

## Resilient wreckers

*The market for MBAs is defying the economic gloom.*

Business schools have been widely accused of fashioning the wrecking balls and training many of the demolition crews that have wreaked such havoc in the economy over the past two years. And the crisis, whether it was forged in business schools or not, is undoubtedly making it harder for students to afford their fees, or to get jobs when they graduate: in America only half the class of 2009 had been offered a job three months before graduating. Yet business schools are thriving. More than two-thirds of full-time MBA programmes received more applications this year than last, their best performance for five years, according to the Graduate Management Admission Council, a business-school association.

Deciding whether to go to business school or not is difficult. The long-term benefits sound substantial: an improved chance of getting a corner office and a six-figure salary. But the short-term costs are also weighty: two years at a leading American business school can cost \$100,000 even before you take living expenses and forgone income into account. Many of the world's most famous business people, from Bill Gates down, did not bother with an MBA, whereas some of the most illustrious products of business schools have covered themselves with ignominy of late. Consultancies, which were forced to recruit more people without MBAs in the late 1990s because of competition from high-tech companies, found that they performed no worse and sometimes better.

Still, on balance, the benefits probably outweigh the costs, particularly in straitened times. People with MBAs are more likely to get jobs than people without them, and earn higher salaries. Employers pay MBAs on average twice as much as people with only undergraduate degrees and 30-35% more than people with lower-level management degrees, such as Master of Finance. Some 98% of corporate employers report that they are satisfied with the MBAs they hire, a sign that they will continue to fish from the same pond.

Deciding which school to go to can be as difficult as deciding whether to go in the first place. They all seem to offer roughly the same thing, if the advertisements that appear in publications such as this one are to be believed: a chance to hone your skills as a "global leader" and "strategic thinker" while gazing at beautiful buildings. Happily, prospective students now have a plethora of "Which MBA?" guides to help them choose, from The Economist and such rivals as the Financial Times, the Wall Street Journal, US News & World Report and BusinessWeek, which started the trend in 1988. Less happily, perhaps, the guides yield some strikingly different rankings.

The Economist's guide, published this week, ranks two European outfits, Spain's IESE Business School and Switzerland's International Institute for Management Development (IMD), at numbers one and two respectively. The University of Pennsylvania's Wharton School only just makes it into the top ten at number nine (up from number 17 a year ago). The Financial Times (the parent company of which owns part of The Economist) puts Wharton and London Business School at the top of its list, and IESE at number 12. BusinessWeek, which ranks American and non-American schools separately, awards the top American spot to the University of Chicago's Booth School and international gold to the School of Business at Queen's University in Canada. The China Europe International Business School is ranked eighth in the FT's list but only 95th in The Economist's.

<b>All over the place</b>			
Global full-time MBA ranking*			
2009	(2008)	School	Country
1	(2)	IESE Business School—University of Navarra	Spain
2	(1)	IMD—International Institute for Management Development	Switzerland
3	(6)	University of California at Berkeley—Haas School of Business	United States
4	(3)	University of Chicago—Booth School of Business	United States
5	(12)	Harvard Business School	United States
6	(5)	Dartmouth College—Tuck School of Business	United States
7	(4)	Stanford Graduate School of Business	United States
8	(9)	London Business School	Britain
9	(17)	University of Pennsylvania—Wharton School	United States
10	(14)	Vlerick Leuven Gent Management School	Belgium

Source: *Which MBA?*, *The Economist* \*See the full list at [economist.com/business-education](http://economist.com/business-education)

These differences reflect different methodologies. The Economist's rankings rely heavily on students' own assessment of their time at business school in general, and of whether their earning power rose and their "networks" expanded in particular. One reason why IESE did so well is that 98% of graduates found jobs within three months of graduation with an average basic salary of \$125,000—a remarkable feat in the current economic climate. The FT's list emphasises academic research as well as salaries. But the clash of rankings also has a bright side: it underlines the fact that there are different ways in which business schools can excel.

One of the most striking developments is that, contrary to the impression given by their advertisements, business schools are offering ever more diverse courses, giving prospective students a better chance of finding one that matches their aptitudes and interests. It normally takes two years to earn an MBA at an American school. At many European schools, including IMD and Insead, it only takes a year.

The Sloan School of Management is renowned for no-nonsense quantitative methods. Half of Insead's alumni go on to start a business or purchase one. Hong Kong University of Science and Technology, with its spectacular location overlooking Clear Water Bay, has the best facilities in the world, according to many. The Indian Institute of Management is arguably the world's most exclusive school, with more than 600 applicants for every place. HEC Paris has 63 overseas alumni associations in 49 countries. At Southern Methodist University's Cox School some 250 executives act as mentors to the students. At Britain's Henley Business School the average age of students is an experienced 37, compared with an upstart 29 at the Ross School at the University of Michigan.

Online MBAs, which not only reduce costs but also allow students to continue working, are proliferating. Warwick University's "distance learning" MBA is a snip at £5,200 (\$9,630) a year. There is also a boom in specialised qualifications. London Business School has introduced a master's in finance. Nottingham Business School offers six different degree courses, including one in corporate social responsibility. Bordeaux Business School offers an Executive Wine MBA.

The growing diversity of the business-school market is surely welcome. There is also lots to be said in favour of multiple rankings, the better to illuminate potential students' options. After all, different rankings, like different schools, suit different tastes and purposes.

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