

# MBAAs aren't what they used to be

More Singaporeans are taking master's programmes, but may be doing so for the wrong reasons

**Guan Chong,  
Fang Zheng  
and Sean Lee**

Guess what Singaporeans have remained crazy over for the past three decades?

You might guess bubble tea, World Cup matches or even Housing Board Build-To-Order flats. And you might be right. But we're referring specifically here to a master's degree.

Since 1993, the number of people graduating with a postgraduate degree in Singapore has jumped seventeenfold.

Even in the past two decades alone, this surge, at a rate of 5.38 per cent, has outpaced the compounded annual growth rate of Singapore's gross domestic product, according to the Department of Statistics.

This trend has only accelerated during the Covid-19 pandemic, when intensified job competition amid a poor economic climate pushed more to pursue higher education to bolster their hiring chances and postpone getting a first job at a time when starting salaries had collapsed.

The growth in the number of people taking Master of Business Administration (MBA) programmes in Singapore has been the most substantial. In 2021, the National University of Singapore, Nanyang Technological University and business school Insead saw an increase in uptake of at least 20 per cent for MBA programmes in Singapore, driven mostly by fresh undergraduates keen on finding a fast track to expand their career networks, gain valuable business exposure and experiences, and strengthen their credentials.

This uptick in interest may be driven by a desire for higher incomes. It certainly mirrors the higher demand for such programmes globally. The Financial Times' 2022 Executive MBA Ranking, which rates United States business schools by how much more their graduates go on to make, shows that those from the top-ranked Wharton School of the University of Pennsylvania score a whopping 115 per cent increase in salary, with an average pay of US\$237,530 (\$320,000) within three years of graduating.

## AN MBA ISN'T WHAT IT USED TO BE

But the assumption that an MBA will lead to better career prospects and give its holder an edge over competitors is proving wrong.

The median starting salary of MBA graduates hired by US companies was US\$90,000 in 2012, 20 per cent higher than the median salary of experienced direct-industry hires (US\$75,000), according to the annual Corporate Recruiters



Not all master's degrees are equal. A distinction should be made between a master's degree that expands one's horizons – which may not be a necessity and can have broader goals beyond strong employment prospects – versus postgraduate degrees that are basic career qualifications for certain technical roles.  
ST FILE PHOTO

Survey published by the Graduate Management Admission Council, the association of leading business schools. Ten years later in 2022, the median starting salary of MBA graduates has increased to US\$115,000, but holds little premium over experienced direct-industry hires, whose median starting salary stands also at US\$115,000.

Closer to home, though there are no comparable statistics for Singapore, across East Asian companies, the median starting salary of MBA graduates is also the same as the median salary of experienced direct-industry hires, at an annual package of US\$65,000 in 2022, according to the same survey.

These trends may reflect the realisation that an MBA is a bonus, not a job requirement, ManpowerGroup Singapore country manager Linda Teo told The Business Times in 2021. Most know that an MBA is no replacement for the deep industry knowledge, relevant expertise and practical experience gained through years of service, which remain deciding factors for hiring senior business executives.

And if the salary premium of an MBA over working experience has evaporated, the urge to fork out a huge wad of cash for an MBA programme – ranging from \$37,000 to \$140,000 in Singapore – and forgo a year or two of income is weaker.

The advantage that a master's degree generally used to command over a bachelor's degree also seems to be vanishing. The starting salary gap between those with a

bachelor's and those with a master's degree shrank for five years in a row and narrowed to 22 per cent in the US in 2021, the smallest difference on record.

There is also simply no evidence that postgraduate students go on to earn more than their peers with similar years of experience in the same sector.

Part of this narrowing pay gap can be explained by how common it is now to have a master's degree. Master's degrees are as commonplace as bachelor's degrees were in the late 1990s. Growth in enrolment numbers in local graduate education programmes has far outstripped growth in the general population.

Another factor stems from lower industry demand, as companies look to optimise manpower as inflation and interest rates surge, and shareholders exert pressure on companies to make smarter bets on the future with fewer resources.

A likely trend is for companies to look at hiring more bachelor's degree holders instead of graduates with master's degrees and channel manpower funds into incentivising achievement and accelerating salary increases for top performers. The cost savings could fund initiatives aimed at retention and developing human capital through providing more training and development opportunities for high-potential staff, which could boost morale and staff loyalty.

Perhaps more employers will take their cue from industry titans who have prioritised skills above paper qualifications and

reaped the rewards. Apple chief executive Tim Cook highlighted during an American Workforce Policy Advisory Board meeting that more than half of Apple employees hired in 2018 did not have a four-year degree, and the business is "proud of that".

## POSTGRAD DEGREES NECESSARY IN SOME SECTORS

But not all master's degrees are equal. A distinction should be made between a master's degree that expands one's horizons – which may not be a necessity and can have broader goals beyond strong employment prospects – versus postgraduate degrees that are basic career qualifications for certain technical roles.

These are jobs demanding specific technical knowledge and skills developed through practicum and rigorous training before professional services can be rendered to clients that cannot be negotiated away with job experience. Such jobs include those of specialist doctors, psychologists, counsellors and social workers.

According to the National Council of Social Service, the minimum educational requirement for a psychologist in Singapore – whether a clinical, counselling or educational psychologist – is an accredited master's degree in applied psychology. A registered counsellor with the Singapore Association for Counselling needs a graduate diploma in counselling and 600 graduate clinical hours.

Similarly, to become a social worker in Singapore, mid-careerists need a graduate diploma in social work unless

they have a bachelor's degree with a major in social work.

## FUTURE OF UPSKILLING

The reality is that industries are being reshaped as digitalisation and automation redefine business models. Rapid technological change requires us to step up and learn something new every day to stay relevant in the workplace, seize new opportunities and demonstrate mastery of this new business environment.

Industries need deep specialisation and a profound understanding of how new digital technologies, evolving consumer patterns and regulatory changes affect their businesses. They need people with a deep knowledge of supply chain challenges, familiarity with the applied technologies used by businesses and technical understanding of the business model, rather than MBA graduates equipped with broad-based and industry-agnostic skills.

In this new era, the future of effective upskilling will arrive more through company-partnered programmes that are certifiable, tied to job progression and industry application, and less through academic programmes with little industry involvement. This powerful trifecta of industry-relevant training, academic rigour and government support can help tackle the skill gap and level up the Singapore workforce.

A partnership in sustainability between the Singapore University of Social Sciences (SUSS) and Deloitte, for example, has aided more than 100 industry professionals in developing plans

to manage their companies' carbon footprint and made strides in Singapore's push to reduce emissions.

A brimming continuing education landscape in Singapore now offers a variety of courses spanning a few days, in specialised areas ranging from mental well-being in concert with the National Silver Academy, to cloud computing, with mentors sourced by Alibaba.

Prospective students should determine whether they need a master's degree to enter their field of choice and balance several considerations at once, including their passions, personal circumstances and financial expectations.

It is understandable if people experiencing career stagnancy want a better shot at career advancement, a pivot to another industry, a break from mental burnout at work or to check off that postgraduate educational aspiration.

Historically, getting a master's degree has been associated with higher earnings; it can give employers a clear signal about the candidate's capabilities, passion for a career path and attitude towards learning. But this is less the case today.

• Guan Chong is an associate professor and deputy director of the Centre for Continuing and Professional Education at the Singapore University of Social Sciences (SUSS). Fang Zheng is an associate professor and deputy director of the Office of Graduate Studies at SUSS. Sean Lee is a senior consultant at the futures division of Kantar and associate faculty at SUSS.