

MBA becomes a safe haven

By Sonia Kolesnikov-Jessop

SINGAPORE
Applications are rising strongly across the board at international business schools offering full-time MBA programs, as the economic downturn prompts many 20-somethings to sit out the crisis by furthering their education.

But with fewer jobs for their graduates, especially in the financial sector, and radical changes reshaping the global economy, business schools are having to rethink their career service offerings, and in some cases their curriculums.

Prospective MBAs have been knocking on their doors at a sharply increased pace in recent months, continuing a trend seen in 2008. According to a report by the Graduate Management Admission Council, which serves leading graduate business schools worldwide, most graduate management education programs received more applications in 2008 than in 2007, with particularly strong demand for full-time programs.

"We're definitely up big on full-time MBA applications, over 50 percent for this year," said Steven DeKrey, MBA program director and senior associate dean of the business school at Hong Kong University of Science and Technology. "We had been on an upswing anyway because of our rising reputation and increased demand for MBAs in Asia, but a 50 percent plus is obviously economically motivated."

DeKrey says HKust is fielding phone call inquiries from financial sector professionals in London and New York. "They're looking to relocate to Asia and they see a business school as a great way to do it," he said. "Some of them maybe have been laid off, but they're also evaluating where opportunities will be and see Asia as one of the best places to locate."

Doris Sohmen-Pao, director of the Singapore Management University's MBA program, also says she has received applications from seasoned bankers — sometimes at banks no longer in existence. "Some have been in banking for 15 years and probably would not be looking around for an MBA if it was not for the economic crisis," she said.

But if full-time MBA applications are up, schools are reporting some fall-out in part-time and executive MBAs. "Historically, economic cycles have slightly different impacts on MBA applications depending on whether you are talking about a full-time program or a part-time program," said William Kooser, the associate dean for Executive MBA programs at the University of Chicago Graduate School of Business.

"In years past, economic downturns usually led to an increase in applications

to full-time programs and a stagnation or even a decrease in part-time applicants," Kooser said. "This year is still a bit early to tell, but initial indications suggest that this pattern will hold."

DeKrey said applicants for his school's part-time MBAs are down by about 10 percent. "I think people are nervous about spending the money and they also want to devote more time to their work," he said.

"You've got to be pretty secure in your job to add a part-time MBA onto your workload and I think that people feel a little vulnerable."

For many executive MBA students, company funding is a major consideration, said George Yip, dean of the Rotterdam School of Management. "There has been some indication that companies will look more carefully at requests for sponsorship," he said. "Some have begun to apply limits to the number of approvals."

"Given that there are advantages to having more qualified managers, there has also been a trend toward more business case-style applications for funding being required, with a firm cost-benefit basis," he added.

Corporate reluctance to sponsor executive development reflects the underlying reality: Demand for MBA enrollment may be rising, but demand for MBA graduates is not. "We're growing at a time when the job market is not growing, so we have to work that much harder," said DeKrey. "This is going to be a very challenging year."

HKust has stepped up its careers counseling and placement effort, appointing a new careers services director with expanded financial resources.

"He's looking at hiring careers coaches, people who can do a little more network building for the students," DeKrey said.

The HKust school is not alone in looking for practical ways to help its students. Reaching out to alumni networks is standard practice; but Insead, the international business school with campuses in France and Singapore, went a step farther late last year, turning to the class of 2002 to share their experiences of graduating during the last economic downturn.

"Previous generations of Insead graduates have also faced difficult job markets. One of them was the class of 2002," said Caroline Diarte Edwards, Insead's director of admissions, marketing and financial aid. "So we asked these alumni to give some advice to the current students, because they really understand what the current job market is like."

Insead has also expanded its careers services division with four new hires in the last five months and is planning another in Singapore, bringing the division's head count to 24, "because students will need more access to advice," Diarte Edwards said.

Sohmen-Pao, at SMU, argues that small business schools are better positioned to address their students' needs because they can afford to offer one-on-one advice. The Singapore school's pioneer MBA class of 45 students will graduate this year, and it is offering a series of career counseling sessions to each student.

Some of the advice is basic, "such as CV writing and interview skills," Sohmen-Pao said. "But most of these fine, finishing touches are not necessarily what other schools with larger MBA enrollments would be able to provide."

"Our careers service is essentially performing the function of an executive search," she added. "Students get much more one-on-one placing, rather than signing up randomly with a bunch of companies."

DeKrey agreed that career coaching

is especially important for students now: "It's not the same thing as career counseling which is more psychological," he said. "Career coaching is having coaches with expertise that can actually educate the students. It's a much more professional input-offering process; it's really adding value to the student's knowledge base."

Many students may have to accept relatively unconventional career paths, away from the favored banking and consulting sectors, and business schools must prepare them for this. "We have to be realistic with them and encourage them to think of alternatives," said Diarte Edwards, at Insead. "If they are very focused on finance, there are still opportunities, which of

course they can pursue; but right now it's a good idea to have a backup plan."

Some schools, including Insead, are modifying their curriculums in response. "We face a different market now than we did before the crisis. Things have changed and they won't go back to the way they were before," Diarte Edwards said. "Governments will play a different role, an increased role in corporates, and it's important for students to understand that. So we're looking to develop content for students to prepare them for that change."

DeKrey says his school is considering, for example, making macro economics a core requirement, instead of an elective, for its MBA: "All of what's happening worldwide is macro," he said. "The inter-relationship of economies, it's a worldwide phenomena, and it just shows the importance of that knowledge base.

"It's somewhat of a specialty — most MBA curriculums don't require it right now — but we think it's essential."