

CRITICAL ISSUES FACING WEB MBA PROGRAMS

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ABSTRACT

This paper looks at the growth, evolution, and development of Web MBA programs. Trends in the Web MBA marketplace are examined. Reasons for the rapid growth of this type of MBA are discussed. Finally, several critical issues are analyzed. The issues of quality, content, added value, drawbacks, and “ownership” are addressed. Finally, the future of on-line MBA education is considered.

INTRODUCTION: TRENDS IN THE WEB MBA MARKETPLACE

In a 2000 *Business Week* survey of “The Best MBA Programs,” special attention is devoted to the growth of on-line MBA degrees. According to one estimate, as many as 5000 students were pursuing MBA degrees on-line as of 2000 (Dash, 2000). The research firm (Inter Ed) that developed the estimate for *Business Week* predicted that enrollment in virtual MBA Programs could grow to as many as 50,000 by 2002. Most experts were predicting a boom in on-line MBAs. Even the Director of Accreditation for A.A.C.S.B. International (Milton Blood) was quoted in the *Chronicle of Higher Education*, “If you’re in Omaha and you could get a degree from the University of Chicago (on-line), how could the local business school possibly compete?” (Mangan, 1999).

Dozens of top business schools jumped into what was considered a lucrative, fast growing market. Millions of dollars were spent as major technology consulting firms partnered up with top tier MBA programs like Harvard, Columbia, and Stanford. However, several of these ventures have collapsed and many schools have pulled back their efforts. In general, most experts say that many programs “misread the market” and that on-line MBA programs will be slower to mature than previously thought (Mangan, 2001).

Even Milton Blood later admits that, “So far, the on-line programs are not stealing students from traditional programs. They’re creating new students . . . those who wouldn’t have the time, or be in the right place, to enroll in a traditional program.” (Mangan, 2001). According to an A.A.C.S.B. 2001 survey of 320 business schools nationwide, a total of 116,494 were taking MBA courses. However, only 2.5 percent (2,967) were enrolled in on-line or other distance programs.

This trend is in contrast to what many experts were predicting, that there would be at least a ten percent increase in enrollment in on-line MBAs by 2001.

In spite of the trends suggesting slow growth in on-line MBAs in traditional schools, some providers are apparently doing well. Schools like Phoenix University state that its on-line MBA enrollment grew from 1,328 to 2,008 in 2001 alone, a gain of 51 percent. (Mangan, 2001). Other similar nontraditional schools are growing. Regis University in Denver says that it has 1,800 in its on-line MBA (*USA Today*, 2003).

WHAT TYPES OF STUDENTS ARE ATTRACTED TO TRADITIONAL ON-LINE MBA PROGRAMS?

For purposes of this analysis, “traditional” means A.A.C.S.B. accredited on-line MBAs. In general, there is very little empirical data in the literature suggesting a common profile of the on-line MBA student. One such study (Dunning and Vijayaraman, 2001) looked at the motivational factors, personal characteristics, and computer skills of on-line MBAs. Essentially this study finds that such students are mainly motivated by convenience and necessity. Also, the average age (32.5 for men, 30.8 for women) and gender proportions (64% men, 36% women) were similar to regular MBA students. Most on-line MBAs were found to be predominately technically trained as undergraduates. Similarly, on-line MBAs were working in predominately technical fields and possessed average to strong computer skills.

A more recent study (Bocchi, et al., 2004) of four different class cycles involving 123 students in the Georgia WebMBA™ supports the notion that on-line programs are attracting a type of student that simply can't attend traditional programs. These students average 11 years of business experience, range in age from 30 to 35, are one third female, and travel significantly (10 hours per week). The students' major reasons for pursuing an on-line MBA were in order of priority: accreditation, accessibility, convenience, and fit with both career and personal growth plans. The Georgia WebMBA™ is 100% on-line and A.A.C.S.B. accredited. The program's accessibility and convenience factors are major factors influencing the decision to start the program. One of the most frequent comments from these students is that “the program fits my work schedule.”

If on-line and traditional MBA students' only major differences are the “need for a program that fits my work schedule,” then what other significant issues face Web MBA programs?

CRITICAL ISSUES AND OPPORTUNITIES FACING WEB MBAs

There are many issues in the evolving on-line MBA environment. Major issues include quality, content, and actual learning outcomes. Additional issues include potential drawbacks to learning on-line, and the measures of program quality that must be established for this new form of MBA course delivery. The final issue to be considered is who will actually “own” the course content.

Some of the critical issues are:

1. Is the educational experience, and actual content obtained in an on-line MBA equivalent to the traditional MBA?

This, perhaps, is the most essential issue facing both students and educators. For example, one emerging “view” is that there are “no significant differences” in learning outcomes between the two types of programs. Arbaugh (2000) has suggested that quality, educational experience, and content obtained are equivalent to the traditional MBA. Studies have suggested that skill sets learned by students taking on-line courses are learned as well if not better than in a traditional classroom setting (Eastman & Swift, 2000).

2) Are there benefits to delivering an MBA over the internet?

Studies also suggest that there might be benefits to delivering on-line MBA programs that are not found in traditional settings. Baily and Coltar (1994) found that students, because of a lack of perceived intimidation, actually prefer to communicate using technology-based format. Arbaugh (2000b) states that female students may participate at a higher rate in internet MBA courses than in traditional courses. As further research is established “significant differences” may be found in how different students conceptualize and utilize MBA material delivered on-line. Some, in fact, might learn more effectively using on-line technology.

3) What are the drawbacks to offering an MBA on the internet?

On the other hand, Dash (2000) suggests that the virtual MBA can have significant drawbacks. One major drawback appears to be that companies view students who have earned a virtual MBA differently than students earning an MBA from a traditional program. In an opinion survey conducted by Dash (2000), corporations report that they do not perceive that students earning an MBA over the internet as learning the same skill sets as their traditional counterparts. This perception of lower quality will be a serious limitation to the growth and credibility of on-line MBAs.

4) How is quality and added value measured for online MBA programs?

Another issue illustrated by Dash (2000) is that many new programs are being offered with no history and with no assurance of quality in instruction. Web MBA programs are not specifically tracked by accreditation groups such as A.A.C.S.B., and potential students may not be aware of the quality of the education that they are receiving. University MBA programs, traditional or on-line, that have satisfied A.A.C.S.B. criteria ensure that the level of program quality and instruction are high. Since students can now log onto the internet and take on-line courses from many places, they may not be aware of that institution’s accreditation. The risk is that a student may perceive that they are getting a high quality MBA degree from an institution that may in fact be non-accredited by A.A.C.S.B.

5) Who will actually “own” the course content?

Various schools are approaching this differently according to their respective schools’ missions, state regulations, and ownership. The normal situation, at least among state-owned and

state-funded universities, is that course content and instructional design will be owned by the state. Hence, individual professors will not stand to “gain” financially other than through incentives to teach using the internet. Normal incentives include extra pay, reduced course load, graduate assistance help, additional technical support, and better computing software/hardware.

However, some schools, like Duke’s GEMBA program are attempting to “incentivize” faculty by designing in a course royalty fee. In a recent GMAC (Graduate Management Admissions Council) Annual Conference in Montreal, representatives from Duke reported that professors who custom design classes would receive a financial incentive to do so.

Several opportunities have surfaced when examining on-line MBA programs. Opportunities include the ability to reach potential students that traditional programs could not, providing universities the opportunity to build their “brand name” and offering greater flexibility in a program that traditional programs cannot offer.

Some of the opportunities:

- 1) Does a Web MBA program have the ability to reach new students?

The answer to this question is “yes,” Web MBA programs do have the ability to reach out to students that traditional programs cannot reach. Because these programs are not geographically bound they have the ability to reach anyone in the world (Eastman & Swift, 2000). As potential students learn about the availability of this educational opportunity, the likelihood of new entrants to MBA programs increases.

- 2) Can universities build their “brand name” using Web MBA programs?

Universities that fail to offer on-line MBA programs may not be taking advantage of “brand extension.” (Mangan, 1999). Criteria for credible business schools may be the presence of an on-line MBA option. Early entrance to the market will likely be an issue here due to the advantages that accrue to first mover advantages. Universities that wait to develop their on-line MBA programs might have a more difficult time building awareness. However, another view is that late arrivers might learn from the mistakes of early entrants. Time and experience will be the final judges of who will emerge with the greater market advantage.

- 3) Can Web MBA programs offer greater flexibility to students?

The answer to this question is “yes,” Web MBA programs do offer a greater level of flexibility. One of the main benefits for students taking courses on the internet is that they are not geographically bound. Universities have also found that they can charge more for these programs because students see the greater flexibility as a value added aspect of the program (Dash, 2000). Students have the flexibility that they can even go to class at any time of the day, any day of the week, from anywhere in the world (Eastman & Swift, 2000). This flexibility will enable many time-pressed, traveling, and geographically isolated students the opportunity to continue their graduate business education.

CONCLUSION

In the emerging market of on-line MBA education, business schools have learned that there are many issues and opportunities facing them. As the issues and opportunities are defined and explored, on-line MBA programs will expand and mature.

Two issues with which business schools must contend are the continuing question of learning outcomes and delivery of on-line programs. Further study is necessary to determine the differences in learning between on-line and traditional MBA programs. As this issue becomes more defined, the issues of quality, perception and ownership of course material must also be resolved. Business schools that address these issues and chose to develop an on-line Web MBA program can benefit from the experiences of early entrants to the market

Opportunities that are present for business schools that develop on-line Web MBA programs include greater flexibility in regards to students, reaching a new market of students and further development of university "brand name". In this new, emerging market, one thing is certain, Web MBA programs are here to stay.

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