

Reports of the MBA's demise are exaggerated

A part of American market may be in decline, but globally the qualification continues to thrive

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THE MBA IS both revered and reviled. To boosters it has advanced the science of management and helped firms, and countries, to grow. Detractors say it offers little of practical value and instils in students a sense of infallibility that can sink companies, and knock economies sideways. The critics are currently the louder of the two, claiming that particularly the full-time, campus-based MBAs have reached saturation point, with too many mediocre courses chasing too few candidates. The *Financial Times* recently likened them to “the Grand Tour of business education in an age of Airbnb.”

There is a widespread feeling that full-

time MBAs are on their last legs, concedes Sangeet Chowfla, the president of the Graduate Management Admission Council (GMAC), a business-school association. Decline is allegedly hastened by competing qualifications, such as the Masters in Management. MiMs have much the same syllabus as MBAs, but unlike them, take students without management experience straight from undergraduate degrees. They often cost half as much and do not make participants interrupt their careers to study. Such degrees have long been popular at European business schools. Now Americans are following suit.

Non-MBAs now attract 35% of people who sit the GMAT, the de facto business-school entrance exam, up from 30% five years ago. MBAs' share has dipped proportionately. When King's College London launches a business school in November, it will offer specialised Masters courses but no MBAs. Stephen Bach, its dean, says that employers like to recruit younger students because they are more flexible

and “culturally attuned.”

But look across the world and MBA programmes are thriving. The “popular myth” of their demise is just that, says Mr Chowfla. Rapid growth in the overall business-education market has offset MBAs' declining share. Global applications to MBA programmes in the 2016-17 academic year grew by 6%, according to GMAC. In Asia, they rose by 13%; 132,000 students now apply to Asian

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schools, nearly as many as to American ones. Applications in Europe increased by 3%. American courses that enrol more than 200 MBA students—which dominate *The Economist's* ranking of MBA programmes—report a 4% rise.

Demand has, it is true, fallen at smaller American schools. Those with fewer than 200 students saw applications drop by 6% this year. These schools enrol around half of all students in America. But they face distinct pressures. One is Donald Trump. In a survey by Carrington Crisp, a consultancy, around 40% of potential applicants said that the new president had discouraged them from studying in the country (just 3% said he made them more likely to study there). His anti-immigrant administration's plans to tighten the rules for graduate work visas may have something to do with this. “International students are feeling left behind,” explains one who opted to study in France over America.

Dislike of Trumpism will not deter applicants from the finest American establish-

ments. Few institutions anywhere can match the cachet of Harvard, Wharton or Kellogg, which charge a premium as a result. Second-tier American programmes are nearly as expensive, but nothing like as prestigious. Foreign students may opt for cheaper courses in countries with brighter job prospects. That bodes well for non-American MBAs.

One partial exception is Britain. British schools lure students from the European Union, in part because they enjoy an automatic right to work at London's big banks and professional-services firms. Brexit would change that. But British courses are at least getting cheaper for non-Brits. The collapse in the pound since the Brexit vote in June 2016 has cut the cost to Europeans of attending London Business School by €14,000 (\$16,000), for instance. That may help explain why three in four British schools report a rise in applications this year, according to GMAC. If Britain crashes out of the EU the pound could weaken again, making courses look cheaper still. By then, however, the discount may not be sufficient to attract anyone.