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MBA seekers increasing in recession

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Recession got you down? Go back to school – that’s what thousands of people nationwide are doing.

Three North Texas business schools experienced a jump in applications as a result of the ongoing recession, and the Graduate Management Admission Council, which administers the Graduate Management Admission Test, or GMAT, said this is just another example of the correlation between job loss and the number of exams taken.

“We’re having one of our largest classes we’ve had in about 10 years coming in,” said Bill Cron, associate dean of graduate programs at Texas Christian University’s Neeley School of Business, which soon will welcome 60 full-time students. “By comparison last year we had 42. Our applications were between 50 to 60 percent higher throughout the year. Part of it is due to the programs we’re offering, I think, but admittedly there is a big economic factor in there as well.”

The University of Texas at Arlington College of Business also has seen an increase.

“Our numbers are up, in some cases we’ve reached our capacity, so to speak, and we’re trying to figure out how to deal with those applicants,” said David Gray, associate dean of the College of Business. “Are our numbers up as a result of the economy? The answer to that is yes, they are a little bit more than they otherwise might have been.”

Southern Methodist University’s Marcy Armstrong, associate dean of graduate programs at the Cox School of Business, said the Dallas business school similarly has seen a big influx in applications.

“Absolutely,” she said, “in fact, we refer to it here as the perfect storm of things coming together, not the least of which is the economy. Also, being in Dallas, which has weathered the recession significantly better than either coast. The other part of that is the demographic. The ‘Millennials’ are just now reaching the traditional MBA age – 26 or 27 – and they’re a large part of our population. Those things come together to create a perfect storm.”

The Cox School’s incoming class is 127 students, up from 111 last year, which was up from about 100 the previous year. The fact that numbers are up isn’t surprising, but the amount itself is, she said.

“We’re up 50 percent,” Armstrong said. “That is literally hundreds of more applicants than a year before.”

That means the quality of the class similarly increases as the pool from which to choose grows.

“If you’re admitting the same size class as previous years and you have twice as many to choose from you can be more selective,” she said, adding the school’s mean GMAT score, 656, is 14 points higher than the previous year.

The forthcoming Neeley School of Business class also is among the best Cron has ever seen. The class’s mean GMAT score of 634 is a jump of about 15 points from the previous high and a 25-point jump from the previous year, he said.

Dave Wilson is president and CEO of the GMAC, a nonprofit association of business schools worldwide based in McLean, Va. He has seen this sort of thing before.

Each of the previous U.S. recessions since 1980 – those of 1980, 1981-1982, 1990-1991, and 2001 – corresponded with peaked or peaking GMAT testing volume, according to the GMAC. In the 2001 recession, for example, job losses of 1.67 million corresponded with a peak testing volume of 244,655. The latest recession is no different, Wilson said.

“It may just be accelerating a plan they already had,” Wilson said of people who find themselves sans employment. “They tend to go back to school five years out of undergrad, but now they’ll go three years out.

“Maybe they’ve been looking for other positions but maybe they can’t find something that hits their sweet spot,” he said. “They’re saying, ‘I’ll use this time to put myself in a safe harbor while there’s a storm out there. I’ll come out in two years when everything is better.’”

Wilson agrees with Armstrong that the Texas economy, and its ability to fare better than other state or regional economies, is an attractive pull for Lone Star State professional graduate schools.

“Texas has come through this recession, as they so often do, rocking and rolling,” Wilson said. “They haven’t been nearly as hit in terms of job loss and the economy is robust.”

That fact doesn’t impact the test takers, but it does impact the number of people who want to go to Texas schools, he said, meaning Texas business schools could see future increases in applications while other, out-of-Texas schools might experience a drop due to regional economic woes.

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