

Masters programmes: a European perspective

Nigel Hayes and Roland Siegers look at the seemingly irresistible rise of the specialised masters business programme

For over a decade, European business schools have stolen a march on their US counterparts by offering candidates the opportunity to study one-year business masters programmes.

One reason for US schools' reluctance to embrace these masters programmes has been their perceived threat, particularly from the masters in management (MiM) programme, to traditional MBAs that have been the financial and reputational backbone of all leading US schools.

The thinking has been that although a lower-cost, one-year programme offered to applicants with an undergraduate degree but little work experience may not directly rival an MBA programme, it could stall future demand for MBAs as employers would already have capable and qualified employees. Hence the incentive to take two years out of a career to study an MBA (at a substantial cost) would be reduced.

Yet it seems these fears have been largely unfounded and some of the big-brand US business schools, including Fuqua, Kellogg, Michigan Ross and MIT Sloan, have started to offer MiMs and other specialised business masters programmes.

So if the US big guns are getting on board, where does this leave European business schools and their flagship MiMs?

To answer this question we must first turn to the colossi of Asia, China and India. According to a recent report from GMAC, prospective students from China and Hong Kong favour business masters programmes over MBAs.

In fact, the most sought-after programmes were masters in finance, with 54% of students considering these programmes; accounting with 32%; and management with 30%.

This compares with 28% of prospective students saying they were considering a full-time two-year MBA programme and 24% considering a one-year MBA programme.

Similar trends are occurring in India, where, according to a 2014 *Financial Times* report, there is little differentiation between an MBA and a MiM.

The Indian government, recognising the need for high-level business education to complement its rapid economic growth, has been opening new Institutes of Management around the country that offer two-year management programmes.

As far as employers and prospective students are concerned these are comparable with MBAs but have the advantage of providing more specialised skill sets.

As the pioneer of MiMs and specialised business masters programmes, European business schools are well placed to offer students and businesses the programmes they demand.

Looking at recent applicants to masters programmes internationally, foreign candidates constitute the largest component of the applicant pool for MBA and non-MBA masters programmes and are responsible for the changing numbers globally.

With 82% of foreign applicants, master in finance programmes topped the 2014–2015 GMAC *Application Trends Survey*. This was followed by master in management with 73% and master in marketing and communications programmes with 69%. Figures for full-time one-year and two-year MBAs are 56% and 52% respectively.



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Photo courtesy CEMS

If we focus solely on European programmes, the bulk of foreign candidates applying to European business schools come from East and Southeast Asia (approximately 38%) followed by other European countries (approximately 22%) and Central and South Asia (approximately 15%). Master in management programmes, which are largely located in Europe, had 69% of applicants from countries outside Europe.

An interesting recent development is the increasing number of women applying for specialised business masters.

Though the total number of women applying to graduate business schools participating in GMAC's survey remains fairly consistent with previous years at around 38% of the applicant pool, the percentage of women applicants varies

considerably across programmes and certain programmes showed increases in 2014 compared to 2013.

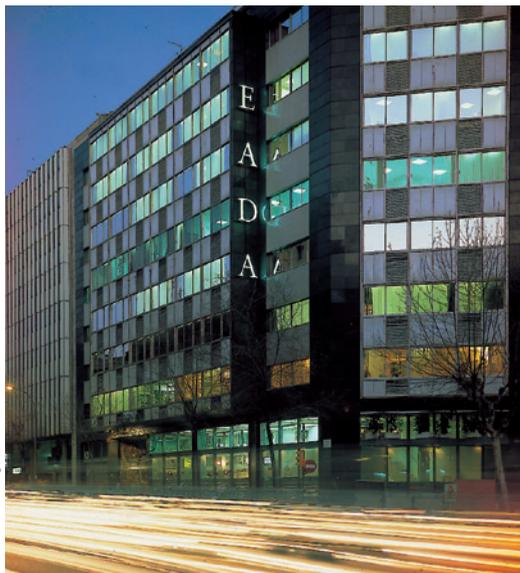
The strongest programmes for women applicants in 2014 were masters in marketing and communication, where women constituted 65% of total applicants.

This was followed by master in accounting, which had 62% of women applicants, an increase of 3% from 2013, and master in management with 54%.

Master in finance programmes attracted 46% of women applicants, with part-time and flexible MBAs attracting between 40%–43%. Full-time, two-year MBA programmes were lagging behind with 37% of women applicants in 2014, marginally less than the 2013 proportion of 39%.

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Photo courtesy EADA Business School



If applicant profiles are changing, what about company demands of prospective employees? Are they shifting in line with the applicants to business schools? Or rather, are applicants simply a reflection of the changing nature of business?

Well, yes and no.

It really rather depends on where you are. In the US the appetite for MBA graduates seems as solid as ever but there is an increasing appetite for specialised business masters programmes.

The GMAC 2014 *Survey of Corporate Recruiters* gives figures for company intentions for 2014. With over half the companies included in the survey based in the US (53% in 2013, 58% in 2014) the results are clearly weighted towards the US employment model.

However, they do show that demand for business school graduates has increased across all programmes both globally and regionally. In particular, Asia-Pacific companies indicated the

highest growth in hiring graduates of specialised masters programmes in management, accounting and finance.

While in Europe, companies projected figures for hiring candidates were master in management 64% (compared with 61% for MBA), master of accounting 46%, master of finance 49% and other specialised business masters 52%.

And it is not just specialisation that is increasingly in vogue. When asked about which skills they look for when employing business graduates, companies rated communication skills as the most important. This held true for all employers surveyed (with the exception of manufacturing) in every global region.

In fact, companies considered communication skills as twice as important as managerial skills. Generally, companies are looking to employ candidates with proficient communications skills, where oral communication is valued most highly, followed by listening and writing. Teamwork was ranked second after communication, followed by technical skills, and then leadership and finally managerial skills.

So what does all this mean? Well, it seems that global business education is undergoing something of a shake-up.



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As these countries, with China and India at the core, have the demographic and economic potential to drive demand from both companies and applicants for skills and courses, they will determine the landscape of business education in the coming years.

One effect of this will be an expansion of joint programmes between business schools in Asia and other regions that can offer participants international experience. CEMS, the organisation promoting global alliances in the masters in management segment, has 29 academic institutions collaborating in its master in international management programme. Of the 29, 26 are located in Europe and Asia.

IIM (Indian Institute of Management) Calcutta and Hong Kong University of Science and Technology Business School have recently joined CEMS and are now working with 27 other business schools around the world to provide students with a global master in international management programme. Each year, 25 students complete their degree after

spending one term in another member school and participating in international internships.

Another area ripe for expansion is the concept of double-degree programmes where candidates study in two different countries over two years. The Global Masters in Management (Global MiM) is being launched in September 2015 by LBS and Fudan University, China.

The programme lasts for two years and participants will spend the first year studying in London and the second in Shanghai. At the end of two years they will receive two degrees, a Masters in Management (MiM) and a Masters in Science (MSc) in International Business.

MiM programmes are particularly well-suited for collaborative ventures as they are young and flexible enough to respond and adapt to a changing market for business graduates. We can expect to see many more similar programmes evolving over coming years.

If European business schools are to maintain and increase their profiles and reputations they need to embrace these changes. And they are perfectly positioned to do so.

Developing partnerships with business schools in other regions, either directly or as part of a campus-sharing network, means that specialised business masters programmes can be delivered in an international setting.

This gives participants not only the technical knowledge but also the experience of working and communicating with different cultures and languages and the ability to adapt to different environments. The MiM can lead the way in developing these partnerships and show that perhaps the best way for European business schools to retain market share is to share the market.