

## **EMBA vs MBA Programs: Are the Differences Significant?**

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### **Abstract**

*Schools that offer MBA and EMBA programs confer a Master of Business Administration degree and, on most school transcripts, there is no delineation of the delivery methodology of the program. Despite this, there is considerable misunderstanding concerning the differences between the two programs, particularly with regard to the quality of the education received. This study will look to evaluate the current differences between EMBA and MBA programs and attempt to see if there is any substance to the argument that there are quality differences between the two.*

### **General**

The Master of Business Administration degree has been the standard for graduate education in business for over 70 years. More recently, a new academic degree program called an Executive Master of Business Administration (EMBA) was introduced. It was heralded as a vehicle to allow companies to train selected middle managers for more senior responsibility while retaining the benefit of their employment. Typical EMBA programs offered weekend courses and lasted somewhere between 16 to 20 months. Initially, most EMBA candidates were fully company sponsored and supported.

Admission standards between the two programs were also substantially different. Traditional MBA programs usually require candidates to have an undergraduate business degree or at least have taken the general business courses necessary to obtain such a degree. Additionally, most require that candidates take and have a minimum score on a graduate school standardized test like the GMAT or the GRE. EMBA programs, in contrast, frequently accept candidates with no formal business education and the standardized test requirement is also waived in many instances. Schools instead accept prior work experience and note a positive relationship to academic success and career attainment (Dreher, 2002). One study (Christensen, 2012) suggests that “students who lacked business prerequisite courses performed better in MBA grade point averages (GPA) than students who took the prerequisites.

As expected, the reaction to EMBA programs by academics was based upon comparison to traditional MBA programs and it was frequently unfavorable. Based in part on the fact that these EMBA programs were more expensive than comparable MBA programs and that the usual EMBA candidate lacked the undergraduate business training that were required of traditional MBA candidates, such negative reaction was predictable.

Over time, the makeup of those enrolling in EMBA programs has changed substantially. Owing to a variety of factors including uncertain economic conditions and employee mobility, fewer companies continue to fully sponsor executives in EMBA programs. While total enrolment in these programs

declined, there are signs that these declines have leveled off and the programs continue to attract students. The new profile of an EMBA candidate is one of a middle level executive who recognizes the need to further their education, and is willing to pay the substantial sticker fee to obtain this education, often with only limited or no financial assistance from their employers.

## **History**

The executive MBA (EMBA) is a master in business administration degree program for students who are full-time employees and who will expect to graduate within two years. Survey results (Stuart, 2005) show little understanding nor appreciation for this form of graduate business education. This lack of understanding may stem from several issues. The first is the size of the respective programs. In 2014, approximately 5,000 full-time working professionals graduated from the roughly 200 EMBA programs that exist world-wide (Executive EMBA Council Survey, 2014). According to the U.S. Department of labor, this represents only approximately 5% of MBAs conferred annually. Given the substantive size difference, it seems likely that MBA degrees obtained through the EMBA format could be overshadowed by traditional MBA programs.

Another likely cause of the misunderstanding stems from the program's early history. Once thought of as "sabbaticals from work" (Athavaley, *Miami Herald*, 2005), early EMBA program attendees were company sponsored and the quality and content of these programs was questioned. Over time, however, company sponsorships of EMBA candidates have declined. According to a 2014 survey by the Executive MBA Council (EMBAC), the number of self-funded EMBA students has decreased from 41.2 percent in 2013 to 39.8 percent in 2014. With the average U.S tuition for EMBA programs averaging \$74,883 (BizEd, 2014)), fewer companies find it in their economic interest to sponsor their employees. Despite that, however, enrollment has held steady. Given that the average cost of MBA programs is substantially less (University of Kentucky, 2006), this fact is especially significant.

Misconception and perceptual differences between the different programs continues. Some view EMBA programs as on-line (go4bschool.com, 2006) while still others believe that MBA programs are essentially a general management degree while those receiving an EMBA are perceived as receiving more technical education to enable them to hone specialized skills (Schweitzer, 2006). Since both programs grant a Master of Business Administration degree and, on most school transcripts, there is no delineation of the "Executive" nature of the program, identifying the extent to which any of these perceptions are valid is important to those trying to decide between these two differing programs.

## **Program Differences**

MBA programs are offered in both full and part-time options. The full-time programs are typically two years with a paid internship occurring in the summer between the two years in the field in which the students are interested in working. The part-time programs are there for students who wish to work while pursuing their degree at a slower pace. Traditional MBA degree programs take 15-18 months for full-time students to complete and 36 months for part-time MBA graduates. (Petit 2014).

EMBA programs are “lock-step” in nature, averaging 19-20 months to complete (BizEd 2014). Students are working professionals with significant business experience. Classes are usually held on weekends and rely upon the collective experience of its participants. Instruction frequently employs the team approach in sharing diverse perspectives on various topics. The candidates are usually older and have been out of school for a longer period.

Detractors suggest that EMBA programs aren't as rigorous (Petit, 2014) because admissions standards are not as strenuous. Admission standards vary substantially. Most MBA programs utilize a combination of GMAT scores and undergraduate grade averages to evaluate candidates for admission. Students with undergraduate degrees in non-business fields are often required to successfully complete business “core” requirements before being allowed to enroll in graduate level courses. This requirement makes direct comparison of the price of the two programs impossible as many MBA programs quote only the price of completing the graduate portion of their requirements. EMBA programs in contrast, often do not require that candidates take the GMAT, focusing instead on the experiential background of their potential students. In addition, some stakeholders believe that faculty might accommodate executive students too much in terms of workload and deadlines owing to the revenue potential of EMBA programs (Petit 2014).

## **The Research**

As noted, the nature of the two programs in terms of admissions, student profile and organizational structure is substantially different. The question facing those who would enroll in one versus the other is whether or not these procedural differences result in perceptible differences in the quality of the educational experience received by the graduates of each. Despite the fact that evaluating the quality of any academic program has always been somewhat subjective, this research will endeavor to make some inferences concerning the content of the programs that in no way should be construed as an absolute endorsement nor condemnation of either.

When comparing traditional MBA programs, GMAT scores, an exam usually administered to undergraduate business majors seeking admission to a graduate business degree program, are frequently used as a measurement of the intellect of the students in the program. Since many EMBA programs do not require that this exam be taken as a condition of admission, any comparison of such scores between the two programs is not viable. Additionally, since many of the EMBA candidates are older and were not undergraduate business majors, the use of GMAT scores in any comparative sense would be inappropriate. For purposes of this study, it was decided that a comparison would be made between schools that offered both MBA and EMBA programs. By choosing schools that offer both programs, it was felt that such a comparison could focus on the academic content of the respective programs. Implicit in this assumption is the belief that the overall quality standards would be a function of the university and should be comparable, particularly since the makeup of the faculty teaching in each of the functional areas should be the same.

The programs selected (Business Week, April 2005) included a cross section of programs from the Northeast, Mid-Atlantic, South, Midwest, West and Southwest regions. The database (See EXHIBIT 1) was comprised of 85 schools that offer both MBA and EMBA programs. It was felt that, in the absence of directly measurable quality metrics, evaluating the course offerings of schools that offered both programs

would eliminate selection bias in interpreting the results of this study. The information was obtained on-line using proprietary websites that included the course offerings of each program (and selected descriptions in some cases) as well as other data including age and experience of enrolling students, the accreditation of the school and some data on tuition reimbursement and scholarships. Some specific observations concerning the schools selected included the following:

- Of the 85 schools selected, 73 (85.9%) were AACSB accredited.
- Of the most recent US New & World Report rating of schools, all ten of the top rated EMBA programs were included as were 28 of 30 of their top rated MBA programs.

## **The Data**

The research focused on determining descriptive distribution of categorical variables and population proportions and their confidence intervals. Specifically, it was decided to go through the course offerings of each of the EMBA and MBA programs for the 85 schools being sampled. Each course, in accordance with its relative course load or credit hours, would be assigned to one of the following six basic business school academic categories:

- Management
- Accounting
- Finance
- Marketing
- EBT/Statistics
- Other (legal, ethical, economics, recruiting, etc)

There were additional issues considered in the assignment of a category to each course. Where possible, the “core” courses for the MBA programs were included as these were deemed to be an integral part of the required educational experience. Specialized programs were not included as it was felt that these data would skew the results. Internships, capstone courses, career workshops, electives and international courses were excluded as these were believed to be solidifications of the basic educational experience and not a direct reflection of the program offerings. International courses were excluded because it was felt that they were too broad in nature to provide a picture of the academic content of the program and because they generally fell toward the end of the programs. Electives were generally ignored (unless it was apparent that they were an integral part of the program) as they were deemed to reflect a way for students to “specialize” and their inclusion would potentially skew the results.

Because the content and credit hours for each of the programs vary substantially across schools and across programs, the data had to be captured in such a way as to provide equal weight to each program irrespective of differences in structure. This was accomplished by listing the courses by functional area as a single unit rather than translating each on a comparable scale. Since the study evaluated the percentage of the total program assigned to each of the functional areas, this facilitated this process.

Assigning the courses in each program to one of the six categories was a challenge. In some instances, the course designation made it obvious as did the course descriptions when available. In those circumstances when neither of these options was available, assignment was less precise. Assignment was

made based upon the best information available (usually just a brief description but sometimes nothing more than a course description.) One potential weakness of this approach relates to those courses that had very general sounding titles and no additional information was readily obtainable. They were usually assigned to the “business” category as it is the most generic.

**The Study**

The data for each of the selected schools’ MBA and EMBA programs showed the following breakdowns across all 85 programs by functional academic area for each program:

	<u>EMBA</u>	<u>MBA</u>
Marketing	34.17%	34.55%
Finance	11.66%	10.15%
Accounting	13.70%	13.82%
Marketing	10.37%	10.51%
EBT/Quant	16.38%	17.34%
Other	13.72%	13.63%

While this data suggests that, based upon this relative frequency distribution among the 85 schools in the sample, there appears to be no substantive differences in the makeup of the course content of the two respective programs, the fact is that such observations are based upon information which is purely descriptive in nature. It provides no index of the magnitude of the error we can expect between the true proportions of each content area among all EMBA and MBA programs and this sample.

In order to derive some confidence that the sample data reflects the true nature of these relationships among the entire population, it was decided to use two methods of establishing the confidence interval related to these results. The first method was to determine the Wald confidence interval as follows:

$$(1-1) \quad MOE = z \sqrt{p(1 - p / n)}$$

Where:

MOE = margins of error

*p* = probability

*n* = sample size

*z* = standard normal distribution (95% confidence interval at 1.96 used)

Then the Wald Confidence Interval (WCI) is calculated as follows:

$$(1-2) \quad WCI = \rho \pm MOE$$

The results reflect the following:

**EMBA Programs**

	<u>Mgmt</u>	<u>Fin</u>	<u>Acct</u>	<u>Mark</u>	<u>EBT/stat</u>	<u>Other</u>
CI (Wald) - +	44.25%	18.48%	21.01%	16.85%	24.25%	21.03%
-	24.08%	4.87%	6.39%	3.89%	8.51%	6.41%

**MBA Programs**

	<u>Mgmt</u>	<u>Fin</u>	<u>Acct</u>	<u>Mark</u>	<u>EBT/stat</u>	<u>Other</u>
CI (Wald) - +	44.66%	16.57%	21.15%	17.03%	25.39%	20.93%
-	24.44%	3.73%	6.48%	3.99%	9.29%	6.34%

A potential drawback of the Wald interval for a population proportion is that it can provide meaningless values when the sample population is extreme. While there is no indication that this is the case, a second confidence interval test using the Score method was performed.

The Score method is specifically designed to provide confidence intervals for descriptive data while taking into consideration extreme values in calculating meaningful confidence intervals. Again using a z-value associated with a 95% confidence interval, this test was performed using the following:

$$(1-3) \quad \text{Lower limit} = [(2pn + z^2) - \sqrt{4pn(1 - p) + z^2}] / 2(n + z^2)$$

$$(1-4) \quad \text{Upper Limit} = [(2pn + z^2) + \sqrt{4pn(1 - p) + z^2}] / 2(n + z^2)$$

Where:

ρ = probability

n = sample size

z = standard normal distribution (95% confidence interval at 1.96 used)

The results were as follows:

**EMBA Programs**

	<u>Mgmt</u>	<u>Fin</u>	<u>Acct</u>	<u>Mark</u>	<u>EBT/stat</u>	<u>Other</u>
Score +	44.74%	20.20%	22.59%	18.65%	25.67%	22.61%
-	24.97%	6.44%	7.95%	5.52%	10.00%	7.96%

**MBA Programs**

	<u>Mgmt</u>	<u>Fin</u>	<u>Acct</u>	<u>Mark</u>	<u>EBT/stat</u>	<u>Other</u>
Score +	45.13%	18.38%	22.73%	18.82%	26.75%	22.51%
-	25.30%	5.36%	8.04%	5.61%	10.76%	7.90%

**Other**

In addition to the study of the course content of the two programs, the data base was also used to verify that age and relative work experience of the students enrolling in the two different programs. The Study shows that the average age of enrolling EMBA versus MBA candidates is 36.81 and 28.34 with standard

deviations of 4.72 and 2.06, respectively. Similarly, the work experience of EMBA versus MBA candidates in months is 152.61 and 48.89 respectively with standard deviations of 36.55 and 15.13. These data clearly support the contention that the mean average age and work experience of those electing to receive an MBA in an EMBA format is substantially different than those that choose the traditional MBA format.

## **Conclusion**

The results of this study strongly suggest that, based upon course content among universities that offer both MBA and EMBA programs, there is no real difference between the two programs. The percentages offered in each of the six different business disciplines as well as the confidence intervals between each do not reflect any substantive differences between programs. More importantly, by selecting only schools that offer both programs, it is reasonable to conclude that, as the basic course content is comparable, so should be the quality. While this conclusion could not be as easily extended to the entire population, the selection of so many programs highly rated in the US News and World Report ranking does support the contention that, among the higher ranked schools, the programs are of similar quality and content. Clearly this conclusion relates only to the course content of the respective programs. Since the structural nature of the two programs is substantially different, these results in no way reflect on other aspects of the differences between the two programs.

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U.S. News and World Report, “College Rankings”, April 2, 2014.



**EXHIBIT I****Institutions included in sample**

1	U of Alabama	44	Purdue U
2	Arizona State	45	Regent U
3	Auburn U	46	Rensselaer Polytechnic
4	Binghamton U(SUNY)	47	Rice U
5	Boston U	48	U of Rochester
6	Bowling Green	49	Rollins College
7	U of Buffalo	50	Rutgers U
8	UCLA	51	Southern Methodist
9	Case Western	52	U of St. Thomas
10	U of Chicago	53	Stetson U
11	U Central Fl	54	Suffolk U
12	Cleveland State U	55	Temple U
13	Cornell U	56	U of Texas
14	Columbia U	57	Thunderbird
15	U of Connecticut	58	U of Utah
16	U of Delaware	59	Vanderbilt U
17	Drexel U	60	Virginia Tech
18	Duke U	61	Wake Forest
19	Emory U	62	Washington U
20	U of Florida	63	West Virginia U
21	Fl International U	64	William & Mary
22	Fordham U	65	U of Wisconsin
23	Geo Washington U	66	Cal State - San Bern.
24	Georgetown U	67	U of Cal - San Diego
25	U of Georgia	68	U of Cal - Berkley
26	Georgia Tech	69	Brigham Young U
27	U of Hawaii	70	St Louis U
28	U of Illinois	71	Ohio U
29	U of Iowa	72	Northwood U
30	Louisiana State U	73	Michigan State
31	U of Maryland	74	U North Carolina
32	U of Miami	75	U of Pittsburgh
33	U of Minnesota	76	Baruch College
34	U of New Hampshire	77	Texas Christian
35	Northeastern U	78	Texas A & M

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|----|--------------------|----|-------------------|
| 36 | U of New Mexico    | 79 | U of Denver       |
| 37 | Northwestern U     | 80 | U of Arizona      |
| 38 | U of Notre Dame    | 81 | U of Washington   |
| 39 | Ohio State U       | 82 | U of Southern Cal |
| 40 | Oregon State U     | 83 | San Diego State U |
| 41 | U of Pennsylvania  | 84 | Claremont Grad. U |
| 42 | Pennsylvania State | 85 | U of Cal, Irvine  |
| 43 | Pepperdine U       |    |                   |