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## To MBA or NOT to MBA

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### **Abstract:**

*Debate on if going for MBA is worth it is a century old debate. And the answer seems to be it is worth it considering the return on investment*

In the 1980s, MBA was still not as much a craze in India as it is now. Engineering and Medicine have always been respected in India. I told my cousin brother, that I would rather do an MBA than do engineering. My cousin told me that his definition of MBA was that you get an MBA and if your father owns a business he makes you the boss.

He was not alone in making fun of MBA. Dhirubhai Ambani is one of the greatest businessmen in India. Dhirubhai Ambani is in the same league as Tatas and Birlas. Indeed since Dhirubhai made his money faster he is romanticized and a movie - Guru - has been made in his name. Dhirubhai used to say that MBA - means Mannu Baddu Avadeche, which translated from Gujarati means - I know everything. This is of course sarcastic way of pointing out that these MBA types strut around pretending to know everything when clearly they know nothing.

Yet MBA has grown in popularity in India and the World. Surely employers prefer MBAs and students want to get an MBA. In India, there are more than half a million MBAs graduating every year. And employers do prefer an MBA after graduation over simple graduation. The debate on whether an MBA is important has been discussed for at least for the past 100 years. And interestingly the debate continues to date. This proves that firstly the question of whether MBA is important is worth debating and secondly the question of whether MBA is important has not found a conclusive answer.

As recently as 2020, an article by Liza Kirkpatrick in Harvard Business Review - of all places questioned if an MBA degree is worth it. Here is an obvious reason for an MBA. There is a significant pay bump after an MBA. Graduates from management institutions get on average a 6 figure salary after MBA. That itself is a conclusive reason for an MBA. Liza says that there are good reasons to do an MBA - to develop future skills in strategy, and team management, to develop networks of people and businesses and of course leapfrog your career by getting a hefty pay hike. But the wrong reasons to do an MBA, Liza points out are because your parents are willing to pay or because you are bored with a job.

If Liza Kirkpatrick of Harvard Business Review takes a nuanced view of an MBA, Paulina Karpis of Forbes takes a categorical and unambiguous view that an MBA is complete No. Her arguments it must be warned are not backed by adequate facts and are perfunctory. But Paulina Karpis in Forbes does make a case that MBA does not give you the continuous education that career demands. The article in Forbes by Paulina is rather heretical and while provoking a debate by its very polemical and rhetorical nature of argument offered that appeals more to emotion than reason, it is an article that will be seen by serious academicians as one of opinion rather than analysis.

Adam Hayes in Investopedia does a cost benefit analysis of an MBA. Here is a cost benefit analysis of an MBA. An MBA education would cost in Europe and USA around 150000 dollars, plus there is a salary foregone of 100,000 dollars and that adds up to 250,000 dollars. With the salary you get after an MBA - around 100,000 dollars, you can recover the investment in 3 years. And you don't need to be an MBA to realize that that is an excellent payback period for an investment.

Here is one strong reason to not do an MBA. Say you are an engineer. And you have a good engineering job. And if you think an MBA will help you get into management. The answer is no. It is better to focus on engineering and technical skills than go for an MBA. Human management skills can be learnt on the job and do not require an MBA. Similarly, liberal art students - Psychologists, Economists, and Law students can find that their skills also are in demand in the market place. Social Workers can do a course in Social Work rather than go for an MBA. Also, MBA need not mean a full time

heavy expense two year course. You could go for a 1 year, part time diploma in management. That can take as less as 700 hours of study and can be done along with a job. The trouble with those who argue that MBA is for those interested in business, fails to realize that everything is a business. A School, College, University, Hospital, Clinic, Shop, Retail Chain, Factory, Farm, everything is a business.

Humans have been doing business to produce goods and services for thousands of years without an MBA. What MBA does is put all the education that you could have acquired through years of experience in a capsule. And if the effort for an MBA - some sort of diploma done in part time education mode - without sacrificing a job - is as less as 750 hours, well then it does not hurt to go for an MBA, even if it may not payback. And for those seriously interested in business, MBA does give you financial pay back that justifies investment in direct costs and indirect costs, in income foregone to get the degree. But here is a caveat. An MBA will not make you a CEO. But MBA will give you enough return on investment in 5 years' time that will not only pay for costs but also give profits. The one sentence conclusion is MBA is worth it.