

**SWP 51/90 THE ADMISSION OF MATURE ADULT STUDENTS
TO EXECUTIVE MBA PROGRAMMES**

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ABSTRACT

Using the MBA programme at Otago University as an example, this paper discusses the admission decision process for MBA programmes. It focus upon the case of mature adult mid-career applicants seeking admission to full - time Executive MBA study. The importance of the best possible decisions for individual and business school is discussed. A strategy for admissions decisions based upon established employee recruitment and selection practices is described. Research at Otago concerning the ability of the Graduate Management Admission Test (GMAT) and other criteria to predict subsequent performance of an MBA students is presented. The issue of Qualified Random Selection is raised as an alternative strategy for choosing among acceptable candidates for admission.

The MBA (Master of Business Administration) qualification has increased in popularity in recent years. In Australia and New Zealand the number of business schools offering MBA programmes has grown rapidly. In the case of New Zealand one programme (at Otago) in 1977, grew to ten programmes offered (at five universities) in 1988. Suchard (1989) was able to carry out an assessment of 20 institutions offering established programmes in New Zealand and Australia.

Despite the growth in provision, business schools with good reputations could fill their programmes several times over with good quality students. The selection of students for admission has become a major task.

The Importance of Good Decisions

Universities commit considerable resources to making decisions about admissions. The procedures often involve senior staff and have appeal processes. Both admissions decisions and appeals can be very time consuming and expensive in terms of time, money and opportunity cost.

One reason for the care taken with the decisions is a natural desire to make fair and equitable decisions that can also be seen to be fair. An increasing trend to litigation in all areas of life may be strengthening this desire. University Admissions Officers do not wish to encourage students to begin programmes which they will fail, nor do they wish to deny entry to the students who could benefit most from the programmes.

Academic institutions also wish to enrol the most able students that are available. Interested, intelligent and stimulating students are a pleasure to teach. They increase the job satisfaction of teachers. Universities and their staff wish to ensure a continuing supply of researchers at masters, doctoral and post-doctoral level. Research students enrich the learning community. They provide recruits for the academic profession. Poor admissions decisions impact negatively upon educational institutions as well as individuals.

THE MID- CAREER MBA STUDENT - A PARTICULAR PROBLEM

The Otago programme is full-time, lasting 15 months. It was reported by Suchard (1989) as ranking first in Australasia in terms of standards and student quality. It is conducted over one complete academic year, plus the summer vacation and a further term. The content is equivalent to a traditional 2 year programme. Entry is restricted to 25 students who undergo an intensive group learning experience together. The typical

student is a successful manager with a minimum of 5 years management experience and 10 years work experience. The ages of students are range between 28 and 45 years.

Potential MBA students in their 30's face a number of issues not faced by a young undergraduate.

Applying to study after a 10 or 15 year break from academic pursuits represents taking a large risk. Most of the applicants are in well paid responsible managerial roles. The majority will not be encouraged or supported by their employers. For many, attendance means resignation from a successful career path position with no guarantee of re-entry.

Many applicants live in cities away from Dunedin. A move to Dunedin disrupts the professional and social networks of the student, spouse and children. The need to rent or sell the family home and rent or buy another in Dunedin is another factor to be taken into account.

Social and family pressures can be persistent and strong. Having brought a family to a strange city, students can then find they are too busy with their course of study to be able to help with the family adjustments at a time of great upheaval. The change to lower levels of income and expenditure can be difficult for the family of a successful executive. The opportunity costs, both financial, domestic and social can be very large.

The study skills required for an MBA may be new to many students. Many students, narrowly trained in accounting or engineering, enter MBA programmes to broaden themselves. The study of the wide range of disciplines inherent in an MBA and the need to optimise time can be daunting.

The pressure of the imagined consequences of failure can be heavy. If the student has undertaken no formal study for 10 or 15 years, the fear of not being able to cope can loom large. Failure is likely to be a very public affair. Students who fail will not be able to simply return to where they were before and slot into their previous life.

For these mature adult students the decision to enrol is of great importance. The risk is greater and so are the stakes. It is crucial that good decisions are made concerning entry by both individuals and by institution.

Business schools have a vested interest in making good decisions. Successful graduates from a post graduate business school can be powerful ambassadors for it. They can also damage its reputation. The reputation of business schools are very fragile. A small number of less than competent people awarded its MBA degree soon throws doubt on the whole school and its programme.

Graduates who achieve conspicuous success bring lustre to the reputation of the school. Resources may follow from this increased reputation. There is a cyclical process. Good entrants plus a well developed and implemented programme leads to high quality graduates. Their success leads to increased demand for entry and a consequent ability to raise standards - which begins the cycle again.

The Otago MBA is heavily process orientated. There is great emphasis on creating conditions for effective learning by mature adults. The programme assumes that individuals will learn best by discovery and group methods of learning with other mature adults. For this process to succeed the individuals involved must be able to function in this way and be substantial resources for each other's learning. Failure to choose the right students can prejudice the whole process around which the programme is designed.

AN EMPLOYMENT SELECTION DECISION

Business schools recognise the importance of admissions decisions. That is clear from the lengths to which some go in the development of procedures; including assessment centres, batteries of tests, inbasket techniques and other methods.

At Otago the decision to offer a place to a student was regarded in the exactly the same way as filling an employment vacancy for a commercial or other enterprise. As more and more time was consumed by admissions the desire to make cost efficient decisions grew.

The issue of what was a good decision was of first importance. At Otago it meant in practice, the admission of students who would cope with and survive the programme; gain substantially from participation and contribute to the strength of the learning experience by their presence. They would also be likely to succeed in initially gaining a more senior post and achieving a large measure of subsequent career success.

In order to establish the key characteristics which students required, the activity and characteristics of previous and current students were considered. From this analysis a Student Specification was produced. It identified the essential and the desirable characteristics of an Otago MBA student, bearing in mind the tasks that the student would need to carry out within the culture of the Otago MBA. The specification was developed initially using the NIIP seven point plan (Rodger (1970)).

The structure of the plan was revised with the "interests" section of the original plan assumed to be part of the other sections; in particular the section "Motivation / Aspirations and Disposition."

The revised structure was

- | | |
|---|--|
| 1) Appearance/Presence/Impact and Health | |
| 2) Attainments | Educational and Professional and Others |
| 3) Experience | Management, Business and Organisational
Other special |
| 4) Intelligence | GMAT and Ability to make a case |
| 5) Motivation / Aspirations / Disposition | How sensible is a decision to apply in career terms ?
How well will the individual cope and fit in? |
| 6) Circumstances | Is the application well thought out in terms of finance
and family? |

Essential characteristics were distinguished from desirable ones . However, the specification was seen as a series of pointers and not as a straight jacket.

In addition the questions "*Will they cope and benefit?*", "*Will they add to the quality of the programme?*" and "*Will this person plus an MBA do well and be someone the business school is proud of ?*" were explicitly addressed at every stage.

Self De-selection by Applicants.

All recruitment and selection activity is concerned with generating suitable applicants who are likely to accept an offer. It is also concerned to discourage inappropriate applications. Effective recruitment and selection is the generation of just enough good quality applicants who will join the organisation. Very large responses beyond that level are a waste of time and effort for all concerned.

Having decided the selection criteria, the next step was to encourage potential applicants to measure themselves against them and in most cases de-select themselves. The decision not to apply is less damaging to an individual's self- esteem than being refused entry. It also saves time and effort by the business school.

In order to make the de-selection process work, applicants needed to clearly understand the criteria and regularly be faced with the issue of whether to continue with the application. Every time a new phase of the admission process began the question was raised in some way.

Telephone enquirers were routinely asked about the key areas of the specification and the criteria explained, before an offer of a brochure and application form was made..

The application form was deliberately designed to lead applicants through the criteria. They were also clearly listed on the back of the form. For example, the section on "experience" listed all the functional areas of business and gave space for explanations of the extent of experience of the applicant in all these 1 areas. After finding they have little to enter in these sections many applicants de-select themselves.

The student specification was used as a structure for the interview process. Each of the series of one to one interviews raised the question "*Are you sure?*" and explored the sensitive issues of family support and finance. The referee report forms were couched in terms of wanting to avoid the individual making a mistake and stressing the pressures and stresses involved.

The Graduate Management Admission Test (GMAT) was also required. An expensive and time consuming task, the GMAT was itself a test of motivation, as well as a test of the items it purports to measure.

At every stage the issue of "*Do you want to do this?*" was raised explicitly or implicitly.

The success of the strategy can be gauged to some extent by the fact that over a 5 year period only 1 student out of 125 commencing the programmes withdrew voluntarily. It seems that considered entry decisions were being made by applicants.

The Choices made by the Business School

The emphasis on de-selection reduced the number of unsuitable applications being made. Due to the demand for places outstripping supply, choices still had to be made by the business school. The decisions were made on the basis of performance against the essential and desirable characteristics in the student specification. The essential elements came to be minimums. As a result it was very unlikely that applicants less than 28 years in age, with GMAT less than 550 and no significant management experience would be admitted. The clear specification encouraged consistent decisions by the business school.

The business school also desired to admit more women and to ensure a wide range of backgrounds. This led to the development of informal restrictions for particular types of background and the encouragement of others.

THE PREDICTION OF SUCCESS WITH GMAT AND OTHER PREDICTORS

From 1977 until 1988 very few students failed the programme. Almost all who did fail, failed for reasons outside of the programme. Some failed because of family disaster, some due to major illness. Almost all graduates found good jobs and then continued to have substantial success. On the surface it seemed as if the selection process was working well.

As the programme grew in reputation between 1983 and 1988, the entry standards were raised as a way of balancing supply and demand. Increasing reliance upon the Graduate Management Admission Test (GMAT) led to a questioning of its role in selecting students. In particular its predictive validity either on its own, or with other criteria, was widely questioned. In 1988 the available research on prediction using GMAT was surveyed and analysis of Otago data undertaken.

The Graduate Management Admission Test

The Graduate Management Admission Test (GMAT) was devised at Princeton University as a standardised test to predict academic success in the first year of graduate management programmes. The test is designed to measure verbal and quantitative abilities. The verbal sections attempt to measure candidates' abilities to understand and evaluate what is read, and to recognise connections of standard English. The quantitative sections test the candidates' basic mathematical skills and understanding of elementary concepts, as well as the ability to reason quantitatively, to solve problems, and to interpret data in graphs, charts, and table. The results are expressed as two subscores (one verbal and one quantitative) and an overall score. They are expressed as a standard score and as a percentile score in relation to world-wide populations. The test is administered world-wide on four occasions each year and takes three and a half hours to complete. Over 400,000 people have completed the test.

Previous Work

Bond (1986) described the results of four GMAT validity studies undertaken by Powers and Moss, covering 1967-1970 and 1978-1980, in which 142 business schools participated. Bond concluded that the GMAT was the best single predictor of grade point average (GPA) in first year graduate management programmes, with GPA for undergraduate courses the second best predictor. Median correlations between GMAT score and graduate management GPA for 1978, 1979 and 1980 were .39, .39, and .36 respectively.

When undergraduate GPA was combined with GMAT the median correlations became .45, .48, and .45 respectively.

Paolillo (1982) reported that in a study of 220 MBA graduates from 1978 -1981, there was a correlation of .35 between undergraduate GPA and graduate GPA, and a correlation of .26 between GMAT and graduate GPA.

Benson (1983) concluded that there was no significant relationship between GMAT scores and graduate management GPA. He cited the results of Paolillo as explaining less than 7% of the variance in performance of MBA students. His own findings suggested that GMAT accounted for only 9% of the variance. Sobol (1984) noted the consistency of earlier studies (Deckro & Woudenberg, 1977; Gayle & Jones, 1973) in suggesting that only GMAT and GPA were useful predictors and produced similar results to those of other investigations.

The Otago Study

The University of Otago has been administering the GMAT to some applicants for its MBA degree since 1977. Since 1983 it has been administered to all applicants.

The Otago study used the results of 164 Otago MBA students who graduated between 1978 and 1988 for whom complete data existed. A grade point average was calculated for each student. In some cases the GPA was calculated by assigning scores to the letter grades used at Otago. These ranged from 1 for a D grade up to 10 for A+. The scores were then averaged.

The variables tested were age upon entry (There were strongly held beliefs about the importance of previous experience at Otago); graduate status (due to the values about experience a number of non-graduate students were admitted); GMAT score and a combined undergraduate GPA and GMAT score. The GPA and GMAT score were combined by multiplying the GPA by 200 and adding the GMAT score.

Age and Success.

The correlation between age and MBAGPA was -.06 and so was insignificant. This result threw doubt on the significance of difference in age, and by implication, experience between successful applicants as predictors of success as a student. The widespread prejudice against older students and the less common suspicion of young students is perhaps misplaced.

The Effect of previous undergraduate study

The mean GPA for all students was 5.97. The mean GPA for graduates was slightly higher at 6.04 (SD=1.04) than the mean GPA for non graduates at 5.8 (SD=.89). Possession of an undergraduate degree does not seem to be significant in accounting for differing success in MBA study. The career success of MBA graduates who have no undergraduate degree suggests that previous undergraduate study has little bearing upon the issue.

A further examination of the grades for the two groups shows that it is only in the first term of study that non-graduates are handicapped. During the remaining 3 terms they catch up. The slow start may well be due to learning study skills for the first time.

GMAT

The correlation between GMAT score and MBA GPA was .4 and accounted for 16% of the variation in results.

Combined undergraduate GPA and GMAT.

Correlating a combined undergraduate GPA and GMAT score with MBAGPA gave a correlation of .47 accounting for 22% of the variation in performance.

The results suggest that GMAT is a successful predictor and that when added to undergraduate GPA can account for almost a quarter of the variation in performance within the selected students. The results also suggest that too much prominence is given to the issues of age and having a first degree. Both younger inexperienced students and older non-graduate students benefit substantially from attending the MBA and do well during and after the course.

QUALIFIED RANDOM SELECTION (QRS)

Qualified Random Selection is the practice of not seeking to distinguish between the candidates for a job who are adequately qualified for the vacancy. It assumes that, provided the specification of the person required has been competently done with the essential requirements identified, there is little point in expensive and time consuming procedures that seek to differentiate between the acceptable candidates.

The ability to make fine distinctions or rank orderings between people who are broadly similar is questionable. Even if through a great deal of time and money, it is possible to list the acceptable candidates in order of closeness to the specification, the relationship between the rank order of an individual and their subsequent performance is not proven to be significant. Where the performance of an individual does lag behind it is likely that remedial action will be taken and the eventual performance be much the same as for other students.

Many employers do use QRS techniques. Unfortunately it may be by default and not design. Often the selection of a new employee is on a first come-first served basis, provided the individual meets the minimum requirements.

In some industries nothing else is possible. In the 1960's shipping companies who recruited from the Merchant Navy Shipping Pool for seamen, were faced with hiring seagoing staff on the basis of whether a seaman had a passbook and whether the previous master had signified "*excellent*" or "*decline to report*". The people involved were thereby acceptable or unacceptable. Beyond that classification choice was largely random. A colleague of the author was a relatively sophisticated player in this game. He would recruit when the pubs had been open for 3 hours believing that provided another screening device!

A number of casual labour market pools for markets, hotels and restaurants still operate in this way in large cities. In times of extreme labour shortage similar conditions exist -when choice is largely illusory.

It is very difficult and expensive to make accurate distinctions between candidates who are acceptable for admission to MBA programmes and the distinctions do not account for a high proportion of the differences in performance. The subsequent environment will allow any who have the basic qualifications to prosper to about the same extent.

The Otago Business School had been notionally considering all the applications in December each year and seeking to offer places to the best candidates. The programme commenced less than 2 months after the decisions were made. As the candidates became more senior it became increasingly difficult for them to disengage from their responsibilities and move to Dunedin in the time available.

A pragmatic response was to offer places earlier in the year to individuals who clearly met the minimum criteria. This led to occasions in December, when better candidates than those offered admission earlier, were refused admission due to lack of space. If the ability to distinguish between candidates was real the

earlier places should not have been offered. If on the other hand the ability to distinguish between qualified candidates was of little significance, then the business school might as well cease making the distinctions.

The studies at Otago suggested that only a small amount of the variation in performance was predictable. Very few students accepted into the programme failed. In every case the reason was factors that could not be foreseen by any selection process.

Qualified Random Selection became an accepted philosophy. Applicants who met the criteria were accepted on a first come first served basis. Another New Zealand business school is reputed to have had a ballot for places once acceptability is established. QRS can easily be modified to protect special groups. A number of quotas were built in at Otago to ensure that no one group of backgrounds dominated. The number of engineers was restricted and the number of foreign students limited. The reason for these quotas was to balance the learning groups and safeguard the learning process.

SUMMARY

In wishing to make good decisions about admission to MBA programmes we need to recognise the special problems that mature adults face in deciding to enrol. They need to be encouraged to make wise individual decisions due to the high risks and stakes involved for them. An approach that continuously encourages de-selection has been suggested.

The issue of choosing between acceptable candidates has been discussed. The Otago study suggests that the predictors used could only marginally distinguish between acceptable candidates and that the effort may not be worthwhile. A more radical approach such as QRS may save much time and effort and have as much utility as traditional ranking.

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