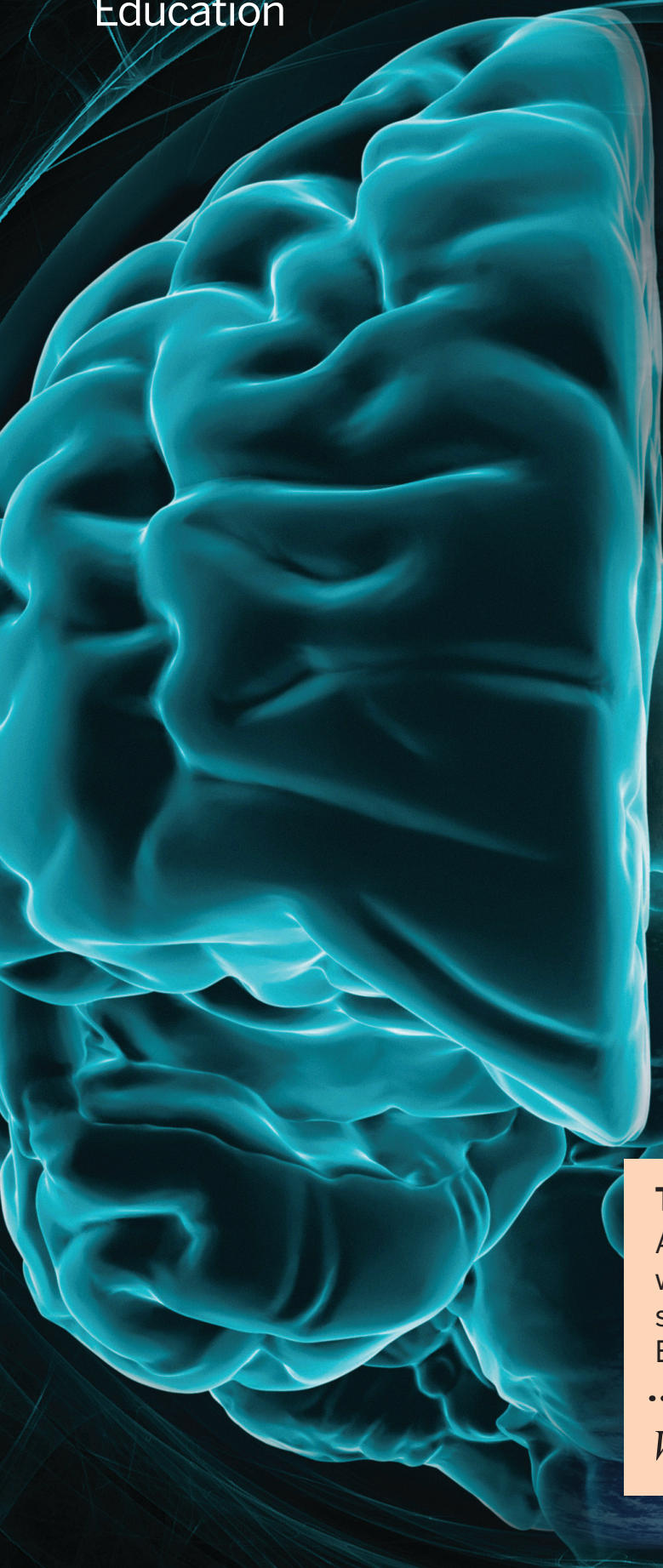


# FINANCIAL TIMES

Education



## **The Real World MBA**

A report on the factors shaping MBA learning, with candid perspectives from global business school deans and insights from FT Business Education research.

.....  
*We live in* **FINANCIAL TIMES**<sup>®</sup>



## About this report

This report explores the changing business education market. It features the candid views of business school leaders from across the world, along with independent research from the Financial Times.

The FT research shows the factors that affect the views and decisions of both students and companies regarding business education. It is the result of an online survey sent to relevant members of the Financial Times Research Panel, posted on FT.com and on the FT's Facebook page. The survey received a total of 1,125 respondents, of whom 77% were interested in business education for themselves and 23% were responsible for business education for their company's employees.

# FINANCIAL TIMES

## Education

### The MBA under pressure

The MBA is an internationally-respected qualification, delivered by some of the world's finest institutions. Worldwide, business schools turn out around 500,000 MBAs a year, providing companies with strong managers who can help them succeed in a global economy.

But despite being highly regarded, the MBA is under pressure. Students are questioning its value, especially in the light of rising course costs and uncertainty about job prospects in the tough economic climate.

And there is growing competition from companies offering their own in-house learning and training programmes to help their employees advance. Increasingly, employers are favouring practical experience over theoretical study.

So to stay relevant, required and justifiable, the MBA needs to adapt.

### A changed business world needs a changed MBA

Over the last 20 years the business world has changed beyond recognition. It's more knowledge-based, more dependent on technology and crucially, far more global. It's also less hierarchical and less rigidly divided into functions.

So today's organisations are looking for graduates who can manage people, resources and information on a global scale, and who can spot opportunities and tackle problems across functions from marketing to finance.

In response, the world's business schools are changing their MBA programmes to reflect this new business environment and meet the needs and aspirations of their students.

The consensus among business school deans, faculty heads, professors and librarians is that the most vital change required is to give students a global perspective. And to achieve this, students need to be able to link their course directly to contemporary and relevant examples from the real world of business.

To explore the idea of strengthening your MBA programme with content and tools from the Financial Times, Call **+44 (0)20 7873 4001** or **+1 877 843 3399** (US toll free) or email **ftsales.support@ft.com**  
**www.ft.com/education**

## What students want from their MBA

Traditionally, people have chosen an MBA primarily to sharpen and expand their skills, thus improving their career prospects and earning power.

The FT's research confirms this, with "professional development" appearing as the top reason for choosing business education, given by 67% of respondents. For full results, see table 1.

But recent surveys show that today's MBA graduates are also aspiring to more than that. They want to make a difference to the corporate environment in which they work and also to the world at large.

To help them achieve these goals, business schools need to offer a programme that is relevant and useful in the world of business today. According to Edward Snyder, Dean of the Yale School of Management, business schools need to teach three core competencies ([Read full article](#)):

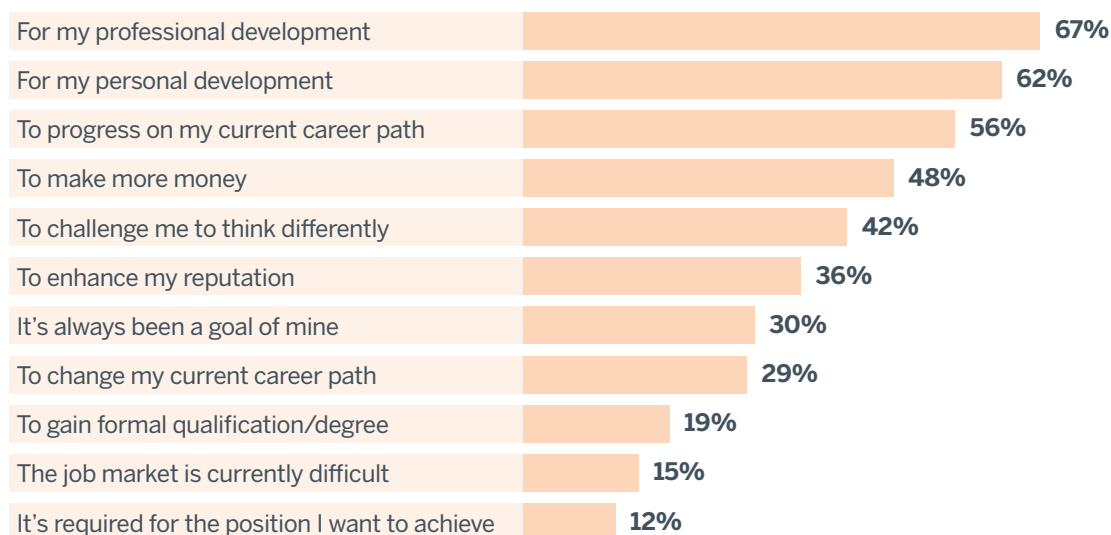
- How markets work (competition).
- How organisations work (co-operation).
- The context in which businesses operate.

*67% of respondents list "professional development" as the top reason for choosing business education.*

## Personal and professional development and career progressions are the main reasons for business education study

Table 1

What are your reasons for undertaking/considering business education?



Respondents interested in business education for themselves AND likely to undertake business education in future (N=938)

## Putting MBA courses into context

Knowing the theory of business is no longer enough to get students where they want to be. With today's companies looking for practical abilities and a global outlook, it's vital that they can make the link between theory and practice.

The FT's survey asked what respondents expected to get out of business education. While the main expectation was "New knowledge, understanding and skills", 42% answered "practical experience in applying management theory". For full results, see table 2.

By learning from real world examples of business developments and challenges, business school students can develop the required understanding of how business really works. However, putting teaching into context is a real challenge for two reasons.

The first is the differences in how the world's economies operate. As Edward Snyder says, "Religion, regulation, openness to trade, law, fundamental practice... All these things are so different as you go sector to sector" ([Read full article](#)).

The second reason is government. "For a business leader, the interaction between business and government is [becoming] more important."



"I've found the FT Education service very useful. With the annotations tool Newslines I can add notes to FT news stories, explaining key points to help my students understand the wider implications. It allows me to demonstrate that the material we're covering is timely and that the issues are relevant to companies right now. It's also very useful to have the option of sharing articles and comments with other students and faculty members, both here at Cass and across the world."

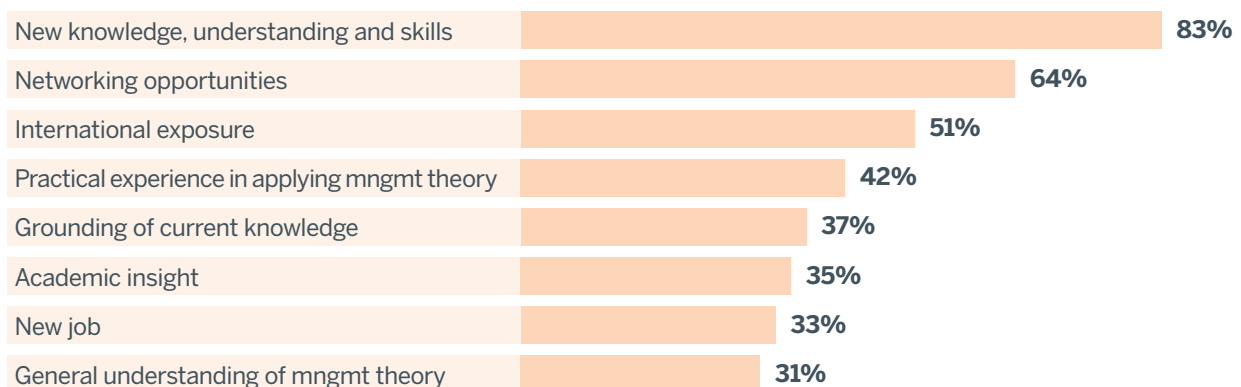
**Professor Scott Moeller,  
Cass Business School**

---

## New knowledge and networking are the main expectations for business education study

Table 2

What do you expect to get out of business education?



Respondents interested in business education for themselves AND likely to undertake business education in future (N=938)

---

*40% of HR staff authorise or make final decisions about external business education programmes.*

### The changing needs of business

To date, business schools have excelled at “know what” — teaching disciplinary and functional knowledge. But in this new business environment, what’s needed today is “know how” — teaching students how to apply their learning to the real world and to take a more creative and practical approach.

This business need is illustrated by the number of HR professionals involved in decisions about external business education programmes. The FT’s research shows that 70% of HR professionals are involved in these decisions, with 40% authorising or making the final decision. For full results, see table 3.

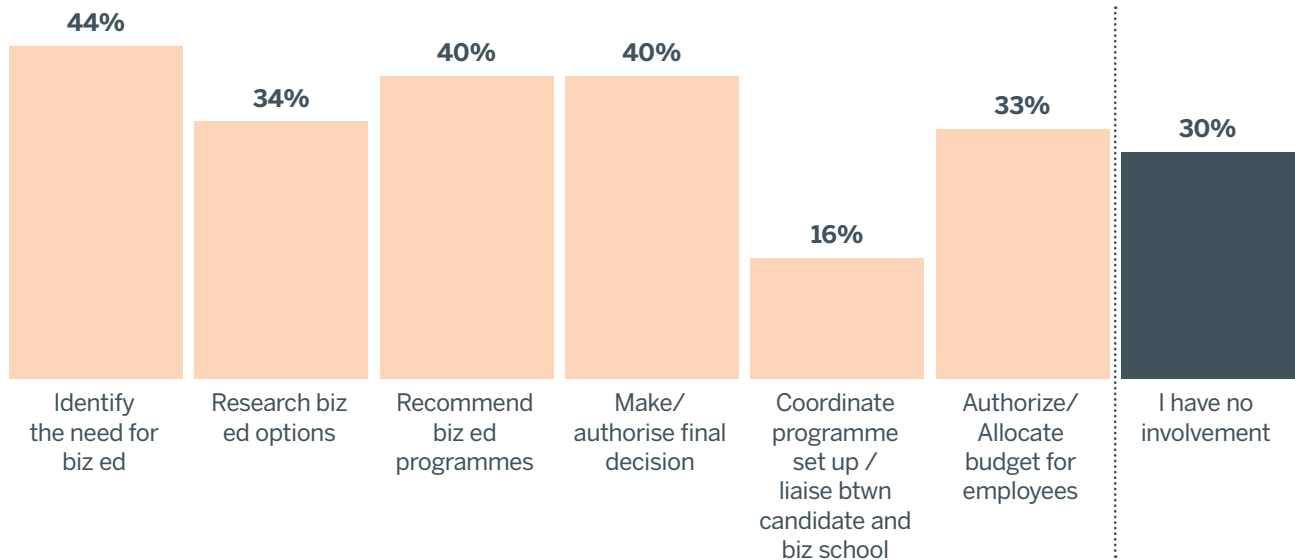
Today’s employers are demanding an astute global awareness from their employees. Students need to learn what it means to be a manager in a global world, handling the differences in institutions, norms and cultures. But they also need to think about difficult contemporary issues from many perspectives — legal, economic, ethical and more — and to handle the conflicting needs of multiple stakeholders.

“The demand is to develop people who understand the complexities, across society,” says Yale Dean Edward Snyder ([Read full article](#)).

### 70% of FT HR professionals are involved in the business education process for employees

Table 3

To what extent are you involved in the decision making process for external business education programmes for employees?



Respondents interested in business education for employees (N=277)

## The need for a global perspective...

In light of these changing needs, business schools are recognising that their courses need to become more international.

According to the FT's research, "international exposure" is the third most common expectation of those considering business education. Interestingly, however, a further question on the survey revealed that the term means different things to different prospective students. For 70%, it meant "information on different business cultures and how to navigate them", while 69% classified it as "internships/experience in companies outside your home country."

And the interpretation changed again when the same question was put to company professionals considering business education for their employees. Many more of this group (86%) saw the meaning of "international exposure" as "information on different business cultures and how to navigate them", while only 24% saw it as "internships/experience in companies outside your home country". For full results, see tables 4 and 5.

Despite these differences, the main point is clear. Students need a global understanding of business. Not only this, they need to understand how the principles they learn work in context in a diverse range of economies and markets.

As a result, many schools now include a compulsory international placement: they also offer elective study abroad, dual campuses and real world project work.



"The FT Education service is a great way to disseminate the FT's excellent business news and insight to all our students. In particular, FT Newlines is a quick way for me to steer students towards useful articles, show why they're important and get students thinking."

**Professor Simon Evenett,  
Academic Director,  
University of St.Gallen MBA**

## To students, "international exposure" means studying differences in business cultures, internships, and learning alongside foreign students

Table 4

Which of the following do you mean by "international exposure"?

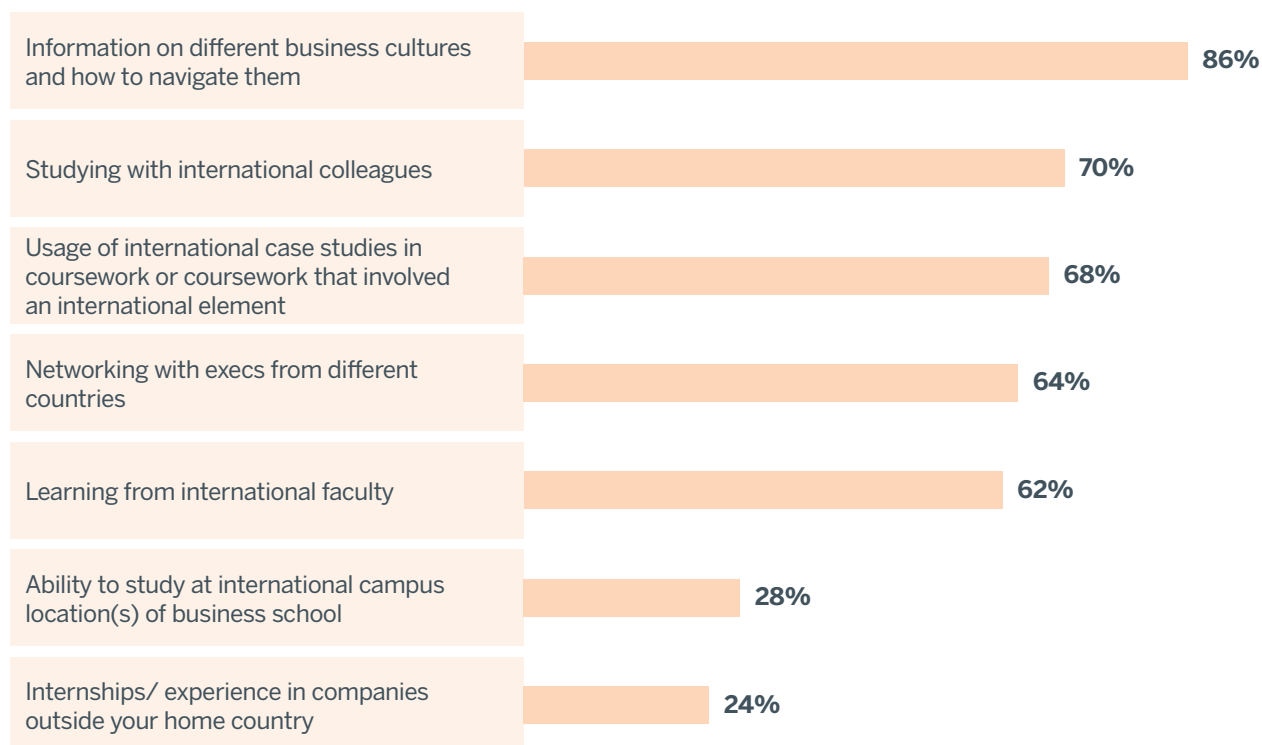


Respondents interested in business education for themselves AND likely to undertake business education in future; Those selected "International exposure" (N=265)

Table 5

**To HR professionals, “international exposure” means how to navigate business cultures, interacting/networking with international peers & faculty, and coursework**

You selected “international exposure” as an expectation for business education study. Which of the following do you mean by that?



Respondents interested in business education for employees and would contribute funds towards (N=136)

**...and the need to encourage diversity**

Supplementing this global perspective is the ability of business schools to encourage diversity, which helps to foster a broader outlook and a deeper understanding of others. A diverse faculty and student body is therefore important.

Students need to develop cultural intelligence: in other words, instead of knowing only about a country’s economic and political system, they also need to understand other business practices, strategies and behaviours in order to work well with people from other cultures.





“Case studies are frequently used in courses to bridge the gap between theory and real world application. FT Newslines complements these by giving students the opportunity to witness cases unfold before their eyes with the direction of annotations from Cass professors. It’s a great way for academics to bring attention to key takeaways from articles that might have otherwise been overlooked.”

**John Stockel, MSc in Finance student, Cass Business School**

### Why real world experience is essential

Because of the need to give students a practical understanding of the link between their course theory and the real business world, business schools are making an important shift away from an “ivory tower” approach towards more hands-on learning. Dan LeClair, senior vice-president at the Association to Advance Collegiate Schools of Business, says, “Business schools recognise they need one foot firmly planted in academe and one foot firmly planted in practice” [\(Read full article\)](#).

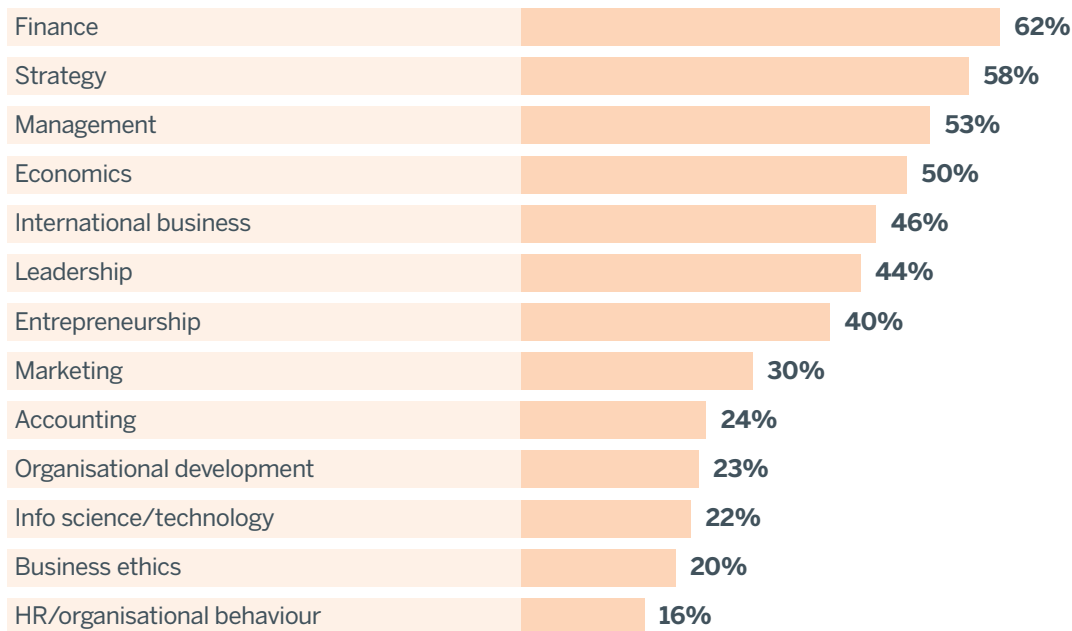
The global financial crisis in particular illustrates the dangers of ignoring trends and not looking towards the future. “[Business schools] were teaching the right things, but not all the right things,” says Peter Tufano, Peter Moores Dean and Professor of Finance at Saïd Business School.

“...One dimension that we fell short on is risk, I think most business schools were woefully short-sighted in teaching students about the implications of risk [...] Secondly, systems thinking. We often think about businesses and products in a very narrow sense as opposed to think about the entire system in which they operate. And third, I think, we still have a legacy in thinking that there’s a sharp dividing line between the public and private sectors. That dividing line in many economies and many societies is not sharp at all and even in places like America or Western Europe, our business schools needed to acknowledge that those divisions are very porous ...Business schools need to teach more about the public private interface ” [\(Read full article\)](#).

### Finance is the most preferred area of MBA study

Table 6

What areas are you interested in focusing on during your MBA?



Respondents interested in business education for themselves AND likely to undertake business education in future AND primarily interested in a MBA programme (N=218)

## Offering value for money

Faced with a tough economic climate and rising course fees, MBA students are demanding that business schools deliver real value for money. High on their wish list is a better learning environment, with access to the best resources.

So business schools have to earn their fees. It is no longer enough to teach the “three Rs” of business – finance, accounting and marketing – Peter Tufano says “ **(Read full article)**, but to address the “externalities” that businesses now face. He lists the complex rules of different cultures, knowledge of science, technology and policy and the blurring lines between public and private organisations.

One way that schools can offer better value for money is by providing more focused teaching. Many are moving towards smaller, more intimate tutorial groups – a UK model that is being adopted by Stanford, among others.

So what else are students looking for? When choosing a school, the most-mentioned criteria are accreditation (70%) and location (66%), but close behind these are the course content/focus or programme structure, and an international/global approach, both with 64%. For full results, see table 7.

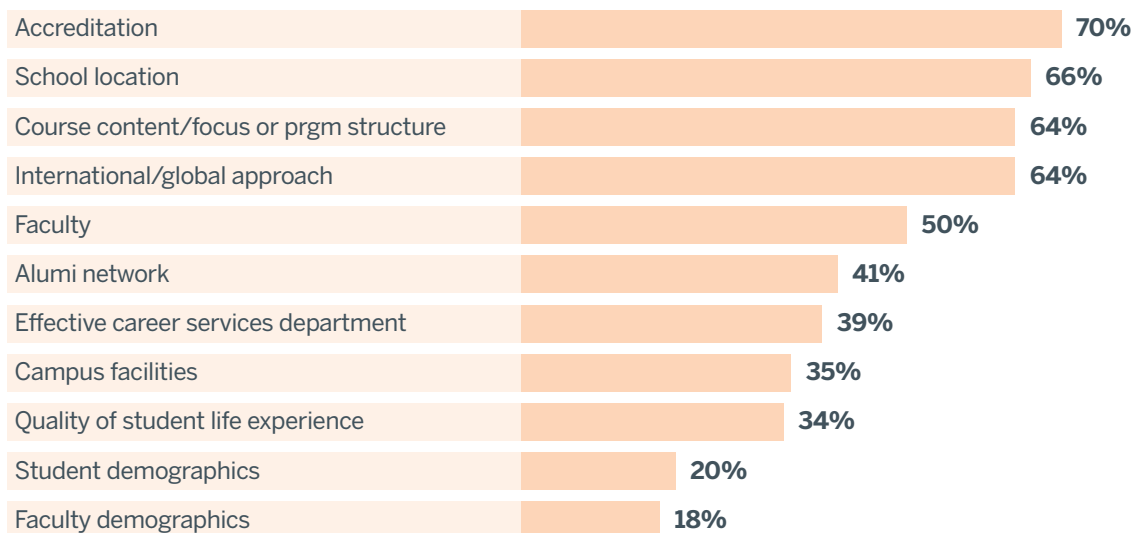
“Professor Evenett’s decision to integrate the FT into the curriculum here at the HSG–MBA has allowed me to more clearly see the link between theory and practice. Furthermore, this new initiative has taught me to seek interconnectedness among different disciplines – strategy, finance, operations, marketing – when making business decisions. I believe this ability, developed with the help of the FT Newslines, will set our MBA class apart in meetings with employers.”

**Elitsa Slaneva, MBA Student,  
University of St.Gallen**

## Criteria for choosing a business school

Table 7

Please indicate all you consider/would consider when choosing a business or management school.



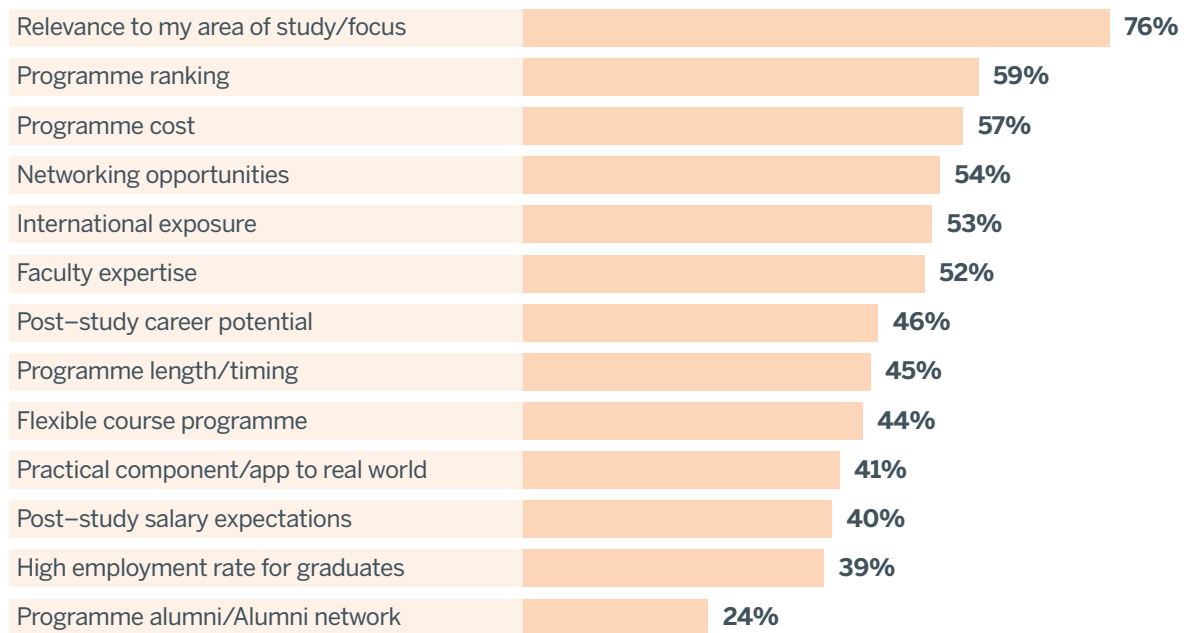
Respondents interested in business education for themselves AND likely to undertake business education in future (N=522)

And when choosing a programme, more people now consider the cost, faculty expertise and networking opportunities than in the FT's last survey. However, the most important criteria remain the programme's relevance (76%) and ranking (59%). For full results, see table 8.

## Criteria for choosing a business programme

Table 8

Please indicate all criteria you consider/would consider when choosing a business or management programme.



Respondents interested in business education for themselves AND likely to undertake business education in future (N=522)

# FINANCIAL TIMES

## Education

### In conclusion

In short, business is changing – and the MBA must adapt to survive. To match the needs of modern, global business, the course must have a global, multidisciplinary perspective and be put into an international, multicultural context.

Practical learning is key, with theory being linked to real world examples. And to offer the best service to increasingly demanding students in an increasingly competitive arena, business schools need to invest in high-quality teaching and learning resources that meet the needs described.

### The solution

Many of the world's top business schools are making these changes by using the Financial Times as a valuable, multimedia teaching resource.

With almost 600 journalists in 53 cities worldwide, the FT is able to offer an unmatched global perspective on business, finance and politics, providing trusted news, analysis and comment 24 hours a day. Bringing business subjects to life, it enables business school faculty and students to connect current events with course principles.

It also immerses them in the real world of business and management, offering stimulating coverage of core business issues and the latest trends in management thinking and practice.

### With access to the FT, business school students and faculty get:

- Award-winning news, comment and analysis on developments and issues in global business, finance, economics and politics, joining the dots between events from Brussels to Beijing.
- Incisive features on a wide range of business topics, from entrepreneurship to managing risk.
- Expert analysis of companies' strategies, tactics and trends.
- A searchable 8-year archive for quick and easy research, where students can also discover trends and put key debates in a historical context.
- Newslines – a digital learning tool that allows students and faculty to annotate FT articles, submit comments and share them with their own class and other schools. It allows professors to engage students directly and focus their learning on current business news.
- Special in-depth reports on topics from leadership to business technology.
- Three dedicated FT.com sections on M&A, management and business education.
- A wide range of digital features, from video interviews to interactive blogs, financial data, and mobile and tablet access.

To explore the idea of strengthening your MBA programme with content and tools from the Financial Times, Call **+44 (0)20 7873 4001** or **+1 877 843 3399** (US toll free) or email **ftsales.support@ft.com**  
**www.ft.com/education**