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Foreign Demand Drops for American M.B.A.'s, Study Finds

By Katherine Mangan

The United States' dominance in graduate business education is slipping a bit as growing numbers of young foreign applicants choose to study elsewhere, according to an analysis

<http://www.gmac.com/gmac/NewsandEvents/GMNews/2009/Nov/How-GMAT-Trends-Shape-the-North-American-B-School-Pipeline.htm> of the number of students taking the Graduate Management Admission Test.

From 2005 to 2009, that important barometer of the demand for business education grew 75 percent in Asia, compared with 25 percent in Europe, 30 percent in North America, and 43 percent in the Middle East and Africa.

Those percentages come from the analysis by the Graduate Management Admission Council, whose test is required for entry into most of the world's top graduate business schools.

The number of students taking the admissions test reached a record 265,613 this year, up 7.6 percent from last year. For the first time, more than half of the test-takers were from outside the United States.

Still, about 80 percent of all graduate business students, both American and foreign, attend programs in the United States. Just over half of those students are American.

But the proportion of test scores sent by foreign citizens to programs at American institutions continued to fall, to 59 percent this year. That was down from 65 percent in 2008 and 75 percent in 2000.

Foreign students, who previously flocked to the United States, may be discouraged <http://chronicle.com/article/Foreign-Graduates-Lose-Job-/47130/> by the poor economy, weaker job prospects, and restrictions on work visas this year.

The "patriotism and chauvinism" of some American politicians "are making it harder to come to this country to study," said David A. Wilson, president and chief executive of the Graduate Management Admission Council. "People are saying, Why bother?"

What's more, he added, "there are many more really good schools outside the United States, and they're becoming very competitive."

The council reports that foreign students, who made up 53 percent of the applicants to full-time, two-year M.B.A. programs in the United States in 2008, represented just 47 percent of applicants this year.

Vinod Nair, who earned undergraduate and master's degrees in his native India, was looking for an affordable but top-quality M.B.A. program when he enrolled at Erasmus University's Rotterdam School of Management, in the Netherlands. While most American M.B.A. programs take two full years, many European ones, like Rotterdam's, can be completed in just over a year.

Mr. Nair, who had worked as a business analyst in the technology sector in India, wanted to assume more responsibility in a global role. "I felt it would be easier for me to get into a top-ranked business school in Europe than in the United States, where competition is very high," he said. The shorter duration, lower cost, and presence of so many students from around the world at European schools were factors as well, he said.

A decline in the number of college-age students in Europe has also prompted European business schools to recruit international students more aggressively.

Getting Stronger

AACSB International: the Association to Advance Collegiate Schools of Business, an accreditor, is working with foreign business schools to beef up their curricula and improve their quality.

As the reputations of overseas programs improve, foreign students have less incentive to travel to the United States to study, business educators note. And when their own countries' economies are struggling, staying closer to home makes economic sense.

"The U.S. is the birthplace of modern management education and still has the highest concentration of quality schools," said John J. Fernandes, president and chief executive of AACSB International. But as a growing number of overseas programs gain stature, U.S.-based programs with global outreach will have more strong partners to team up with, he said.

Douglas Viehland, executive director of another accreditor, the Association of Collegiate Business Schools and Programs, said his group was working with schools in Latin America and India to help them improve and document the quality of their programs.

Rather than pose a threat to graduate business programs in America, Mr. Viehland said, the strengthening of programs overseas gives American schools reliable partners for faculty and student exchanges as well as research collaboration.

In addition, he noted, "it gives students throughout the world a better opportunity to secure a global business education, because they know they can do so anywhere in the world."

The report by the Graduate Management Admission Council noted that about 40 percent of today's test-takers are women. Their numbers are growing more rapidly than those of men, especially in Asia, where they completed 51 percent of the admissions tests this year. However, the distribution varied widely. In Central Asia, which includes India and Pakistan, women made up just 24 percent of the test-takers.