

Distance Education Report
The Value of an Online MBA: Employers' Perceptions
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An MBA may be the quintessential career-centered degree, operating as a gateway for many individuals to the managerial and upper level jobs at many organizations. At the same time, many individuals wishing to earn this degree for career advancement need to study in a more flexible manner due to the need to remain employed, making online MBA programs a popular option.

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This dynamic sparked the attention of Jeffrey S. Bailey, project manager for CEVA Logistics and Larry Flegle, professor at American Public University system. Flegle became interested in the subject of employer's perceptions of online MBAs through his work with his students, while Bailey, a doctoral candidate at the time of the research, experienced the challenges of a student first-hand as he pursued his Ph.D. online while working full-time. "It's a product you are paying for as a student," says Bailey of an online MBA. The pair collaborated on a survey of 20 employers, and the findings shed light on the factors most important to these employers when considering a candidate with an MBA from an online institution.

Does for-profit make a difference? How about accreditation?

For-profit institutions have been much in the news of late due to debates over Gainful Employment regulations. However, at least in this study regarding online MBAs, whether the degree was earned at a for-profit or a not-for-profit institution was "not a factor at all" for employers, says Bailey. In fact, all 20 of the employers in the survey stated that whether or not the degree-granting school was for-profit made no difference to the value of the degree.

The important factor for employers in the survey was not for-profit/not-for-profit status but whether or not the institution was accredited. Although the survey did not ask about perception of regional versus national accreditation, Flegle believes most employers surveyed were referring to regional accreditation. Bailey has "marked that for further research."

Name recognition

Another factor considered in the survey was name recognition of the degree-granting institution, and, as might be expected, hiring managers did put some weight on the reputation of the school. However, Bailey notes "once we got the big names out [of consideration], that fell off."

A contributor to name recognition is the effort schools put into marketing themselves, but the survey gives at least some indication that all marketing is not created equal. Flegle cites some

anecdotal evidence that suggests, “small credit card ads in the back of a magazine are a negative,” and that advertising needs to be more substantive and positioned better for it to improve a school’s reputation.

Real world scenarios: A key feature

Perhaps one of the most welcome findings of the study was the value employers placed on the classroom and experiential options offered the students. One of the primary classroom attributes that added value to an MBA was the ability for students to interact with real world problems and scenarios. In an article in the *Online Journal of Distance Learning Administration*, the pair explains, “The use of real world scenarios or group projects during the program was indicated seven times as an important factor for an MBA program. The real world scenario was the ability to take what was being studied in the course and apply it to real business situations, either where the student worked or in some type of group project using the information from the course.” “The better schools were at doing that, the better they [employers] felt about the degree,” says Bailey.

Preparation for real-world challenges was a benefit of the online programs. Employers mentioned the fact that business is now frequently conducted online and at a distance from coworkers and clients, and the experience of studying online was seen as an advantage for MBA students.

Another related factor was the ability to interact with others in the program. “The interaction between individuals in the program was noted seven times, many referring to the ability to hear different points of view from other students,” the study authors write. However, they also note this desire for interaction among students was often a reason for employers to prefer traditional MBA programs. “[Ten] responses from the participants showed that four viewed the interaction between students as a factor in making the traditional MBA more valuable, and one thought the individual who did their MBA in the traditional setting was more serious about their degree,” they write.

The study showed employer interest in the academic challenge posed by the program regardless of delivery method. Bailey explains that the findings show online programs perceived as closer to students intellectually than in face-to-face [classes],” he says of his experience. He notes equivalent of traditional ones. “Most people commented they felt the rigor of the program was the same,” he says. Flegle feels that online programs may even present opportunities for more student/instructor interaction than happens in the traditional classroom. “In some ways, I’m getting that the online delivery method allows him to communicate with his students more regularly than if he were to wait to see them at a regular class time. “The online professor is so much more available,” he says.

Finally, employers’ perceptions of an MBA program were influenced by their experiences with former graduates. “The better experience someone has with a graduate, the better the perception,” Bailey says.

A shift toward acceptance

“The participants of this study indicated the role of online education will be an increasing option for many individuals in the future,” the authors write. They emphasize that half of the survey sample said “the environment the degree was earned in (online or traditional classroom) would not be a factor in the value the degree held in the hiring or promotion process. This discovery indicates a shift toward the acceptance of online degrees.”

However, these findings also indicate that online MBA programs need to address true employer concerns in their marketing efforts, being certain to explain the academic rigor of their programs, the opportunities the students have for real-world experiences that will translate into the business environment, and the opportunities for interaction with faculty and staff. Programs should also be careful to explain the accreditations they hold and educate employers about the standards that the accreditors hold programs to – for example, accreditors may well have the same set of criteria for online programs as for traditional programs, further ensuring the equality of experience between the two delivery types.

Finally, educating well-prepared graduates to go out into the world as ambassadors of the program may well be the best form of advertising for any academic program but especially for those online programs about which employers may still have reservations. In this case, programs who do their jobs well will eventually see the rewards in employment numbers