

Contents lists available at [ScienceDirect](#)

The International Journal of Management Education

journal homepage: www.elsevier.com/locate/ijme

The impact of an MBA on managerial skills and career advancement: The Greek case



Dimitrios M. Mihail*, Panagiotis V. Kloutsiniotis

Department of Business Administration, University of Macedonia, 156 Egnatia Street, Thessaloniki 54006, Greece

ARTICLE INFO

Article history:

Received 12 November 2013

Received in revised form 16 April 2014

Accepted 25 April 2014

Available online 2 June 2014

Keywords:

MBA impact

Managerial skills

Career advancement

Greece

ABSTRACT

The present study attempts to offer some insights into the contribution of an accredited MBA program on graduates' skills, employability and career advancement in Greece. In addition, the current findings are compared to those of a twin survey conducted in 2006 to test MBA 'value' under contrasting labor market conditions. The findings indicate that an MBA contributes considerably to most of the managerial skills, although relevant criticisms regarding a gap between MBA programs and business needs are not groundless. The MBA also helps graduates to find enriched jobs with increasing compensation over time. On the other hand, it exerts moderate to negligible influence on the selection/hiring process, job hopping and promotions. Contrasting the 2006 survey with the current one, it is found that an MBA degree tends to enhance graduates' careers in both economic boom and decline periods.

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1. Introduction

The Greek private sector is characterized by a striking dualism: on the one hand there is a class of professionally managed firms, including the subsidiaries of multinationals, and on the other there are numerous SMEs, mostly family-owned, that have been traditionally managed by their founders or by small proprietors (Makridakis, Caloghirou, Papagiannakis, & Trivellas, 1997). Within this context, corporate management, especially in the 1980s and 1990s, had not reached a high level of modernization and adoption of scientific and analytical methods and techniques (Bourantas & Papadakis, 1997, p.24). In fact, Bourantas and Mantes (1988) indicated that only a few Greek firms were using systematic forecasting methods (e.g., scenario planning, Delphi method, etc), while only one out of three firms was using SWOT analysis. In addition, the managerial staff selection and recruitment were not well developed, although some tended to use systematic selection procedures (Papalexandris, 1987).

The formation of the euro zone and the integrated European market throughout 1990s, however, escalated open market competition. That, in turn, has put a great deal of pressure on small company owners to reform organizational structures, placing emphasis on standard rules and procedures for organizing business activities (Spanos & Voudouris, 2009). Indeed, an empirical study documented Greek SMEs' concerted effort to turn away from their paternalistic management style and to 'move toward a more professional management style by enhancing the size and quality of managerial teams with the recruitment of well-educated professionals (Spanos, Prastacos, & Papadakis, 2001, p.644). Thus emphasis on applying modern managerial techniques has led Greek companies to seek the services of highly-skilled, well-educated young managers.

* Corresponding author. Tel.: +30 2310891594.

E-mail addresses: Mihail@uom.gr (D.M. Mihail), kloutsiniotis@gmail.com (P.V. Kloutsiniotis).

This in turn signaled a rising demand for graduate courses in management and generated an explosion of MBA programs in the early 2000s. At that time, it was believed in the business community across the globe, including Greece, that MBA graduates perform better in managerial positions than non-MBA holders (Baruch & Peiperl, 2000; Baruch & Leeming, 2001; Sturges, Simpson, & Altman, 2003). On the supply side, studying for an MBA appeared to enhance career advancement in corporate Greece, and, as a result, the reputation of MBA programs has been extensively high over the last two decades. Thus, Greek academic institutions, trying to catch up with the increasing demand for graduate management education, have been setting up new MBA programs.

Since 2008, however, Greece has been overshadowed by a deep economic crisis. The unprecedented downswing of economic activity has had devastating consequences on the overall labor market, affecting both employment levels and the number of enterprises operating in Greece. Thus, before proceeding with the theoretical framework and the research questions, it would be useful to briefly present the Greek context as it has been shaped under the current economic turmoil.

2. The Greek economic context

The economic crisis has taken an extreme toll on small businesses in Greece. Up until the late-nineties, 97% of all Greek manufacturing companies were SMEs (Mihail, 2004; Caloghirou, Protogerou, Spanos, & Papagiannakis, 2004, p. 239), and 99.9% of the total enterprises employed fewer than 100 employees (Voulgaris, Asteriou, & Agiomirgianakis, 2004, p. 248). In contrast, the available data until the end of 2012 indicate that the crisis has caused a dramatic decrease of 90,000 business units among SME, between the years 2008 and 2011. Even worse, the number of Greek businesses today is lower than a decade ago. As a consequence, unemployment has been skyrocketing. More specifically, by 2013 the unemployment rate has amounted to the unprecedented rate of 28%. On youth unemployment, the situation is even worse. In November 2013, it reached 59%, the highest rate in the EU (Eurostat, 2013).

Examining the youth unemployment problem in Europe, McKinsey and Company (2014) surveyed whether the scale of the youth unemployment problem is a result of lack of jobs, lack of skills, or lack of coordination. For the case of Greece specifically, it was found that of those attending post-secondary education, too many are not equipped with the appropriate skills to work. Specifically, only less than a quarter of Greek employers reported that graduates are prepared for entry-level jobs, and almost half (45%) reported that a lack of skills is causing significant problems for their business. Overall, there is a sizable gap (18 percentage points) between the skills Greek employers are looking for in employees and their perception of potential job candidates. What is more interesting, however, is the diverging opinion of education providers, since 79% of them believe that graduates are prepared for an entry-level position, contrary to only 23% of employers who agree with this view, reflecting the largest discrepancy among the surveyed countries.

These findings have led support to a critique that views MBA programs as being less in touch with the needs of the business community (Bruce & Schoenfeld, 2006; Schlegelmilch & Thomas, 2011; Walz, 2006), resulting in a gap between theory and practice (Boyatzis & Renio, 1989; Hesselden, 2012; Pfeffer & Fong, 2002; Rynes, Lawson, & Ilies, 2003). This specific issue will be discussed in the next section of the present study.

In contrast to the above-mentioned trends, the Greek educational system tends to offer a plethora of MBA programs. In Greece, as in many other European countries, there are two main types of MBA programs offered, namely, the full time and the executive (part time) programs. The full-time MBA attracts all new graduates who wish to acquire and enhance their knowledge in the business administration disciplines and usually includes students of various faculties, such as sciences, economic and social sciences, engineering, health sciences, etc. On the contrary, the executive MBA program is specifically tailored to the needs of executives and working professionals. Usually, participants should possess at least 5 years of managerial experience. These MBA programs last three to four semesters depending on each individual business school, and the last semester is dedicated to the elaboration and defense of the master thesis. In addition, MBAs offer various specializations, such as Marketing, Finance and Accounting, and Human Resource Management.

By the early 1990s there was only one MBA program in the country offered by the Athens University of Economics and Business. Since then MBA programs have sprung up at an increasing rate across the country. Thus, the University of Macedonia and the University of Piraeus followed in the mid-1990s, establishing their own MBAs. Quite expectedly, at the same time, fierce competition emerged between the public business schools – the only institutions eligible to offer accredited by the Ministry of Education MBA programs – and non-accredited private business schools. Today the International MBA program of Athens University of Economics and Business (AUEB) and the MBAs offered by ALBA Graduate Business School at the American College of Greece are the only programs accredited by the Association of MBAs (AMBA).

Given the rising number of MBA programs offered, it is important to survey whether these MBA programs add value to managerial performance, employability and career advancement. In exploring these very issues, the first phase of a survey of MBA graduates' attitudes was published by Mihail and Eleftherie (2006), the results with respect to the above mentioned issues were mostly positive supporting the relevant literature (Baruch, 2009; Baruch & Leeming, 2001; Baruch & Peiperl, 2000; Hay & Hodgkinson, 2006; Herrington, 2010; Khurana, 2007; Morgeson & Nahrgang, 2008; Ng, Burke, & Fiksenbaum, 2008; Rubin & Dierdorff, 2009; Safon, 2007; Sturges et al., 2003; Temtime & Mmereki, 2011; Zhao, Truell, Alexander, & Hill, 2006). In the second phase of the survey that is based on the present study, we attempted to contrast the students' attitudes among those who graduated in the economic boom years following the 2004 Athens Olympic Games with those of graduates expressed during the emergence of the current economic turmoil in 2009–2010. Here, the central idea is to explore

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