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Students choosing specialized degrees over general MBA programs

By **Patricia Daddona**
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WORK-SCHOOL BALANCE: Christie Fusi, director of procurement at Taco Comfort Solutions in Cranston, took part in the on-site URI MBA

at Taco and was promoted in April. Speaking with Fusi in her office at Taco is Gene Fina, vice president of marketing for Taco. / PBN PHOTO/
MICHAEL SALERNO

David Sotnik, a leave-of-absence case manager at CVS Health Corp., was ready to start an MBA program at Johnson & Wales University when a friend suggested another option.

A \$19,000 master-of-science degree program in human resources at JWU — one of two newly offered M.S. degrees launched last fall — costs about \$6,000 less than the MBA, and targets the discipline Sotnik, 24, already is working in, the Warwick resident said. So he switched.

“I was interested in human resources, but I felt an MBA — even with a concentration — was too generalized, whereas if you take a master’s in human resources you are mastering the subject, and I felt that was more appealing,” he said.

While enrollment in so-called “generalist” MBAs is declining globally, demand for specialization is on the rise both for MBAs and other master’s programs. And that has local schools competing to keep up amid a proliferation of MBA programs and their often-cheaper alternatives.

Of the six schools in Rhode Island and southeastern Massachusetts with MBA programs, four have seen declines in enrollment over the past four years, according to data collected for the annual Providence Business News Book of Lists.

“I honestly think anything that becomes as abundant as the MBA is today globally loses value — that is a truism of neoclassical economics,” said Sylvia Maxfield, dean of Providence College’s School

of Business. Despite that, PC is one of two local schools to see MBA enrollment increase over the past four years (University of Massachusetts Dartmouth is the other). PC's numbers have climbed in part as a result of AACSB International accreditation, achieved in 2012, Maxfield said.

"Our MBA, high quality at a reasonable price, is the right product for the marketplace at this time," she said.

And despite the declining numbers at most local schools, Roger Williams University is preparing to offer its first MBA program within the year, possibly connecting the degree to its law school, says Susan McTiernan, dean of the Mario J. Gabelli School of Business at RWU.

"Unequivocally, yes, there is still a demand for the MBA," McTiernan said. "It's taken a while for a turnaround since the recession, but we clearly have turned the corner in terms of employer demand for the MBA."

RWU's experience so far aside, can so many local MBA programs survive?

MIXED DATA

Nationally, the Reston, Va.-based Graduate Management Admissions Council, which administers the graduate testing for the MBA, cites still strong employer interest in MBA degree holders.

From talking regularly to more than 700 recruiters, the GMAC has determined that 92 percent of U.S. companies planned to hire MBA graduates in 2015, an increase from 80 percent in 2014, said Sangeet Chowfla, GMAC's president and CEO.

“Whether you’re looking at hiring intent, salary increases, numbers of grads with jobs or application volumes, we’re seeing overall the MBA currently is in a very strong space,” Chowfla told PBN.

Damian Zikakis, president of the Tampa, Fla.-based professional support group MBA Career Services & Employer Alliance, insisted there are “still very strong appetites for students with the MBA degree from the employers’ perspective. As organizations have flattened and become leaner over the years there is less development that goes on within an organization, and not as much apprenticeship. So, they turn to MBA programs because they know the grads have received a good business education.”

But the type of MBA programs in demand appears to be shifting, says Tom Robinson, president and CEO of AACSB International in Tampa.

The Association to Advance Collegiate Schools of Business is a global membership organization devoted to educational advancement that also grants accreditation for higher education business programs. Institutions must apply and meet “rigorous” standards, and being a member does not ensure accreditation, Robinson noted.

While the overall percentage of enrollment in all business master’s degree programs has increased 9.9 percent between 2009-10 and 2014-15, Robinson said, from 270,735 to 297,494, enrollment in generalist MBAs dropped by 3.6 percent to 178,893 from 185,515 during that period. Specialized MBA enrollments, by comparison, increased 39.2 percent to 118,601 from 85,220, he said.

That information is based on a sample of 489 AACSB-accredited schools, mostly in the Americas but also in Europe, the Middle East, Africa and the Asia Pacific, he added.

“Today, if you look at finance or accounting or data analytics, people going into those fields just have to have a huge depth of knowledge they didn’t have to have before, so they need to get their master’s early in their career,” Robinson explained. “For the MBA, broader management and leadership skills are still needed, but perhaps a little bit later in someone’s career.”

FINDING A NICHE

At UMass Dartmouth, MBAs with concentrations are competing somewhat for students seeking M.S. degrees in accounting, tech management and health care management, said Angappa “Guna” Gunasekaren, dean of the Charlton College of Business. MBA enrollment there has grown steadily in the last three years from 184 to 301 students, according to the PBN Book of Lists.

“We thought these M.S. programs would cannibalize the MBA, but they’re not,” he said. “We’re able to sustain the MBA, and that program is growing.”

Other local schools have not had the same success. Johnson & Wales, Bryant University, Salve Regina University and University of Rhode Island all have seen declines.

Bryant’s enrollment numbers have dropped from 130 three years ago to 45 in 2015-16, and have been on a near-continuous slide since 2011-12, conceded Madan Annavarjula, dean of the College of Business.

Bryant, whose MBA program costs nearly \$46,000 – more than twice the cost of PC’s program – has suffered from the competition in the local marketplace, particularly from PC, Annavarjula said. The emergence of online MBAs, and a decision to require students to

participate in a “cohort-based program” also have impacted enrollment, he said. The latter requires students to commit to a certain number of required courses.

“We switched because there are benefits: The students can plan ahead because they know exactly what courses they’re taking and institutionally we can plan our courses and resources better,” he said. “And there’s a greater attrition rate for models that do not have a cohort. So, we end up with students who are more serious about their program.”

He believes the cost of tuition is worth the price, since the average starting salary for an MBA graduate from Bryant is \$66,000, while a Bryant undergraduate earns on average \$53,000.

“We are still at our price point,” Annavarjula added. “We’re not a mattress company. The program retains its quality, and its distinctiveness with global immersion. Our program is not for everyone, only people who are serious and qualified. It’s better to keep that reputation. You get what you pay for.”

Maling Ebrahimpour, dean of the University of Rhode Island’s College of Business Administration, believes the value of the general MBA has waned in the U.S.

“For a generic MBA, the perception is the value has decreased because there is so much specialization coming out,” said Ebrahimpour. “Now, there’s an MBA with a health care focus, big-data MBA, supply-chain focus – you name it, there are so many. Each one of those has a lot more added value.”

JWU this academic year has introduced a Master’s of science in finance and human resources, precisely because of the increased interest in

specialization, said Gary Gray, associate dean of the JWU School of Business within the College of Management.

“We’re trying to look at what’s coming and staying ahead of the trend,” Gray said.

In the process of getting accredited by a different body, the International Assembly for Collegiate Business Education, JWU hopes to get the IACBE endorsement by 2019, said spokeswoman Lisa Pelosi.

If a student has experience and does well in the MBA program, it will make a difference in the job market, Gray added, but “the MBA itself is not enough, without the work experience or doing something else. The most successful MBAs are those who come in with some experience and leave here and get better jobs.”

JWU offers its MBA online, as well as concentrations in accounting, hospitality and IT.

“We are surrounded by excellent schools,” Gray added, “so we’re trying our best to segment the market and make a difference for our students, get a niche. It’s always a battle for every student, and that’s why all of us have to work much harder not only to get the students, but [to] get them to stay.”

Daniel P. Egan, president of the Association of Independent Colleges and Universities in Rhode Island, said that the “MBA space is one of the few areas” regionally where you see competition.

“When you look at the six institutions and programs in the Providence/Fall River metro area, my guess is that six is an adequate number to fulfill the needs of MBA seekers,” Egan concluded. “The

advanced degree is becoming the new norm for college grads, and that includes both the MBA and the specialized M.S.”

STILL VALUED

Locally, large and midsized employers say the MBA has retained its value, though they are watching the trend toward specialization.

Taco Comfort Solutions, in Cranston, a company that makes water-circulation pumps and hydronic accessories, has partnered with URI to offer an on-site MBA program recently completed by Christie Fusi, 36, of East Providence. While taking the degree, Fusi was promoted to director of corporate procurement. The MBA helped her advance, she says.

“Now, I look at financial statements and the numbers and understand what it means and how it relates directly back to the business,” she said.

But Taco Vice President of Human Resources Vicki Fry acknowledged the company is “looking at more targeted MBAs in specific disciplines: supply-chain management, operations or human resources, so we put the right people in the right track.”

Other firms ranging from Fidelity Investments to Citizens Bank say interest in hiring the MBA graduate is steady, though they wouldn’t say which schools or even states they’re hiring from.

Notably, Woonsocket-based CVS Health, with its emphasis on the growing health care marketplace, has an explicit goal to extend hiring offers to at least 60 percent of its MBA interns, the company said.

In 2015, CVS Health's Corporate Intern Program "supported 17 MBA roles, which represented a 21 percent increase from [13 in] 2014," the firm said in a statement. The company declined to say exactly how many were actually hired. Thirteen interns were based in Rhode Island and a majority were students from schools in the Northeast, the company said, noting it also hires specialized M.S. graduates.

"We continue to search for MBA-prepared candidates from top business schools in the Northeast and throughout the country," said Lisa Bisaccia, chief human resources officer for CVS Health. "Given the dynamic nature of health care, we look for the strategic thinker who takes an analytical approach to our business and who brings valuable leadership and collaboration skills to our organization."

PC graduate Anthony Zammiello, 24, of Providence, got his MBA in 2015 right after earning his undergraduate degrees in accounting and finance, because he thought it would add value. After interning, he was offered and took a job as a tax associate in CBIZ Tofias Inc.'s Providence office before he finished the MBA. He is now a semi-senior tax associate.

"Getting my MBA has significantly increased my business network, assisted me in obtaining the career that I wanted, and assisted me in my goal towards becoming a CPA," he said.

At Boston-based CBIZ Tofias, prospective employees more often than not pursue specialized master's degrees for the expertise it will provide in finance or accounting, then go later in their careers for an MBA. But the MBA is retaining its intrinsic value for the person who wants to become a business adviser and use financial statements to help interpret strategic operational directions for a firm, says Senior Managing Director Tracy Gallagher.

“With the MBA you tend to see an individual with more work experience and they tend to be a little bit more seasoned and mature in development of their career goals,” he said. “You become more focused and that’s when that MBA comes into play. Just knowing they have that business knowledge tells me I may be looking at a more well-rounded individual.”

Andrew Koiki, 24, earned his undergraduate pharmacy degree at URI and is now enrolled full time in the MBA program there. He thinks the MBA will make him “more well-rounded” and provide a good understanding of how the pharmacy world works, both as a medical and a business model. He’ll look for a job in Rhode Island, New York or New Jersey once he finishes his degree, he said.

“I have aspirations to do some big things – work in pharmacy in higher positions, manage people,” he explained. “If you target pharmaceuticals, whatever happens trickles down to hospitals and pharmacies. So, if I could [help develop] a medicine that’s affordable and saves lives and is rewarding to shareholders, then I know I’m making a difference.”

As if the challenge of choosing from among so many MBA programs in the region wasn’t enough, Brown University now offers an IE-Brown Executive MBA. IE University is a top-ranked business school based in Segovia and Madrid, Spain, and offers the degree jointly with Brown.

And the New England Institute of Technology provides specialized master’s degrees in occupational therapy, construction management and information technology. Though the numbers of students are small, ranging from 20 to 100 per program at NEIT and 25 at Brown, they do siphon off some students who might otherwise pursue an MBA, educators said.

The master of science for IT incorporates aspects of leadership and project management, and targets developing specialized skills earlier, said Tim Henry, NEIT's MSIT program director. "That is exactly the trend we are responding to," he said.

Sotnik has aspirations to become that more seasoned, well-rounded employee Gallagher speaks of, but hasn't decided whether he needs the MBA to do it.

"I'm not ruling it out," he said of the MBA, "but it's not in my short-term plans." •