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What Employers want from MBA Graduates: Do Universities meet the needs of business?

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Some Key Questions

- What is the purpose of an MBA?
- Why do people do MBAs?
- What is a good MBA?
- CRM- student as customer?





Literature review regarding MBAs

- Literature around content and structure of MBAs
- Literature around MBA graduates, alumni and purpose
- Criticisms of MBAs
- Business publications regarding what employers and recruiters value in MBA graduates





Content and structure of MBAs

- Mintzberg (2004) argues that MBA programs typically offer a structure and content that is basically the same, irrespective of which University or country you consider.
- Core or compulsory subjects such as finance, accounting, economics, international business, human resource management, marketing and strategy are seen as fundamental to an MBA program (Mintzberg, 2004).
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- Surveys of European and American MBA programs have reveals that the majority have very similar structures and content with an emphasis on functional business knowledge such as marketing, accounting, economics, finance and strategy (Neelankavil, 1994; Baruch and Leeming, 1996; Matten & Moon 2004, 2011; Pfeffer and Fong, 2004; Gosling & Mintzberg, 2004, Christensen, Peirce Hartman, Hoffman & Carrier, 2007Paucar-Caceres, 2008; Mintzberg, 2010, Segon & Booth, 2012).



MBA graduates, alumni and purpose

- People undertake MBAs to advance career opportunities, secure promotion increase management and leadership competence, facilitate a move from specialist to generalist and more senior roles and have a positive effect on remuneration (Kane, 1993; Simmering & Wilcox, 1995; Hilgert,1995; Baruch & Peiperl, 2000; Mihail & Elefterie, 2006; Hay & Hodgkinson,2006; Baruch, 2009;Ng, Burke & Fiksenbaum, 2008; Boyatzis & Renio's 1989; Byrne, 2011))
- Answers to why people undertake MBAs





Criticisms of MBAs

MBA is increasingly criticized as being out of touch with the needs of business and becoming overly theoretical in its content (Bennis and O'Toole, 2005; Schlegelmilch and Thomas, 2011; Segon and Booth, 2012).

Mintzberg argues that Business Schools' management of the MBA has been problematic with the wrong candidates being selected as students, the wrong teaching methodologies used and the wrong content being taught (Blass and Weight, 2005; Feldman, 2005; Ghoshal, 2005; Gosling & Mintzberg, 2003, 2004; Gray, 2008; Mintzberg, 2002, 2004; Pfeffer and Fong, 2002, 2004; Polodny, (2009; Schlegelmilch & Thomas, 2011; Datar, Garvin and Cullen, 2013)

Further criticisms have been leveled at MBA faculty that is increasingly seen as desk bound researchers rather than educators with relevant business

- experience (Anderson et al. 2001; Blass and Weight, 2005; Gray 2008)



Why are MBAs roughly the same?

- The authors' experience is that MBA reviews and redesigns rely on subject matter experts, economists, accountants, marketers, statisticians, strategists, etc., who advance their own disciplines as necessary content
- Benchmarking against “top MBAs” (Follow the leader)
- Interestingly, business input is minimal and use of published research of employer preference is minimal
- Group decision making- push for consensus.





What do employers want?

The authors found little definitive information regarding employer expectations published in academic journals, rather this information appears to be found predominantly in industry studies.

The Graduate Management Admission Council (GMAC) surveys in excess of 1500 corporate recruiters from over 51 countries, representing over 900 different organizations annually (GMAC, 2011, 2014, 2016).

The top five desired traits that influence recruiters to select MBA graduates from specific Business Schools include:

- initiative (77%),
- professionalism (77%),
- motivation (76%),
- integrity (76%) and
- ability to deal effectively with pressure (75%).



What do employers want?

The top five most skills and abilities desired of an MBA.

1. communication skills,
2. strategic skills,
3. the proven ability to perform,
4. core business knowledge,
5. and the ability to manage change

86% of employers who responded to GMAC's survey said strong communication skills are the single **most important ability** they seek in an MBA (Byrne , 2011).

GMAC (2014) further affirms the importance of soft skills indicating employers seek recent business graduates who are highly proficient in communications skills, specifically oral communications, followed by listening and then writing and presentation skills.



What do employers want?

The GMAC (2014) survey noted the critical skills, abilities and knowledge that recruiters most sought in MBA graduates. These were identified as:

- communication skills (86%),
- strategic skills (67%),
- the ability to perform/achieve goals (66%),
- core business knowledge (63%),
- the ability to manage change (61%),
- the ability to adapt (68%),
- listening skills (48%)
- cross cultural sensitivity (39%)
- empathy (25%) and
- delegation skills (21%).



What do employers want?

Carrington Crisp (UK Research firm specialising in Management and MBA linkages to business)- in a 2019 presentation to MBA Directors forum in Melbourne, and GMAC 2019 surveys reaffirms the list of critical skills desired by employers but noted a slight decline in ethics, a rise in CSR and greater attention to data analytics and strategic thinking.



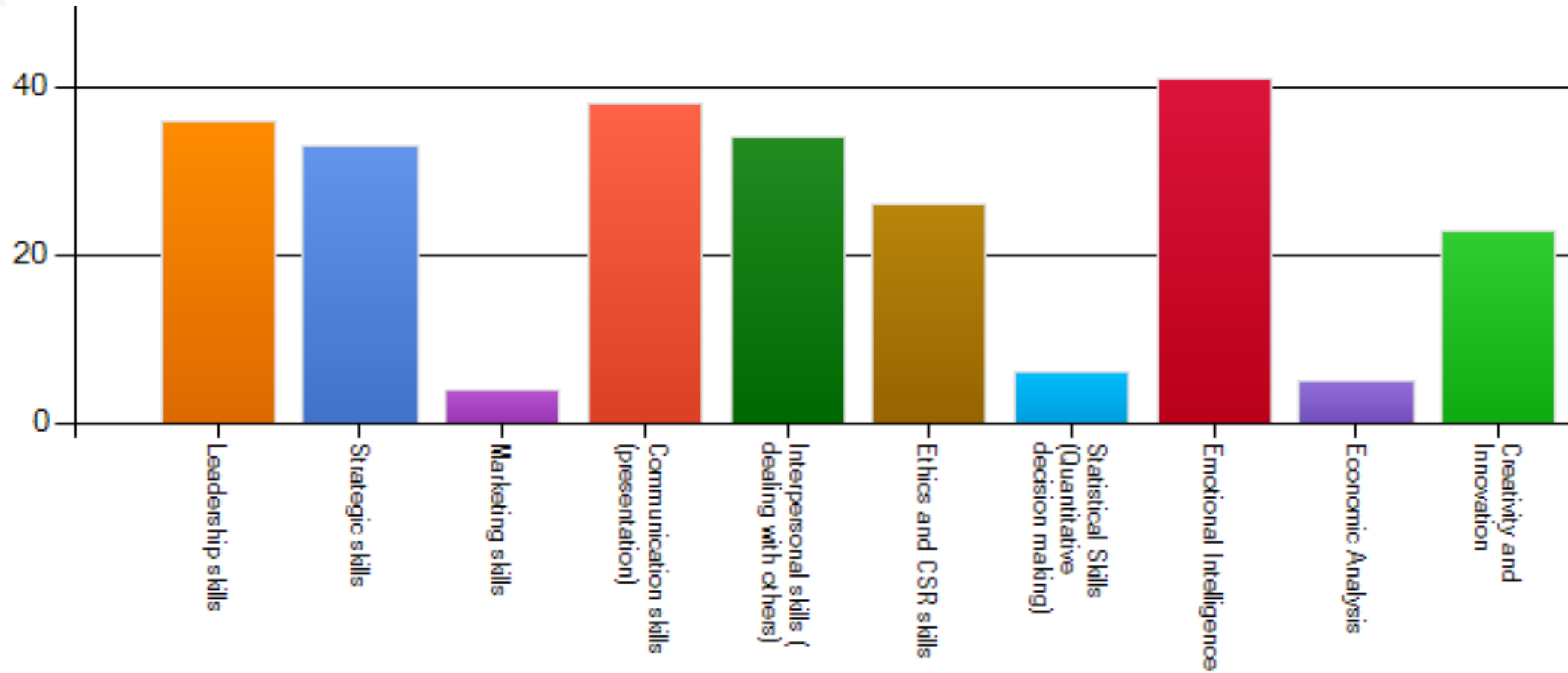
What do employers want- Research?

The authors surveyed managers in Australia, Malaysia and Vietnam about what skills they saw as lacking in current managers and leaders and whether MBAs address these or not.

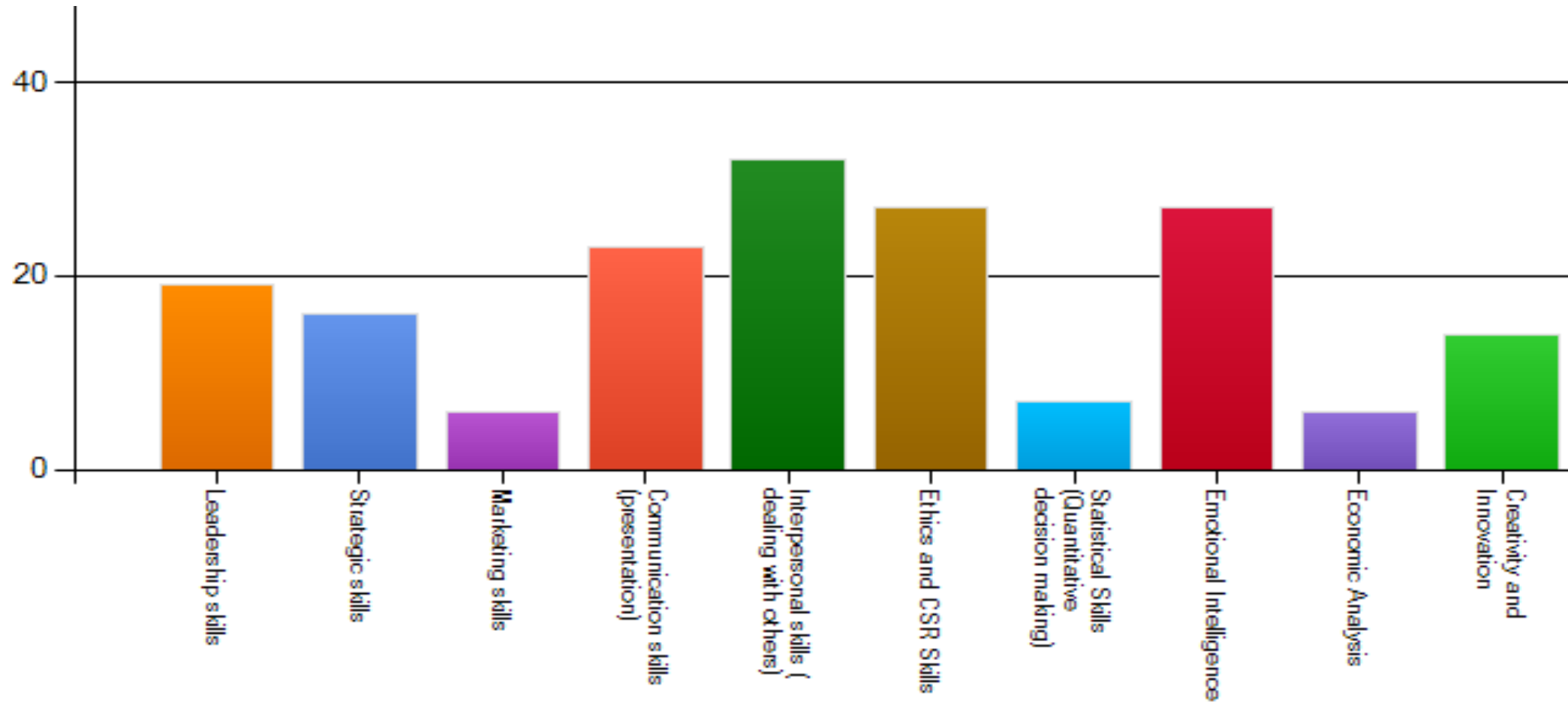
- 40% identified as from the Consulting industry sector
- 14% identified as from the Government and Public Sector industry
- 9% from Finance Sector
- 6% identified as from the manufacturing sector
- 83.3% identified as being involved in selection of other managers



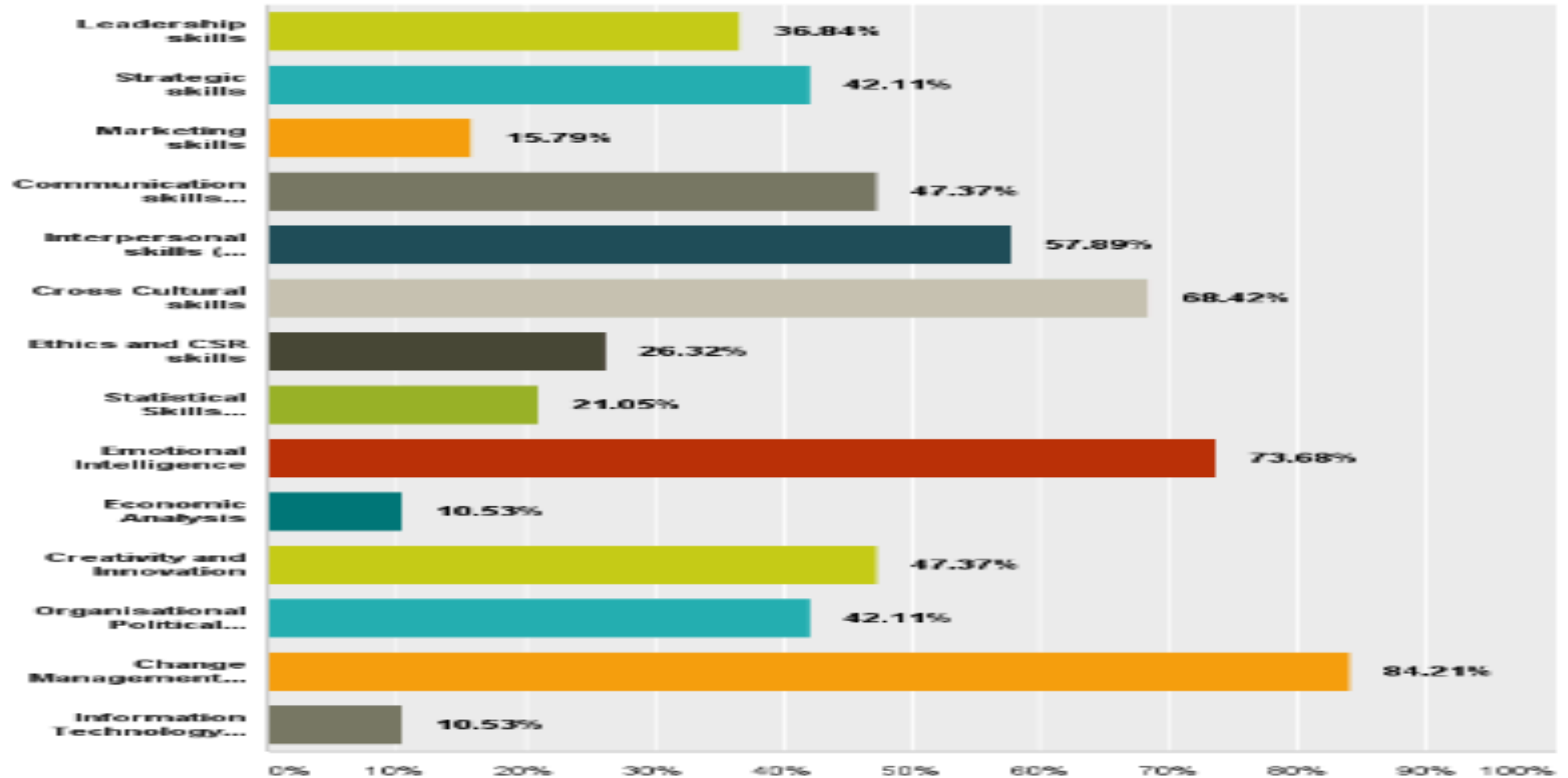
Skills that Australian Employers See as Critical for Managers



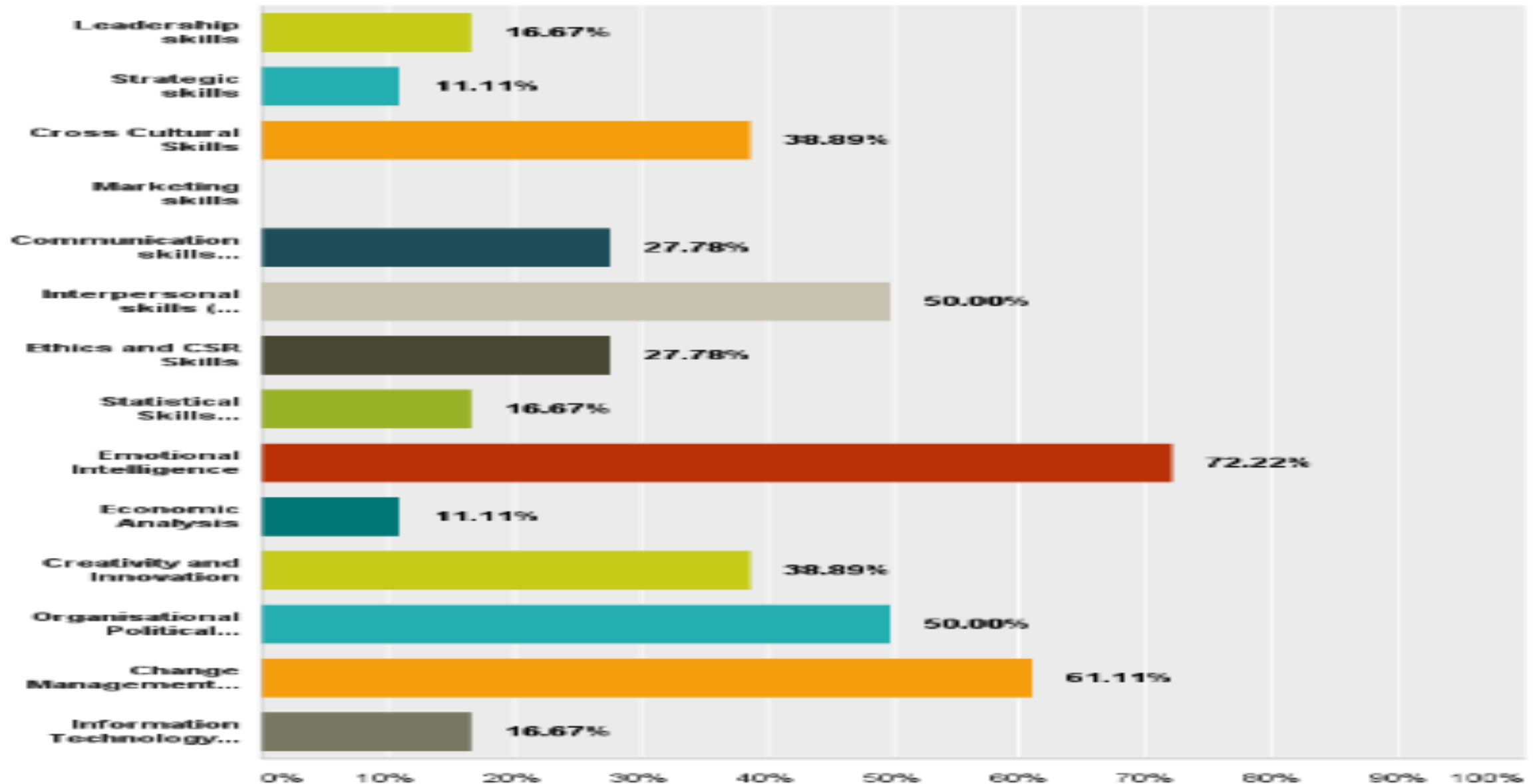
Skills that Australian Employers See as lacking in MBAs



Q17 Which of the following capabilities do you feel managers in organisations currently LACK or require MORE development: (Select one or more of the following)



**Q18 Which of the following do you believe
MBA Programs DO NOT address
sufficiently? (Select one or more of the
following)**





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Results

These results from Australia and Malaysia echo the GMAC findings that employers seek interpersonal skills, EI , ethics leadership and influence abilities as critical form middle to senior managers and that MBA in both countries fail to address .

A review of the top 10 Australian and Malaysian MBA content reveals the following;

The average content of Australia's top MBAs are as follows:

Functional courses	55.6%
Analytical courses	8.2%
Financial courses	23.3%
Interpersonal courses	14.3%

Average content of Malaysia's MBAs are as follows:

Functional subjects	25.8%
Analytical subjects	36.7%
Financial subjects	15.5%
Interpersonal subjects	12.2%
Ethical and Legal subjects	9.8%



Conclusions- Australia

Australian MBAs devote 85.7% of their content to address 2 of the 5 skills identified by US and European employers as important- strategic and business knowledge and only 14.3% to the other three interpersonal skills- which includes the most desired skill of communication.

- Similarly the four most identified skills that Australian senior managers believe middle managers lack Leadership, Communication, Interpersonal Skills, Emotional Intelligence and Change management are also addressed by the same 14.3% of MBA content.
- Only “Strategic skills” are identified by Australian managers as a lacking, is addressed by 55% of MBA content.
- The other major functional and analytical content that dominate MBAs was identified as lacking in managers by less than 10% and 8% of respondents.
- Australian managers appear cognisant that MBA programs lack key interpersonal, emotional intelligence and change management skills



Conclusions- Malaysia

The top 10 Malaysian MBAs devote 78% of their content to address only two of the five skills identified by US and European recruiters as important, being strategic and business knowledge and only 12% to the other three interpersonal skills, which includes the most desired skill of communication.

The most identified skills that Malaysian senior managers believe middle managers lack, leadership, communication, emotional intelligence, and change management, are also addressed by the same 12% of MBA content.

The Functional Skill identified by Malaysian managers as significantly deficient in prospective managers, “strategic skills” at 42%, is clearly addressed by the 26% of the functional content of Malaysian MBAs. The other major analytical and financial content that dominate MBAs, marketing, economics, finance etc, was not identified as significantly lacking in managers, as represented by scores of less than 10% in the survey. Yet these subject areas account for 52% of Malaysian MBA program content.

Malaysian MBA programs however did address the desired ethical and legal skill set at 10%, which is highlighted by GMAC (2011) as the concepts of integrity and professionalism.