

Schools Woo M.B.A. Prospects --- Young professionals weigh costs of taking two years out of a career to earn a business degree

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FULL TEXT

Business schools are facing their toughest sales pitch in years: Convincing prospective M.B.A. students to leave their lucrative careers for two years and go back to graduate school.

Applications to some business schools from U.S. students appear to be down this year, say some application consultants and school officials. The drop-off is due in part to employee wages, which rose rapidly through much of 2021. The biggest increases went to young employees, making it harder for them to walk away from work and into an expensive degree for the two years it takes to go to school full time, students and school officials said.

Admissions officers say this year is particularly unusual because prospective students are reconsidering business school not before applying, but after they are accepted. Companies used to funnel their workers to M.B.A. programs for executive training, often footing the bill. Now, business schools are increasingly competing against companies and the job offers and bigger pay that they are dangling to entice young professionals to skip school and keep working, university administrators say.

Sam Drackett, a consultant, wondered if taking on debt to get another degree would be worth it. The sticker price of a traditional two-year M.B.A. from a highly ranked school can top \$200,000 when living expenses are added to tuition and fees. He decided against giving up his job and against a full-time M.B.A., enrolling instead in a part-time, hybrid program offered by Duke University's Fuqua School of Business.

He figures an M.B.A. will be a good career hedge should the economy cool off or promotions become more scarce. "It's good to up your skill level and your credibility," said Mr. Drackett, who is 26 years old.

To woo M.B.A. candidates into locking in for the fall, universities including Harvard Business School, Carnegie Mellon's Tepper School of Business and the University of Virginia's Darden School of Business, invited their accepted prospects to campus for parties and sessions promoting how graduate school could boost their bankability and change their career trajectory. This year's events were the first back-in-person gatherings since the start of the pandemic.

Several students who were admitted to top-tier M.B.A. programs told The Wall Street Journal that they were torn about whether to enroll this fall because new job opportunities or promotions have come up since they submitted their applications last year.

Kiana Feliciano, 26, took on new responsibilities at work in recent months and saw a chance to earn a promotion quickly, but she was also accepted to Virginia's Darden School. She agonized over the decision, but ultimately decided on the M.B.A. because she wants to shift from marketing to consulting. Plus, a scholarship will help her defray the costs.

Students' appetites are fluid as the economy shifts, said Dana MacFaun, director of graduate admissions for Boston University's Questrom School of Business.

"Until they step foot on our campus in August, their decision's not final," she said.

A clear picture on how many students choose to enroll in M.B.A. programs won't be available for months. M.B.A. applications tend to fall when the job market is hot, and rise when it cools. Some highly ranked programs had

lower-than-expected interest from prospective students last year after an uptick in 2020 when the pandemic created a recession.

Eighteen percent of prospective business-school students in the U.S. said they believed employers value a graduate business degree more than work experience, according to an April survey from the Graduate Management Admission Council, a nonprofit that administers the GMAT admissions exam. Program costs are the biggest barriers candidates say they have to overcome, the survey found.

Rodrigo Malta, managing director of M.B.A. recruiting and admissions at the University of Texas at Austin's McCombs School of Business, said in a typical year, he hears from accepted students about scholarship offers from other business schools. This year more candidates have come back saying their employers are offering raises to defer admission by a year, he said.

"We are seeing competition from employers, when it comes to a need to hold on to talent," he said, adding the McCombs school has let some people defer and extended the deadline for others to give them more time to make their decision. "If they need to wait a year, that's perfectly OK."

The University of California, Berkeley's Haas School of Business isn't allowing many admitted M.B.A. prospects to defer their enrollment, said Eric Askins, executive director of full-time M.B.A. admissions. That is because once most people defer, they never end up enrolling. Haas is seeing more students who are declining acceptance letters this year than usual say they are staying in the workforce instead of going to another competing business school. Staying in the workforce this year will pay off for some. Companies have budgeted more money for pay raises in 2022 than at any point since 2008 so they can compete for new talent and keep good employees from walking out the door, according to the Conference Board, a business research group.

Taking two years out of a career has always required a strong return on investment, and the M.B.A. has historically paid off for most students. Nearly all graduates earn more money two years out of school than the amount they borrowed -- and some saw their salaries double.

In Austin this month, UT's McCombs school held a preview weekend for accepted students, introducing them to the business school's faculty and facilities, and talked up the value of the M.B.A. network. Lillian Mills, the school's dean, and other officials enthusiastically pitched the career opportunities that come to business school graduates, as well as Austin itself, as a great way to advance long-term aspirations. She urged committed future students to convince others to enroll, too.

"Try to bring your friends," she said.

Credit: By Lindsay Ellis

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