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Exploring the future of the MBA

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Exploring the Future of the MBA Program

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Abstract

This paper explores the future of the MBA program. The discussion is organized through multiple perspectives. Some suggestions for MBA programs and business schools are also presented in the paper.

Keywords: MBA Program, Future of MBA Program, MBA Schools, Business Schools

INTRODUCTION

The Master of Business Administration (MBA) has been around more than a century. Since the establishment of the first MBA school at Dartmouth College in the U.S., universities across the globe are offering MBA programs (Wikipedia 2008). But is the MBA still a relevant degree in the 21st century? This paper explores the future of the MBA program by looking at the following perspectives: (1) decision-making levels and the MBA program; (2) emerging business challenges and the MBA program; (3) community & societal issues and the MBA program; (4) business interaction approaches and the MBA program; (5) policies and the MBA program; (6) economic development, globalization, and the MBA program; (7) the internet development and the MBA program; (8) corporate universities and the MBA program; (9) rigor and relevance in the MBA program; (10) the independence of the MBA program. In the following sections, the above mentioned ten issues will be discussed one by one in detail before the paper ends with conclusions.

DECISION-MAKING LEVELS AND THE MBA PROGRAM

Managers (i.e., directors, executives, managers and members of self-directed teams) conduct varied decision-making activities according to the level of management decision making involved (i.e., strategic, tactical and operational levels) and the structure of the decision situations they face (i.e., unstructured, semi-structured and structured) and thus have different information requirements (see Figure -1).
It can be argued that the traditional MBA program, has more emphasis for middle-level and operational managers (the aim is to develop can-do managers) while the executive MBA program primarily serves the needs of senior managers (the aim is to develop innovative, responsible and visionary leaders). In the mean time, various management development and executive training programs offered by business schools aim to provide managers with post-MBA education and tailored/customized training. The author believes the current approach will continue into the foreseeable future with the development of new subjects or modules over the time as per the changes in the environment and the changes in the marketplace (i.e., subjects on leadership, corporate responsibilities, corporate ethics, sustainability of environment and societies, space (outside the earth) management, energy management including management of exploring, transferring and processing energy from other planets, management of cloned species, management of artificial species (intelligent machines), customized advanced management development programs for senior managers working in different economies, among many others).

**EMERGING BUSINESS CHALLENGES AND THE MBA PROGRAM**

Developing the organization should be an essential skill for 21st century MBA graduates. In the 21st century, organisations are facing more uncertainties than ever. Technological change is one of the primary sources of the uncertainty. Haag et al. (2008, p. 220) suggest that in order to survive in the 21st century organisations have to recognise the immense power of technology, carry out required organisational changes, and learn to operate in an entirely different way. Agility, emphasis on core competencies and processes, redefinition of the value chain, instantaneous business response, ability to scale resources and infrastructure across geographic boundaries are some areas organizations need to pay close attention to. They also need to realize that never before has IT played such a critical role in business success and as business strategies continue to evolve, the distinction between “the business” and “IT” will virtually disappear.

Logically MBA schools need to come out new subjects, modules, majors or have more emphasis on the areas of organizational learning (or learning organization), knowledge management, organizational development & change management, business processes
optimization, talent management, merger & acquisition management, supply chain management, value chain management, technology management, risk management, asset management, globalisation management, etc. One of the top priorities of businesses in the 21st century is to generate creative products and services and conduct business in an innovative way. MBA schools need to study some very innovative businesses (like Google, Yahoo, Amazon, Dell, Alibaba, etc), understand the structure and philosophies of those companies, and equip students with capability to create and manage such companies (Gabor 2008).

COMMUNITY & SOCIETAL ISSUES AND THE MBA PROGRAM

MBA programs also should pay close attention to our communities and make students aware of the importance addressing societal issues such as climate change, HIV and other epidemics, environmental deterioration issues, decreasing biodiversity, digital divide, world poverty, intolerance and other issues facing us in the 21st century (Lytras 2005; The Australian; Dewan & Riggins, 2005). And MBA schools should engage in organizations’ efforts in becoming both a “societal good” and “good business” (Gabor 2008, pp. 7). By engaging in these issues MBA graduates can look beyond rigor and relevance and towards responsibility and reverberation as suggested by Desouza et al. (2006). MBA schools need to design corresponding curriculum (i.e., enhanced public health management, environment management, sustainability management, public welfare management, cross-border cooperation, non-for-profit and charity organizations management, corporate social responsibility, corporate ethics, corporate governance, etc) to equip MBA students with skills for addressing those issues.

BUSINESS INTERACTION APPROACHES AND THE MBA PROGRAM

Initiated by the e-business model classification in relation to business interaction approaches (i.e., consumer-to-consumer, business-to-business, business-to-consumer), the author reckons MBA training could look at providing specific knowledge and skills targeting different business interaction approaches (see Table-1):

<table>
<thead>
<tr>
<th>Business Approach</th>
<th>Interaction</th>
<th>MBA Training Focus</th>
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<tbody>
<tr>
<td>Individual-to-individual (within organization)</td>
<td>Teamwork Management, Interpersonal Communication Skills, Group Dynamics, Knowledge-Sharing Tactics, etc.</td>
<td></td>
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<tr>
<td>Business-to-individual</td>
<td>Stakeholder Relationship management, Intrapreneurship (Emiliani 2006).</td>
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<tr>
<td>Business-to-business</td>
<td>Supply Chain Management, Business Communication,</td>
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### POLICIES AND THE MBA PROGRAM

Among many skills of MBA graduates, one very important one should be the ability to generate and implement new ideas. While producing new ideas could be done quite easily, the hardest part is the commercialisation of ideas and research outputs, which requires significant resources and commitment from various parties (including government agencies, businesses, universities, researchers). Given the fact the government encourages innovation and knowledge creation via favourable policies and financial commitments (i.e., seed capital, grants, tax benefits, etc), MBA schools should develop subjects/ majors in such areas as research & development management, commercialisation of intellectual properties, innovation management to address the needed skills and knowledge in those areas.

They also should establish stronger collaboration with industries firms via various formats, i.e., internship, industry-based projects, providing seed capital for outstanding MBA projects, facilitating the commercialisation of intellectual properties of MBA graduates, etc. MBA schools also could be supportive of students who left the MBA program to pursue their innovative ideas and then came back with experience and lessoned learned (Greco 2001).

### ECONOMIC DEVELOPMENT, GLOBALIZATION AND THE MBA PROGRAM

Given the fact that the majority of businesses in many countries (i.e., the U.S., Australia, China) are small and medium enterprises, it is important that MBA schools address this economic characteristics in their curriculum design. More attention should be relocated to small and medium enterprise development and management, especially the small business sector which typically has very high failure rates.

Meanwhile MBA schools could develop customized MBA programs and advanced management programs for different countries, economies, and cultures, such as degree of International MBA, MBA with majors in Chinese Market Management, Indian Market Management, etc. For example, Harvard Business School offers degrees such as Senior Executive Program for China, Private Equity and Venture Capital China, and other programs targeting Chinese market. Such degrees should provide participants knowledge and skills of both western and eastern business practices (Haight & Kwong 1999). The differences between developed and developing economies also should be taken into consideration when MBA schools are trying to become global players.

When being a global player is becoming a reality for many businesses, MBA schools should provide training courses in the areas of cross-cultural/cross-boarder business development and serving customers from different culture. Furthermore when MBA schools are trying to enter into a foreign market they have to be able to achieve localisation in terms

<table>
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<th>Co-opetition Management</th>
<th>Collaboration Management</th>
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<tr>
<td>Integration Management</td>
<td>Working with Government Agencies, etc.</td>
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<tr>
<td>Business-to-consumer Customer Relationship Management</td>
<td>Customer-Centric Business, Quality Management, Trust Management</td>
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of curriculum design and course delivery. MBA schools also could enhance their students’ learning experience by integrating one term or two terms overseas study with their overseas partner MBA schools into MBA curriculum.

**THE INTERNET DEVELOPMENT AND THE MBA PROGRAM**

In today’s knowledge economy (also called digital or networked economy), businesses need to take into consideration of the impacts and the potential roles of the internet when they are shaping their business strategy. Many internet-based (also called pure online) businesses design their organizational structure and business strategies (i.e., using the internet for competitive advantages) around the internet. Other businesses have tried to adjust their business strategies and organizational structure with the assistance from the internet (i.e., expanding into overseas markets, enhancing cross-selling and up-selling, etc).

At the same time the internet has provided fantastic opportunities for people who are interested in being an entrepreneur and make their dream of being their own bosses more affordable and much easier. You can start running your business overnight from your home—You only need a computer, an internet connection, and a website (or even web pages if not decided to have your own website). The successful stories of e-start-ups (i.e., Microsoft, Yahoo, Google, YouTube, E-bay, Amazon, Dell, Facebook, Flickr, Seek, Wotif, Realestate.com.au, Paypal, Skype, MySpace, among many others) have inspired many people’s interest to become an e-entrepreneur, and has changed young generation’s perceptions of top jobs. When being a lawyer or a doctor or a highly-paid white collar professional is still attractive to many young people, more and more young people also would like to start up their own e-businesses and become millionaire even billionaire in a few years time. Specific subjects and specialisations in the areas of e-business management, entrepreneurship, and e-start ups should be available to MBA students.

More and more MBA schools are embarking on e-learning, which offer such benefits as providing learning at a lower cost with greater flexibility. However there are also a number of challenges and drawbacks associated with e-learning, which include the need for instructor retraining, equipment needs and support services, lack of face-to-face interaction and campus life, assessment issues, maintenance and updating, protection of intellectual property, computer literacy, and student retention (Turban et al. 2008, p.380). In reality, the best approach of e-learning is to leverage both online and offline channels. For example, Phoenix (the largest online university) and Universitas 21 (established by some top universities in Australia and in the region and is running online MBA and other online degrees), do provide face-to-face interactions via physical facilities (i.e., contact offices, meeting places). The author believes that it is necessary to have both online (to reduce costs, enhance our market reach, provide convenience, better & wider products & services selection, cheaper prices, better availability (if not 24/7/365)) and offline (to ensure quality control and look after students’ learning experience) operations. The combined approach is very critical to any knowledge-intensive business like MBA education. The tacit dimension of our knowledge cannot be managed by the technology even though it may provide some facilitating roles (i.e., connecting people who need knowledge with people have the required knowledge).

Intensive-mode, which aims to bring in convenience for full-time working students and provide them with opportunities of completing their MBA degree faster, could be another future trend. Students must attend certain amount of residential teaching in addition to their
self-pacing studies. The authors reckon that the hybrid approach employing both online learning and intensive mode is one of the future trends of MBA training.

MBA schools should also utilize the power of the Internet to build a “knowledge and learning network” called by Hawawini (2005). He argues that the traditional MBA training via face-to-face interaction is only the first step of life-long learning MBAers, and the “business school of the future will have to find ways to keep its alumni in the network once they leave the physical campus, and sustain that network by providing members with the information, contacts, interactions, knowledge, and learning they need” (Hawawini 2005, pp. 779). He also points out in order to support and sustain the network MBA schools may need to establish partnerships with other MBA schools, corporations, and technology firms; and they need to actively seek financial support from their graduates (i.e., via membership fees, donations).

CORPORATE UNIVERSITIES AND THE MBA PROGRAM

When some large organizations (i.e., Microsoft, MacDonald, Ford, Boeing, Coles-Myer), have or are establishing their own internal professional managers training facilities, the author thinks MBA schools are still highly demanded in the future for the reasons: (1) MBA schools have the environment for and experience of post-graduate teaching and learning; (2) academic staff in MBA schools could have more innovative ideas arising from their knowledge and their research; (3) MBA students can have more cross-cultural interaction and networking opportunities with students from various industries and different countries; (4) MBA schools could provide more balanced content and study material covering both theory and practice perspectives as well as dealing with both rigor and relevance issues; (5) MBA degree has been recognized as an important qualify of good managers by many businesses and is an accredited degree while certificates of corporate universities will normally become not so much meaningful once you leave the company and the industry; (6) MBA schools have many graduates who worked or are working in some important positions in some well-established organizations and would like to promote MBA to their peers and their subordinates, etc. Furthermore the corporate university is “largely a retention tool, a reward… It builds internal networks, it helps people learn about their internal constituencies, and it attunes them to the needs of their particular organization… This kind of education will never supersede the MBA because a good business school offers a diversity of peers and an exposure to theory that will always keep them competitive and unmatched” (Greco, 2001, pp. 41).

In the future, MBA schools should establish stronger links and collaboration with corporate universities and other related industries (i.e., job agencies, consulting firms) to achieve better understanding of the needs of employers and utilize the richer and more up-to-date real-world experience possessed by staff in corporate universities. Furthermore that working closely with some top MBA employers (i.e., Google, McKinsey & Company, Goldman Sachs. Bain & Company, Boston Consulting Group, Apple, Microsoft, General Electronic, Nike, Citigroup, and so on)(CNN 2008) can greatly contribute to MBA schools’ efforts in being practical and in helping their students fulfil their dream of being a member of a top international firm.

RIGOR AND RELEVANCE IN THE MBA PROGRAM
Nowadays, in many MBA schools promotion and tenure appointment are largely based on publications which are “strong in quantitative methods but weak in relevance to businesses” (Hughes 2006, pp. 88). As Bennis & O’Toole (2005, pp. 101) point out that “today it is possible to find tenured professors of management who have never set foot inside a real business, except as customers”. While those professors could be good at hypotheses testing, experimentation, and statistical analysis, they lack sufficient appreciation and experience of real-world practices. However they shouldn’t be blamed, the root cause is the promotion and award system adopted by their schools. As a result, the curriculum of many MBA schools have deemphasized the managerial focus and disassociated with business needs. Rebalancing the mix of rigor and relevance is a top priority for MBA schools. They have to revise the curriculum of their MBA program by addressing such issues as the shift from products to processes and customers (the need for a cross-functional and multi-disciplinary approach), rapid development technology, the emphasis on ethical and societal issues, etc. Such revised curriculum should cover topics of leadership, communication, technology management, electronic business, innovation & creativity, business ethics, corporate governance, sustainability development, and so on. They also need to encourage and reward such academics who conduct research that “illuminates the mysteries and ambiguities of today’s business practices” (Bennis & O’Toole 2005, pp. 104) but not those academics who “know more about academic publishing than about the problems of workplace” (Hughes 2006, pp. 88).

The faculty of MBA schools have to excel in both research and teaching. When the required knowledge and expertise are not available internally, external knowledge sourcing (i.e., hiring consultants, inviting industry speakers, collaborating with MBA schools and research institutions, working with corporations, etc) is essential. Researchers within MBA schools should have both soft skills (i.e., skills for studying and interpreting context and environment) and hard skills (i.e., statistical skills), and have good understanding of different disciplines such as humanities, social sciences, psychology, and business & management (Bennis & O’Toole 2005). Good MBA faculty should also be able to communicate their research findings and their knowledge to professional managers, otherwise the knowledge they created will not be useful at all. On the other hand, teaching only staff (even with extensive practical experience) is not ideal for MBA schools for the reason of the lack of new knowledge creation. In addition, experience may be contingent to certain context, may not be able to offer us an “objective and applicable knowledge” for other contexts (Cornuel 2005, pp. 829). MBA schools also need to avoid the risk of becoming trade/technical colleges/schools.

Finding, motivating and retaining capable people is another challenge facing many businesses (Guthridge et al. 2008). There is no exception for MBA schools since the quality of the faculty is very critical to the success of MBA schools. When financial incentives could be a useful tool (since we all need money to put the food on the table and cover other essential living expenses), MBA schools may need to pay more attention to factors such as “academic freedom, research opportunities, professional & personal development, stimulating peer community” (Verhaegen 2005, pp. 814).

In addition to the quality of academic staff, MBA schools should examine their current practices of student recruitment and admission. Should management education be restricted to practicing managers selected on the basis of performance by senior people in their own organizations as suggested by Gosling & Mintzberg (2004)? The author views that when practising managers are good candidates of MBA programs, professionals (i.e., scientists, engineers, doctors, banking & finance experts, IT specialists) with good experience
also should be admitted into the MBA program. MBA schools may need to create relevant specialisations for them (i.e., research & development management, laboratory management, health care management, hospital management, engineering management, financial institution management, management of IT specialists).

THE INDEPENDENCE OF THE MBA SCHOOL

While some MBA schools exist as an independent operation other MBA schools are part of the business/management faculty/division. Which approach is better? It really depends on the situation of each school. If the MBA school has sufficient resources (i.e., faculty, infrastructure) and can generate sustainable revenue (i.e., via tuition fees, income from consulting, executive training, customized training and corporate training programs, grants, donations, scholarships, etc), an independent MBA school could be a good idea.

On the other hand, if the MBA school lacks of required resources and struggles with achieving financial viability, it probably should be a part of the faculty/division to access the larger pool of resources available within the faculty and to better utilize the expertise (i.e., asking faculty members to teach in undergraduate and postgraduate programs) and developed courses (i.e., offering them to various undergraduate and postgraduate programs in the faculty). The political influence is also need to be considered (i.e., whether the top management wants the MBA schools to be a separate operation or not).

CONCLUSIONS

When there always exists an argument “Does that MBA really make a difference” and there area always people who will succeed without a MBA degree, the MBA will be demanded in the foreseeable future for “many individuals facing their own career development (i.e., a knocking stone for a good job, a short cut to the fast track) and the knowledge that need to round out their experience” (Greco 2001, pp. 39 & 41). Furthermore many employers still view the MBA qualification as a good indicator of employees’ knowledge and skills required for future success.

Even though it is not likely the current formats of MBA programs will become obsolescent in the foreseeable future MBA schools need to pay attention to a number of issues discussed in this paper. Some suggestions to address those issues include:

- Keeping on updating MBA curriculum to reflect the changes in the environment where businesses operate in and indicate the corresponding adjustments to the practice of management
- Building strong links with businesses and facilitating MBA students’ innovative and creative projects through providing them with or help them receive financial (i.e., seed capital, access to venture capital) and non-financial assistance (i.e., advices by faculty, policies encouraging and rewarding students’ creative and innovative practices)
- Making better use of the Internet by establishing e-learning channels and a learning & knowledge network
- Balancing the needs of both face-to-face teaching and self-paced learning
- Promoting and rewarding MBA faculty who can conduct both rigorous and relevant research projects
- Hiring faculty who can do both teaching and research and who have good real-world experience or are very keen in exploring the real world
Designing customized post-MBA programs for senior managers
- Providing customized programs for managers from different economies and cultures or for managers who are interested in understanding and working in different economies and cultures
- Establishing partnerships with corporate universities for a win-win solution
- Setting up partnerships with corporations, other MBA schools, and technology firms to support “a learning and knowledge network”
- Dealing with the issue of the independence of the MBA school

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