



Eight Big Trends That Shaped Business Education In The Just-Ended Decade

BY: JOHN A. BYRNE ON JANUARY 08, 2020 | 0 COMMENTS 3,871 VIEWS



For business educators, the past ten years have been a whirlwind. As interest in full-time MBA programs in the U.S. continues to decline, competition among the leading business schools is as fierce as ever. There's been a headlong rush into long-distance learning, with hundreds of schools launching online MBA programs and executive education courses. To entice international applicants back into the U.S. market, schools have rushed to gain STEM-designation for their programs. And business analytics, experiential learning, and entrepreneurship have been among the hottest topics to inform business school curriculum.

They're among a series of trends that have shaped the business education landscape in the past decade—trends that will help inform even more change in 2020 and beyond.

1) Online business education is here. It's legit and it's gaining ground.

Nearly 32,000 students are now studying for an online MBA degree at just the 25 largest programs in the U.S. alone (see **25 Largest Online MBA Programs In The U.S.**). Many of these graduate students are watching pre-recorded lectures on their iPhones and laptops, never meeting their fellow students or faculty in the flesh. The *U.S. News* online MBA ranking in 2019 put numerical ranks on a record 285 programs, up from 267 a year earlier. What's more, the magazine profiles 302 different online MBAs. And in 2019 at least three new prominent players entered the market—the **University of Michigan**, **Southern Methodist University**, and **UC-Davis' Graduate School of Management**,

While full-time, two-year MBA programs have been in decline for five straight years, the online market is exploding. One of the most successful online MBA programs was launched just four years ago. The \$22,000 iMBA program at the University of Illinois' Gies College of Business is, in fact, **the fastest-growing MBA program** on the planet. Enrollment this month has grown to more than 3,200 students in Gies' online programs from a debut cohort of just 114 students. And this year the big news in the online market will be **the launch of Boston University's \$24,000 option** this fall.

What's more, all the leading schools have been pushing out an ever-larger portfolio of executive education courses online. **This boom in online executive education offerings** has tapped into an eager market of students who want to continue their education, drawn to the convenience of taking top business schools' most popular classes online. Corporations also are getting in on the game, asking schools to design custom online executive education programs for a large pool of their top talent.

Bottom line: Online business education is the single biggest trend that has defined the past decade and is likely to be the single biggest factor to shape the future of business education over the next ten years.

2) Declining interest in full-time, residential MBA programs in the U.S.

There's no doubt about it. After five consecutive years of application declines to two-year, residential MBA programs in the U.S., a falloff that in the past two years has hit even the

elite schools, fewer people are interested in getting a traditional MBA. Roughly seven of ten U.S. business schools reported a drop in MBA applications in 2018, according to **a survey of 150 admissions officers** by Kaplan. The falloff has led several schools to shutter their programs, including the University of Iowa, the University of Illinois, Wake Forest University, Thunderbird School of Global Management, Virginia Tech, and Simmons College.

You can blame four things for the fact that there are fewer MBA applicants in the full-time pipeline:

1. The strong U.S. economy. With unemployment in the U.S. at a 50-year low and an economy that is experiencing its longest expansion on record, many young professionals believe they don't need to go to graduate school to advance their careers.
2. The rising cost of MBA programs and the unwillingness of many Millennials to go into substantial debt to get the degree.
3. Donald Trump, who has scared off thousands of international candidates who had been helping to offset a continual decline in domestic applicants for a number of years.
4. A greater number of shorter, cheaper alternatives to a two-year, full-time MBA program, from one-year and online options to specialty master's degrees in such subjects as data analytics and entrepreneurship.

A turnaround isn't yet in the offing. Many admission officials are already saying that applications to their MBA programs will be down again for the 2019-2020 admissions season. The upshot: The strong schools will certainly survive and thrive but many more second- and third-tier programs in the U.S. are likely to close.

3) STEM-designated MBA programs are the rage

The University of Rochester's Simon School of Business was **the first to gain STEM designation for its entire MBA program** in 2018. But now a slew of schools have joined the STEM party. Many schools, from the University of Virginia's Darden School and Duke University's Fuqua School to Northwestern University's Kellogg School of Management, now have STEM majors within their MBA programs.

Others have followed Rochester's lead in getting their entire MBA STEM-designated. Carnegie Mellon University's Tepper School and UC-Berkeley's Haas School embraced STEM in 2019 as a way to attract international candidates, particularly in light of the current widespread **downturn in MBA applications**. UC-Berkeley's move is sure to accelerate the trend. The Haas School, after all, is **a top-10 MBA program**.

STEM-designated MBAs create a pathway for foreign students to stay and work in the United States for up to three years post-graduation. The early outcomes have been positive. Darden's placement stats last year were impressive partly because the international students with STEM-designation were able to land jobs far more easily, and international applicants are factoring STEM designations in their admission decisions.

But they are hardly a sure thing. For one thing, graduates still have to apply for the designation with the U.S. government and they also have to work in a STEM-related job. And then there is the unpredictable Trump Administration. Will it crackdown on schools that are trying to get around the administration's restrictions on immigrants? When Rochester became the first school to get STEM favored treatment for its entire MBA, whether you focus on marketing or strategy, one prominent dean openly worried that Trump would shut down this workaround visa route for immigrants.

4) The top business schools are enrolling more women than ever before.

The University of Southern California's Marshall School of Business did it first. That is, reaching gender parity in a full-time, two-year residential MBA program. Marshall's 52% women enrollment grabbed all the headlines, but it is not the only good news on the equality front. In the **fall of 2017**, 12 schools in the *Poets&Quants* U.S. Top 25 were members of the 40%-or-greater club; a year later, that number has ticked upward to 13 — more than half. Besides Marshall, which grew its female enrollment by an incredible 20 percentage points to 52% — an amazing 62.5% jump from 32% women in the Class of 2019 — the club now includes Duke University's Fuqua School of Business, which grew its female ranks from 34% to 42%, and the University of Washington Foster School of Business, which jumped from 36% to 42%. However, it excludes a pair that dropped out: Columbia Business School, which slipped from 41% to 39%, and the University of Texas McCombs School of Business, which dropped from 40% to 38%.

Yet, these impressive gains have largely been made by the top schools at the expense of second-tier MBA programs, some of which have seen the representation of female MBAs shrink rather dramatically. In other words, the pool of female MBA candidates isn't growing as fast as some of the gains at the big brand schools may indicate. So it remains to be seen how more deeply schools are willing to dip in the pool to get ever closer to gender parity.

5) The increasing popularity of MBA programs in Europe and Canada.

While fewer international applicants are considering an MBA program in the U.S., not all of them have completely dropped out of the market. More of them, in fact, are applying to schools in both Canada and Europe where getting a work visa can be a lot easier than in the U.S. these days.

In fact, one of the biggest surprises of the past year has been the growing acceptance of Europe's business schools by international applicants. "I'm surprised at how quickly they have built acceptability in the minds of candidates," says Sangeet Chowfla, CEO of the Graduate Management Admission Council [in an interview](#). "We always had the brand name business schools like INSEAD and London Business School which have always had great brand appeal but we are beginning to see significant candidate interest in schools like ESMT Berlin, Rotterdam, and Copenhagen, schools which were not necessarily on the radar of a lot of candidates in Europe. Europe is becoming a more attractive destination beyond the obvious big brand schools. That is a significant change that is going to affect the contours of the industry over time."

6) The big emphasis on business analytics, experiential learning, entrepreneurship, and leadership skills

In the past ten years, the most important trends in business school curricula have been in four core areas: analytics, action learning, entrepreneurship, and leadership training.

There's hardly a business school on the planet who has not doubled down on any one of these four core areas—largely because of the demand for them from the corporations that hire MBAs or MBA students themselves. You can expect more of the same over the next ten years, with more of a slant toward artificial intelligence and machine learning.

All of this represents still more evidence of how responsive business schools have been to the needs of their customers: the companies and organizations that hire their talent and the discerning students who want to make sure they graduate with the skills that will give them options. The best proof of this is entrepreneurship, a subject area that business schools have made significant investments in the last decade. Only 5% of MBA graduates tend to launch startups at or immediately after graduation, but the vast majority of MBA students think that they will someday do their own thing.

7) The increasing acceptance of the GRE as an alternative to the GMAT

This past decade has seen a dramatic increase in the acceptance of the GRE by both business schools and their applicants. A sizable share of the applicant pool is undecided about getting an MBA and takes the GRE for its greater applicability in admissions to other competitive graduate programs. More women and more nontraditional students are likely to opt for the GRE, exactly the kinds of applicants that many business schools are trying to lure into their MBA programs.

Poets&Quants' analysis of *U.S. News* data from last fall's intakes at the top 50 schools finds that most — 30 of 48 that report the data — saw a year-over-year gain between 2017 and 2018 in the percentage of entrants who submitted GRE scores. Expand the scope to the last four years and that number grows to 41 of 48 schools, at an average increase of more than 100% (102.5%, to be precise). Eleven schools saw double-digit increases in percentage points of GRE submitters in the last year; in the last four, the number grows to 18 schools.

Expect the GRE's gains to continue.

8) The remarkable growth of the specialized master's degree in business

While full-time MBA programs may be in decline, business schools have been rushing out an array of specialized master's degrees that range from supply chain logistics to data analytics. The most popular of these one-year graduate programs remain in finance and accounting, but there is now an almost bewildering portfolio of specialized master's at many leading business schools. In the past seven years alone, for example, Indiana University's

Kelley School of Business has launched eight specialty master's programs, including one in cybersecurity risk management and IT management.

Some business schools have more than offset losses in their MBA programs with increased enrollment in these specialty master's options. Expect more of these programs to proliferate, even if they have jumped the shark.

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