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The MBA Is Dead: Long Live the MBA

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In Search of the Perfect MBA

Over recent decades, the MBA has been one of the most in-demand post-graduate qualifications, despite periodic economic crises.¹ Unlike other specialist programs, which have evolved more elastically or cyclically, demand for MBAs has remained steady, with the exception of some periods marked by special circumstances, like student VISA restrictions,² or during the period

¹As reflected in GMAC annual reports: “Demand for MBA and Business Master’s Programs. Insights and Candidates Decision Making,” April 2019. <https://www.gmac.com/-/media/files/gmac/research/admissions-and-application-trends/demand-for-mba-and-business-masters-programsinsights-on-candidate-decision-making-summary-reportmbac.pdf>.

²J. Moules, “Demand for MBAs Falls for the First Time. Applications for Places in Courses Drops Nearly 7% in the US,” *Financial Times*, February 2, 2021, following international students’ VISA restrictions imposed by the Trump administration. <https://www.ft.com/content/e5c07830-1eb0-40bb-b0a0-f657252ea8ab>.

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marked by the COVID-19 pandemic, although the information at the time of writing points to a recovery.³

Any number of prophets have predicted the death of the MBA over the years, but the qualification has proved resilient. In the wake of the financial crisis of 2008, a debate raged about the role business schools had played in creating the situation, characterized by media coverage such as Businessweek's open forum entitled *Business Schools Are Largely Responsible for The US Financial Crisis. Pro or Con?*,⁴ an article in *The New York Times* asking "if the way business students are taught has contributed to the most serious economic crisis in decades",⁵ as well as the acknowledgement by the then Dean of Harvard Business School, Jay O. Light, that "business schools should shoulder some of the blame."⁶

In short, for a few years, business schools and MBA graduates became a popular target, with criticism falling into three main categories.

- First, that MBAs produce overly ambitious, arrogant individuals whose knowledge is based on theories and perceptions that have little to do with entrepreneurialism or the dedication required of business leaders. Writing in the wake of the financial crash, The Guardian's Peter Walker argued: "Too many MBA programmes, the simplified version goes, draw in young, greedy types with little business experience and indoctrinate them with half-baked management and finance theories, along with an unshakeable belief in their own talents, before sending them out to earn ill-deserved fortunes in investment banking and consulting."⁷ Bob Sutton, Professor of Management Science at Stanford Graduate School of Business, sums up the approach of many of his colleagues: "Most of the models and assumptions they pass on to their students reflect a fundamental belief about human beings: We are hard-wired to be selfish. They assume that it's a dog-eat-dog world, and that humans want and take as much for themselves as possible and to stomp on others along the way."⁸

³ J. Moules, "MBAs Rebound as Prospective Students Flee Worsening Economy. Surge in Applications for Business Schools after Pandemic Hits Employment," *Financial Times*, June 21, 2020. <https://www.ft.com/content/3284265f-993c-4f4d-80c9-419e4f58f2a5>.

⁴ The Debate Room, "Financial Crisis: Blame B-schools. Business Schools Are Largely Responsible for the U. S. Financial Crisis. Pro or Con?" *Businessweek*, November 24, 2008.

⁵ K. Holland, "Is It Time to Retrain B-Schools?" *The New York Times*, March 14, 2009.

⁶ J. O. Light: "Change Is in the Offing," *HBR Blog Network*, May 7, 2009. <https://hbr.org/2009/05/change-is-in-the-offing>.

⁷ P. Walker, "Who Taught Them Greed Is Good? To What Extent Are Business Schools' MBA Courses Responsible for the Global Financial Crash?" *The Observer*, March 8, 2009.

⁸ R. Sutton, "Do Economists Breed Greed and Guile?" in "How to Fix Business Schools," *Harvard Business Review Blogs*, April 5, 2009.

That said, there is a much wider range of MBA programs available now, compared to the days of the masters of the universe caricatured in movies from the greed is good era of the 1980s. At the same time, many innovative companies with leadership cultures far removed from the model of the ambitious executive are actively recruiting at business schools. In addition, a growing number of MBA programs have become benchmarks for training entrepreneurs.

- Second, the salaries once offered to MBA graduates were criticized as counterproductive and excessive, when in reality they simply reflected the market value of MBA degrees.⁹ On the other hand, given the diversity of MBA programs and the breadth of latitudes in which they are offered, as well as the multiple career opportunities they offer, merely focusing on the salaries reflected in the rankings of the best schools can be misleading.
- The third fundamental criticism is the lack of ethics in management education, which is supposedly reflected in the attitudes of MBA graduates.¹⁰ Again, MBA programs have evolved over the last three decades. The majority of them have introduced content related to business ethics and professional deontology into their syllabi. Under the influence of accreditation agencies, rankings and employers, responsibility and sustainability are now included in many subjects, while academic research in these areas has flourished.

There is a strong populist undertone in much of the criticism of MBAs, which contradicts the thriving demand sustained over time, and perhaps should be seen as part of a broader questioning of the usefulness of education. In-company or on-the-job training, it has been argued, is more useful when it comes to finding a job and is much cheaper. This approach forgets that the purpose of the education and training at the core of an MBA is not just to transfer knowledge or develop skills; it is not just about access to employment. It is also about cultivating good global citizens, providing a comprehensive transformative experience, cultivating a worldview

⁹ K. Starkey, "Business Schools- Look at History to Broaden Your Intellectual Horizons," *Financial Times*, October 20, 2008.

¹⁰ Thomas Piper argued that the best way to teach business ethics is not just through a specific course looking at leadership and social responsibility, but by addressing these questions throughout the whole MBA program. First, he says, because "ethical dilemmas arise in all functional areas and at all levels of the organization." Second, because when teachers avoid the subject, "we send an unintended but powerful signal that they are not a priority." Effective business ethics teaching depends in large part on its inclusion across the board as an integral part of acquiring a business education. See T. Piper, M.C. Gentile, and S. Daloz Parks, *Can Ethics Be Taught? Perspectives, Challenges and Approaches at Harvard Business School* (Cambridge, MA: Harvard Business School Press, 1993), p. 127.

in students, instilling the entrepreneurial verve and good management habits. The MBA program can be characterized, as has been said, as the “Grand Tour of the twenty-first century.”¹¹

The Full Value Proposition of the Learning Process and of an MBA Program

Business schools can be characterized as “learning hubs,” institutions that combine physical and virtual space thanks to educational technologies, and that offer educational and training services, together with the development of global research.

Sometimes, when evaluating MBA programs, the focus is mainly on content: the subjects that make up the program, the courses, and credits. The next section reviews this aspect, and the interesting and little-known conclusion is that it tends to be very similar in all business schools.

Beyond content, there are other key elements in MBA programs that can be decisive or add more value from the point of view of the student, the employer, or other stakeholders. These other key elements may include the experience at the program, access to networks provided by the school, as well as the variety of formats and modalities for taking the program. All these factors offer business schools opportunities for differentiation, particularly in our post-pandemic times, when the risk of commoditization is greater and the adoption of hybrid formats has become widespread overnight.

Regardless of the degree students receive at the end of their MBA or master in management, we would argue that what really makes study at a business school worthwhile is the overall learning experience itself, from forming friendships with fellow students, extracurricular activities, or coming to understand and appreciate the values of the institution; these are what set candidates apart in the eyes of potential employers. Needless to say, the type of campus, urban or rural, is also a key factor in how students experience their studies.

In our experience, among the most common reasons candidates mention when applying to business school is access to a network of alumni, head-hunters, in-company contacts, and other institutions. With this in mind, business schools now have teams tasked with maintaining contact with graduates over the course of their careers, wherever they live and work. At the same time as this boosts a school’s cache through association with business leaders,

¹¹ S. Iñiguez de Onzoño, *The Learning Curve. How Business Schools Are Re-inventing Education* (London: Palgrave Macmillan, 2011), p. 150.

it serves another purpose: successful graduates are a school's best way to attract new students. In turn, graduates are likely to contribute financially to their former alma mater. US business schools have been particularly successful in developing alumni networks, building on the long-established tradition of fundraising in the United States. In contrast, European schools' focus on education has meant they often overlook the importance of maintaining contact over the years with their alumni.

The work carried out over the years by careers and alumni departments is now being further developed thanks to the internet and social networks. Business schools are now active on Facebook, Twitter, LinkedIn, and WhatsApp, among others, which they use to organize frequent social events and reunions.

MBA Content and Learning Goals Prior to the COVID-19 Pandemic

Based on the Association of MBAs accreditation criteria, an MBA is “a generalist, postgraduate, post-experience degree designed to develop holistic, innovative, and socially responsible business leaders for high performance organizations in the global market, through the development of knowledge, skills and values required to succeed in complex environments.”¹²

The accreditation body stresses the importance of MBA graduates' acquisition of the following skill sets:

- Critical thinking and analysis of complex data
- Decision-making based on complex information
- Acting with integrity and commitment to lifelong learning
- Leadership and people management
- Cross-cultural abilities and mindset
- Functional knowledge integration and strategic management skills

In October 2020, as part of the Jobs Reset Summit, the World Economic Forum (WEF) presented its *Future of Jobs Report*, identifying the top 10 skills for 2025 and grouping them into four major categories¹³:

¹² AMBA, *MBA Accreditation Criteria*, 2016.

¹³ World Economic Forum, *The Future of Jobs Report 2020*.

1. Problem-solving:
 - Analytical thinking and innovation
 - Complex problem-solving
 - Critical thinking and analysis
 - Creativity, originality, and initiative
 - Reasoning, problem-solving, and ideation
2. Self-management:
 - Active learning and learning strategies
 - Resilience, stress tolerance, and flexibility
3. Working with people:
 - Leadership and social influence
4. Technology use and development:
 - Technology use, monitoring, and control
 - Technology design and programming

In a post-pandemic context, the report further highlighted the value of critical thinking and problem-solving, which top the list of abilities expected by employers in the next five years, along with new skills in self-management such as active learning, resilience, stress tolerance, and flexibility.

When comparing the findings of the WEF's study with the abilities MBA programs are required to develop, it becomes apparent that skills related to technology use and development, resilience, and flexibility are not among the most important. Since such skills are not clearly specified, it should lead MBA associate deans to rethink the core set of abilities their graduates need to acquire for the next normal. Further, the program conventional focus on business administration will need to expand to also emphasize business transformation.

Prevailing Body of Knowledge

As said before, taking an MBA is not only about skills acquisition, but also about developing a broad base of management knowledge as well as a full transformative experience. To identify best practices on curriculum, we have

Table 14.1 Top 10 full-time MBA

Core course	% of programs
Corporate Finance	100
Financial Accounting	100
Marketing	100
Operations Management	100
Strategy	100
Microeconomics	90
Macroeconomics	90
Organizational Behavior	80
Statistics	70
Leadership	60
Business Ethics	60
Managerial Accounting	40
Data Analytics	40
Communication skills	30
Entrepreneurship	20

Sources Financial Times (2020) and schools' websites

analyzed the top 10 full-time MBA programs, as well as the top 10 executive MBA programs according to the FT global MBA and executive MBA rankings, respectively.¹⁴

Tables 14.1 and 14.2 show the percentage of leading full-time and executive MBA programs, separately, which include a certain course in its core curriculum.

As can be seen, whether full-time or executive, the established body of knowledge defining an MBA involves five courses: Corporate Finance, Financial Accounting, Marketing, Operations Management, and Strategy. This is consistent with the conventional focus on integrating functional knowledge and developing strategic thinking that MBA programs have stressed for decades. Still, such subjects are also connected to the problem-solving group of skills for 2025 identified by the World Economic Forum report.

However, when looking at the core courses in both tables, interesting differences between full-time and executive MBAs emerge. While quantitative and theoretical courses are more prevalent in full-time programs, courses on managerial and entrepreneurial skills (leadership, entrepreneurship, talent

¹⁴ Financial Times, *Executive MBA Ranking 2020*. <http://rankings.ft.com/businessschoolrankings/executive-mba-ranking-2020>; Financial Times, *Global MBA Ranking 2020*. <http://rankings.ft.com/businessschoolrankings/global-mba-ranking-2020>.

Table 14.2 Top 10 executive MBA

Core course	% of programs
Corporate Finance	100
Financial Accounting	100
Marketing	100
Operations Management / Supply Chain Management	100
Strategy	100
Leadership	90
Macroeconomics	80
Microeconomics	70
Innovation and Entrepreneurship	70
Managerial Accounting	60
Organizational Behavior	50
Talent Management	50
Business Ethics	40
Statistics	40
Digital Transformation	40
Negotiation	30
Entrepreneurial Finance and FinTech	30
Data Analytics	20
International Political Analysis	20
International Business	20

management) and current relevant topics for business (digital transformation, entrepreneurial finance, and fintech) have become the standard in the executive ones.

The above-mentioned differences might be easily explained by the fact that the people take one or the other for different reasons. Full-time MBA students are typically looking for a career change, whereas participants in an executive MBA want to strengthen their abilities and acquire new knowledge to expand their businesses and for personal growth.

Even though full-time programs usually include a broader portfolio of electives, if we look deeper into the curriculum of the top 10 MBAs, we find that most focus on traditional entrepreneurial and functional subjects and skills, and only half the programs offer electives on technology or digital topics. At the same time, seven out of the top 10 EMBA offer various elective courses covering issues that include technological innovation, digital strategy, big data analytics, AI, and machine learning, to mention a few.

EMBA programs are addressing the knowledge updating required by their participants, which will have repercussions. The COVID-19 crisis encouraged the adoption of digital technology in short order, with organizations and workforces embracing digital transformation as the world looks ahead

to a new normal. Even before the crisis, organizations that were digitally and analytically mature outperformed competitors without strong digital and analytics capabilities; the pandemic only widened the gap.

After the pandemic, professionals and firms that adapt quickly embrace new ways of working, and make digital and analytics a core element of their strategy will be better positioned for the future. Some leading business schools have already introduced elective courses on tech, digital, and data science skills. It's now time to consider including them as part of their required curriculum.

In short, the moment to embrace change, flexibility, innovation, and purpose has arrived, and a few MBA programs have started to offer courses that explore leading in times of ambiguity, strategic agility, and the future of talent and work, in line with the WEF's self-management set of skills. The COVID-19 pandemic has provided the opportunity to enter into the list of core courses of the next normal MBA.

How Mature Is the MBA as a Program?

The traditional business maturity theory establishes that sectors evolve through the stages of introduction, growth, maturity, and decline.¹⁵ This is essentially an anthropomorphic approach based on the assumption that companies and industries resemble humans, a frequent comparison in strategic analysis. While this approach is easy to understand and intuitive, it also has its drawbacks.

Consider, for example, the maxim of John Stopford, creator of the London Business School's strategy department, who refutes this comparison by showing how innovation occurs even in supposedly mature industries, which can often give rise to new businesses: "There are no mature industries; there are only mature companies."¹⁶

Stopford's words are pertinent when we consider the supposed maturity of MBA programs, based on the intense competition between business schools, stable GMAT applications in recent years, the slowdown in the growth of applications in the U.S. market, and the threat of other substitute programs, particularly in new areas related to technology and data sciences.

¹⁵ T. Levitt, "Exploit the Product Life Cycle," *Harvard Business Review*, November 1965. <https://hbr.org/1965/11/exploit-the-product-life-cycle>.

¹⁶ C. Baden-Fuller and J. Stopford, *Rejuvenating the Mature Business: The Competitive Challenge* (Boston, MA: Harvard Business School Press, 1994), p. 3.

The truth, in our view, is not that MBA programs are mature, but simply that there are some mature business schools that have not innovated sufficiently in recent years. In this sense, the pandemic has acted as a catalyst for new programs, content, formats, and learning experiences. There are several reasons to support this view.

- First, if we look at the broad family of MBA programs, which includes executive MBAs, those specializing in particular sectors or disciplines (such as finance or marketing), in traditional or online formats, or even masters in management, we can see that the aggregate market for graduate management programs has grown over the past decade and that the outlook is positive. In addition, new business schools and executive education centers continue to be created, especially in emerging regions.
- Second, there is still plenty of room for growth in mature markets if schools do more to attract women to MBA programs. This is still an issue in many schools, where the percentage of women is still below the average for other equally demanding degrees such as law or medicine. The average percentage of women with MBAs is still very low, although it has grown in recent years (still below 50% in many top schools) compared to other degrees.¹⁷
- Third, there are still great opportunities to internationalize the student body at many business schools. The pandemic has temporarily suspended international student mobility and this has had a significant impact on applications to MBA programs around the world. In addition, social distancing restrictions, lockdowns, and curfews deterred many potential students from pursuing MBA programs abroad during the 2020–2021 academic year, given that they would not meet the expectations described above.
- Fourth, some of the statistics we use can be misleading. Although there has been modest growth in the number of GMAT applications in recent years, many schools around the world use alternative mechanisms to screen applicants, including their own tests, especially in executive MBA programs where experience is more important than analytical skills. In addition, some elite schools have started to accept tests waivers.
- Fifth, the growth of lifelong learning can be expected to generate new forms of MBA programs, multi-modal, with stackable offerings and pathways that build up to a graduate degree. This, together with the impact

¹⁷ Vid. FT rankings, quoted on (14).

of new educational platforms and applications, as well as technology-enhanced learning, will lead to multiple solutions adapted to the personal circumstances of time and place of future participants throughout their careers.

Internationalization Amid the New Normality

According to the model developed by EQUIS, internationalization encompasses four major dimensions¹⁸:

1. Policy issues influencing the whole school, such as having a well-defined strategy for internationalization, the international reputation the school enjoys, and having international representatives in its governance system.
2. Content aspects of the learning and development process as reflected in an international curriculum, learning resources, and publications.
3. Context issues resulting from the experience of the various stakeholders. This includes the intercultural mix of the core, adjunct, and visiting faculty, and the intercultural composition of the students, exchange students, alumni, and staff.
4. Elements of the wider network to which the school belongs including international connections with practice, academic partners, and professional networks, as well as activities abroad.

Clearly, the COVID-19 crisis has not affected the accessibility and teaching of international content in the MBA curriculum, while its impact on policy issues has mainly prompted certain adjustments to business schools' internationalization strategy. On the other hand, the dimensions of context and network have been certainly affected, especially as regards international and exchange students, along with activities abroad. As mentioned in the previous section, the pandemic has put international student mobility on hold in the short-term and this situation might extend to the mid-term.¹⁹ Meanwhile, business schools have set out virtual mobility programs making use of distance learning tools.

¹⁸ EFMD Global, *2020 EQUIS—Standards & Criteria*.

¹⁹ C. Bremner, *Travel 2040. Climate Emergency to Force a Revolution in the Industry* (Euromonitor International, 2020).

Internationalizing the classroom through distance education can be done under different schemes, ranging from a basic level to one providing a more complete international experience, as described below.²⁰

- (a) Synchronous remote teaching in which an international professor teaches local students by means of a virtual platform and collaboration tools.
- (b) In-house internationalization, where an international professor teaches simultaneously various groups of students located in different regions of the world through synchronous remote teaching.
- (c) Cross-internationalization in which faculty members of schools located in different countries co-teach students from the schools where they belong via synchronous remote teaching.

While the cross-internationalization approach offers a more comprehensive international experience, it also involves additional challenges in terms of logistics and mutual recognition between institutions. In any case, distance education has not only enabled business schools in general, and MBA programs in particular, to deal with the issues of international context and network posed by COVID-19, but also democratized access to international education to students who otherwise could not afford it.²¹

Before COVID-19, the world was already hybrid. After the pandemic, it will be even more. Hence, the next normal “traditional MBA” will no longer be 100% in-person, but one that enriches students experience through technology-enhanced learning.

The World Economic Forum has placed resilience and flexibility among the top 10 skills for the future. As noted earlier, the MBA has proved flexible and resilient. Maybe, we should look closer at its evolution and learn from it.

²⁰ M. López S., “Rethinking Internationalization,” *EFMD Global*, August 14, 2020.

²¹ G. Alvarado, H. Thomas, L. Thomas, and A. Wilson, *Latin America: Management Education's Growth and Future Pathways* (Bingley, UK: Emerald Publishing, 2018).