal crisis, many state university funding models have reduced enrollment ceilings for public universities resulting, thus resulting in fewer seats available at the tax subsidized tuition price that makes most state business school MBA programs so attractive to students. As a result, self-supporting programs that use no tax monies and charge market rates have emerged as an alternative. This has also narrowed the price gap between private and state institutions, much to the benefit of mid- and upper-tier private colleges and universities.

Re-Emergence of Specialty Degrees

As competition increases in the field of management education, more focus is placed on the quality of the admissions process, curriculum and faculty at each institution. To differentiate themselves, some business schools have focused their efforts on offering specialized graduate degrees, as opposed to a general curriculum. Examples of specialized degrees include Financial Engineering, Marketing Research, Health Care Management, Sports Management, Supply Chain Management, Management Information Systems, Scientific/Technology/Engineering Management and Masters in Accounting degrees.

Though these efforts at specialization may attract a specific group of students, they may have a negative effect in the long term. For example, such narrowly focused programs target a very narrow customer base, as opposed to the broader market targeted by the general MBA. Specialized degrees may also have limited growth potential in certain markets. Such programs may also cannibalize the MBA. They are typically shorter than the MBA degree, which makes them attractive to students concerned about the time, tuition and opportunity costs associated with the MBA.

KEY ISSUES ON THE HORIZON

Ubiquity versus Scarcity

An MBA has historically helped a professional to advance his or her career. However, as more people obtained MBA degrees, the market has become saturated at the very time that many corporations are shedding middle managers. When everyone applying for a position has an MBA, the degree itself seems somewhat obsolete. In such an environment, professionals will be forced to find other ways to stand out from the crowd and compete with other applicants. In addition, many positions simply do not require a graduate management degree and can be filled with bright graduates of undergraduate programs.

Market Value of MBAs and Executive Education

Historically, MBAs were obtained primarily from academic institutions. However, as corporations realize that their view of a quality MBA program is not the same as the perspective of the typical academic institution, the value of such a degree becomes questionable (Datar, Garvin & Cullen 2010, Mintzberg 2004, Pfeiffer & Fong, 2002, 2003). Without integration of the two differing perspectives, it is difficult to construct programs that benefit all consumers involved. Furthermore, the MBA itself becomes devalued in corporate circles, thus lowering the return on investment for students who pursue formal business education.

Even institutions that realize the importance of catering to corporate needs have trouble keeping up with the industry's need for high performance talent. Corporations expect graduates of MBA programs to be skilled, up-to-date and ready to work without further training. However, because the industry is always changing, producing such a graduate can be challenging.

Customization

Business schools often try to customize their programs in order to benefit a specific organization or industry. However, without the help of industry professionals, can the faculty of a business school

actually perform this function with accuracy? If not, is customization really worth the trouble, or should corporations simply create their own in-house programs?

Most management programs also attempt to tailor their programs to suit individual learners. However, it is not yet clear whether this process is truly beneficial to the program as a whole. For example, a program tailored to an individual's strengths and weaknesses may be more rewarding for that particular student, but it may not produce a graduate capable of meeting the expectations and needs of his future employer.

Long-Term Product Support

The shelf life of an MBA in today's ever-changing marketplace is variable. In light of this fact, it is difficult for schools to determine whether they should act as a vendor of a specific educational product or a long-term partner for continuing professional development. Even though some schools attempt to provide former students with support after graduation, few students feel motivated to take advantage of this opportunity. At this time, the most effective methods schools could use to reach out to former students are not clear.

The Un-MBA -- A Blue Ocean Approach

In response to the problems faced by business schools, a movement for alternatives to MBA programs has entered the market. In an ideal world, such programs would be unafraid to be unique, and they would not proclaim to be all things to all people. Instead, they are structured with a focus on the demands of the local market. The "un-MBA" would come with a fully integrated content architecture designed to promote skill mastery. The curriculum would be structured specifically for business professionals without regard to antiquated academic standards. Schools operating under this approach would also offer clear differentiation of MBA programs so that students could easily find the educational path that fits their needs.

Why Business Schools Remain Relevant

Thus far, business schools have continued to remain relevant in spite of the challenges they face. The reason for this relevancy lies in the benefits business schools are still able to offer to their students. First of all, business schools help create career opportunities, both for faculty members and the students they teach. Business schools also improve the quality of life for their students by teaching them valuable skills that they can use to further their careers. Furthermore, business schools provide education opportunities that can benefit all citizens, including those who do not work in the business industry. Business principles are relevant in all aspects of human life, and business schools impart useful knowledge and teach valuable skills.

Looking Forward

The role of corporate sponsors is changing. Companies remain the silent partner of graduate management education and executive education programs, but they are becoming more critical of the product they receive. To retain the support of these corporate partners, business schools must learn to capitalize on the relationship by creating an MBA product that more closely aligns with industry needs. The market is hungry for alternatives to the traditional white bread MBA, and business schools must react to this need.

If corporations aren't satisfied with the programs offered by academic-sector management programs, they are tempted to create their own. Likewise, a student is more likely to study management through programs operated by corporations since the corporation itself will be the student's future employer. In light of these facts, the survival of the business school is contingent upon the health of its relationship with the corporate sector. Without this relationship, the academic business school is unlikely to persist.

RETHINKING GRADUATE MANAGEMENT EDUCATION – THE BOTTOM LINE

The U.S. budget crisis, the rise in unemployment and the fall of the housing market have all led to great volatility within the economy. These events affected business schools in a variety of negative ways. Business schools are now forced to cut their budgets, accomplish more with less money and charge students higher fees. However, because more people are in the market for a career change, this crisis has also created an unprecedented opportunity for business schools to increase their appeal.

Because the business world is always changing, successful business schools must do the same. Constant monitoring of program effectiveness, student retention and graduate success are key components of any successful management education program. In addition, business schools must forge strong relationships with corporate partners and use them to their advantage. Without the approval of the corporate partner, the degree offered by the program becomes less valuable.

Though corporate approval is important, students must approve of a business program as well. Programs must be customizable to meet the needs of an individual student, and they must provide flexibility and convenience for students with other obligations. Faculty members must be up-to-date on the latest business trends and relevant technologies, and they must be willing to coach and mentor students outside of the classroom. They must also be open to changes in curriculum, and they must encourage students to participate in real-world business experiences. Finally, they must be dedicated to producing measurable outcomes, both for students and corporate consumers of program graduates.

Without these measures, the business school simply can't survive in today's world. However, if business schools take advantage of the opportunity before them, they can take hold of the market like never before.

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