

Important factors in designing a master of business administration program: the results of a survey

Nancy Sutton Bell
University of Montevallo

J. A. Connell
University of Montevallo

Roderick S. MacPherson
University of Montevallo

William T. Rupp
University of Montevallo

ABSTRACT

This paper presents the findings from a survey created to investigate the factors that may be important in designing a Masters of Business Administration (MBA) program, and the interest in a prospective MBA program at the University of Montevallo. The findings indicate that the demand for the MBA program is strong, and most respondents believe the degree would help them in their current career path. The paper also reports respondents' views concerning on-line versus traditional classroom based learning; their preferences in terms of time of day, day of the week, and location for classes; and the importance of various qualitative factors. The study found that convenience, cost and flexibility were key concerns for most respondents.

Keywords: MBA, New Program Development, On-line Courses, Survey.

INTRODUCTION

The Master of Business Administration (MBA) degree is extremely popular among graduate programs in the eyes of students, corporate recruiters, and educational institutions due to its wide-ranging advantages. An MBA is a degree earned after completing one to two years (or the equivalent) of graduate-level study that demonstrates competency in the theories and proven practices used in business management. It is generally agreed that the MBA is the most recognized graduate degree because it is a degree that tends to have value in every type of organization (Gillette, 2008). According to the most recent *MBA Alumni Perspectives Survey* (Schoenfeld, 2008b) not only do MBA's report much higher salaries than they earned before gaining the degree, but they also report increased job satisfaction and believe the degree continues to be valuable to their career progression. The degree consistently shows an excellent return on investment for most recipients while improving their employability and professional prospects. According to recent figures published by Admissions Consultants (2008), the average salaries of MBA graduates from the top 15 graduate schools (based on U.S. News & World Report's 2008 Business School Rankings) range from \$104,000 - \$145,000. Given the many advantages of the degree it is not surprising that the demand for the degree and the number of programs being offered is increasing.

The current economic downturn appears to be fueling the growth of MBA programs. The Graduate Management Admissions Council (GMAC) has surveyed MBA growth annually since 2000. In their most recent report, the GMAC (2008) noted consistent increases in MBA registrations during the last four years with a nearly 12% increase worldwide from June 2007 through June 2008. Based on test-taking patterns, the GMAC predicts that the highest level of growth in application volume may occur in 2010, after which a slowdown is likely to begin" (2008, p. 3). The president and CEO of GMAC was recently quoted saying that "Going to business school is one of the best ways to improve your marketability and expand your options anytime – but especially in this challenging economic climate." He went on to say that the "dramatic increase in applications...is a sure sign that people recognize the value of investing in an MBA." (PR Newswire, 2008). The demand for the MBA degree proves strong despite the slowdown in economic growth worldwide (Murray, 2008). Although MBA programs have become more common at foreign universities, many foreign students are still drawn to programs in the U.S. because these programs are less theoretical and far more practical (Kever, 2008).

Another factor contributing to the popularity of the degree is that members of the huge millennial generation who are just beginning to gain undergraduate degrees demonstrate an exceptional interest in higher education. The millennial generation refers to the generally optimistic, talented, well-educated, collaborative, connected, open-minded, and achievement oriented generation born between 1983 and 2000. They are products of a baby bulge, numbering 80 million in the U.S. making them the largest generation since the baby boomers. They began flowing into MBA programs in 2007. Although these students are known for being highly talented, they are also known for requiring high maintenance. They represent the trophy children of doting parents, and both they and their helicopter parents who continue to hover over them expect programs

to offer them a lot of hand-holding. Many schools began altering their programs by having advisors meet with them more often, offering virtual office hours, offering custom-tailored MBAs, using blogs, and offering specialized environmentally focused programs because so many of these students want to enroll in programs that will enable them to make a social difference in the world (Gloeckler, 2008). According to surveys (Martin and Tulgan, 2001) and (Bell, Connell, Hamilton, Motii, and Sanders, 2008), large numbers of undergraduate students intend to gain graduate degrees. Given the high value this large generation places on higher education, it is quite likely that they will continue to pursue the MBA degree in record numbers.

The purpose of this paper is to summarize the results of a survey concerning the interest in having the Stephens College of Business at the University of Montevallo offer an MBA program. It extends a preliminary investigation that was reported in this journal (Bell, MacPherson and Motii, 2008) that indicated a strong need for this program.

The University of Montevallo (UM) is a small public liberal arts university located in Central Alabama approximately 35 miles south of Birmingham. The Stephens College of Business is a relatively small college (fewer than 400 undergraduate students) that is accredited by AACSB International. UM's legislatively mandated mission is *"to provide students from throughout the state an affordable, geographically accessible 'small college' public higher educational experience of high quality, with a strong emphasis on undergraduate liberal studies and with professional programs supported by a broad base of arts and sciences, designed for the intellectual and personal growth in the pursuit of meaningful employment and responsible informed citizenship."*

UM is known for providing students with a high quality education in small classrooms taught mostly by faculty with doctoral or equivalent terminal degrees. In brief, it provides students with an educational experience similar to private schools at a public school price.

To evaluate the level of interest and characteristics of a prospective MBA program at the University of Montevallo, the Stephens College of Business posted an icon labeled "MBA Survey" on the University of Montevallo homepage from June to August 2008. The icon was a hotlink that led to an extensive survey concerning respondents' backgrounds, interest in an MBA program, and characteristics they would prefer in a prospective MBA program offered at UM. SurveyMonkey, an external survey site, was used to deliver, collect, and provide basic descriptive statistics. The questionnaire consisted of 22 objective questions with the opportunity to provide additional narrative responses. A total of 402 respondents took the survey and 350 completed all parts or 87%.

CHARACTERISTICS OF RESPONDENTS

Several of the survey questions were designed to provide background information on demographic and other characteristics of the respondents. Accordingly, questions were posed concerning the age, experience, geographic location of residence, primary

industry of employment, and information concerning respondents' writing and computer skills.

Most respondents were relatively young with limited managerial or supervisory experience. The ages and experience of respondents are summarized in Figures 1 and 2. Sixty-two percent were under 30, and 46% had either no experience or less than one year of experience in a managerial role. This indicates that most of the respondents were either still in school or very recent graduates. Another 22% were between 31 and 40, and 29% had between two and five years of experience. Therefore, 83% of respondents were under 40 years of age, and 75% had five years or less experience in a managerial role. Only 16% were over 40 years of age with 13% between 41 and 50, and only 3% over 50 years of age. Only one-fourth of respondents had over 5 years of professional experience with 14% having between 6 and 10 years, 5% having between 11 and 15 years, and only 6% having more than 15 years experience. The young age and limited experience of respondents will need to be considered in interpreting survey data in regard to the desired characteristics of a prospective MBA program as this could result in a response bias.

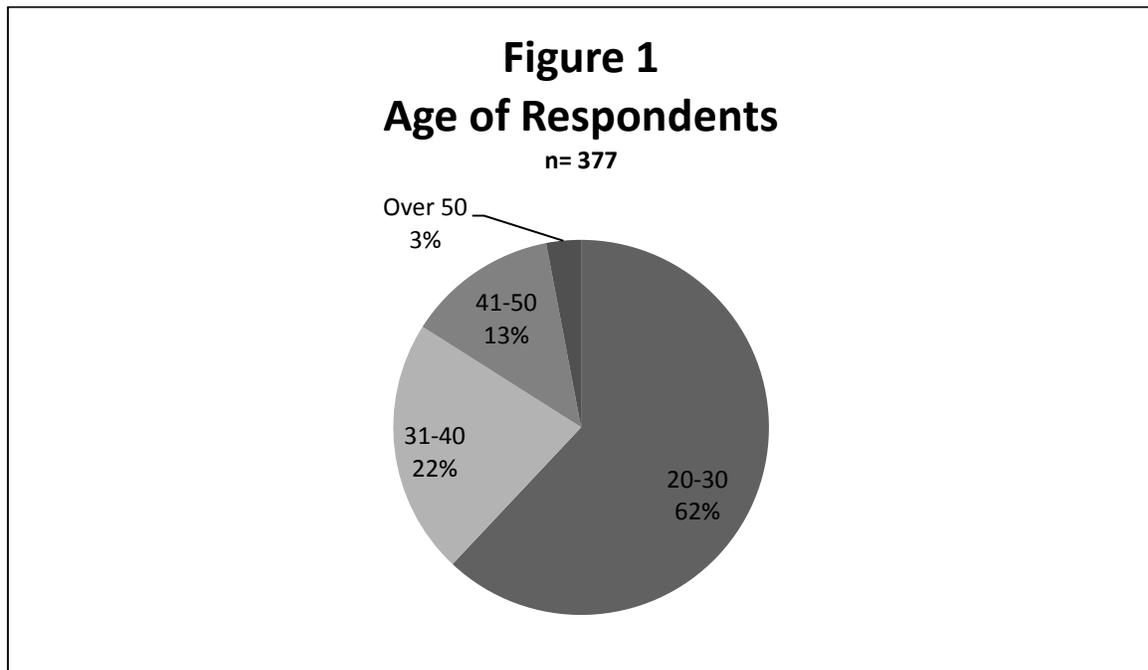
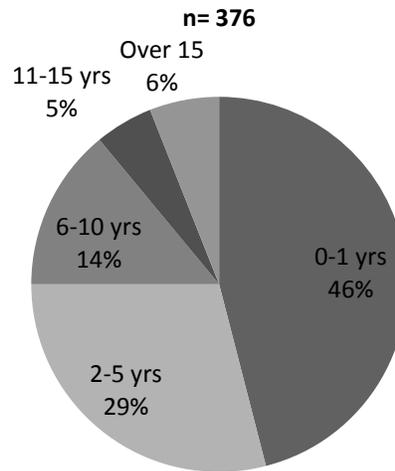
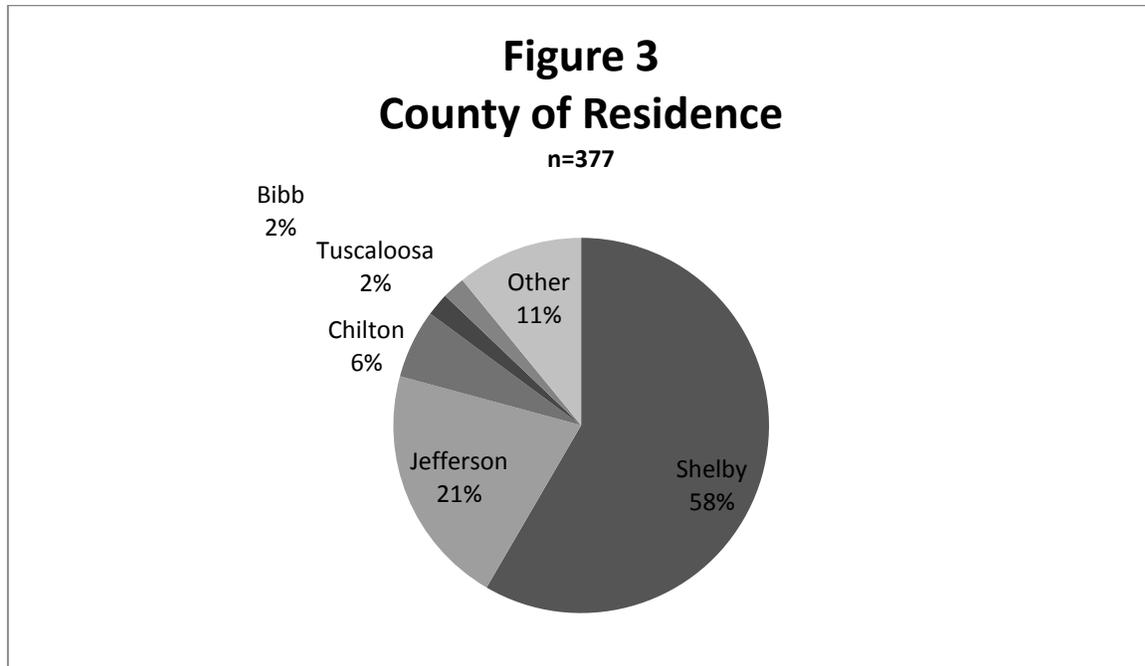


Figure 2
Number of Years in Managerial Role



Despite the fact that the survey was administered on the Internet which is available internationally, the overwhelming majority (89%) of respondents resided near Montevallo, Alabama. This is not surprising given the unique mission of UM to provide students from Alabama a “geographically accessible” small college experience. As illustrated in Figure 3, most respondents (58%) were from Shelby County where Montevallo is located, and over one-fifth (21%) were from Jefferson County directly north of Shelby County where Birmingham and much of the state’s population is located. Approximately one-fifth came either from another bordering county (10%), and only 11% reported living in another area. These findings indicate that most of the respondents live within commuting distance from Montevallo since all of these locations are within less than a one hour drive from the campus. This fact may bias the findings toward classroom instruction over on-line instruction.



Respondents reported working in a wide range of industries. This information is summarized in Table 1. Although no industry dominated, the largest number of respondents (37%) worked primarily in the financial services industry. This is not surprising considering that Birmingham, Alabama is a major banking center second only to Charlotte, North Carolina in the South. At the end of 2006, the city employed nearly 40,000 in the financial services industry (Birmingham Regional Chamber of Commerce 2009). In 2006 Regions Financial Corporation merged with AmSouth making it one of the nation’s largest bank holding companies with approximately \$144 billion in assets (Regions, 2009). Although Birmingham ranks 48th in the nation in terms of population, the city ranks seventh in the nation in terms of banking assets.

Please indicate in which sector(s) of the business world your organization operates.				
	Primary	Secondary	Related	Number
Financial Services	37% (118)	9% (29)	14% (46)	192
Marketing Services	23% (72)	21% (67)	11% (34)	172
Community Development	15% (47)	14% (45)	10% (32)	122
Manufacturing/Production	12% (39)	8% (26)	10% (33)	97
Medical Services	11% (35)	7% (21)	9% (30)	83
Foundation/Association Mgmt	8% (28)	11% (35)	7% (23)	86
Construction Services	8% (26)	6% (20)	14% (44)	90
Food Services	7% (24)	7% (21)	8% (26)	70
Engineering Services	7% (21)	9% (29)	11% (34)	82
Faith Based Leadership	5% (15)	5% (15)	9% (29)	59
Arts/Music Management	4% (13)	1% (16)	12% (38)	64

The other main industries where respondents work included marketing services (23%), community development (15%), manufacturing/production (12%), and medical services (11%). Although Birmingham is a major community for health care services with the University of Alabama at Birmingham (UAB) ranking third in the nation, behind the Mayo Clinic and Massachusetts General (Birmingham Regional Chamber of Commerce 2009), only about one in ten respondents reported working primarily in this industry. This may be explained by the fact that UAB also offers several MBA programs and provides tuition discounts to their employees. Additionally, since UAB is so well-known among the medical community in the area, those employed primarily in the medical industry may tend to look first to UAB for an MBA program.

It appears that a significant number of respondents, ranging from 4% to 37%, worked in one of the eleven categories listed on the questionnaire. These findings indicate that a general rather than a specialized MBA program would have the best chance of success at a small university like the University of Montevallo.

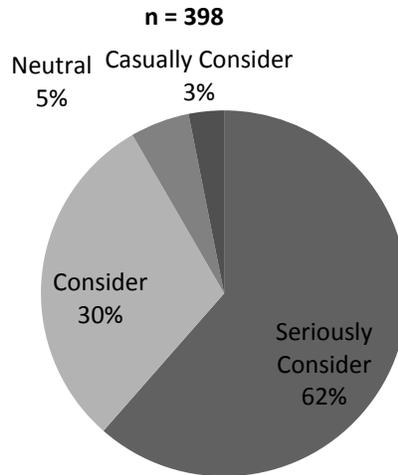
Finally, the respondents were queried about their writing and computer skills. Most respondents (85%) said they are usually confident concerning their ability to present their thoughts and ideas in writing, and the other 15% said they are sometimes confident in these abilities. Less than one percent of respondents were not confident in their writing abilities. All respondents reported being confident (90%) or somewhat confident (10%) about their computer skills, use of email, attaching, uploading, downloading files, using chat or other discussion boards, and no respondents lacked confidence in these computer related abilities. Furthermore, nearly all respondents (99%) said they have consistent and convenient access to a computer, such as a PC running Windows XP or higher or an Apple computer running OS 10 or higher. These findings indicate that nearly all respondents had the basic background and equipment needed for pursuing on-line coursework.

VALUE OF THE MBA DEGREE

Several questions were asked to help understand whether or not respondents would be interested in an MBA program at UM and how valuable they considered the MBA. Survey findings indicate that most respondents were very interested in pursuing an MBA at UM. Both respondents and their employers appear to value the MBA and they not only think that they would benefit from an MBA degree but believe that their co-workers would benefit from the degree as well.

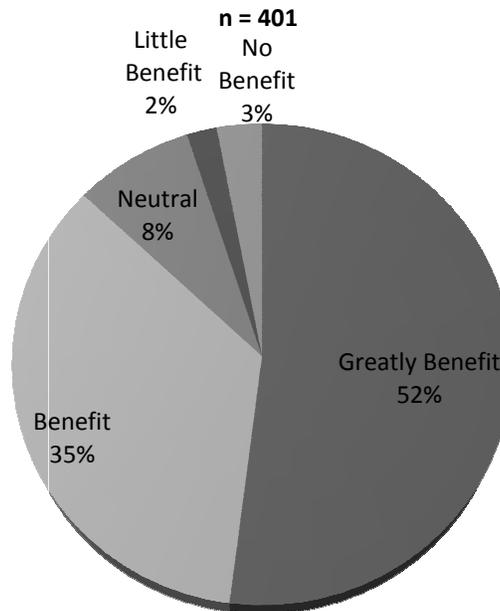
Nearly all respondents completing the questionnaire said they would consider enrolling in an MBA program at the University of Montevallo. Nearly two-thirds (62%) said they would seriously consider and nearly one-third (30%) said they would consider enrolling in an MBA program at UM. Only 5% indicated a neutral position.

Figure 4 Would You Consider Enrolling in MBA Program at UM?



The findings support the perceived value of the MBA degree. As illustrated in Figure 5, the majority (87%) of respondents indicated that their current career path would benefit or greatly benefit from an MBA with 52% reporting that they would greatly benefit from an MBA, and an additional 35% said their career path would benefit from the degree. Only 3% said this degree offered no benefit to their current career path. Furthermore, 93% said that one or more of their co-workers in their organization would benefit from an MBA degree. It appears that the employers of these respondents also value the MBA degree because nearly half reported that it was likely (23%) or very likely (26%) that their current employer would help pay for them obtaining the degree. Still it should be noted that it would be reasonable to assume that people who would notice an icon concerning an MBA survey on the UM homepage would follow that hotlink because of having at least some interest in an MBA. Therefore, it is expected that there is a response bias.

Figure 5
Benefit of MBA to Current Career Path



PREFERRED CHARACTERISTICS OF THE PROGRAM

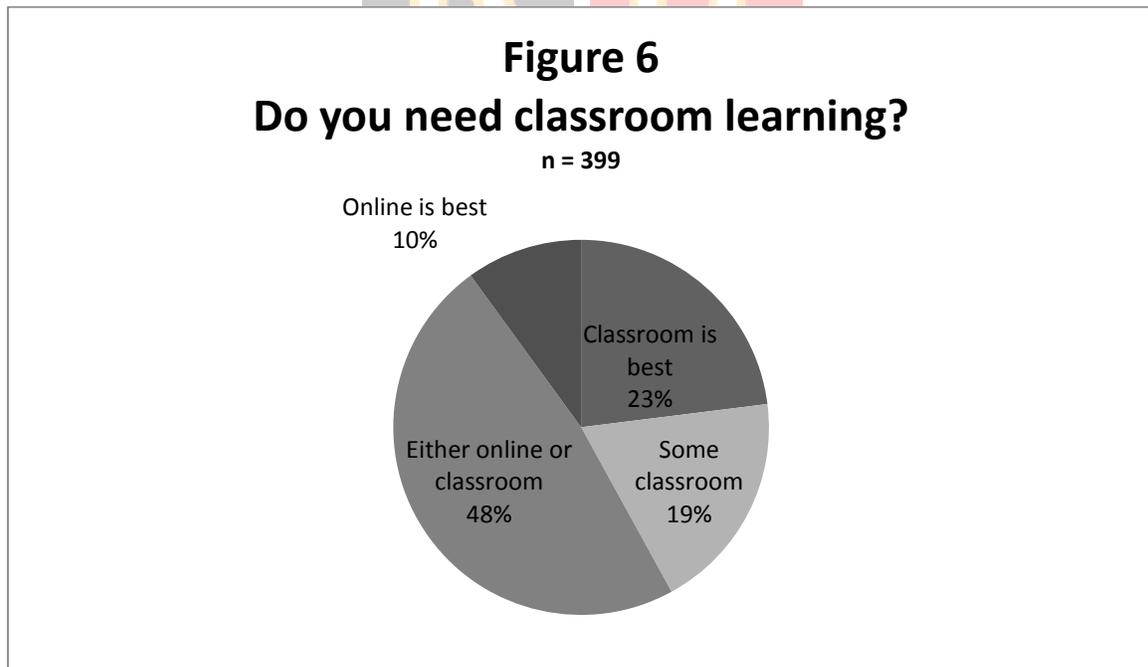
Since the Stephens College of Business would be starting a new program, the most enlightening responses were in reference to the preferred characteristics of the program. Respondents were generally receptive to on-line learning courses. Not requiring previous work experience for entrance into the program was also recommended. They expressed definite preferences regarding the day and time of course offerings, flexibility, cost, length, location, and skills developed by the program.

Given the fact that 75% of respondents had five years or less experience in a managerial role and nearly half (46%) had one year or less experience, it is not surprising that most said it would not make a difference to them if other students in their courses would have significant work experience. Specifically, 72% said it did not make a difference, but over one-fourth (28%) said it did make a difference. Many of the narrative responses to this question indicated that they thought a diversity of backgrounds in the classroom would be best, for example one wrote “a variety of backgrounds will aid in discussion and learning.” Some openly admitted they thought limited experience would be acceptable because they had limited experience, like the student who wrote “most students working towards a master’s would only have experience in entry level positions or their career growth has been limited because they do not have this degree yet.” Still others thought the quality of learning would definitely be enriched by having students with experience in the program, like the student who wrote “I believe experience gives a truer knowledge of business industry and allows you to better understand the curriculum for that field of study.”

Most of the respondents were open to either on-line or classroom instruction. Exactly half of the respondents reported having taken training on-line in the past, and over a third (37%) had taken a college course on-line. The narrative comments concerning on-line instruction were mostly very favorable. For instance, one student wrote: “I prefer it over the classroom. There’s a lot of lost time in the traditional classroom setting.” Several liked the flexibility of on-line instruction, like the student who wrote that it was “great because there were no time constraints”, and another who wrote that it “gave the flexibility to devote the time when possible”. Still others commented that it was “boring”, “hated it”, “no interaction”, and one who summed it up saying “I liked the flexibility, but missed the interaction”.

Despite the convenience and flexibility of on-line instruction, most students believe a classroom experience is superior for effective learning. When asked “Do you learn best by frequently interacting with other students and your instructor?” the majority (59%) said usually, another 39% said sometimes, and only 3% said rarely. However, even though most indicated that they tend to learn best in a traditional classroom setting it is not critical for most.

As illustrated in Figure 6, respondents were somewhat divided on their need for a classroom learning experience. Nearly half (48%) said either on-line or classroom learning is fine. Nearly one-fourth (23%) said classroom learning is best for them and another 19% thought some classroom learning was needed. Interestingly, 10% reported that they thought that on-line is best.



The narrative responses to this question helped clarify the findings. Some respondents clearly thought on-line programs are best, like the one who wrote “I learn best by researching myself and then expressing it in writing. I also learn best with hands on experience such as doing homework with formulas instead of watching a professor do statistics from the board.” Another wrote “I believe offering access to on-line classes

would be beneficial for the mode of our lifestyles. The traditional classrooms are a thing of the past.” Those who favored on-line or a combination of on-line and classroom learning tended to do so because of the convenience, as expressed by the student who wrote “classroom learning can be a great way for students to learn, yet the cost of travel and time may stop a student from enrolling in the program.” A few respondents were concerned about the quality of an on-line program like the one who wrote “There are a number of Internet based MBA programs that are not very well respected in the real business world.” Another summarized this sentiment writing “I don’t want a patty cake diploma.”

The questionnaire probed further by asking “In choosing an MBA program, would offering a significant portion of the program on-line make a difference in your decision?” Half of the respondents (51%) said it would make a huge difference, and another 37% said it would make some difference. Only 13% said that it did not matter. The difference for most was that on-line was the most convenient or the only way they could conceivably pursue an MBA, like the one who wrote “Commuting from Florida is not practical.” Similarly another respondent wrote “I currently work 40 hours a week and have a small child so yes, on-line learning would greatly help me to achieve my goal of earning an MBA.” For others, the difference was unfavorable to the on-line forum, like the respondent who wrote “How can you evaluate the qualifications (true quality) of an individual on-line?”

Many of the respondents appear to be very busy individuals who would need to fit time for classes in by juggling the demands of working and raising a family. When asked “Do you have 10-20 hours per week for studying and is your schedule fairly flexible?” most respondents (57%) said usually, and another 38% said sometimes. Only 6% said they rarely had this time or a flexible schedule. It appears that a part-time MBA program would be the only practical alternative for most of the respondents to this survey.

We asked respondents to rate the importance of a number of issues regarding the MBA program. Their responses are summarized in Table 2 arranged by the issues respondents ranked very important.

Please rate the importance of the following issues.				
Issue	Very Important	Important	Somewhat Important	Not Important
Day & time of course offerings	75%	19%	5%	1%
Flexibility of degree program	68%	28%	4%	0%
Cost of degree program	65%	25%	8%	2%
Length of degree program	60%	30%	9%	0%
Location of course offerings	59%	32%	8%	1%
Skill development	56%	40%	4%	0%
On-line offerings	53%	26%	16%	6%
Immediately use new knowledge	40%	44%	15%	1%
Networking with cohort group	24%	41%	31%	4%

Convenience appears to be a theme that underlies many of the issues that are important to respondents. The day and time of the courses appears to be exceptionally

important with 75% rating this as very important, 19% said it was important, 5% said it was somewhat important and only 1 percent said it was not important. The flexibility of the degree program was important to all of the respondents with 68% rating this factor as very important, 28% said it was important, and only 4% said it was somewhat important. Cost of the program was important to 98% of the respondents with 65% saying this issue was very important, 25% saying it was important and only 8% saying it was somewhat important. Length of the degree program was important to all respondents with 60% reporting it was very important, 30% important and 9% somewhat important. Location was important to 99% of respondents with it being very important to 59%, important to 32%, and somewhat important to 8%. On-line offerings was rated as important by 94% of respondents with 53% saying it was very important, 26% saying it was important, and 16% rating it as somewhat important.

The other issues that most respondents reported to be important dealt with qualitative factors of the program. Specifically, skill development was important to all respondents with 56% saying it was very important, 40% saying it was important and only 4% saying it was somewhat important. The immediate use of knowledge was rated very important to 40%, important to 44%, and somewhat important to 15%. Finally, networking with cohort group was very important to 24% of respondents, important to 41%, and somewhat important to 31%.

The same factors that are reported in Table 2 were mentioned repeatedly in the narrative responses written on the questionnaire. The word “cost” was mentioned 57 times, “flexibility” was mentioned 30 times, “location” was mentioned 24 times, and “convenience” was mentioned 11 times.

Respondents were asked “For course meetings, what day, time, and location would be most convenient?” Their responses are summarized in Table 3. Monday (28%), Tuesday (26%) and Saturday (22%) were clearly the most convenient days for most respondents. The evening, between 6 pm and 10 pm (62%), was by far the most convenient time, followed by those wanting class meetings in the morning, between 8 am and 12 pm (24%). The Montevallo area was the most convenient location (65%), followed by North Shelby area (17%) which is toward Birmingham in the county where the University of Montevallo is located, and the 280 Corridor (14%) which is north of the university toward Birmingham. Very few found south of the university, the Clanton area (2%) or Montgomery area (2%) convenient.

Table 3						
For course meetings, what day, time, and location would be most convenient?						
Day	Mon	Tue	Wed	Thu	Fri	Sat
Most Convenient Day	28%	26%	13%	7%	5%	22%
Time	8am–12pm		1pm–5pm		6pm–10pm	
Most Convenient Time	24%		14%		62%	
Location	Montevallo area	North Shelby area	280 Corridor	Clanton area	Montgomery area	
Most Convenient	65%	17%	14%	2%	2%	

These findings indicate that the characteristics of the program could be quite important in the success of the program. Although respondents were generally open to on-line learning and not requiring work experience for entrance into the program, they expressed definite preferences regarding the day and time of course offerings, flexibility, cost, length, location, and skills developed by the program.

SUMMARY

Given the local demand and the keen interest expressed by respondents to this survey, it appears that an MBA program at the University of Montevallo would have a high probability of success. However, prospective MBA students have a wide range of programs available to them. In fact, there are respected and specialized programs at two other state universities, the University of Alabama at Birmingham and the University of Alabama in Tuscaloosa, both within less than a one-hour drive from Montevallo. Any program at the University of Montevallo would need to be comparatively small; however, UM's reputation for small quality programs represent a distinctive strength commented on by many of the respondents. The findings of this survey indicate that prospective students at this small university have very definite preferences and issues that are important to them in pursuing the MBA.

Most of the respondents to the survey were relatively young, with limited professional experience in a wide range of industries. These findings suggest that a program at the University of Montevallo would need to be open to students without experience, and the program may need to be general rather than specialized. The exchange of ideas among diverse students in small classrooms and on-line forums led by skilled faculty could represent another distinctive strength of the program. Considering the small size of the school and the wide range of industries where potential students are employed, a general MBA degree would probably attract the greatest number of prospective students.

The overriding concerns for nearly all respondents were cost, convenience and flexibility of the program. Even though most respondents felt that a classroom forum is superior to an on-line forum for effective learning, the convenience of on-line instruction and the respondents' high comfort level with an on-line forum appear to be strong mitigating factors. Many prospective MBA candidates are exceptionally busy young professionals with demanding work and family responsibilities. It is not surprising that many new MBA programs are wholly or partially on-line or have developed on-line components to accommodate these busy individuals.

The findings of this study indicate that for the University of Montevallo a program that combines on-line instruction with classroom instruction would appeal to most prospective students. Convenience appears to be a theme that underlies many of the issues that were important to respondents. Convenience, cost and flexibility were clearly paramount concerns. It appears that a part-time MBA program would be the only practical alternative for most of the respondents to this survey. The results of the survey provided strong evidence of interest in the University of Montevallo launching an MBA program. The Graduate Council of the university approved the proposed program March

2009. Accordingly, the college has taken the next step in applying to the Alabama Commission on Higher Education, and hopes to launch a program in the near future.

REFERENCES

- Admissions Consultants (2008). Average MBA starting salaries at top business schools. <http://www.admissionsconsultants.com/mba/compensation.asp> accessed March 22, 2009.
- Bell, N.S., J.A. Connell, H.C. Hamilton, B.B. Motii and T.J. Sanders (2008). Millennials' views on what makes an effective professor," *Insights to a Changing World*, Volume 2008, Issue 1.
- Bell, N.S., R.S. MacPherson, and B.B. Motii (2008). The decision to launch an MBA program: The case of the University of Montevallo, *Global Education Journal*, Volume 2008, Issue 3.
- Birmingham Regional Chamber of Commerce (2009) <http://www.birminghamchamber.com/visiting/facts.html> accessed March 20, 2009.
- Gillette, B. (2008). Time right for many earning their MBAs in the Magnolia State, *Mississippi Business Journal*, July 28, 2008.
- Gloeckler, G. (2008). Here come the millennials, *BusinessWeek*, November 24, 2008.
- Graduate Management Admissions Council (2008). *2008 Application Trends and Survey Report* (McLean, Virginia: Graduate Management Admissions Council).
- Kever, J. (2008). Higher education business is booming, *The Houston Chronicle*, September 7, 2008.
- Martin, C. and B. Tulgan (2001). *Managing generation Y*. Amherst, MA: Rainmaker Thinking.
- Murray, M. (2008). *Corporate recruiters survey*. (McLean, VA: Graduate Management Admissions Council)
- PR Newswire (2008). Application levels rise sharply at business schools worldwide, *PR Newswire* (McLean, Virginia: PR Newswire Association LLC) August 27, 2008.
- Regions (2009) <http://www.regions.com> accessed March 20, 2009.
- Schoenfeld, G. (2008a). *Average MBA starting salaries at the top business schools* (McLean, VA: Graduate Management Admissions Council).
- Schoenfeld, G. (2008b). *MBA alumni perspectives survey* (McLean, VA: Graduate Management Admissions Council).
- U.S. News & World Reports (2008) http://grad-schools.usnews.rankingsandreviews.com/grad/med/search/order+college_name/title+University%20of%20Alabama accessed March 23, 2009.