

Business PhD applications on the rise

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A weak job market has many contemplating PhDs and faculty jobs. Will the business school faculty shortage be a thing of the past?

With expenses such as business lunches being curtailed and a dwindling list of new clients, Wayne Nelms knew it was only a matter of time before he would be laid off by accounting firm Grant Thornton.

"The writing was on the wall. I just didn't know when," says Nelms, 36, who worked as senior internal auditor at the company's Baltimore office for two-and-a-half-years. "Then I got the e-mail."

By January he was out of a job and found himself at a crossroads. Reluctant to jump back into the job market immediately, he started exploring his options and stumbled upon the PhD Project, a nonprofit that encourages minority business professionals to earn PhDs and go on to become professors. He'd heard of the program back when he was an MBA student at Howard University but had put it on the back burner after graduation.

"When D-day happened, I decided, well I can do one of two things with my future: Either get a doctorate or look for a good old dependable job," said Nelms, who got in contact with the PhD Project. A few weeks later he applied and was accepted to the accounting PhD program at Morgan State University in Baltimore, Md., where he'll be starting full-time this fall. Says Nelms: "With a doctorate, I thought my destiny would be a little more in my control."

Nelms is part of a growing wave of professionals who are leaving the battered business world behind for a career in the hallowed halls of academia. Applications are up substantially this year at many top business PhD programs, with some business schools reporting jumps in applications as high as 40%. PhD program directors attribute the jump to professionals fleeing a weak job market, coupled with a surge of interest from undergraduates bypassing that job market entirely to head straight for school.

An encouraging sign

Meanwhile, organizations like the PhD Project say more people than ever before are expressing interest in their programs and annual conference, which attracted the largest number of participants in the organization's 15-year history this fall. It's an encouraging sign for the world of management education, where a looming faculty shortage has had B-school deans worried for years.

The surge of interest in becoming a business professor comes just as a backlash is being felt among those in the business community who hold MBAs, says Yuval Bar-Or, an adjunct at Johns Hopkins University's Carey Business School and author of *Is a PhD for Me? A Cautionary Guide for Aspiring Doctoral Students*, slated for release on May 19. Many fleeing the business world for academia may view it as a more venerable profession, he says.

"MBAs are now persona non grata in many places, and there is a fair amount of animosity being directed at them for living in the fast lane, spending everyone's money, and not being responsible enough," Bar-Or says. "So business leaders, in society's eyes, have been knocked off a pedestal, and that may be causing a lot of people with an interest in business to want to go down a path that is more respected in society."

Those who have been thinking about getting a PhD are not wasting any time exploring their options. Potential PhD students were out in full force this fall at the PhD Project's annual

conference in Chicago last November, where attendees mingled with professors and deans from nearly 100 business schools around the country. The conference usually attracts around 330 people, but this year 832 people applied, about 534 of whom were invited to attend.

"This was a substantial increase. It was so big that we were starting to worry from a budgetary standpoint about how we were going to pay for everything and if the room and hotel was going to be big enough," said Bernie Milano, president of the PhD Project. He expects that interest will continue to grow. He's already received 65 applications for next year's conference, triple the amount he usually receives by this time of year, he says.

Application boom

Meanwhile, PhD program directors at some of the leading business doctoral programs in the country are also experiencing a similar surge in interest. At Columbia Business School, PhD applications are up about 27% this year over last, while applications have jumped 25% at Stanford University's Graduate School of Business. University of Chicago's Booth School of Business has seen a whopping 40% increase in applications, nearly half of which were people applying to the school's finance program, says Pradeep Chintagunta, director of Booth's PhD program.

"We were expecting some increase, but I don't think we had a good sense as to the magnitude of it," Chintagunta says. "If people were thinking of getting a PhD two years down the road, recent events have essentially precipitated an earlier application."

At the University of Pennsylvania's Wharton School, applications this year have jumped 34%, to 1,182. Nearly one-third of the applications were for the school's finance PhD program, which experienced a 54% increase in applications over last year. Most of the bump in applications came from a surge of talented undergraduate students or recent graduates deciding to bypass the working world and instead head straight into academia, says Robert Inman, Wharton's vice-dean and director of doctoral programs. Those fleeing the financial world represented only a small percentage of applicants, he says. This year there were just 28 students with a background in finance who applied to the school's finance PhD program, compared with 19 in 2008. Five of those applicants previously worked at Lehman Brothers, he says.

"It's not that we're getting all the quant jocks from Wall Street who suddenly lost their million-dollar jobs and say, 'Well, what the heck, let's go get a PhD,' " Inman says. "What's causing the increase is the really smart kids who would have been tempted to go to Wall Street and maybe stay there, but now the jobs are not available."

Earning a PhD also holds appeal for those who are in the workforce but are worried about their job security.

Downturn decisions

Alan Ferguson, 39, a senior business manager at a mortgage institution that received federal bailout funds, says he first began considering applying to a PhD program last spring, when the housing crisis began to surface. Ferguson, who declined to identify his current employer, had been in the workforce for 17 years, taking breaks to earn an MBA at Emory University's Goizueta Business School (Emory MBA Profile) and a Master of science in real estate at Georgia State University's Robinson College of Business. With the downturn in the economy, he decided to take his schooling one step further, applying to Georgia State's business doctoral program this year.

"I just wanted to keep every available option open because I didn't know what was going to happen this year or the next," says Ferguson, who was accepted to the program and will be

attending next fall. "Things have just slowed down tremendously, and I don't know when there is going to be another point in my career when I have the time available and opportunity to go ahead and pursue this advanced degree."

The upsurge in applications from people like Ferguson is good news for those worried about the projected business faculty shortage, which had been expected to worsen in the next four to five years. In recent years the overall production of business PhDs has fallen just as enrollment in undergraduate and master-level business programs has risen. Of even more concern, the shortage of business faculty is projected to increase to 2,400 openings by 2012, according to projections from the American Association of Collegiate Schools of Business (AACSB) made before the recent upsurge in applications.

However, an increase in applications is no guarantee of a bumper crop of new business faculty. One problem is that not all business PhDs go on to become faculty—about a third go to work for private industry, frequently consulting companies. Another problem is that PhD students, who typically receive a tuition waiver and stipend, are an expensive proposition for B-schools, and many of them are already strapped for cash. "Doctoral programs in business are cost centers for universities," says the PhD Project's Milano. "And in dead economic times, when universities are struggling, one of the things they have to look at reducing is the number of doctoral students, because they cost money."

Still, with the upsurge in business PhD applications, all signs are now pointing to an increase in the supply of new PhDs in the future, and even a possible decrease in demand. For one thing, more professors may put off retirement for several years because of the downturn in the economy, says Chicago Booth's Chintagunta. In addition, the magnitude of the looming faculty shortage may not be as bad as the one AACSB predicted if growth in demand for business education begins to level off, he says.

Even so, some say it's too early to tell if the laws of supply and demand will result in an end to the faculty shortage anytime soon. "Everything we've seen up till now has indicated that there seems to be a healthy demand for business education," he says. "But I think we need to look a bit more carefully as to what the overall impact of both those things will be on the demand for faculty in the future."

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