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Next destination: The MBA

What's an MBA really worth and who is it for? QUAH CHIN CHIN finds out and explores the options available

AS the financial melt-down wreaks havoc worldwide, dragging economies into recession and forcing companies to slash jobs, there appears to be a silver lining - for the business education industry, at least.



Schools offering Master of Business Administration (MBA) programmes have recorded a jump in applications as the race to boost qualifications begins.

In August, the Graduate Management Admission Council - which runs the Graduate Management Admissions Test, an examination used by almost 2,000 business and management schools to assess the qualifications of their applicants - reported that MBA applications were increasing at the fastest pace ever.

The council's latest survey of full-time MBA programmes found that 77 per cent of business schools saw a rise in the number of applications this year - the highest rate in five years.

The statistics reveal an interesting counter-cyclical relationship between business education and the performance of the economy.

When economic conditions are favourable, potential students would want to work to reap high earnings. The reverse is true in a downturn, which many see as an opportune time to brush

up their credentials and prepare for a more competitive job market when the next boom comes around.

The value of an MBA

The MBA, unlike other more specific Master's degrees offered by universities worldwide, is a generalist qualification designed to provide the knowledge and practical experience for its holder to contribute to the overall running of an organisation.

It remains the world's most popular and internationally-recognised post-graduate qualification. In the US alone, there are more than 90,000 MBA graduates a year, while the UK produces more than 10,000 graduates annually.

Still, some have questioned the true worth of an MBA, wondering if those who have the degree perform better compared with their counterparts without it.

Jeffrey Pfeffer, a professor at Stanford University's Graduate School of Business,

argued in a 2002 academic paper that MBA holders seemed no more successful than persistent business leaders without a degree.

'There is little evidence that mastery of the knowledge acquired in business schools enhances people's careers, or that even attaining the MBA credential itself has much effect on graduates' salaries or career attainment,' he wrote.

Academics and MBA students BT spoke to begged to differ.

'The MBA degree holder will definitely have a significant edge over those who do not have one, as they will possess more relevant and updated knowledge and skills, better networks and are better equipped to lead businesses successfully,' said Chung Lai Hong, director of the Nanyang MBA offered by the Nanyang Business School at the Nanyang Technological University.

These skills, she added, are applicable not only to the consulting and finance sectors, but to any department or industry, including SMEs, government and non-profit organisations.

Felicia Yeoh, a corporate development executive who is pursuing a part-time MBA degree at Singapore Management University (SMU), said that she has been able to apply the classroom lessons to her work. 'I do find myself bringing what I learn to the workplace, and having work experience also helps me relate to classroom situations,' the 27-year-old said.

Doris Sohmen-Pao, director of SMU's MBA programme, believes that an MBA makes 'a big difference' in the thought processes of its holder. 'For example, when you're getting coffee at Starbucks and it's taking a long time, you'll think, how can this be faster? You don't normally do that unless your eyes are opened to the processes behind products and businesses, and that's what an MBA provides,' she said.

The options

Most schools typically require MBA applicants to have bachelor's degrees in any discipline; several years' work experience and good scores in the GMAT and the TOEFL or IELTS examinations for applicants whose first language is not English and who wish to apply to overseas institutions. Having personal qualities such as leadership and interpersonal skills and maturity also helps, according to Prof Chung and Ms Sohmen-Pao.

Before choosing an MBA programme, a potential applicant should first carry out self-assessment based on their objectives and aspirations, Prof Chung said.

MBA.com, a website run by the GMAC, advises applicants to 'only begin to think about the costs and benefits of an MBA degree after you've determined that it will help you attain your goals'.

Indeed, clarity of aspirations and needs is vital, as Ms Sohmen-Pao said: 'The only negative is to go into a programme not knowing why you want to do it.'

Once these goals have been defined, a potential MBA student can start to short-list business schools and programmes that fit their requirements, time and financial resources. This is perhaps the most exciting - yet confusing - stage, given the deluge of choices available.

Key considerations include quality accreditation and rankings of programmes. Most MBA courses are evaluated not only by independent accreditation bodies - such as the Association to Advance Collegiate Schools of Business and the Association of MBAs - but also through various media rankings, such as the Financial Times (FT), BusinessWeek, Forbes and US News and World Report.

FT's top 10 MBA programmes this year include a string of top-notch Western varsities - the University of Pennsylvania: Wharton, London School of Business, Stanford University GSB, Harvard Business School, Insead and Cambridge University: Judge - while triple-accredited institutions include the University of

Strathclyde in Glasgow, Mannheim Business School in Germany, and Grenoble Graduate School of Business in France.

There are also notable names in Asia such as the University of Hong Kong, China Europe International Business School and Singapore's NBS, SMU and the National University of Singapore, along with private institutions.

Accreditation aside, business schools' curriculum, student profiles, teaching faculties and pedagogy, opportunities for international experience, career service support and alumni networks are also important factors to consider, Prof Chung said.

Additionally, potential students should consider programme costs and duration - typically one to two years for full-time programmes and longer for part-time ones. An MBA done locally ranges from \$38,000 for a part-time course to more than \$50,000 for a full-time programme, while a full-time degree overseas can easily hit Â£pounds; 25,000 or Â£pounds; 32,500, although most schools offer financial assistance by way of scholarships and study loans.

Given that an MBA is essentially a self-investment, perhaps it ultimately boils down to the cost-benefit balance, with personal satisfaction in the equation. 'If you're looking to make a career switch, an MBA can give you the opportunity to make that transition,' SMU's Ms Yeoh said. 'You're your best judge - if you think it's time for you to get an MBA, then go for it. That's the best indicator.'