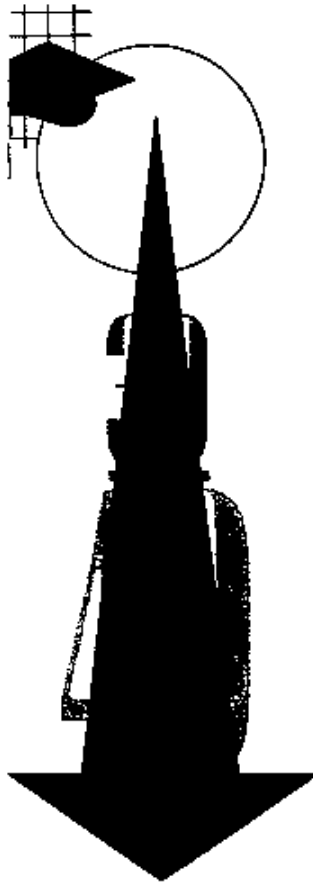


Changing Demographics and the Future of Graduate Management Education

by Jagdish N. Sheth



A number of forces are likely to shape the future of graduate management education, including shifts in technology deployment, employer requirements, public policy, and internal management of university education. The forces on which I will focus in this article, however, are the changing demographics of the United States. In essence, I will be predicting who the graduate students of the future will be; what needs, expectations, and aspirations they will have; and how their characteristics are likely to affect graduate management curriculum, faculty, and administration.

Six major demographic changes are currently taking place that are expected to bring about massive changes in society and its institutions in the next two to three decades. The combined impact of these changes will be unparalleled. These demographic areas are the following:

- Aging population
- Dual-income families
- Income redistribution
- Number of single-person households
- Ethnic diversity
- Geographic dispersion of population

Each of these areas is creating a market gap between supply and demand that will result in a number of crises in graduate management education.

■ Aging Population: The Crisis of Relevance

The median age of the U.S. population in 1980 was thirty; by the year 2000, it is likely to be nearly forty. In other words, the nation will age in two decades by almost one decade. The aging of the population will continue in the foreseeable future, because neither of its two drivers—a low birth rate and a low rate of mortality—is likely to be reversed.

What effect will an aging population have on graduate management education? Fundamentally, this trend suggests that older, more mature, work-experienced people will be the students of the future. Graduate business classes will be filled more by students who have had five to six years of work experience as white-collar professionals, whose spouses are probably also professionals, and who bring to the classroom significant amounts of real-world experience. Graduate management education will begin to cater more and more to the reeducation market.

The needs, expectations, and aspirations of these more experienced students will be significantly different from those of today's students; there will, therefore, be a market gap between what is taught and what is demanded. The end result will be a crisis of relevance, which is likely to bring about changes in curriculum, delivery, and administration.

Faculty will have to ensure that the ideas, concepts, and theories they teach are contemporary rather than obsolete, concrete rather than

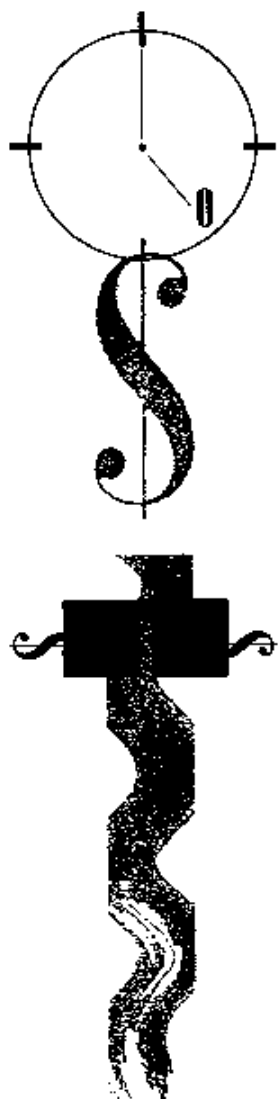


Illustration: Art Director

abstract, and useful rather than interesting. In addition, they will be challenged by the diverse work experiences of their students. Indeed, the more experienced, mature students are likely to teach one another. Peer-group learning will supplement instructor-based learning, necessitating changes in classroom delivery methods. For example, straight lecture-discussions, with their underlying instructor-centered learning processes, may have to be supplemented by the inherently peer-group learning process of group projects.

I strongly believe that generic MBA programs, with a common body of core knowledge and functional specializations (such as marketing, finance, and management), will need to be replaced with more discipline-integrated and industry-focused programs. There will likely be fewer functional specialties (e.g., marketing or finance majors) and more industry specialties (e.g., health care, retailing, mass communications, financial services, and telecommunications). Significant changes in curriculum design and accreditation processes will be needed to ensure that a common body of knowledge is provided in industry-specific degree programs.

Finally, experienced students are likely to demand that they be treated more like clients and less like students in the administrative processes of graduate schools of management. Bureaucratic attitudes and behaviors of administrative staffs will have to be modulated so that they will be tolerable to the more mature students of the future.

■ Dual-income Families: The Crisis of Time

The typical American family of the 1950s, which divided labor between the breadwinner and the homemaker, has been replaced by a dual-income, career-oriented family. The latest demographic statistics reveal that more than 58% of all women between the ages of sixteen and sixty-eight are now employed outside the household, and this figure is likely to grow. Among women with children under the age of six, 70 percent are now in the work force; by the year 2000, virtually every woman with children in this age group will be working.

How does the rise in dual-income families affect society? Basically, these families create "time poverty," a state in which time becomes a more critically scarce resource than money. Significant problems result in the procurement and consumption of products and services. Because each dual-income family spends nearly sixty hours per week in work-related activities, there is now not only a shortage of time for discretionary activities such as graduate education, but there is also a time shift: adults have more discretionary time in the evenings and on weekends, and no discretionary time during working hours.

Time poverty and time shift will create a significant market gap for graduate management education. First and foremost, graduate management education will have to become more concentrated without a lowering of academic standards. Classes might be scheduled on weekends, holidays, and evenings, and short, intensive-education modules could be developed that are similar to many of today's summer programs. It is not inconceivable that a typical semester or quarter could be taken as sequential rather than simultaneous courses.



Because of the time crisis, the scheduling of group projects will become increasingly difficult. Since students will have no time for off-campus meetings, it will become necessary to redesign classrooms so that small "breakout" rooms are available for group projects (as is now common in executive-education programs).

The crisis of time will not be limited to classroom instruction but will extend into administrative activities as well. Students will place high value on programs in which the administrative activities are as "hassle free" as possible. In addition, schools may provide nursery and day-care facilities for children whose parents are attending classes.

■ **Income Redistribution: The Crisis of Affordability**

The vast middle class that developed during the first sixty years of this century has started to decline as a percentage of the total population. Experts estimate that by the year 2000, fully 20 percent of U.S. households will be living below the official poverty levels; another 20 percent will be working-class households. The affluent class will increase to 25 percent, and the remaining 35 percent will be middle class. In other words, the middle class will be almost half the size it was in the 1930s. Households will be distributed more toward extreme income groups, in an almost rectangular distribution. A significant market gap will be created in all products and services.

Income redistribution will create a crisis of affordability for all professional graduate education, and for management education in particular. It will be common to hear about the development of a polarized society of information-rich and information-poor classes as a result of the strong economic barriers to obtaining graduate education. Unless some preemptive measures are taken, issues of educational quality—common to high school and community college education—are likely to creep into graduate education as well.

In response to the crisis of affordability, graduate management education will become more segmented by price. It is very likely that there will be differential prices and packaging, targeted to different market segments, for essentially the same degree program. For example, two-tier pricing and packaging already exist between regular MBA and executive MBA programs, as well as between state-supported and private-university programs. I forecast that there will be multiple prices and packaging within individual schools of management, based on such criteria as residence requirements, degree of industry specialization, and corporate funding. This will, of course, raise questions about the integrity and quality of different programs, and some of the pro-

tests of either market demand or accreditation.

In addition to raising capital funds for endowed professorships, research institutes, and physical facilities, administrators will have to learn how to raise fellowship funds for graduate management students. Indeed, it is my belief that campaigns at various universities will be devoted more and more to educational fellowships as state and federal funding for education begins to decline. The crisis of affordability will also generate numerous creative financing schemes, ranging from prepaid education and installment payments to work-study programs.

The Crisis of Personalization

It is estimated that 26 percent of all U.S. households today consist of one person, and that this figure will have increased to 33 percent by the year 2000. This trend seems to be one of choice rather than of necessity.

There can be three direct consequences of living alone. First, people may feel lonely, and their need to belong can thus rise sharply. They may want to join social groups, causes, and other nonfamily entities. Second, solitary people tend to manifest uniqueness in their lifestyles and values, so they demand more individualized products and services. Finally, people living alone tend to become more impulsive in the absence of the social constraints imposed by other household members. They are therefore more subject to environmental influences, and they may tend to make or change decisions abruptly.

As more persons who live alone enter graduate management education, a crisis of personalization will result. It will become increasingly difficult within a highly standardized MBA curriculum to satisfy what students perceive as personalized needs. For example, what graduate management curriculum would be relevant for a particular undergraduate business major? Should she or he take

the same basic core of courses taken by nonbusiness majors? What if a student wants to specialize in multiple disciplines, such as finance coupled with marketing or management? The current structure does not permit sufficient depth in more than one discipline. What if a student wants to combine graduate management education with other graduate degree programs, such as engineering, law, medicine, or liberal arts and sciences? Such issues of personalized curriculum will be a major challenge for business schools.

In addition, it will become increasingly important for schools to provide psychological and other types of counseling to students. Individuals who lack the traditional family support structure are more likely to require outside assistance in dealing with stress, indecision, and other personal conflicts. It will also be desirable to create group identification as part of the graduate management education process. This can be done by providing the group with class and team identities (e.g., through the creation of study teams and the assigning of group projects).



■ **Ethnic Diversity: The Crisis of Values**

Ethnic minorities are an increasing share of the U.S. population. For example, it is estimated that the Hispanic population, whose rate of growth is at least three times faster than the average, will represent nearly 15 percent of the total U.S. population by the year 2020. The Black population is expected to retain its 11 to 12 percent share of the total population, and the Asian population will increase significantly, becoming the third-largest ethnic minority group in the country and surpassing the share of many groups of European origin. Indeed, in several states—particularly those in the Sunbelt areas—the combined ethnic minority populations will have become the majority by the year 2000.

Not only is the share of the ethnic minority population rising, but the diversity of ethnic minority groups is rising as well. The ethnicity of the United States is no longer dominated by people of northern and southern European heritage. The consequences of an increasing, and increasingly diverse, ethnic mix are obvious: American society will reflect the entire world, with a striking mixture of cultures, values, and lifestyles. Two, strong regional differences will develop as different ethnic groups settle in different parts of the country.

The size and diversity of the ethnic population will create what I refer to as the crisis of values in graduate management education. It will become more and more difficult to anchor management education to Judeo-Christian ethics and values. Perhaps the single most important impact of the increase in ethnic diversity will be on business ethics, since it is unlikely that all of the various ethnic groups will agree on common business values. This situation is further complicated by the fact that a significant number of graduate management students are also foreign students.

The teaching of business ethics will become more complex as new issues arise. For example, is bribery really different from reciprocity? If not, why should some countries condone it and others condemn it? Similarly, what exactly constitutes conflict of interest? Is it possible to agree on a common definition and to delineate specific areas of interest? What silent languages of doing business are appropriate? For example, is a handshake as morally and ethically binding as a legal contract? Should one cultivate personal friendships as a way of generating or retaining business?

In a pluralistic society, those holding certain cultural values will be offended when the values of a single culture are presented as the norm. Faculty will need to acquire cross-cultural awareness, knowledge, and sensitivity in order to succeed in the classroom. It will not be sufficient to treat ethnic students as exceptions, ignoring their cultural values. Indeed, astute faculty members are likely to encourage students to share their cultural values with one another as part of their education.

■ **Geographic Dispersion: The Crisis of Distance**

The sixth major demographic shift is the movement of the population away from major metropolitan areas and into remotely located small towns. Just as suburbs were created around big cities in the last forty years, experts suggest that the next thirty to forty years will be devoted to the creation of new, stand-alone cities. We have already seen this geographic dispersion toward small cities throughout the United States.

What is happening now, however, is the emergence of new cities, especially those located between two major metropolitan areas and linked to them by freeways, telecommunications, and other infrastructure utilities. These are not bedroom communities or suburbs of large metropolitan areas; rather, they are self-sufficient communities where people work, sleep, and shop.



A crisis of distance will likely occur as people begin to move away from the metropolitan areas where most graduate schools of management are located, and it seems inevitable that distributed classrooms will become increasingly necessary and popular. In several states—including Illinois, Wisconsin, and Minnesota—it is not uncommon today for graduate management education to be offered in multiple off-campus locations. We may witness an increase in the practice of having faculty go to students rather than having students come to campus. The effect of these changes on the quality of education—which includes campus resources—is likely to be a hotly debated issue in the near future.

Remote learning via electronic media will also become more desirable as the cost, efficiency, and educational effectiveness of these systems improve over time. It is not inconceivable that graduate management education could come to resemble community-college education, with students studying at home or at work via cable-television or satellite-communication technologies. Indeed, it is now possible to offer distributed education on a global basis through the use of telecommunication or satellite technologies.

■ Conclusion

The graduate management curriculum that was developed to reflect the realities of the 1950s will need to be revised to reflect the realities of the 1990s and beyond. We will see more industry-specific, highly targeted, output-oriented, multiple-degree programs with thematic approaches that integrate functional expertise.

The changing demographics of the U.S. population are likely to create significant market gaps between supply and demand in graduate management education. These market gaps will result in crises of relevance, time, affordability, personalization, values, and distance.

Graduate management education will have to cope with these crises by making changes in curriculum, delivery, and administrative activities. These changes will lead to a proliferation of graduate management degree programs to meet the divergent needs and resources of the marketplace, with different program prices and packages offered. Students will be recognized more as clients, and graduate management education will thus be conducted more like a professional service.

