Improving MBA Effectiveness: The Case for Embedding Personal Competences in the MBA curriculum

Paul Dainty, Melbourne Business School

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Paul H Dainty
Melbourne Business School
University of Melbourne
Parkville
Melbourne
Victoria 3053
Australia

Telephone: +613 9349 8214
email: p.dainty@mbs.edu
ABSTRACT

The Masters Degree in Business Administration (MBA) has enjoyed tremendous growth over recent years and is arguably the most internationally recognised and globally portable of any degree. However, for a degree that is often positioned as the business world’s academic panacea, it has also received considerable criticism.

This paper reviews some of the reasons for the dichotomy. It discusses the major criticisms and benefits of the MBA and the research that underlies them. It reviews the differing objectives and agendas of the major MBA stakeholders which have added to the confusion surrounding the degree. While the MBA may not be as flawed as critics suggest, it has weaknesses. A starting point in overcoming those weaknesses is to clarify the fundamental competences that should form the foundation of the MBA for experienced students. Based on research with managers, the paper outlines a framework that assists in establishing these competences.
Thousands of MBA students graduate each year in the USA, Europe and increasingly in the Asia Pacific region and demand for the degree continues to be strong (AMBA, 2007). While numbers have fluctuated over the years, there seems little sign that demand will abate significantly in the foreseeable future. The MBA continues to be the world’s premier business qualification.

However, over the last thirty years the degree has been roundly criticised. In the 1980s Hayes and Abernathy (1980) noted that MBA graduates displayed analytic detachment to the detriment of insight. Porter and McKibbin (1988) argued that while MBA programs improve a person’s analytical ability, they underemphasize personal skills.

Similar criticisms were voiced in the 1990s. Boyatzis, Cowen and Kolb (1995) argued that management education produced graduates who, amongst other deficiencies, were not practical enough, lacked interpersonal skills and did not work well in groups. Raelin (1995) criticized MBA programs for leaving students with the impression that management problems can be perceived as neat technical packages, while Crainer and Dearlove (1999) wrote a book on the shortcomings of the MBA and the business school education system.

In the current decade the criticisms of the MBA have continued. Possibly the most publicized of these have been the views of Pfeffer and Fong (2002) who highlighted several problems, ranging from the inadequacy of the skills and knowledge taught in
business schools through to the lack of any kind of career advantage in having an MBA. Mintzberg (2004), another notable critic, argued that the contribution of MBA programs to management practice is highly questionable. Indeed, most recently, Kleiman and Kass (2007) conclude that the modern MBA is in crisis with both academic and business communities questioning its value and relevance.

This negative backdrop seems at odds with the continuing popularity of the MBA. However, scratching below the surface reveals a degree program that is far less close to collapse than the negative comments suggest. The criticisms indicate that the MBA has weaknesses, but as Hay (2006) points out, for all the criticism little is actually known about how the MBA degree contributes to management practice and condemnations of MBA programs are rarely accompanied by systematic research support. Indeed, many aspects of the MBA are relatively empirically unexplored and a closer examination of the research evidence suggests a much more confused picture.

**DOES THE MBA FULFILL ITS PROMISE? – THE RESEARCH EVIDENCE**

There are considerable challenges in trying to assess to what extent the MBA delivers on the benefits claimed for it because of the paucity of research in the area. As Baruch and Peiperl (2000: 70) note, ‘….no direct answer has yet been provided to the precise dimension or quality of an MBA’s performance over others’. However, while there are few precise answers the empirical studies that are available do provide a general context
in which to understand the potential strengths and weaknesses of MBA programs. These are discussed below.

**Economic Benefits**

Research on the economic benefits of an MBA is mixed and at times contradictory. Pfeffer and Fong (2002) quoting the *Economist*, argue that there are almost no economic gains from an MBA degree unless one graduates from a top ranked program. Baruch and Peiperl (2000) also found no salary benefits from their study, except for the very limited number in their MBA sample who were from a top school. Pfeffer and Fong (2002) also highlight that neither Pfeifer (1977) nor Dreher, Dougherty and Whiteley (1985) found any effect of grade point average on starting or current salaries. O’Reilly (2001) found no relationship between Berkeley MBA graduate’s GPA and salary increases over 3 to 4 years after graduation.

By contrast, Forrester (1986) in a study of 1127 MBA graduates reported substantial increases in salaries post-MBA, ranging from 24-45% above pre-MBA salaries. Indeed, currently, many business schools cite improved post-graduation salaries as a way of attracting students. Salary improvement is a major criteria used in the Financial Times ranking of MBA programs. Gupta and Saunders (2007) quoting the 2005 Careers Survey by the Association of MBAs suggest MBA students can expect their salary to increase by 18% upon graduation and by 53% 3–5 years after graduation. A survey by the AACSB indicated that an MBA education had a positive impact on graduates’ employment,
income, and job promotions both in the short and long term (Zhao, Truell, Alexander & Hill, 2006). Indeed, it is unlikely the MBA would be so popular without the lure of potential salary increases.

**Career Advancement**

Studies of career advancement are also mixed. Pfeffer and Fong (2002) argue that there is little evidence that mastery of the knowledge acquired in business schools enhances people’s careers. O’Reilly (2001) reported that Berkeley MBA graduates’ GPA was unrelated to either the number of jobs held since graduation, the number of promotions since graduation, the number of job offers received on graduation, job or career satisfaction, or the person’s fit with his or her current job.

However, Baruch and Leeming (2001) in their study of 334 students found that the MBA both enhanced career development and increased employability - i.e. made it easier either to remain in employment or to find a new position rapidly. A survey of managers taking part-time MBA studies conducted by the Association of MBAs (Schofield, 1996) found that within 18 months half of the MBA graduates were promoted and half of those were promoted more than one step up.
Skills Benefits

A similarly ambiguous picture emerges in considering skill development on an MBA. Pfeffer and Fong (2002) and Mintzberg (2004) question whether any worthwhile business skills can be developed by traditional MBA programs. Stolzenberg, Abowd and Giarrusso (1986) in a study of 10 attributes found that only one – communication skills – was perceived by more than 50% of the respondents as being important and something that business schools improved.

On the other hand, Baruch and Leeming (2001) found an increase in managerial skills and self-confidence as a result of the MBA program. Also Carmichael and Stacey (2006) found that a range of critical skills were developed during MBA studies, including the ability to solve problems, apply information and systems thinking. Baruch and Peiperl (2000) and Boyatzis and Renio (1989) also demonstrated that the MBA had a positive impact on managerial abilities, while Kretovics (1999) found that the MBA program increased the learning skills of its participants. Additionally, in the 2003 GMAT global MBA graduate survey, as well as improvements in the ability to think strategically and integrate information, graduates also noted improvements in skills such as oral communication, networking, and written communication (GMAC, 2003).

However, while supportive of an MBA, some of these studies have caveats. Baruch and Leeming (2001) for instance, found that while the MBA had a positive impact they attribute only a moderate contribution coming from the program itself. In Carmichael and
Stacey’s (2006) study, while skill development occurred on the program, it was unclear whether this stemmed from the emphasis placed on the skill by the lecturer, subject or student. In Kretovics’ (1999) study there was no significant improvement in the critical areas of initiative, leadership and relationship skills.

**Personal Development Benefits**

Evidence of the potential personal development benefits from an MBA illustrates the difficulties of identifying clear outcomes from the degree. Baruch and Peiperl (2000) conclude that their study strongly supports the notion that the MBA contributes to a graduate’s competences. They also argue that MBAs go through a powerful process of self-development. Having an MBA was shown to correlate with higher self-confidence, self-esteem and self-efficacy. However, the researchers could not establish to what extent these attributes were the product of an MBA or characteristics of the individuals themselves, nor could they rule out the possibility of a ‘self-fulfilling prophecy’ effect.

Hilgert’s (1998) study also illustrated ways in which the MBA was seen to aid the personal development of managers. Similarly, Winstanley, Littlejohns, and Gabriel (2003) observed that the MBA resulted more in a personal transformation than the transfer of knowledge and skills. Hay’s (2006) study of MBA alumni indicated that the MBA helped managers view self, others and organization differently. She suggests that increasing the number of ways that situations may be understood, aids the manager in dealing with unknown future possibilities.
However, the relationship between MBA programs and management practice is complex, with benefits often being subtle and indirect. Consequently, it is not surprising that our understanding of how MBA learning contributes to practice is limited and measuring and identifying how this occurs is not straightforward (Hay, 2006).

THE MBA AND STAKEHOLDER INFLUENCE

There may be several reasons for these differences in research outcomes, but the most likely reason is the diversity between Schools and MBA programs. Despite the universality of the MBA, programs differ in terms of content, teaching processes and the background and experience of students and faculty. However, it is not only the uncertain outcomes of MBA research findings that have caused confusion in discussing the benefits of the MBA, a number of other problems have also added to the ambiguity.

Students and Their Needs

One of these is the differing objectives expressed about what an MBA is meant to achieve. The most common view, that MBA programs develop managers, is summed up by Baruch and Leeming (2001: 589). They suggest that, ‘The aims of MBA programs are to prepare their graduates for managerial roles; to help them gain a better understanding of the industrial and business world and its needs, to enrich their skills and to provide them with competences and capabilities relevant to their careers’. In similar vein,
Boyatzis, Stubbs and Taylor (2002: 150) argue that ‘One primary objective of graduate management education is to prepare people to be outstanding managers and leaders’. Gavin Staude, quoted by Gupta and Saunders (2007: 40), argues, ‘… an MBA … provides managers with a holistic perspective of management and business and it equips them to assist their organizations to deliver superior business results by immersing them in the ‘enabler’ and cutting-edge disciplines’.

However, students of MBA programs have long expressed different reasons for taking an MBA. For instance, Ascher (1984) in his study of four leading UK schools found the major reason for studying an MBA was improved job opportunities, followed by a wish to change career direction, obtain general business knowledge, experience intellectual stimulation, improve earnings and increase self-confidence. Carnall (1992) found that MBA degrees are perceived as a ‘ticket’ to increased salary, enhanced career progress, advanced knowledge and skills and sometimes as a prerequisite for joining upper managerial ranks. Luker, Bowers and Powers (1989) highlighted how an MBA was seen as attaining longer-term career objectives, including advancement and labour market competitiveness, while Hawksley (1996) reported that the most cited reason for undertaking an MBA was to improve job opportunities.

Moreover, while improved job opportunities might include managerial roles, they equally might not. Indeed, Kleiman and Kass (2007) point out that MBA programs prepare students for a variety of professional business positions, which includes entry, middle,
and upper management roles, but also administration, business consulting, financial analysis and entrepreneurship.

Consequently, the degree is no longer aimed purely at developing managers. Indeed, it is hard to see how MBA programs for students with little or no work experience (usual in full-time programs in the US) can or should be expected to produce general managers, although they have been frequently criticised for not doing so. Clearly the outcomes for these participants will be different from students who are building on several years of work experience (more typical of part-time programs and European full-time programs). It should not be unexpected that first time job seekers emerge more comfortably equipped in understanding the functions of business, rather than highly capable in the practice of managing.

**Increase in Employer Influence**

These differing student objectives have to be seen within the context of another important group of stakeholders, the employers of MBAs. Views are mixed about the impact that employers have had on the degree.

Writers such as Trank and Rynes (2003) see employers putting pressure on schools to move the curriculum away from theory, abstraction and general knowledge toward a narrow focus on the immediate skills needed for first jobs. They argue that employers do not view business education as a general professional education, but more one that
produces MIS, marketing, or finance graduates to fill immediate employer needs. As indicated above many students go to business school to enhance their income and career prospects. Consequently, students will also pressure Schools to emphasise a curriculum with a short-term focus.

However, as Trank and Rynes (2003) argue the danger with emphasizing current events, and ‘best practice’ is that this is often based on what companies in the spotlight are currently doing rather than on any theoretical or empirical evidence that their practices are the reason for their success. The most notable example is Enron which became a leading example used by everyone from academics to consultants to demonstrate best practice, but which became more notable as a pariah than a panacea.

**Impact of Media Rankings**

The media has also had a major impact on the MBA. At one level this has been beneficial in providing benchmarks which MBA Schools can use to measure aspects of their performance. Yet at another level it has added to the confusion because of the way the rankings have been constructed and Schools’ response to them.

As an aid to improvement, rankings can be useful, but they also have their limitations. It is questionable whether rankings are an adequate measure of the quality of education received (Rindova et al., 2005). Consequently, a number of writers (Brindle & Stearns, 2001; Gioia & Corley, 2002) believe media rankings are causing schools to shift
resources to improve public relations and image management rather help in substantial pedagogical improvement.

The measures included in media rankings emphasise some items to the detriment of others and fail to measure some critical activities. As Trank and Rynes (2003) point out, other than recruiter and student impressions, most other media measures reflect either incoming student quality (e.g., GMAT scores, prior salaries) or factors that vary by geographic location (e.g., placement rates, graduates' starting salaries) rather than measures of curriculum or teaching quality. Measures of business school learning are not common in media rankings.

Consequently, some writers see the educational value-added by business schools being played down, while concerns increase that business education is becoming more a process of providing credentials than enhancing knowledge (Schmotter, 2000). The tendency to measure things that can be measured, whether appropriate or not and avoid or use proxy’s for the more difficult areas such as educational quality, can hardly be in the long term interests of the business school industry overall.

**Rise of the Accreditation Agencies**

These issues have not been ignored by all stakeholders, however. Accreditation agencies have also had a major impact on the MBA resulting in potential benefits for business education. AACSB accreditation standards, for instance, have encouraged business
schools to become more focused on their curriculum, to specify the outcomes that their MBA programs are trying to achieve and then implement and document how they achieve them. Each school has to create a curriculum that is linked to its unique mission (Kleiman & Kass, 2007).

The standards have been revised and developed over the years with the most recent and significant change being the introduction of the Assessment of Learning outcomes. This encourages business schools to identify what students have learnt, rather than what lecturers have taught and can be seen as a major attempt to rectify some of the areas missed by media rankings. However, while, in general, the accreditation agencies have brought a greater rigour to the activities of many business schools, they have also been criticised for their efforts.

Possibly the most significant weakness, as Trank and Rynes (2003) point out, is that by de-emphasising common standards and performance criteria, an environment is created in which curriculum and standards are continually negotiable, leaving schools without a professionally sanctioned reference point for resisting market pressures. As such, attempts by accreditation agencies, whether they be AACSB or EQUIS, to recognize the diversity of business education through more flexible standards has increased the influence and power of students and employers. As Yunker (2000) notes ‘mission-based’ internal processes are not the same as agreed professional standards on what constitutes a professional education.
THE BUSINESS SCHOOL’S RESPONSE

Thus, MBA programs have been subjected to the influence of media rankings, student employment pressures, employer needs and accreditation agencies. There is little doubt that curricula and courses have changed in response to market forces and business trends. As a vocational degree this would be expected. Even so, as indicated above, some see the benefits being outweighed by the negative consequences and a dangerous drift towards the de-professionalisation of the business school sector (Trank & Rynes, 2003).

However, to portray business schools as the victim and passive recipient of outside forces would be misleading. Ultimately, it is the business schools and academic community who are responsible for pedagogical process and curriculum content. While some MBA stakeholders may have a louder voice and a greater degree of leverage, it is still the business schools who ultimately decide what is taught on MBA programs. Nevertheless, despite being in control, the academic community have not always been in agreement. To what extent this has allowed external stakeholders to have had a greater impact than they might have if business academics had responded earlier to weaknesses in the MBA, or spoke with a more collective voice is unknown. But it is certainly a factor.

Curriculum

This problem, and potentially the first step in a solution, is most evident in relation to the MBA curriculum. A common criticism is that the MBA educational experience is
predominantly analytical and functionally based (Leavett, 1989; Mintzberg, 1996; Mintzberg & Gosling, 2002; Pfeffer & Fong, 2002; Mintzberg, 2004).

There are several possible reasons why this criticism still abounds. One reason is related to an academic system that still largely rewards disciplinary focus rather than integration or multidisciplinary activity. Cross-disciplinary activity is increasing, but the emphasis is still very much on developing disciplinary depth. It is not surprising then that many academics argue that their subject is the most important and requires the greatest emphasis on the MBA program. This subject concentric approach, rather than program approach, is arguably a contributory reason for the composition of the curricula of many MBA programs.

Secondly, even where there is a willingness to craft a curriculum that meets broad stakeholder needs this is not necessarily straightforward. For instance, there are no easy answers to what the balance between skill and knowledge should be on an MBA. If skills are to be developed they need repetition and practice (Shipp, Lamb & Mokwa, 1993). Consequently, as Middleton (2004) notes, more skill content potentially means sacrificing understanding in some core business areas, such as marketing and finance. As Davis, Misra, and Van Auken (2002) point out, given a skills and knowledge dichotomy, the issue of emphasis needs to be addressed, but this is likely to be a contentious process.

A third reason is that some skills are much easier to incorporate into an MBA program and indeed have much more academic ‘credibility’ than others. Not surprisingly these
tend to be the ‘harder’ cognitive, analytical and quantitative skills. In general it is the ‘softer’ more interpersonal skills that have been lacking on MBA programs. But not only do these lack academic credibility in some quarters, there is also considerable debate about how soft skills can even be developed on the MBA.

Despite such difficulties some Schools have introduced soft skill courses. For instance, Fisher (2007) argues that there has been a curriculum shift at MIT, Wharton, Tuck, Chicago, Darden and Berkeley’s Haas schools. These schools have started stressing teamwork in their MBA programs and paying more attention to skills like listening to colleagues. At Chicago students must take a communication and team building course in order to graduate. Wharton offers a leadership program that includes one-on-one counselling from professional coaches while Yale has a required course for 1st year students that teaches them how to plan their career.

One problem with these approaches is that they tend to be piece-meal responses, ‘tacked on’ to the mainstream MBA programs and often run by non-faculty staff such as career departments or even students themselves. When it comes to practice and the development of skills rather than theory alone, most approaches tend not to be thoroughly grounded into the curriculum, nor integrated into the school’s academic consciousness.
FUNDAMENTAL COMPETENCES

In the light of these problems and the different competing and sometimes conflicting interests, is it possible then to move forward in any meaningful way? Certainly it is unlikely that all the issues can be addressed in one paper. Nevertheless, there is clearly a necessity to provide a greater degree of direction for the MBA program. As Abrahamson and Eisenman (2001) point out, more than ever, there is a need for careful, impactful, value-driven scholarship capable of advancing and balancing the interests of all organizational stakeholders.

A starting point in achieving this is the MBA curriculum. If the trend towards de-professionalisation is to be abated then as Tranke and Rynes (2003) point out there has to be a body of academic knowledge that is essential in legitimising the ‘management academic profession’. While the broad range of knowledge essential to a business profession requires greater exploration than can be presented here, at least a start can be made. A first step is the need for the academic profession to re-establish and clarify what is of primary importance in an MBA.

However, while the lead should be taken by the academic community, progress will only be made if fundamental ideas are supported by the major stakeholders. If past positions are merely restated then progress will be limited. Curriculum developments have to appeal to students and employers and take into account the criticisms that have been levelled at the MBA program over many years. Consequently, if the MBA, as the premier
management degree, is meant to do anything, at its core it should assist in developing critical management skills. This is particularly important for students with work experience who, arguably, are more likely to understand and benefit from a degree which goes beyond a predominantly functional emphasis. This does not mean that every student should become general managers, but all graduates in the contemporary business world have to manage others and themselves.

What do they need to do this? The research presented below attempts to answer this question. Based on a study of managers conducted over several years which investigated managerial competences it identifies the broad areas of skills and knowledge that should play a fundamental part in an MBA program for experienced students.

**MANAGERIAL RESEARCH**

The research was conducted in two main stages. The first stage was an exploratory study of managerial effectiveness using in-depth interviews and repertory grid technique (Kelly, 1955). The aim was to elicit a mental map of the characteristics viewed as critical at managerial level. Over 500 different constructs were derived from 60 managers during this stage of the study using the triads method (Kelly, 1955).

The constructs were then categorised by external assessors and duplicating concepts were removed. These categories were used as the basis for a questionnaire which underwent four major revisions over a 12 month period and involved 153 managers. The questions
were revised or replaced depending on their clarity and validity. The outcome was a questionnaire comprising 73 items which covered a comprehensive range of characteristics potentially related to managerial effectiveness.

Because of the problems associated with investigating managerial behaviour based on self-report data, colleagues’ assessments were used. In addition to a self-questionnaire a similar version, or ‘others’ questionnaire, was developed which allowed higher level managers, peers and staff to assess the manager involved.

Three items were incorporated into the questionnaire which allowed colleagues to assess the manager’s effectiveness. This effectiveness measure was based on Tsui’s (1984) ‘reputational effectiveness’ scale, which she developed using a range of independent assessments including superior ratings and performance outcomes.

The questionnaire was administered to 20 managers and re-administered three weeks later. Test-retest reliability averaged .93. Scores for internal reliability using Cronbach’s alpha ranged between .65 and .88.

The second stage, involved the administration of the questionnaire to managers and their colleagues. This resulted in ‘self’ ratings by 321 managers and ‘others’ ratings by a minimum of five of their colleagues amounting to 1732 individual assessments. The managers were drawn from a cross section of industries in Great Britain and Australia. 74% were employed in private sector companies and 26% in public sector organisations.
They occupied positions from general manager and senior functional manager to CEO. The average age of the managers was 44 years (SD = 6.2). The mean organisational tenure was 15.2 years (SD = 5.2) and mean job tenure was 3.6 years (SD = 2.2). 28% of the managers were female.

A factor analysis of the entire sample (i.e., self and colleagues) was conducted. The factors were extracted using Principle Component Analysis with Oblimin rotation. Ten factors were produced with eigenvalues equal or greater than 1. This accounted for 62% of the variance. Insignificant items (those with loadings of less than .40) were removed from the analysis. The items and their factor loadings are shown in Table 1.

In addition, a regression analysis of the ten factors was performed using the ‘others’ data. This was done in order to remove self bias and obtain an independent evaluation of the manager’s performance and qualities. The ten factors were entered as the independent variables. The dependent variable was the effectiveness measure noted above. The results (Table 2) show a highly significant regression equation overall (Adjusted $R^2 = .70$).

The most significant variables are factor 3 (labelled, Personal Management Competency – Beta .39) and factor 10 (Personal Leadership Competency – Beta .26). Also particularly important are factor 2 (Interpersonal Competency – Beta .19) and factor 8 (External Competency – Beta .18). These factors are explored in more detail below.
FACTORS/COMPETENCES

Factor 1 – Leadership Competency

This factor is concerned with motivating and supporting colleagues and staff to achieve high performance. Research items which loaded on this factor include, ‘know what motivates my colleagues’, ‘create a climate for people to perform well’ and ‘have a long term vision’.

Leadership is a quality that many writers consider to be an important attribute of MBA graduates. Boyatis et al (2002) see it as one of the main reasons for taking an MBA. The Wall Street Journal/Harris survey of recruiters (Alsop, 2004) rated Leadership Potential as very important by 73% of respondents.

Factor 2 – Interpersonal Competency

A factor which underpins effective leadership, but which is important in its own right is the ability to communicate and relate to others. Research items which load on this factor include, ‘have a good rapport with people’, ‘understand others’ views’ and ‘posses team
development skills’. The ability to relate to others is an important attribute for effective management and professional performance regardless of whether an individual takes on a leadership role.

An ability to work with others has been identified in many managerial competency frameworks (e.g., Spencer & Spencer, 1993; Meyer, 1996; DEE, 2000; Isaacs, 2000; AMA, 2001; Mintzberg, 2004) and is also an area that has been consistently seen as an essential quality in MBA graduates. In the Harris survey noted above, communication and interpersonal skills were rated as very important by 89%, while the ability to work well within a team was rated as very important by 87% (Alsop, 2004).

Additionally, Kane (1993) asked recruiters to indicate the importance of qualities for three categories of positions for which MBA students might be hired: general management positions, functional areas, and commissioned sales positions. Strong interpersonal, communication, and team-oriented skills were the most important criteria for each category.

**Factor 3 – Personal Management Competency**

A Personal Management competency is concerned with achieving personal objectives and managing oneself effectively. It is an essential quality for all managerial and work professions. This factor includes items such as ‘ensure issues are followed through’, ‘prioritise things that are important’ and ‘focussed on activities needed to succeed’.
As Carmichael and Stacey (2006) note, the concept implies the application of skills essential to effective work performance such as time management, goal setting and project management, establishing personal workflow processes, personal operating principles and dealing with e-mail and telephone calls (Moorhead & Griffin; 1995; Canfield, Hansen & Hewitt, 2000; Robbins, 2001; Mintzberg, 2004). A self management competency has also been identified in the managerial competency frameworks, noted earlier, of Spencer and Spencer (1993), Meyer (1996), Isaacs (2000), DEE (2000), AMA (2001) and Mintzberg (2004).

**Factor 4 – Problem Solving Competency**

A quality essential to operate effectively in the modern work environment is the ability to solve problems. The research items that make up this factor include, ‘understand complex issues’, ‘can analyse data and complex information’ and ‘finds solutions to problems’. While MBA programs have been criticised for placing too much emphasis on the development of this competency, nevertheless it is an important aspect of managerial and professional effectiveness.

Carmichael and Stacey (2006) note that critical thinking abilities enable managers to act fairly and democratically, to take initiative and be aware of distortion and bias. Rowley and Slack (1998) highlight the lack of student critical thinking and reasoning ability as a barrier to learning. In the Harris study noted above, analytical and problem-solving skills
were rated as very important by 85% of respondents (Alsop, 2004). Eberhardt, Moser, and McGee (1997) found evidence that decision-making capability and analytical skills were two of the ten most important attributes in hiring MBA students. A problem solving capability has also been identified in the managerial competency frameworks noted previously of Isaacs (2000), Meyer (1996), DEE (2000), AMA (2001), Spencer and Spencer (1993) and Mintzberg (2004).

**Factor 5 – Learning Competency**

A Learning Competency is seen by some writers as the most important competency required by international managers and professionals (McCall, Spreitzer & Mahoney, 1994). Research items which make up this competency include, ‘experiment with new ideas/approaches’, ‘welcome new situations and challenges’ and ‘cope with ambiguous situations’.

The MBA should equip graduates with an enquiring mind to constantly seek better and more efficient ways of meeting their objectives and leveraging off available resources (Canfield, *et al.*, 2000). However, the notion that developing such a competency is a straightforward process, even with intelligent people, has been questioned by writers such as Argyris (1991). Indeed, some argue that business schools should incorporate ‘learning to learn’ concepts into the programs that they offer (Boyatzis *et al.*, 1995) in order to facilitate better learning outcomes. Certainly the ability to learn would seem to be a critical ability both during an MBA and long after graduation.
Factor 6 – Business Expert Competency

The research did not try to identify which particular business discipline skills were most important in a managerial role. Nevertheless, the study did highlight the importance of having a range of business and functional expertise. Items which loaded on this factor include, ‘able to understand technical detail’, ‘understand the technical issues of my role’ and ‘knowledgeable in functional discussions’.

Business knowledge and expertise are essential in order to operate in managerial and professional jobs. Managers need business expertise for dealing with real-world issues (Carmichael & Stacey, 2006). Eberhardt et al (1997) found that financial skills and technical skills are two of the ten most important attributes in hiring MBA students. Also, business analysis generally requires an appropriate level of numerical competence (Boyatzis et al., 1995; Isaacs, 2000).

Factor 7 – Networking Competency

The ability to collaborate, build and develop networks with a range of different people has been seen by some writers as essential to operate effectively in management roles (Mintzberg, 1973, Kotter, 1982). It is also important for people in professional roles, who may not have direct reports, but who nevertheless need the co-operation of people both internally and outside the organisation to achieve their objectives. The research items
which loaded on this factor include ‘have a strong network of contacts’, ‘have good negotiation skills’ and ‘aware of external stakeholders’ agendas’.

Developing these skills on an MBA is important. Networking is not only important in achieving work goals, but is essential in terms of achieving long term career aspirations. In relation to MBA students it is possibly most evident in building relationships outside the program, particularly for employment. The ability to network is an essential part of career management. Cohn and Hudson (2000) for instance, argue that 85% of jobs are found through internal networks, while Gardella (2000) notes that most people find jobs through friends, relatives, colleagues, classmates and other acquaintances, despite the increasing use of the web for job searches. Thus a networking competency is not only a critical work skill, but plays an important part in career management over the short and long term - one of the prime aims for completing an MBA.

**Factor 8 – External Competency**

Factor 6 (Business Expert Competency) noted earlier, emphasised the internal aspects of the organisation. Equally important in managing in any kind of enterprise is the ability to understand the external context in which the organisation operates. This external capability emphasises the need for both managers and MBA students to be aware of their environment. Items which load on this factor include, ‘understand competitors’ intentions’, ‘aware of market changes’ and ‘understand customer needs’.
Understanding a complex environment in a work context requires principally two things. The first is an ability to understand the context in which the organisation operates, involving a degree of comparative and competitive business analysis. The second involves understanding the strategic options open to the organisation in the longer term. In the Harris survey noted previously, Strategic thinking skills were rated as very important by 68% of recruiters (Alsop, 2004).

**Factor 9 – Emotional Competency**

Increasingly, writers have highlighted the importance of acknowledging the ability to deal with personal emotions and the emotions of others in the workplace. That we can do more to manage our emotions is an idea that underlies the concept of Emotional Intelligence (Goleman, 1996). Research items which load on this factor include the ability to ‘cope with the emotional strains at work’ and ‘use emotions constructively in dealing with others’.

An emotional competency is important both as a manager and while completing an MBA program. Both situations can be highly pressurised. Emotions can help sustain performance at high levels, drive us to overcome the most daunting hurdles and develop creative responses we may never have thought possible. They can also have an unfavourable impact particularly on the ability to make good decisions and operate effectively. Therefore, learning how to recognise, understand and respond to our own and others’ emotional responses is critical in order to get through the MBA and to manage
successfully in the future. Emotional competence has long been seen by Schein (1993) as one of three important qualities for managing effectively.

**Factor 10 – Personal Leadership Competency**

The concept of Personal Leadership is concerned with self understanding and action. Several writers have identified the ability to reflect on personal strengths and weaknesses to be a quality that is important in leadership. An individual’s personal qualities determine how well they lead others. Bennis (2005) has argued that a lack of self-knowledge is one of the most common reasons for failure to lead others successfully. Research items which load on this factor include an ability to ‘analyse my strengths and weaknesses’ and be ‘open to feedback on performance’.

This competency is more than learning new skills, but the ability to manage and cope with a personal developmental journey which is often a critical characteristic of completing an MBA and developing professionally. It is concerned with a set of personal aspirations and moving towards them. In exploring self-leadership, Manz (1992) has argued that leadership is an internal as well as an external process and involves managing ourselves and our environment so that full potential and personal goals can be achieved.
CONCLUSION/DISCUSSION

Two of the competencies outlined above, the Business Expert Competency (Factor 6) and the External Competency (Factor 8), are concerned with the functional knowledge and skills needed to be an effective manager. These ‘functional competencies’ are the areas that are predominantly taught on MBA programs. The other factors can be described as ‘personal competencies’ concerned with managing oneself and others.

These outcomes are not meant to provide the complete solution to the set of competences that should be fundamental to MBA programs. Other stakeholders will have views about additional competences, such as the importance placed on Ethics by the AACSB. Moreover, further research needs to be done in exploring what the core functional competencies for an MBA program might be. It is likely that this would help in understanding the unexplained variance in this study.

Nevertheless, there is considerable support for these outcomes in the literature. This research indicates that ‘personal competences’ are what managers identify as critical to management performance. Functional knowledge is obviously important on an MBA program, but this research suggests that this is only one aspect of what is needed to equip graduates to operate effectively in the contemporary business world.

As discussed earlier, some schools do acknowledge the development of personal competences. However, on many programs this development is not a fully integrated and
equally weighted part of the curriculum. This study suggests that the development of personal competences is at least as important as the development of functional competences on an MBA. Moreover the research attempts to specify what these personal competences should be and go beyond general calls for more ‘softer’ skills.

An implication from this is that the notion of a ‘core’ curriculum which has predominantly been functional and analytical needs to be reconsidered. Clearly no one MBA program can appeal to all constituents and nor should it. The diversity of the business world requires a range of MBA offerings. Moreover, a set of foundation competences does not preclude students from specializing and developing more focussed abilities particular to their career requirements.

Nevertheless, all business students, whether they become general managers, entrepreneurs or better functional specialist have to manage themselves, those around them and the basic requirements of their job. An MBA is not a functional specialist degree. It requires at its core the opportunity for students to develop an integrated set of management competencies that enable them to perform effectively in a broad business environment. If the degree is to continue to be seen as a professional and credible qualification it must provide all students with the opportunity to establish, build and consolidate a more complete range of knowledge and skills.

Changing an MBA curriculum is not usually a quick process. Nevertheless, the research indicates possible ways forward and priorities. The regression coefficients highlight the
significance of Factor 3, Personal Management Competency and Factor 10, Personal Leadership Competency, for managerial effectiveness. It would seem to be important, therefore, that as a minimum and a starting point, all MBA programs have a formal and structured process that aids in developing these competencies.

While some Schools acknowledge the need for such a process, in many instances the development of these competences is often left more to luck than design. In relation to the development of a Personal Management Competency, a common assumption is that by pressuring students they will become better self managers. Some students do improve in this area, but it is unusual for this to be a product of a structured educational experience formally addressing this issue. Nobody assumes that students will develop a budgeting and finance competency as a result of having to manage their personal finances during an MBA. Yet it seems to be accepted wisdom that personal management skills will be developed on an MBA through the experience alone.

The development of a Personal Leadership Competency is arguably both critical to the development of a Leadership competency and potentially an attainable goal on most programs. The development of greater self awareness, which underlies this competency, while not necessarily straightforward, can be developed through formal development processes. However on most MBA programs this is also left to chance or assumed that it will occur through subjects like Organisational Behaviour. Both a Personal Management Competency and a Personal Leadership Competency are important areas that can be developed on an MBA program and should be addressed explicitly.
The case for a broad set of fundamental competences is also important in clarifying much of the confusion surrounding research into MBA effectiveness. Programs vary considerably in what they teach and how they teach it. Without clarity about what should be developed on MBA programs and for whom, research findings are likely to continue to be ambiguous. What can be found in one MBA, can be contradicted by the practices found on another. While pedagogical processes will obviously affect the outcome, without some agreement on curriculum content, trying to establish the benefits, or lack of them, is likely to be a continually frustrating research activity.

As current academic systems and rewards tend to emphasize narrow functional depth, it is understandable that shifts may not come easily. But they have to be made otherwise the de-professionalisation of business school academia is more likely to be accelerated. While academics will retain their credibility in terms of research and functional expertise, it is less likely, given the increasing strength of stakeholder forces, that this will be retained in terms of managing the MBA program overall. If the profession cannot respond, then sooner or later decision making authority and control of the MBA will be taken out of their hands. This does not mean the end of the MBA, or that academics will not make a strong contribution, but it could well be at the behest of those who are able to demonstrate greater success in delivering a more appropriate and balanced degree.
REFERENCES


TABLE 1

Results of Factor Analysis of Managerial Items

<table>
<thead>
<tr>
<th>Items and Factors</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1 - Leadership Competency</strong></td>
<td></td>
</tr>
<tr>
<td>64 Motivate others to achieve high performance</td>
<td>0.59</td>
</tr>
<tr>
<td>60 Understands what staff need to develop</td>
<td>0.56</td>
</tr>
<tr>
<td>32 Know what motives my colleagues</td>
<td>0.44</td>
</tr>
<tr>
<td>12 Effective organisation of my department</td>
<td>0.44</td>
</tr>
<tr>
<td>22 Create a climate for people to perform well</td>
<td>0.43</td>
</tr>
<tr>
<td>26 Overall efficiency improvement</td>
<td>0.42</td>
</tr>
<tr>
<td>50 Provide guidance during change</td>
<td>0.41</td>
</tr>
<tr>
<td>13 Have a long term vision</td>
<td>0.41</td>
</tr>
</tbody>
</table>

| **Factor 2 - Interpersonal Competency**                 |                 |
| 33 Treat people with respect                           | 0.71            |
| 47 Have a good rapport with people                    | 0.60            |
| 18 Understand others' views                           | 0.58            |
| 8 People want to do things for me                      | 0.55            |
| 21 Often involve others in decisions                   | 0.54            |
| 35 Reach mutually beneficial results                   | 0.54            |
| 7 Possess team development Skills                      | 0.46            |
| 36 Assist people in overcoming problems                | 0.45            |
Factor 3 - Personal Management Competency
51  Ensure issues are followed through     0.70
65  Can depend on me to get things done     0.66
37  Seen to act on problems quickly     0.60
27  Prioritise things that are important     0.56
42  Seen to get good results     0.51
14  Achieve objects I have set myself     0.49
28  Focussed on activities needed to succeed     0.46
9  Put lots of energy into my role     0.41

Factor 4 - Problem Solving Competency
44  Understand complex issues     0.71
30  Can analyse data & complex information     0.69
38  Not thrown by others technical input     0.53
58  Find solutions to problems     0.52
2  Will consider creative solutions     0.49

Factor 5 - Learning Competency
43  Experiment with new ideas/approaches     0.54
29  Welcome new situations & challenges     0.52
31  Cope with ambiguous situations     0.48
23  Find ways to overcomes hurdles     0.41

Factor 6 - Business Expert Competency
24  Specialist as well as Generalist     0.61
66  Able to understand technical detail     0.58
10  Understand the technical issues of my role     0.48
52  Knowledgeable in functional discussions     0.46
69  Good at allocating resources     0.42
Factor 7 - Networking Competency
34 Have a strong network of contacts 0.62
46 Understand people acting politically 0.56
48 Influence superiors to achieve goals 0.52
62 Have good negotiation skills 0.46
20 Influence people in other departments 0.43
39 Aware of external stakeholders' agendas 0.41

Factor 8 - External Competency
53 Understand competitors' intentions 0.70
67 Aware of market changes 0.69
11 Understand customer needs 0.67
25 Aware of impact of technical change on business 0.47
55 Know what is needed to achieve business goals 0.43

Factor 9 Emotional Competency
59 Cope with the emotional strains of work 0.68
4 Not surprised by others actions 0.57
3 Not give up when solutions are unclear 0.54
19 Not jump to conclusions about others 0.44
5 Use emotions constructively in dealing with others 0.40

Factor 10 Personal Leadership Competency
57 Analyse my strengths/weaknesses 0.60
1 Review my performance and progress 0.55
15 Open to feedback on performance 0.48
41 Understand implications of my decisions 0.40

\(^a n = 1732\)
### TABLE 2
Results of Regression Analysis of Managerial Factors\(^a\)

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>(\beta)</th>
<th>(t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Leadership Competency</td>
<td>.10</td>
<td>5.66**</td>
</tr>
<tr>
<td>2 - Interpersonal Competency</td>
<td>.19</td>
<td>12.11**</td>
</tr>
<tr>
<td>3 - Personal Management Competency</td>
<td>.39</td>
<td>23.13**</td>
</tr>
<tr>
<td>4 - Problem Solving Competency</td>
<td>.13</td>
<td>8.03**</td>
</tr>
<tr>
<td>5 - Learning Competency</td>
<td>-.05</td>
<td>-3.30*</td>
</tr>
<tr>
<td>6 - Business Expert Competency</td>
<td>.10</td>
<td>6.53**</td>
</tr>
<tr>
<td>7 - Networking Competency</td>
<td>.12</td>
<td>7.20**</td>
</tr>
<tr>
<td>8 - External Competency</td>
<td>.18</td>
<td>10.97**</td>
</tr>
<tr>
<td>9 - Emotional Competency</td>
<td>.11</td>
<td>7.30**</td>
</tr>
<tr>
<td>10 - Personal Leadership Competency</td>
<td>.26</td>
<td>16.63**</td>
</tr>
</tbody>
</table>

Adjusted \(R^2\) \(= .70**\)

Regression:  
- Sum of Squares: 210.62
- Residual: 88.74
- Total: 299.36

\(\text{\textsuperscript{a}} n = 1423.\text{ Standardized regression coefficients are shown.}\)

\(\text{\textsuperscript{*}} p < .05\)

\(\text{\textsuperscript{**}} p < .01\)