

The MBA Syndrome

The following report resulted from a request for an internal study on how MBA's can best be employed by the Defence Research Board, and to determine the environment which motivates the MBA's and encourages them to remain with an employer.

The approach taken in this study was to determine the expectations of MBA students and graduates, the aims of several university MBA programs, and the ways in which the MBA's are recruited and employed by various organizations.

This is an abridged version of the confidential report prepared for the management of the Defence Research Board.

Method

The data for this study was gathered by means of a literature search and by personal interviews with MBA students, working MBA graduates, employment officers, senior managers and university faculty. For the purpose of this study, degrees such as Master of Commerce and Master of Industrial Relations were included to have a larger population with which to work.

The literature on the employment of MBA graduates falls into three distinct classes: articles which definitely play down the value of the MBA (Bibliography:^{1,2}); those which promote the MBA as a worthwhile addition to any organization (Bibliography:^{3,4}); and those which try to describe the MBA and the environment that is necessary to maximize his usefulness to his employer (Bibli-

Attitudes and use of MBA graduates by various organizations are outlined in this study to determine the environment which motivates MBA's. This article presents selected highlights of a much more comprehensive report prepared by the author.

ography:^{5,6,7,8,9,10,11}. The articles in the first two categories are of the "experience" type, while most of those in the third category are the results of empirical studies. Only those articles of the third type will be discussed here.

In a study of 200 U.S. business firms, Wheelen⁵ found that respondents considered the MBA's major strengths to be:

- a. their training in the modern tools of management such as qualitative methods, computer applications and human relations
- b. maturity
- c. analytical abilities
- d. broad intellectual base
- e. good practical understanding of business
- f. problem-solving abilities

The major weaknesses that the MBA exhibited were considered by the same respondents to be:

- a. impatience with promotion
- b. unrealistic opinions of their value to the company, especially in the initial position
- c. difficulty in adjusting to the business environment
- d. company hopping¹²

Most of the above characteristics have been discussed in the literature at various times. Zalaznick¹ rightly points out that the analytical tools and the problem-solving abilities of MBA's are not unique to them, but are found in other graduates such as engineers and physicists. The difference is that MBA's are trained to use the analytical tools developed for managers in the business environment in the same way that scientists are trained for the scientific environment. The MBA's could be considered as business scientists. This analogy will grow stronger with the increased appearance of Ph.D.'s in Business Administration entering the business world.

Ryans and Hise⁸ surveyed a small group of 68 full-time MBA students at the University of Maryland to determine the ranking of various job selection criteria according to the importance assigned to the criterion by the students. The results were as follows in order of importance:

- a. nature of the work
- b. opportunity for advancement
- c. starting salary
- d. working conditions
- e. job security
- f. company reputation
- g. training programs

With regard to company reputation, the same authors¹³ also found that these students had clear-cut views on various industries. In a grouping of eight "industries", automotive, pharmaceuticals, petroleum, govern-

ment, steel and metals, public accounting, insurance, utilities, government was placed last on a scale of high compensation, and seventh on overall desirability and rapid advancement scales. The Maryland students, therefore, would be unlikely to consider government as a potential employer.

Thain⁹, in a paper based on his experience with MBA's outlines the following as characteristics of MBA graduates:

- a. they all want a strong say in selecting, evaluating and pricing the personal work assignments which make up their careers
- b. they are resistant to imposed structure
- c. they want interesting jobs commensurate with their training and aptitudes
- d. they believe that organizational power and ideas should flow up as well as down
- e. they do not respect seniority
- f. they intend to be heard in whatever organization they join
- g. they prefer to join growing companies in exciting industries

Of these characteristics, Thain states that "the paramount need of the MBA is to have a strong degree of personal control over his own work destiny". He further states that no young prospect likes to be lumped in with other types of university graduates in a single development program. Thain concludes by noting that many of the difficulties which arise between older managers and their younger counterparts could be avoided if the younger manager can help shape his future, and not have it manipulated for him by "well-meaning" managers.

Employer Survey

Only those employers who have a large technological base or are conducting research were included in the survey. This resulted in twelve employers being interviewed. Large employers of MBA's such as consulting firms or investment houses were not included.

MBA Placement

In recruiting MBA's, most of the organizations agreed that challenging and interesting work must be offered. Several companies emphasized that background, skill, aspirations and motivation of a prospective MBA employee must be examined on an individual basis and that he should not be treated as a member of a homogeneous group. This attitude was reflected in starting salaries which ranged from \$10,000 to \$13,500 for new graduates with a few years of between degree experience. Several firms stressed the importance of bringing business graduates in for interview by their prospective supervisors. Only two organizations of those surveyed have jobs which are specifically labelled for MBA's. One firm indicated little interest in employing MBA's in managerial positions as they were not conscious of any lack of skills or the need to update present management. They further stated that they could not see MBA's being interested in working for them because of the slow progression and unglamorous jobs they could offer. The other companies have positions for which MBA training is one of several backgrounds which would be suitable.

With three exceptions, the employers place their MBA graduates in staff or line positions which involve a considerable degree of long-term planning or problem-solving. These positions include roles such as financial analyst, marketing analyst, head of a new company being formed by the parent firm, organizational planner or business information systems developer.

It was clear from the comments of the employers that they had accepted the hypothesis that the job must be tailored to fit the potential incumbent. They placed great importance on matching the needs and expectations of the organization with those of the prospective employee. With the exception of two firms, most employers had a preference for graduates with a few years' work experience between degrees.

Generally the organizations have experienced higher turnover

with MBA's in finance than in marketing. Possibly the more entrepreneurial aspects of marketing appeal more to the MBA or provide them with more freedom to make decisions.

Senior managers in one firm commented that they have been generally unsuccessful in recruiting MBA graduates. There are, however, pockets within this organization which have been successful. This is attributed to either a supervisor having a reputation for being a modern manager, or a particular job having a high degree of freedom.

It was pointed out that during recruitment organizations should not lead the MBA to believe that there are other positions beyond the initial challenging one which would give him further opportunity for professional and personal growth, if in fact there are none.

Misuse of MBA's

In a recent article, Paul Henry¹⁴ points out that at one time the MBA graduate was considered an expensive toy and that now, as a result of improper placement and the resulting bad experience, their value is being underrated by some employers.

Most organizations interviewed admitted to failures on their part which resulted in the resignation of MBA's. Mismatching the MBA with a manager who lacked empathy or managerial skills seemed to be the major reason. One firm lost three MBA's because a good MBA-oriented manager was replaced with a new manager who was less aware of the MBA's needs. Several MBA graduates also mentioned this cause for resignation. Another firm mentioned higher loss rates because senior managers could not, or would not, spend the time necessary to develop their MBA's. Several companies told of a communications problem which occurs when the MBA uses modern terms not understood by older managers. This leads to misunderstanding and frustration for both.

Two personnel officers mentioned the problem they face when a manager wants an MBA

in their department for reasons of status. One of them knew of an organization whose president told his personnel office to hire MBA's, because it would give the organization more status. Another company had had the experience of bending over backwards to hire MBA's, then improperly placing them and losing them.

Advantages of MBA's

When the employers in the survey were asked what they saw as the advantages of hiring MBA's, the following comments resulted:

- a. they can look at problems at an abstract level, and can approach ill-defined problems in a systematic way. With their specialized training, they can tackle problems with which untrained managers would have difficulty.
- b. they have a second degree to draw upon and therefore more knowledge and information than a single degree holder
- c. the MBA's background and mental attitude makes him better suited for data management problems
- d. maturity
- e. they have the ability to think and act in managerial terms

These statements closely parallel the results of the Wheelen⁵ study.

Types of MBA Graduates

We should now examine the type of MBA an organization hires. From the interviews with employers, MBA graduates and students, it is clear that there are two broad categories of MBA's: Generalists and Specialists.

The Generalists, which are what the universities claim to be producing, are those MBA's who eventually want to be line managers, while the Specialists seek to become experts in their fields. It was further evident that with both types the most successful way to bring recently graduated MBA's into organizations is as staff advisors or as long-term planners or problem solvers. After a while the Generalists would want to move into the

line; however, it can be expected that they would restructure any line role such that they would still be doing a considerable amount of planning. It is important, therefore, that an organization carefully determine the type of MBA which fits its needs and expectations. This dichotomy of MBA's is not to imply that a Specialist cannot after a while become interested in being a Generalist and vice versa, but that an employer will be unsuccessful in trying to force such a transition. Most of the organizations were looking for future line managers but a few were looking for both types.

The Vice-Presidential Syndrome

All of the employers interviewed were aware of the MBA's reputation for high expectations, less charitably known as the "Vice-Presidential Syndrome". This is the desire to hold a very senior position in an organization in a relatively short period of time. It was felt to be caused by the business schools teaching their courses from the point of view of a corporate vice president or advisor to the president. It was further felt that students from schools which rely heavily on the case method of teaching would be more likely to have higher expectations.

The Vice-Presidential Syndrome is, in most cases, a misinterpretation of the needs and aspirations of the MBA graduate. Those positions which are interesting, challenging, involve a large degree of decision making and have an impact on the organization were traditionally very high up in the hierarchy, possibly only at the vice president's level or higher. In an organization employing modern management techniques, positions with these characteristics can, and should, be found much farther down the line. The MBA is only asking for these types of positions, and not the vice president's role. MBA's who do have aspirations to become vice presidents in a short period of time join small organizations where their chances of attaining this goal are much greater.

Hence organizations should be careful in deciding whether a

potential MBA employee manifests normal ambitions which are outlined later in this report or the desire to have a senior position in an unreasonably short period of time.

The University Viewpoint

Several members of the faculties of business administration of three universities were interviewed. Because the comments made by them were so similar, it was felt that contacting further universities would not add appreciably to this study.

The major points which came out of the interviews with the university faculty were:

- a. The Mentor Technique is the optimum method of orienting an MBA to an organization.
- b. "Our purpose is to turn out future general managers, and we would not want to change our emphasis from a general management orientation because of criticism of MBA graduates having too high expectations"
- c. "Our courses try to encourage and stimulate the natural ambition of the MBA. We would not want to reduce their expectations because then they wouldn't be worth a damn in a dynamic organization"
- d. A firm considering hiring an MBA must know why they are hiring him, how to use him properly and where he will be two years from when he was hired. They must have a manpower plan.
- e. Two thirds of the MBA's difficulties occur because of poor supervision. The supervisors main job is to help the MBA to develop his role and clear away any blind spots he may have.
- f. Management must recognize the MBA's real skills and limitations.
- g. MBA's look for an organization which will give them the opportunity to develop, and to make a significant contribution to it.
- h. A person with management potential will be mobile, marketable and aggressive.

- i. The University of Western Ontario is strongly managerial oriented while the University of Toronto is at the other extreme, being more academically oriented, emphasizing the basic theories of management. Laval and U.B.C. are considered to be less managerial oriented than Western.

From the discussions, it was apparent that the university faculties saw the MBA as a catalyst with which to change management styles in private industry and government. They also saw that difficulties being encountered by MBA graduates were in large part due to poor management.

MBA Attitudes

Not unexpectedly, the views of the students were almost identical to those of the university faculty. Most of those interviewed had some prior business experience. A summary of their comments is:

- a. that the students would like to work in a stimulating environment where they can make a meaningful contribution to the organization.
- b. that they are looking for positions with responsibility and an opportunity for upward mobility. These positions should be challenging and interesting and afford an opportunity to work towards objectives. Opportunity for personal growth is also an important factor.
- c. that many students visualize that positions such as staff advisor to a senior manager would fit their job requirements.
- d. that the students want a genuine understanding that if they are successful in their jobs, there is a definite plan of advancement.
- e. that it is important that their immediate supervisor be a good manager from whom they will be able to learn new skills. The manager should be capable of delegation and tolerant toward error.
- f. that the job characteristics are more important than

remuneration beyond the minimum salary level the student sets himself.

When asked about the Vice-Presidential Syndrome, one group of students said that they had never heard of it. When it was explained to them, they countered by saying that they were not asking for anything more than an opportunity to prove themselves.

As a comparison, MBA graduates who are presently employed were asked what they had been looking for when job hunting. They answered by saying that they had been looking for a meaningful, challenging job with opportunities for personal and professional growth. They wanted to be able to contribute to an organization and have an impact on it, and they wanted to work with an open and dynamic organization.

Interestingly enough, salary was not mentioned even indirectly which contrasted sharply with one group of MBA students who mentioned money first because of the state of debt they were in.

Summary

Most of the twelve employers contacted in connection with this study agreed that MBA's must be offered interesting, challenging work to keep them satisfied. Several employers stressed the need for bringing the prospective MBA employee in for interview. With three exceptions the employers place their MBA's in staff groups or in line positions involving a considerable degree of long-term planning or problem-solving such as financial analysis or organizational planning. The employers accepted the hypothesis that the job must be tailored to fit the potential incumbent. They saw the major advantages of the MBA's to be their ability to look at problems at an abstract level, their maturity and their second degree.

There are two types of MBA: Generalists who want to become line managers and Specialists who want to become experts in their fields of interest. An MBA can and does shift his orientation as time progresses.

All of the employers knew of the Vice-Presidential Syndrome. In most cases it is a misinterpretation of the expectations of the MBA.

The MBA wants to work in a stimulating environment with opportunity for advancement, where he can make a significant contribution to the organization. They felt that their immediate supervisors were a critical factor in their development.

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