

# Universities Take a Harder Look at Whether M.B.A. Programs Are Worth It

At many schools, the degree brings in little more than prestige, pressuring administrators to rethink their offerings

[Kelsey Gee](#) Nov. 1, 2017 1:08 p.m. ET



Washington State University's Carson College of Business, housed in Todd Hall, above, graduated its last full-time M.B.A. class in August. Since 2009, Carson has been shifting more resources to its online program. Photo: SOFIA JARAMILLO for The Wall Street Journal

*By*  
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Business schools are facing a tough business problem. While graduate schools of management can make money for the institutions that house them, their M.B.A. programs sometimes bring in little more than prestige.

Deans and industry-watchers have been bracing for a shakeout in business education. And with Wisconsin School of Business [debating the future of its core business degree](#), administrators now wonder whether more schools will follow the University of Iowa, Wake Forest University and others in [ending their M.B.A. programs](#).

Since the end of the recession, the number of people willing to exit the job market to pursue full-time master's degrees in business has shrunk. While top-ranked programs with large M.B.A. classes like University of Pennsylvania's Wharton School and Harvard Business School continue to rake in applicants and revenue, overall enrollment in two-year, full-time M.B.A. programs in the U.S. [fell by more than a third](#) from 2010 to 2016, according to a survey by the Association to Advance Collegiate Schools of Business, an accreditor.

"Every U.S. program outside of the top 20 highest-ranked schools is under a lot of pressure right now to decide what to do" with full-time M.B.A.s, said Chip Hunter, dean of Washington State University's Carson College of Business. The school graduated its last class of full-time M.B.A.s in August, but still offers a part-time program.

Universities typically don't break out business school revenue, but a survey of deans conducted earlier this year by the London-based accreditor Association of M.B.A.s sheds light on how the degree program can strain an institution's finances.



Carson dean Chip Hunter said ‘every U.S. program outside of the top 20 highest-ranked schools is under a lot of pressure right now.’ Photo: SOFIA JARAMILLO for The Wall Street Journal

Of the 173 business school deans and administrators across the globe surveyed by the association earlier this year, 8% of respondents in the Americas and 25% in Western Europe said their universities lost money on flagship residential programs. Nearly all of those administrators were at public universities, and 80% said they maintained the M.B.A. because of its prestige.

Business schools at public universities have been particularly hard-hit by the downturn in demand, forced to provide steep tuition discounts to attract more applicants, while facing tighter state budgets, Carson’s Mr. Hunter said.

Many schools have rolled out more flexible, part-time and specialized programs. Non-M.B.A. master’s degrees in niche areas like data analytics now



draw roughly 20% of applications, according to the Graduate Management Admission Council.

In 2009, Carson began shifting more resources to its online M.B.A. program, which enrolled more than 500 students this year, compared with 200 five years ago. Among other challenges, the school struggled to attract young professionals to its campus in rural Pullman, where locals joke that two-thirds of the town's 33,000 residents are students or school administrators.

But as universities shift gears, some face fresh challenges, as the University of Wisconsin, Madison, highlights.

After the school said it was [considering ending its business school program](#), alumni and students protested the proposal. The university announced last week it would [take more time to weigh next steps](#). Wisconsin School of Business officials declined to comment on the school's finances.

Wisconsin M.B.A.s often take key roles at local companies like [Kimberly-Clark](#) Corp. and [General Mills](#) Inc. But the need for talented managers in the region is currently so great, workers may not need an M.B.A. to get ahead, said Zach Brandon, president of Madison Chamber of Commerce.

Unprofitable M.B.A. programs put b-schools in a "double bind," said Sarah Gardial, dean of Iowa's Tippie College of Business. The financial burden of an unpopular M.B.A. can stop universities from investing in new degrees that would make money, or push it further in the red if they do launch new programs, she said.

#### **From the Archives**

A number of business schools are trying to bring the intensity and experience of a live lecture theater into an online environment for their M.B.A. programs. Parminder Bahra looks at the new technology the schools are using, from sentiment analysis to video cameras. Photo: IE Business School

Since Iowa is funded in part with taxpayer dollars, "we must make tough choices about what we offer and who we are," she said.

Even schools that won't be ending their

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M.B.A. program soon are still taking steps to stem losses.

Pennsylvania State University's Smeal College of Business cut the size of its full-time program to 60 students this year, from nearly 70 last year, and is redeploying some of its professors to a new one-year master's degree that associate dean Brian Cameron said is already on track to turn a profit in the next year.

“When almost everyone in your program is on a fellowship or receiving aid, it becomes too expensive to be a sustainable business model for the school,” said Mr. Cameron.