

A Closer Look at Business Education

: MBA Student Attitudes

In April, 2008 the Aspen Institute Center for Business Education, a program of the Aspen Institute Business and Society Program (Aspen BSP), released our new research study, *Where Will They Lead? 2008 MBA Student Attitudes about the Role of Business and Society*.¹

This is the third time in the last nine years that Aspen BSP has surveyed MBA students to find out what they are thinking about the relationship between business and society.

Key findings from the most recent report show that:

- Business students in 2007 are thinking more broadly about the primary responsibilities of a company. In addition to citing shareholder maximization and satisfying customer needs, more students are also saying “creating value for the communities in which they operate” is a primary business responsibility.
- MBA students are expressing more interest in finding work that offers the potential of making a contribution to society.
- That said, business schools and companies have not convinced them that environmental and social responsibility contribute to financial success.
- Although many students believe they will face values conflicts on the job, the further they progress through their MBA program the less confident they feel that their business school is preparing them to manage those conflicts.

This *Closer Look* goes behind these key messages and highlights some findings from the data that we think will be of special interest to business schools. In particular, it compares students’ responses at three points in their MBA programs: “just started,” “halfway through,” and “will graduate soon.”

The survey was conducted in September-October, 2007, early in the school year. Of the 1943 students who responded to this online survey, 55% said they were just starting their MBA program, 37% said they were halfway through, and 8% indicated they were about to graduate. Also worthy of note is the gender breakdown amongst respondents: 65% are men; 35% are women.

In the sections below we present the findings to a few questions from the survey which suggest how students’ attitudes change – or don’t – during the course of an MBA program.

We know each student and each MBA program is different, but the aggregate responses to the survey questions presented below prompt us to pose some larger questions to business school faculty, administrators, students and alumni. In a sense we are asking if there is any “ideal” response to these survey questions – about how students define business purpose and success, how they see their own professional opportunities and how well prepared they feel to manage values conflict at work. We wonder: Are there attitudes about these issues that business schools should intentionally try to influence?

¹ The Executive Summary of this report is available online at <http://www.aspenbce.org/documents/ExecutiveSummaryMBAStudentAttitudesReport2008.pdf>.

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A few questions are noted after each section below. We invite comments and discussions from the business school community.

Making Career Choices

One of the questions asked of students was to identify what factors would be most important to them in their job selection. We provided a list of factors (see below) and allowed students to choose up to three alternatives.

	Just started	Halfway through	Will Graduate soon
Challenging & diverse job responsibilities	65%	63%	54%
Colleagues whom I respect	22%	27%	22%
Compensation	47%	49%	50%
High ethical standards	13%	14%	14%
Job security	4%	3%	3%
Opportunities for rapid advancement	22%	22%	20%
Opportunities for training and development	21%	26%	30%
Opportunities to travel/work internationally	19%	17%	18%
Other	2%	4%	1%
Potential to make a contribution to society	28%	23%	25%
Work/life balance	46%	44%	46%

Of particular interest to us is the declining interest during the MBA in the “potential to make a contribution to society” option. Looking further at the data, we discovered that the decline is due to the responses received from male students. The responses below show percentages of students who select this as one of their three options out of a list of 11 factors:

	Just started	Halfway through	Will graduate soon
<u>Men</u>			
Potential to make a contribution to society	25%	19%	16%

	Just started	Halfway through	Will graduate soon
<u>Women</u>			
Potential to make a contribution to society	34%	29%	39%

In focus groups conducted after the survey, many students – men and women – said as they got closer to selecting a job, they struggled with a tradeoff. They wanted to make money, pay off student loans and work for prestigious firms. But they felt that making those choices was inconsistent with a higher purpose. They were inclined to feel that in order to make a contribution to society, they would need to select a job in environmental consulting, say, or with a non-profit. It appears that neither firms nor business schools are helping them see how all of these objectives could converge.

A similar response was given to a question asking students to evaluate the relative importance of various factors one year after receiving their MBAs.

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	Very important		
	Just started	Halfway through	Will graduate soon
Starting or developing a business	17%	15%	18%
Pursuing personal interests (arts, music, fitness, travel)	24%	29%	32%
Paying off debt	41%	40%	42%
Having a positive impact on society	46%	37%	37%
Focusing on family (personal relationship or marriage, having children, relationships with parents, etc.)	45%	55%	53%
Enhancing business skills	74%	71%	65%
Earning a high income	44%	40%	41%
Developing in my career	90%	88%	83%
Being involved in my community	23%	20%	22%

Again, with regard to the specific point about having a positive impact on society, men become less inclined as they go through their MBA programs to say that factor is “very important”:

<u>Men</u>	Just started	Halfway through	Will graduate soon
Having a positive impact on society	43%	34%	29%

<u>Women</u>	Just started	Halfway through	Will graduate soon
Having a positive impact on society	52%	41%	50%

The survey also asked students to indicate how much importance they place on certain practices within corporations as they think about their job offers. As shown below, the practices that seem most important to all students – regardless of time in the MBA program – are good, fair employee relations, responsible corporate governance and transparent business practices, and production of safe, high quality products.

	Very important		
	Just Started	Halfway through	Will graduate soon
Commitment to a diverse workforce	36%	33%	26%
Good, fair employee relations	69%	71%	63%
Open, fair community relations	38%	31%	28%
Responsible corporate governance and transparent business practices	58%	58%	51%
Responsible environmental practices	33%	28%	35%
Responsible practices in overseas operations, including supply chain management	47%	41%	42%

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Safe, high quality products	52%	54%	49%
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Given the current emphasis on corporate environmental practices, we were somewhat surprised that only one-third of students say it is very important to them whether a firm offering them a job has responsible environmental practices. And the percentages stay relatively constant for beginning students, those halfway through their MBA and those graduating soon.

A question for business schools: What role can and should business schools play in helping students realize how they can match their aspirations for contributing to society through their professional careers?

Defining a Well-Run Company/ Identifying the Primary Responsibilities of a Company

In this survey students are asked to evaluate various factors that could be used to define a “well run” company. They judge each factor as to whether it is “very important,” “somewhat important,” or “not important at all.”

When we compare students starting their MBAs against second year and graduating students, we see that students’ responses remain relatively consistent except in a couple of key areas. It is interesting to note that adhering to a strong mission and operating according to its values and code of ethics becomes less important. Here are the percentages of students who judged these factors to be “very important”:

	Very Important		
	Just Started	Halfway through	Will Graduate soon
Adheres to a strong mission	51%	49%	42%
Adheres to progressive environmental policies	44%	42%	46%
Attracts and retains exceptional people	90%	92%	90%
Creates products or services that benefit society	49%	44%	47%
Has efficient and flexible operations	77%	75%	72%
Invests in employee training and professional development	69%	71%	64%
Is a stable employer	43%	38%	30%
Offers high financial return to shareholders	47%	49%	46%
Operates according to its values and a strong code of ethics	79%	77%	71%
Produces high-quality products and services	79%	77%	78%
Provides competitive compensation	57%	55%	48%
Provides excellent customer service	82%	82%	84%

The most significant change comes in response to the “is a stable employer” choice. 43% of students starting out in MBA programs say this factor is very important. Only 38% of second year students and 30% of students graduating soon agree.

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Interestingly, we see the same pattern of response in another question. Students are asked to indicate how strongly they agree or disagree with the following statement: “Even though companies may incur a short-term drop in profit as a result, they should maintain their employees’ job security.” Second year students and students graduating soon are less inclined to agree “strongly” that this statement is true.

	Strongly Agree		
	Just Started	Halfway through	Will Graduate soon
Even though companies may incur a short-term drop in profit as a result, they should maintain their employees’ job security.	19%	14%	11%

It is also interesting to note that over 40% of students say that adhering to progressive environmental policies is a “very important” component of a well-run company. It is also interesting to see that students half way through their MBA program and those graduating soon do not place a significantly higher value on this factor than those just starting out.

In this survey students are also asked to select three items that they consider to be the “primary responsibilities” of companies.

	Just started	Halfway through	Will graduate soon
Comply with all laws and regulations	34%	36%	30%
Create value for the local community in which it operates	34%	31%	40%
Enhance environmental conditions	7%	4%	11%
Ensure confidentiality in the use and transfer of information	3%	3%	1%
Invest in the growth and well-being of employees	47%	42%	43%
Maximize value for shareholders	60%	69%	66%
Offer equal opportunity employment	5%	4%	1%
Other	2%	2%	1%
Produce useful and high-quality goods/services	53%	43%	40%
Satisfy customer needs	47%	58%	54%

The data indicate that both second year students and those graduating soon are more likely to chose maximizing value for shareholders and satisfying customer needs than first year students are. Graduating students percentages are higher than those starting the program but not as high as those students who are halfway through.

Interestingly, producing useful and high quality goods and services drops consistently as a choice for this question.

Questions for business schools:

- *When students graduate from an MBA program how do we want them to define a well-run company?*
- *Should MBA programs attempt to alter students’ views about how important environmental management is to corporate success?*

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- *As students graduate, what would we want them to say are the primary responsibilities of a company?*
- *How can we help students to take a holistic and integrated view of the different activities that make a company great?*

Identifying and Managing Values Conflicts

Learning to make decisions with incomplete data and in situations of significant complexity is certainly part of the training that MBA students receive. Many of these decisions will involve value judgments. The confidence that students express in their ability to manage these judgments is mixed – as is their assessment of where values conflicts might occur.

Students confirm that they anticipate that their values will sometimes conflict with what they are asked to do in business. 27% strongly agree with this statement; 54% somewhat agreed.

In an attempt to identify where students see the potential for values conflicts, the survey includes a question that asks respondents to rate the likelihood of values conflicts arising in various business activities. Their responses based on time in their MBA programs are shown below. In most business activities student further on in their MBA programs are less likely than starting students to see values conflicts as very likely:

	Very likely		
	Just started	Halfway through	Will graduate soon
Awarding stock options	17%	17%	12%
Conducting performance reviews	22%	21%	14%
Downsizing	58%	55%	41%
Financial reporting	24%	21%	13%
Interacting with government officials	26%	23%	20%
Investing in less-developed countries	52%	50%	39%
Managing personnel in manufacturing facilities/plants	19%	19%	19%
Natural resource exploration	42%	40%	38%
Negotiating with suppliers or customers	19%	17%	16%
Outsourcing production operations	38%	39%	39%
Raising or borrowing capital	13%	11%	12%
Setting executive compensation levels	30%	27%	27%

So how confident are students that their MBA programs are preparing them to manage values conflicts? In aggregate, they are much more confident than students in the 2002 survey, the last time we asked this question of MBAs. 43% of all students in 2007 say their business school is doing “a lot” to prepare them. This percentage compares very favorably with the 2002 data when only 23% of students gave that response.

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However, it is worth noting that second year students and those graduating soon seem less confident than those just starting out.

	Just started	Halfway through	Will graduate soon
A lot	48%	37%	28%
Somewhat	48%	52%	56%
Not at all	4%	10%	16%

Responses to two other statements in the survey are also worth considering with regards to this question of how prepared students feel to manage values conflicts. The data showing the percentage of students who strongly or somewhat agree with the following statements are shown below:

	Strongly agree			Somewhat agree		
	Just started	Halfway through	Will graduate soon	Just started	Halfway through	Will graduate soon
I am learning how to analyze the potential impacts of my future business decisions on all of the following: shareholders, employees, customers, the community and the natural environment.	48%	50%	43%	43%	34%	41%
I have opportunities to practice ethical/responsible decision making as part of my MBA program.	55%	48%	41%	38%	40%	38%

Questions for business schools:

- *What role does business education play in pointing out the values conflicts that may arise in various business activities?*
- *How confident do we want students to be as they move into the workforce that they have the skills they need to manage values conflicts?*
- *What opportunities are offered throughout the MBA programs to practice values-based decision-making?*

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The fifteen business schools that participated in this research survey are listed below. The survey was conducted via the internet for the Aspen Institute by Universum, a global consulting and communications company. 1943 students responded.

- Carnegie Mellon University, Tepper School of Business
- Columbia University, Columbia Business School
- Duke University, Fuqua School of Business
- London Business School
- Thunderbird School of Global Management

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- University of California, Berkeley, Haas School of Business
- University of California, Los Angeles, Anderson School of Management
- University of Colorado, Boulder, Leeds School of Business
- University of Michigan, Ross School of Business
- University of Notre Dame, Mendoza College of Business
- University of Pennsylvania, Wharton School
- University of Virginia, Darden School of Business
- University of Western Ontario, Richard Ivey School of Business
- Yale University, Yale School of Management
- York University, Schulich School of Business

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A Closer Look is an occasional series of briefing papers on topical issues in MBA education, based on the research and programs of the Aspen Institute. The [Aspen Institute Business and Society Program](#) works with senior corporate executives and MBA educators to prepare business leaders who will effectively manage the financial, social, and environmental impacts of the private sector.