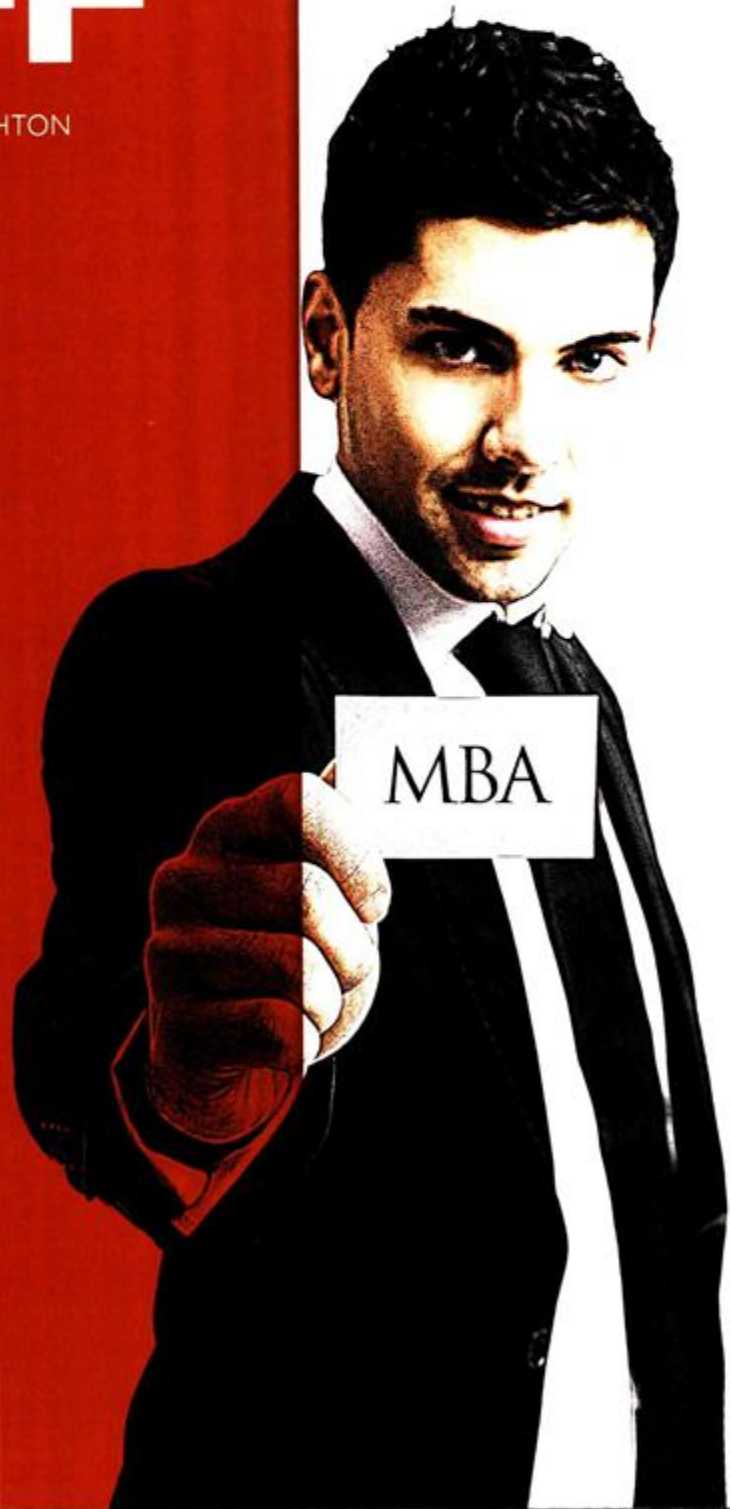


COVER STORY

THE MBA PAY-OFF

BY MARC ASHTON



The conventional thinking that an MBA is a ticket to the top is being challenged these days. Not only is there a backlash against business schools and their products in the wake of the financial crisis, but MBA qualifications are conspicuously absent among those at the very top.

Forbes recently noted that on its list of the world's wealthiest billionaires, the super rich are more likely to have been university drop outs (Bill Gates, Larry Ellison, Michael Dell, Mark Zuckerberg, Steve Jobs, the Brazilian mining giant Eike Batista, India's tycoon Mukesh Ambani and Li Ka-shing, the telecom mogul from Hong Kong and the richest person in Greater China). In fact, there are only three MBAs in the top 50.

MBAs are also not overly prevalent in the list of South Africa's top richest people. Of the biggest names – including Patrice Motsepe, Johann Rupert, Nicky Oppenheimer, Christo Wiese, Laurie Dippenaar and Jannie Mouton – only FirstRand founder GT Ferreira has one.

The picture looks dramatically different among the CEOs of the JSE's top 40 companies. A quarter of them – including Koos Bekker (Naspers), Pieter Uys (Vodacom), Siphon Nkosi (Exxaro), Nonkululeko Nyembezi-Heita (ArcelorMittal SA) and Stephen Koseff (Investec) – are MBA graduates.

It's clear that an MBA still carries a lot of weight, but the cost – financial as well as on your lifestyle and family life – can be considerable.

Finweek, in conjunction with research house Feedbackrocket.com and local MBA community MBACconnect.net, has conducted a survey among MBA students and graduates to find out what the real MBA pay-off is.

"This is probably the most comprehensive and credible MBA research that's ever been done in South Africa," says lead researcher and actuary Dr Gavin Symanowitz from Feedbackrocket.com. In total 1 575 respondents participated, making it the biggest lifestyle impact survey ever conducted in South Africa.

The survey also focused on the remuneration of MBA graduates, and Symanowitz points out that many of the existing MBA surveys conducted in SA are flawed with regard to this topic. For example, they compare newly graduated MBAs with limited work experience or those who have just completed an MBA against more established executives. This, he says, eliminates the impact of inflation and the "time value of money".

Our research took into account the average annual executive salary growth before acquiring the MBA for individuals and then the average annual growth for three years post the MBA qualification.

For the sample period, it was calculated that annual average salary growth came in at 11%, while the growth in annual salary growth for those who achieved an MBA was 16.5% for the three years after graduation.

Other surveys have showed that an MBA can secure salary growth of 30%, but Symanowitz says this is unrealistic. If your salary was rising by 30% a year, this would imply your salary would be quadrupling every five years. "Even at 16.5% this is high relative to SA's wage inflation," he says.

He also adds that annual executive salary growth of 11% plus is not sustainable, and the 16.5% annual average salary growth is "unlikely to be the reality for most graduates".

Curiously, white women and black graduates experienced lower income growth on average. Women profiled in the survey on average only enjoyed 1.9 percentage points higher than the average salary growth (compared to 6.3 percentage points for men) while black graduates added 5.0 percentage points, which is still lower than the average of the group as a whole.

Does the MBA – which has something of an elitist reputation – change the way you are perceived by your work colleagues?

As expected, the majority (76%) in the professional context answered "yes" and 65% in the social context. However, as one respondent noted: "The MBA has a bit of a stigma and people either admire my choice or judge me (negatively) for choosing to do an MBA. I hate the negative image and do not like having to apologise for my choice. I wish it could have the reputation of being a learning experience and that non-students would respect our choices to study."

One of the benefits touted by an MBA is that it introduces you to a

Other than your current business school, which school would have been your first preference?

University of Cape Town Graduate School of Business	33%
Gordon Institute of Business Science	30%
Wits Business School	18%
Stellenbosch Business School	15%
Other	4%

The Divorce Degree?

"The MBA degree led to my divorce ... If I had to redo the degree, I would do things differently and not neglect my relationship." (MBA Graduate 2011)

Did studying for an MBA impact your marriage?

- 7% answered "Very negative" impact
- 37% answered "Somewhat negative" impact

How did studying for your MBA impact your sex life?

- 8% answered "Very Negative" impact
- 34% answered "Somewhat negative" impact

"I don't have time to rest, socialise, my sex life is zero, even my spouse and kids are not happy because I am always attending lectures, group discussions and studying." (Current MBA Student, Milpark)

Colette
Symanowitz



number of highly successful business people and helps to access a professional network that should make your career or entrepreneurial ventures easier.

Some 89% of the group said they were impressed by the quality of the people around them throughout their degree but of the 34% who said they were specifically looking to find a job through the MBA network, only 13% were successful. Of those who said they were not actively looking for a job (66%), only 8% found one through the MBA network.

However, those looking to find staff through the MBA network had a greater success rate of 24%.

Does the MBA qualification open doors to finding new clients for your business? A third of those who said they were actively seeking clients through their MBA qualification and network were successful, while 23% scored new clients without stating this as a goal.

Of those who said they were looking for business opportunities through the survey – 24% said they

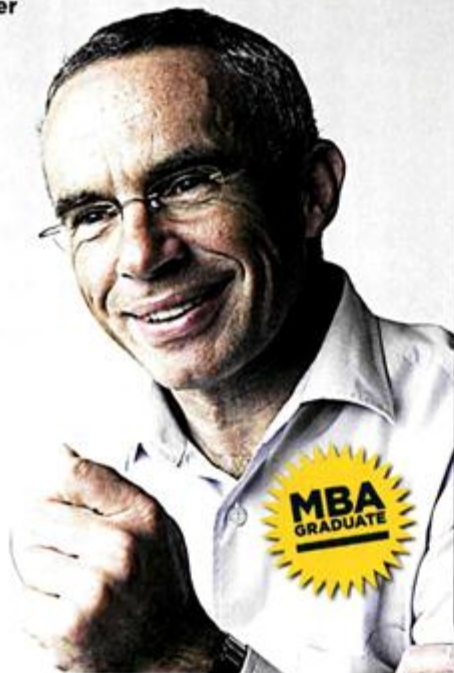
found one. For the more entrepreneurially minded individuals looking for business partners, 38% of them said they were successful.

Dubbed "the divorce degree", the report shows that doing an MBA has a severe impact on social life, marriage, health and personal finance.

Some 78% of those polled revealed that the MBA had had a negative impact on their finances. "It was an expensive undertaking and caused me financial pressure (I paid for it myself but was not given payment flexibility, while others had their companies pay) ... But doing lectures six days [a week] from 08:00 to 17:00 gave too little time to take care of business. Money does not stop revolving just because you're studying," said one graduate from the 2006 class at Rhodes University.

"Finances make it worse because there are days in a month where you have to survive without food. This makes it hard to concentrate and focus."

Pieter Uys



Stephen Koseff



One of the benefits touted by an MBA is that it introduces you to a number of highly successful business people and helps to access a professional network that should make your career or entrepreneurial ventures easier.

Another graduate from Regent commented: "Finances make it worse because there are days in a month where you have to survive without food. This makes it hard to concentrate and focus."

An estimated 54% of the sample group also had to take leave from either their work or their businesses and this had a negative financial impact.

Seven respondents said that the qualification had a "very negative" impact on their marriages while a further 37% noted a "negative" impact. Two thirds of the latter group said their sex lives deteriorated. Of all the respondents in the survey, 42% said it had negatively impacted their sex lives.

"I don't have time to rest, socialise, my

sex life is zero, even my spouse and kids are not happy because I'm always attending lectures, group discussions and studying," says a current student at Milpark.

Almost all of those who felt that their social lives were negatively impacted by committing time to the qualification also said that they had suffered negatively when it came to family life. Almost half said that

Professional recognition?

"[It gave me a] fresh look at things. I worked for six years at an international corporate and had been thinking like the company taught me to. This gave me a fresher and wider look at business. I have a financial background and the MBA gave a better look at the total business cycle, as well as emphasising the importance of creativity." (Current MBA Student, UCT)

Did the MBA give you more credibility at work?

- 61% - yes definitely
- 28% - yes, to some extent
- 10% answered "not really" or "I don't know"

Was the MBA a huge contributor to career advancement?

- 55% answered it was a "huge contributing factor"
- 39% said it was a "somewhat contributing factor"

"It gave me a bigger voice in business and improved my confidence in engaging at different levels within the organisation. It allowed me to improve my research skills and provide answers to complex problems. It introduced me to critical areas of functional areas and allowed me to stimulate dialogue into those areas." (Current MBA Student, Mancosa)

COVER STORY

Sipho Nkosi



The report aimed to answer two questions for professionals who are considering doing an MBA in the coming years.

their diets were negatively impacted.

Some 81% of those surveyed reported that their stress levels increased.

But the sacrifice seemed to be worth it for some. One graduate from the Gordon Institute of Business Science (GIBS) said that while her health and personal life were hit hard, it took her less than a year to recover.

Colette Symanowitz, the founder of the MBACoconnect.net network, South Africa's largest network of MBA graduates, points out that graduates of the Gauteng-based schools reported higher levels of stress.

In Gauteng, more students are also working full- or part-time, which leads to elevated stress levels. In contrast, many of the Cape Town schools such as UCT have international students who are studying full-time rather than trying to balance studies with existing business commitments.

Another interesting aspect of the feedback came from older professionals who had completed the degree some time ago. Some of them highlighted the importance of being a "learning manager" – somebody who continued to gather skills in a professional capacity.

One graduate from the 1988 class at Wits Business School noted: "A workload that required constant running at full tilt – there wasn't enough time to absorb and learn by exploring and making connections. The pressure cooker was jam-packed! There was a heavy emphasis on business basics (which was necessary) and too little time for developing a higher order of understanding.

It took me at least 15 years of working afterwards to really integrate and make sense of the con-



Michael Mark

tent and reap the benefit of it. I acquired 'know-what' on the MBA and had to learn 'know-how' from experience and other forms of education."

The report aimed to answer two questions for professionals who are considering doing an MBA in the coming years. First, "Is it worth it?" and second, whether students were benefiting post their qualification.

The broad conclusion is that the MBA offers many benefits to those who successfully complete it, but there's an important consideration, which concerns how the qualification is going to affect you personally.

Can you afford the time off and the stretched relationships? Are you going into the qualification with the intention of finding a job or new clients?

It's a huge commitment to make and it's important that you go into the qualification with your eyes wide open.

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