The MBA, that solid standby of strategists and CEOs, still remains one of the most popular master’s degrees on the market. According to the most recent data from the National Center for Education Statistics, 191,571 people graduated from schools in the United States with master’s degrees in business in 2011-12. That makes up 25.4 percent of all master’s degrees conferred that year.

More recently, the Graduate Management Admissions Council, the organization that owns and administers the GMAT, found that 61 percent of full-time, two-year MBA programs reported increased application volume between 2013 and 2014. And GMAC’s corporate recruiters survey found that 84 percent of employers worldwide plan to hire MBA graduates in 2015, up 10 percent from last year.

And while the generalist degree’s popularity has...
held strong, a growing number of schools are adding a narrower focus—in the form of specializations—to the traditional graduate management degree.

“It’s definitely one of the major trends we’ve seen over the last decade or so,” says Alex Chisholm, director of statistical analysis for the GMAC. “I use data to help schools understand what’s going on in the marketplace, and one thing that we’ve noticed is definitely this rise in specialized MBAs.”

The specializations that business schools offer and the way in which they’re offered, vary. Some schools award a traditional MBA with customizable options—something akin to majors at an undergraduate level. Others opt for a heavier concentration in a single discipline or even dual degree programs, combining the MBA with an MS in a discipline, or JD degrees.

Chisholm points to three coinciding factors that have contributed to the rise in specialized programs in recent years: the demand from MBAs, and the need for unification to differentiate themselves and employer need.

### Which MBA Specializations

**Offer the Best ROI?**

According to a 2014 PayScale survey of 180,000 MBA graduates, it’s these five concentrations as represented by midcareer salary.

1. Strategy—$145,000
2. General MBA in Strategic Management—$140,700
3. Entrepreneurship—$138,300
4. Marketing Management—$135,300
5. Economics—$131,800

### MBA on a Mission

Getting hired fresh out of an MBA program is great (63 percent of full-time, two-year graduates received an offer prior to graduation, according to GMAC), but today’s future business leaders aren’t solely focused on the hire. Terry Nelidov is managing director at the University of Michigan’s Erb Institute for Global Sustainable Enterprise. The institute boasts the world’s second-oldest dual degree in sustainability in partnership with Michigan’s Ross School of Business and the School of Natural Resources and Environment.

The Erb Institute’s mission is to use the power of business to create a sustainable world. The institute has been successful in this for nearly two decades, though in recent years Nelidov has noted a shift in business and student culture as the current generation of would-be business leaders filters through Erb.

“University is the first generation entering the profession. I’m not unique in the Erb program,” she says. “Students are looking for a way to set themselves a more attractive commodity within their marketplace.”

### Consider Marianna Kerppola

The 30-year-old, who will graduate from the Erb Institute in 2016, worked at Nationwide Insurance and Google before she opted to enroll in Michigan’s dual MBA/MS in sustainability.

“It seemed like it was more than just getting the degree, it was truly gaining an expertise—and more importantly, a personal brand for dealing with the complex problems in our society today,” she says.

In her first two years at Erb, Kerppola launched an online marketplace for clothing made with dignity and started a campus organization aimed at female entrepreneurs. In her final year, she plans to dive deeper into sectors outside of retail in her search for sustainable solutions to what she calls “the tough issues in business.”

“On paper, none of these things seems connected, but I’m not unique in the Erb program,” she says. “We’re all extraordinarily curious and have a broad range of ideas about how we might make an impact in the world.”

### Schools, Specializing

In the vast landscape of graduate-level business programs worldwide, universities also are trying to set themselves apart and attract top students by offering the personalization they crave.

New York University’s Stern School of Business has one of the largest menus of MBA specializations among the top MBA programs. Students can select from a list of more than 20 specializations that includes everything from business analytics to luxury marketing to global business.

“What we emphasize with our academic approach is flexibility,” says Isser Gallogy, assistant dean of MBA admissions at New York University. “We’re really about letting the student customize the program to exactly what they want to achieve.”

At Stern, full-time students primarily take required core MBA courses in their first year (though there is flexibility to take electives). During year two, students can choose to add up to three specializations to dive deeper into particular subject areas of interest.

Gallogy notes that Stern’s specialization options ensure that students are prepared for more traditional careers in finance, but also can easily move into specialized sectors—some that didn’t even exist a decade ago.

“In the center of world business here in New York, students are working in almost every discipline,” he says.
York, our educational offerings and students are at the pulse of what’s happening now and trending with what’s going on in the near future,” he says. “We’ve definitely seen a diversification of student interests and have met that with a diversification of our educational offerings.”

Purdue’s Krannert also has capitalized on the university’s reputation and expertise in the world of science, technology, engineering and mathematics in the creation of its one-year STEM MBA.

Students enter Krannert’s program with significant work experience in STEM-related fields. Over the summer and subsequent semester, they take core and elective business courses and participate in projects designed to hone technical aptitude as well as leadership and entrepreneurial skills.

“The program is really market-driven,” says Suresh Chand, professor, Louis A. Weil Jr. Chair of Management and associate dean of graduate studies at Krannert. “We got a sense from the recruiters and students and we also looked at what’s happening in Europe—where most programs are one-year MBAs—and we really wanted to be in that space. It also really fits with the STEM focus that is our strength.”

MBA concentrations always have been part of the plan at the Joseph M. Katz Graduate School of Business at the University of Pittsburgh. But in 2012, the school started offering a range of specialized certificates—including business analytics, corporate finance and global supply chain management—and a majority of students pursue at least one certificate.

Bill Valenta, assistant dean of MBA and executive programs at Katz, says that the offerings are reflective of a business world that is constantly in flux. “The adaptation of the concentrations and certificates are constantly evolving as we adapt our program to the changing needs of the business environment.”

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ARTS AND THE MBA

It’s not just diversification within financial sectors or tech markets that is attracting students to business schools with specialized offerings. Students are following their passions and looking to carve out careers, and institutions are happy to oblige.

“We keep talking about millennials,” says Chisholm. “They’re after passion and they don’t want to give it up because they can get a higher paycheck elsewhere. They want to take the benefits they can learn in an MBA classroom and apply it to what they love.”

This is especially true for students in the arts. The University of Wisconsin, Madison’s MBA in arts administration is the oldest continuously running graduate management program of its kind in the country. Wisconsin’s specialization model revolves around knowledge centers where students are immersed in their area of specialization—and connected to industry personnel—for the entire length of the program.

“All students take the same core curriculum, so everybody is getting a standard MBA. But what makes the difference is the electives they’re taking, in addition to the industry connection,” says Sherry Wagner-Henry, director of the Bolz Center for Arts Administration. Wagner-Henry notes that graduates have gone on to work as executives in symphony orchestras, theaters and arts-related foundations.

“The MBA carries a cachet and understanding of what you’re capable of doing,” says Wagner-Henry. “Our students have the capacity to think and work across sectors and they have the robust business training that any other MBA might have.”

MARKET-DRIVEN SPECIALIZATION

One of Stern’s most popular specializations, digital marketing, didn’t exist a decade ago, “because digital
marketing didn’t exist a decade ago,” says Gallogly.

As the marketplace continues to drive innovation and diversification, businesses are looking for workers specifically trained to meet new and emerging demands. “As good as the general management skills are, there are sometimes these macroshifts that occur where core skills are perceived to help businesses the most,” says Chisholm. “You have these trendy things that keep coming up. In some ways, specialized MBA programs have been responses to that.”

This is particularly evident in healthcare. In 1993, there were just six dual MD/MBA programs in the country. By 2013 that number had grown to 65.

“For a long time, physicians adhered to a medical sense of professionalism, which was that you serve your specialty, you serve your patients and everything is going to work out fine because the system will ultimately treat you fairly,” says Dr. Howard P. Forman, professor of diagnostic radiology and public health and director of the MD/MBA program at Yale.

Today’s physicians are required to think more broadly about how to care for patients in a way that is cost effective, but that also will not leave practices “bankrupt or unsustainable,” notes Forman. “The average physician is undereducated in things like economics and finance and yet they’re placed into an environment where that’s what they’re talking about and making decisions about. By empowering physicians in being able to help in that process, they’re able to make an enormous difference.”

When an MBA is paired with traditional medical school training, Forman has observed that graduates are more adept at facing the ever-increasing complexity of the health care system.

THE FUTURE OF THE MBA

Changing student and market demands indicate that MBA degrees with some type of specialization are likely to continue evolving.

“Around the world, millions of students engage with graduate management education each year,” says Chisholm. “We need to have degree options out there [for] the career switcher, the career enhancer, the entrepreneur. I think we’re going to see schools continue to innovate, offer up what is attractive to students, but also work more closely with employers to find out what types of skills are needed to manage and lead in the 21st century.”

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