

## **U.S. business schools: why foreign MBAs are disappearing**

*Alison Damast*

*As visa problems and loan difficulties discourage international MBA applications at U.S. B-schools, classrooms may be less diverse this fall.*

Over the past five years, admissions officers at business schools across the country watched gleefully as the number of international applicants applying to MBA programs grew exponentially, fueled largely by rapid growth from India and China.

This year that trend has collapsed. International applications were down at business schools across the country, challenging admissions officers to meet diversity goals and posing questions for the future.

"I'm wondering if we've hit the peak of international applications," says Brenda Knebel, director of admissions at Purdue University's Krannert School of Management (Krannert Full-Time MBA Profile). Krannert's international applications were down 30% this year, although enrollment is still on a par with last year. "I expect the fall to be the same or down, but I don't expect it to go back to the good old glory days."

Indeed, the last application cycle presented a mixed bag for admissions officers, who saw a jump in applications from domestic applicants but a sharp decline in international interest. At many schools, applications are down and enrollment has been curtailed. Even at schools where foreign applications are holding steady, successful applicants are facing delays getting visas, and admissions directors are worried that many may not make it to class in the coming weeks.

Admissions officers working overtime

At Indiana University's Kelley School of Business (Kelley Full-Time MBA Profile), University of Connecticut's School of Business (Connecticut Full-Time MBA Profile), and Emory University's Goizueta Business School (Emory Full-Time MBA Profile), international enrollment for the coming school year is down anywhere from 5% to 15% from 2008-2009. At the same time, some schools such as Pennsylvania State University's Smeal College of Business (Penn State Full-Time MBA Profile) and the University of Iowa's Tippie College of Business (Iowa Full-Time MBA Profile) have purposely decided to limit the number of international students they admit, opting to cut back on students with uncertain job prospects rather than take chances on being unable to help everyone find employment.

Admissions officers attribute the grim international outlook for the upcoming school year to what many are calling a perfect storm. International students who once vied for seats in U.S. business school classrooms have become alarmed about securing financing, jobs after graduation, and the challenges associated with securing H1-B work visas. To calm the nerves of hesitant students and meet their diversity goals, admissions officers have gone into overdrive this year, conducting phone check-ins with students, offering ramped-up orientation programs, and bending over backwards to ensure that students get merit aid or scholarships. Many anticipate the upcoming application cycle to be no less challenging, if not more so, and are developing plans to make sure international enrollment doesn't dip even lower in 2010.

Indeed, U.S. business schools are finding themselves having to work harder than ever to attract and retain international students, says Dave Wilson, president of the Graduate Management Admissions Council (GMAC), an international association of business schools and sponsor of the GMAT, the b-school admissions exam.

Students from India and China ordinarily account for a large portion of the international applicant pool, but are increasingly deciding to study at home, where a growing number of high-quality MBA programs have emerged in the past decade, says Wilson.

Good overseas schools, no visa issues

This trend has accelerated in recent years and will likely continue, according to GMAC's most recent World Geographic Trends Report. The number of international students sending GMAT scores to U.S. schools fell from 75% in 2000 to 65% in 2008, the survey showed. The number of Asian students—of which nearly half are Indian—sending score reports to the U.S. fell from 77% in 2004 to 71% in 2008.

"With so many really good schools coming up around the world, lots of people are saying: 'Hold it, maybe I'll get a much better return by staying in my home country than I might if I went to the U.S.,'" Wilson says. "And there's also the visa situation. It's getting more and more difficult to get into this country and even more difficult to stay once you get here."

Obtaining a student visa is turning out to be more of a problem this year on some business school campuses than in the past. Jay Bryant, admissions director at the Thunderbird School of Global Management (Thunderbird Full-Time MBA Profile), says he has noticed that more students this summer are running into visa roadblocks when visiting U.S. embassies in their respective countries. The school, known for its globally diverse student body, has managed to keep international enrollment at a steady level, with non-U.S. students comprising 51% of the incoming class this fall. But Bryant says he worries that the figure could decline if students can't get visas in time for the start of the school year.

"They seem to be taking longer to get every year," he says. "They will go for an appointment and be told they need to come back several weeks later, but those several weeks later may already be once classes started."

One student facing difficulties is Roberto Carhuayo, a mechanical engineer and business owner from Lima, Peru, who has been planning to attend Thunderbird this August. He was supposed to arrive in Glendale, Ariz., at the end of May for pre-MBA English language courses that would allow him to participate in the school's accelerated MBA program. But Carhuayo was denied his F-1 visa this spring. "The embassy never told me why they denied it," he wrote in an e-mail. The only way he will be able to start at Thunderbird this August is if he receives a qualifying score on the Test of English as a Foreign Language (TOEFL) exam, thereby letting him obtain the visa. If that doesn't happen, he will likely have to delay his studies for at least six months, he says.

Penn State's "intentional decision"

"It is so frustrating for me to delay my MBA until January 2010," he says. "I am aware of some of the discussions of the impact on restrictive visa practices in the U.S. media and, in particular, of their impact on universities. I think that I am the practical example of this."

Thunderbird isn't the only school worried that fewer international students will show up on campus this fall. Carrie Marcinkevage, admissions director at Penn State's Smeal, says she has noticed more of a "summer melt" phenomenon affecting international students who intended to enroll this fall. She estimates that the school lost about 10% of its international class for the fall, mostly due to funding or personal reasons.

Marcinkevage expects international students to make up 28% of this fall's incoming class, less than the school's more typical 30% to 35% enrollment in recent years. But she says the

admissions team made an "intentional decision" to limit the size of the international class this year.

"We took a pretty conservative approach to overall class size this year so we can really focus on placement," she says. "The last thing we want to do in an economy like this is admit a lot of people and have a placement risk at the back end, where people leave dissatisfied with their experience."

#### Iowa's Tippie slashed foreign MBAs

Colleen Downie, admissions director at the University of Iowa's Tippie School, says her school adopted a similar philosophy this year, despite a 15% increase in international applications when most schools were posting declines. "We talked long and hard about whether or not to decrease our international representation," Downie says.

Ultimately the admissions team made a "strategic decision" to accept fewer students, primarily so the school could provide them with more hands-on career services support, Downie says Tippie will have around 25% to 30% international enrollment this year, down from 38% last year.

At Emory's Goizueta School, Admissions Director Julie Barefoot says there was a 12% decline in international applications this year, with applications from India down about 25%. As a result, international students will make up about 30% of the incoming class, down 10 percentage points from the previous year.

International applicants struggled this year to obtain loans to fund their education just as they were questioning their career prospects in the U.S., Barefoot says. The admissions office did its best to accommodate the international students' concerns, even extending the May deadline for deposits, Barefoot says.

#### At Emory's Goizueta, 32 nationalities

"There were certain candidates we were concerned about so we sent pretty regular updates to our candidate pool and had conversations with incoming students about the job search process," Barefoot says. "I do think the uncertainty at the time of the application led some people to be more cautious."

But even though numbers are down, Barefoot says diversity at the school will remain robust, with 32 countries represented in this fall's incoming class. "That's the good news," she says.

To ensure that international applications stay strong for the coming application cycle, some admissions officers are taking a more proactive approach to recruiting students.

John Roeder, admissions director at Vanderbilt University's Owen Graduate School of Management (Vanderbilt Full-Time MBA Profile), says his school plans to do more international outreach this fall than ever before. Owen is unusual in that it had a banner year attracting international students: Roeder expects international enrollment to hit 26% this year, up 6 percentage points over last year.

#### Vanderbilt presses to maintain gains

To maintain its momentum, he is about to launch a new program called Alumni Ambassadors, which he believes will help keep the pipeline for international applications strong. Alumni in countries such as Venezuela, Peru, India, China, Japan, and Korea will be participating in

admissions events in their respective countries, hosting receptions for students and recruiting talented prospects.

"I think we do need to be more proactive in various markets and this should be a great way for us to maintain a continued presence year-round in those countries," Roeder says.

Thunderbird's Jay Bryant says his school is also taking a more aggressive approach this fall. The school added a full-time recruiter in Geneva this year to attract more students from Europe and the Middle East. Thunderbird has also started a special scholarship fund for students from the developing world. Bryant hopes such moves will help his business school counter ebbing international enrollment.

"It's going to be a hard year and we are definitely going to have to put a lot more attention on our international applicants this fall," Bryant says. "Students are going to be looking at employment figures and things like that and they are not going to be too shiny for any school this year."

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