

Is the MBA keeping up with the needs of business?

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New research shows that an MBA continues to be a ticket to increased earning power and senior roles but that the demand for sustainable and responsible management education is growing.

New research by the Association of MBAs (AMBA), conducted among 1000 graduates from AMBA-accredited business schools in 75 countries last year, demonstrates that the MBA continues to open doors to more senior roles and increased earning power.

The 2012 research shows that the average salary of MBA graduates from AMBA-accredited business schools now stands at over R1,120,000 annually, a 7% increase on the reported salaries in 2010.

Commentators say that this suggests that the MBA remains relevant in the workplace. But the research also points to a need for a different set of skills for today's MBA graduates. While earning power remains an important concern, one in five MBA graduates in the AMBA survey stated that sustainable or responsible management insights are the most important thing they want from their MBA.

Walter Baets, director of the UCT Graduate School of Business in South Africa, says that this finding heralds a shift in the business landscape and that if MBA programmes want to continue to be considered relevant, they will have to change accordingly. "The MBA is a long-term investment which brings value to a graduate throughout their career. Employers generally look favourably on the MBA qualification because they expect that those who have studied one will have the knowledge and skills to benefit an organisation. But now, beyond the question of whether one should get an MBA is the matter of what type of MBA is available," says Baets.

The 2010 Accenture and United Nations Global Compact survey of 766 CEOs from around the world reported that 93% of CEOs saw sustainability issues as important to their companies' future success. Alongside this, 81% of the CEOs surveyed stated that sustainability issues were 'fully embedded' into their companies' strategy and operations, with many extending this focus to their subsidiaries and supply chains. "I think businesses are ready to act, and individual businesses have demonstrated that sustainability can be an important business goal, a business strategy itself," says Kris Gopalakrishnan, chair of the Business Action for Sustainable Development 2012.

For the past few decades, this has been reflected by the growing emphasis placed on corporate and social responsibility throughout the MBA world. "The task of ensuring that business leaders and professionals have the skills they need to take their companies forward into a sustainable economy is potentially the most pressing challenges that business schools are likely to face over the next few years," says Baets.

As the AMBA research shows, the awareness of the need amongst MBA graduates is there; but the ambiguity of the actual skills that business schools need to teach in sustainable business education, makes matters more difficult.

"These skills are often described as the ability to innovate and inspire, collaborate and communicate; leadership qualities that are recognised as essential for transforming a business into a sustainable enterprise. But while there is a surge in demand for these kinds of skills, it is not clear how they differ from the skills you would have expected any MBA graduate to possess in the past. This presents obvious difficulties for a business school," says Baets.

He says that for emerging economies, the need is even greater due to their rapid economic growth: "Africa for example needs leaders who can take organisations and rapidly advance them, while adjusting to changes in their complex environments. The number of managers with such skills doesn't come close to matching the need. On top of this,

'sustainable' business skills also need to be accounted for. So in emerging economies there is an even greater demand for the right kind of leadership."

For Baets, the answer comes down to one of relevance. "In preparing an MBA curriculum to meet these demands, business schools should go beyond the concept of 'sustainable' business education and talk about 'inclusive business': business with a wider positive impact for all. Inclusive business can only be values-based and values-driven. Academics need to develop fresh ideas around values-based leadership, social innovation, inclusive business, and so on," he says.

Baets is not alone in this thinking; Dr Enase Okonedo, Dean of Lagos Business School, says that the school sets out to raise ethical and responsible managers and leaders who will make a positive difference in society. "It is a self-imposed mandate that speaks to our ambition to positively impact on the practice of management in Nigeria. To ensure that the school's teaching in this area is grounded in cutting-edge research that is also locally relevant, a Centre for Corporate Social Responsibility has been established, which also hosts programmes aimed at enhancing a holistic understanding of the role of business in society," says Okonedo.

Other business schools are also making progress in this direction. "The Inspirational Guide for the Implementation of Principles for Responsible Management Education" an initiative of the United Nations Global Compact, published last year highlights 64 schools around the world leading the way in this regard. Baets's business school is in there for its Social Innovation Lab, a stream of the GSB MBA run by Bertha Centre for Social Innovation and Entrepreneurship which offers an integrated platform that threads together teaching, field work and design thinking around social innovation. A survey of 2013 MBA students at the GSB showed that 60% chose the business school because of this work in social innovation.

The GSB's neighbour - the University of Stellenbosch Business School, was also featured in the guide, for its sustainability research in an African context.

"The leadership qualities that businesses today are seeking can be taught. But for the most part they have to be taught practically," says Francois Bonnici director of the Bertha Centre. "Business schools need to put students in small groups and have them work through leadership tasks collaboratively; taking their own experiences and applying them, while at the same time drawing on the expertise of the faculty available," he says.

As Baets says, the challenges of today call for business and entrepreneurship to be more inclusive and equitable, yet still drive economic growth. "The AMBA research shows that there is a source of individuals who want to apply their talent, their creativity in business thinking to the way the world is run. The responsibility lies with business schools to use their MBA and other programmes to develop in these students the insights and capabilities to build better organisations that have a positive social and environmental impact. If we do not do this, as business schools we risk becoming irrelevant."

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