Financial Times Magazine (375264)
van: 30.12.2009 Pagina: 8
mediawaarde: 34760.00
cm2: 808.59

Business as usual?

Business schools in Europe have had a tough year, with serious questions being asked about their purpose and their programmes. *Della Bradshaw* investigates what lessons have been learned

THE PAST 12 MONTHS HAVE BEEN the best of times and the worst of times for European business schools. As the year opened, these institutions became the latest in a growing line-up of suspects deemed to have caused the global recession. Business school professors pondered and debated, but as the year progressed, the spotlight moved on and applications for degree programmes soared, and much of the angst evaporated.

The effects of the recession have been fragmented, with deep rifts growing between the top-ranked schools and those with more local aspirations, and between those institutions that specialise in degrees and those that work closely with companies. For those schools that teach MBA programmes, it has been a tale of the best and the rest, according to Colin Mayer, dean of the Saïd Business School at the University of Oxford. "There's a lot of prestige and kudos in operating at an international level, but the resourcing is substantial. What determines the international success of a business school is the faculty," he says. And top faculty are a very limited resource.

The recession has weeded out players that can no longer stand the heat. Small schools such as Nyenrode Business Universiteit in the Netherlands and the BI Norwegian School of Management in Oslo have put their MBA programmes on ice. Other schools have merged in order to build capacity and compete globally – in France, for example, Ceram Business School in Sophia Antipolis and ESC Lille joined in the past few months to form Skema.

With the Stockholm School of Economics' decision two years ago effectively to close down its full-time MBA programme, only the Copenhagen Business School and Helsinki School of Economics now have full-time MBA programmes in Scandinavia. The problem is the limited ability of Scandinavian schools to place students in internships and jobs outside the home country, says Jason Perrott, marketing co-ordinator at the Copenhagen Business School in Denmark, a country with just 5m people. "This is our Achilles heel," he says. "But we talk to students about this. We let them know the situation. Jobs have been clearly hard to come by this year."

The recession has been good news for most MBA programmes. In the Economic Downturn Survey produced by the London-based Association of MBAs (Amba), nearly three-quarters of the business schools surveyed (73 per cent) expected demand for MBA programmes to rise this year, while, anecdotally, all the top business schools have reported an increase of at least 20 per cent in applications to their programmes.

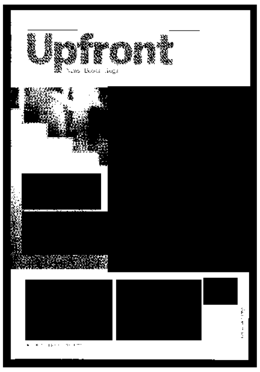
Mark Stoddard, accreditation projects manager at Amba, says although such increases are indicative of recession, what surprised him was the uniformity of the response to the survey. "I felt the recession was so deep and so long that it might be different this time," he says.

Faced with burgeoning applications, top MBA providers have had to decide whether to increase the size of their programmes – and face finding a higher number of jobs on graduation – or be more selective. Insead, which was founded in Fontainebleau 50 years ago, has increased its annual intake from 900 to 1,000 students, making it the largest top-ranked programme in the world. Others have been more cautious. Down the road from Insead, HEC Paris has stuck to its regular class size of just more than 200, says dean Bernard Ramanantsoa. "We didn't want to take the risk of increasing the class size."

All programmes have seen their students struggle to find jobs this year. Most European schools report that, three months after graduation, between 75 and 85 per cent of their MBA students are employed – 10 per cent down on previous years. Those graduating from masters in management programmes, who are usually 22 or 23 years old, have also been adversely affected by cuts in recruitment, though applications have soared too.

Nowhere has this been more true than in France's *grandes écoles* system. Jean-Pierre Helfer, dean of Audencia business school in Nantes, reports more than 6,800 applicants for the 400 places on its *grande école* programme, for example.

The biggest problem this year has been for those schools that depend on short executive courses, particularly open enrolment programmes designed for managers from a range of companies. These are



often the bread-and-butter programmes that finance the schools.

Anecdotally, demand for these programmes has dropped between 20 and 30 per cent across Europe, while demand for customised programmes – those designed for individual corporations – has been less hard hit, showing a decline of roughly 10 per cent. However, things are beginning to improve, says Kai Peters, chief executive of Ashridge in the UK, although it will take time for this to filter through to the bottom line. "What I've seen since September is the re-emergence of the custom client. I suspect this will fill up the dance card for the second half of next year," he says.

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Next year will bring new challenges for European universities in general, and for business schools in particular. The Bologna Accord – an agreement signed in 1999 between European governments to harmonise higher education systems and give compatible degrees – should be fully implemented by 2010. So, out have gone Italy's Laurea, the Netherlands' Docturandus and Germany's Diplomkaufmann, and in have come standardised degrees based on the Anglo-American bachelor and masters system.

The new system has received mixed reviews. A big stumbling block has been the inconsistent division of the traditional five-year European degrees into bachelors and masters. In England, France, Germany, Italy and the Netherlands, governments have standardised on a three-year undergraduate programme, whereas in Spain and Scotland, among others, the undergraduate degree is four years.

The masters degrees in the UK and Spain are also one year, while in Italy and France they usually run for two years, though both countries have specialised one-year masters degrees.

"The situation is quite confused at masters level, between one- and two-year degrees, specialist and general degrees and professional and academic degrees," says Gordon Shenton, associate director of quality services at the European Foundation for Management Development and one of the leading lights on the Bologna reform.

Guido Tabellini, rector of Bocconi University in Milan, believes the process has been a missed opportunity. Standardising on the three-year bachelor programme in Italy and other countries has made it incompatible with the North American system, where a four-year undergraduate degree is the norm. "It's difficult to get into a US PhD programme with a three-year undergraduate degree," he points out. He also complains that having bachelor and masters programmes of different lengths taught across Europe makes it difficult to introduce joint or exchange programmes – one of the aims of the accord.

But the biggest problem is that students and recruiters alike have not yet bought into the new system, says Lesley Wilson, secretary-general of the European University Association. "When students have done a bachelor degree, they have to realise they can study a masters degree somewhere else." And, she says, recruiters have to be educated in recruiting at bachelor level.

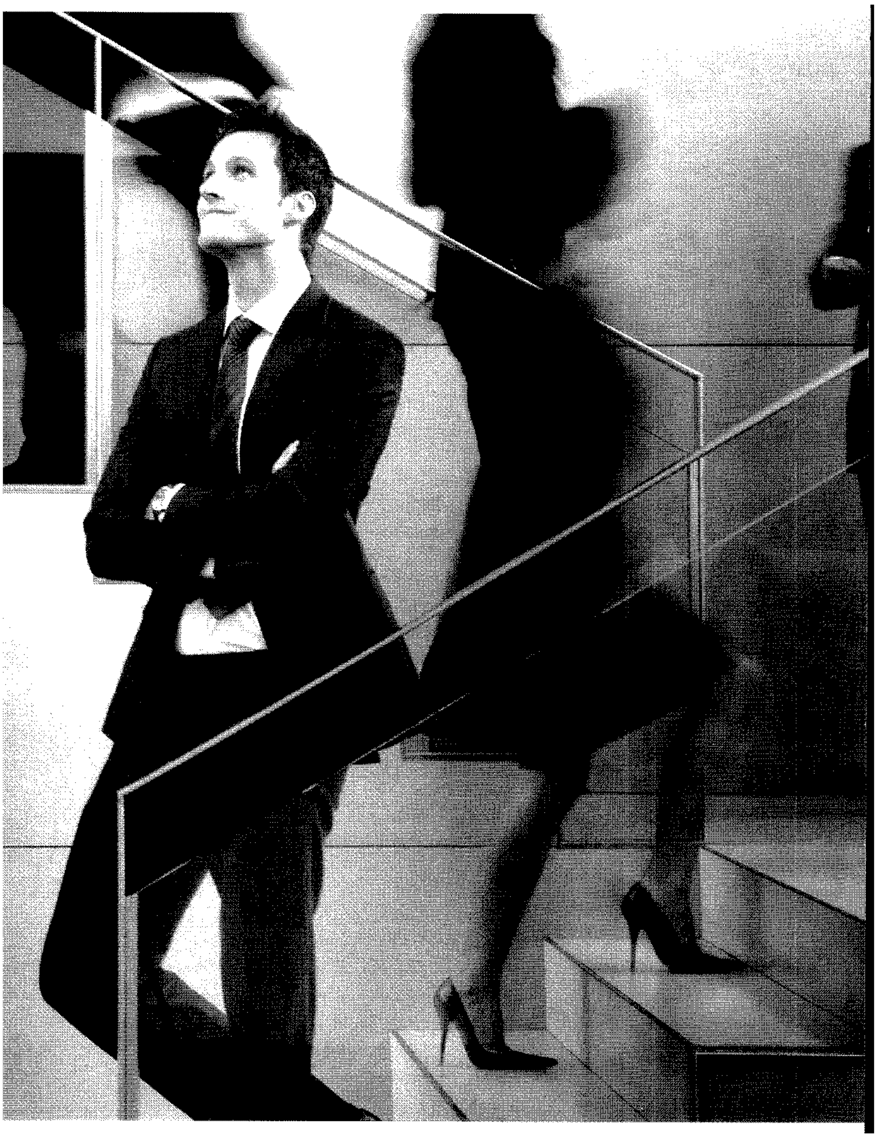
Not everyone is so pessimistic, though. François Collin, executive director of Cems (the Community of European Management Schools), which runs a masters in management degree in conjunction with the top European business schools, says mobility is beginning to happen – particularly in Germany. "The days are over when we had French students from HEC [in the Cems programme], Spanish students from Esade and Dutch students from RSM."

Some countries, such as those in eastern Europe, are trailing the field, according to Shenton. In the UK there are also issues, says Prof Mayer. "I don't think UK universities have embraced the Bologna Accord in the same way many other European countries have," he points out. "But we anticipate that UK masters programmes will benefit in quite a big way."

In particular, he points to Saïd's one-year masters in finance and economics and the proposed masters in law and finance, which he believes will be particularly attractive to students who have studied at undergraduate level elsewhere in Europe.

And while many business schools focus on the details of Bologna implementation, many of the more thoughtful academics are considering whether there needs to be a more fundamental change in the way business schools operate and in what they teach. An optimistic Collin says: "The very interesting consequence of the crisis is that there is a real concern in business education about creating a new vision for business schools, about educating global citizens."

At Ashridge, however, Peters is more sceptical. "I don't think ultimately anything will change. I think it's just one of these seven-year cycles and we'll all go back to where we were." ■



Looking up: will 2010 bring a change in fortunes for business schools?