

The Executive MBA Tuition Sponsorship Dilemma: A Case Study Analysis

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The purpose of this research is to provide guidance to organizations in developing a tuition reimbursement policy for Executive MBA Programs. To determine this information, a LinkedIn Study was conducted for the graduates of Fordham University's Executive MBA Program (2011 – 2021) to determine career decisions and organizational movement. In addition, one-on-one interviews were conducted to a subset of graduates who have remained at their organizations. The main findings of this study indicate that organizations do not have to feel compelled to fully financially sponsor Executive MBA Programs for retention purposes as there exists other attributes of key importance to employees.

Keywords: employee retention, executive MBA, corporate sponsorship, mentorship

INTRODUCTION

What should an organization's tuition reimbursement policy be for employees who are interested in pursuing Executive MBA Programs? This is a question that organizations have been wrestling with for a period of time as retention concerns appear to be top of mind and due to the premium price of these programs. With this as a background, the goal of this study is to provide insight and guidance to organizations who have to make these policy decisions using a case study involving the Executive MBA Program at Fordham University's Gabelli School of Business.

BACKGROUND

Corporations in the United States have spent over \$83 Billion a year on corporate training. (2019 Training Industry Report). This expenditure has also progressively increased over the past thirty (30) years. (Ponterfract, 2019). More specifically, large corporations (10,000 plus employees) have averaged \$17.7 million on training per year while midsize (100-999 employees) and small corporations (under 100 employees) have averaged \$1.7 million and \$367,4909 respectively. (2019 Training Industry Report). In addition, companies in the United States have spent over \$14 Billion per year on leadership development alone. (Gurdjian, Halbeisen and Lane, January 2014). Some additional areas of expenditure also include executive development, management training, interpersonal skills, information technology, customer service, sales, compliance and onboarding. (2019 Training Industry Report).

In addition, large corporations, such as Amazon and Walmart, have recently announced their commitment to training especially for the front line. More specifically, Amazon has recently announced that they will support full college tuition for front line employees. (Amazon Staff, 2021). Amazon's CEO Dave Clark has recently stated "Amazon is now the largest job creator in the U.S., and we know that

investing in free skills training for our teams can have a huge impact for hundreds of thousands of families across the country." (Amazon Staff, 2021). Similarly, Walmart has announced it will pay 100% of college tuition and books for its Associates and is committed to investing nearly \$1 Billion over the next five years in career-driven training and development for this employee segment. (Walmart, 2021).

While these training expenditures have increased it should be noted that full corporate financial support for Executive MBA Programs has plummeted over the past twenty years. More specifically, in 2001, 44% of Executive MBA students enrolled worldwide received full corporate financial sponsorship. (EMBA Trends, 2003). In 2019, this percentage has dropped to 15.4%. (EMBAC, 2019). Interestingly, only 9% of Executive MBA students enrolled worldwide in 2001 were self financially sponsored. (EMBA Trends, 2003). This percentage, in 2019, has skyrocketed to 52.8% (EMBAC, 2019). Furthermore, the average amount of MBA related student loan debt averaged over \$51,000 for the 2018 graduates. (Kowarski, 2019).

With this as a background the question one must ask is "why has this occurred"? First, one can state that there is a general perception that Executive MBA Programs are "luxury products" among the training and development function within organizations. (Petit, Fall 2011). Organizations see the additional amenities that are provided within Executive MBA Programs and believe perhaps this is not necessary in a tight budgetary environment.

Second, there is a general belief that the sponsored employee will leave the organization once the degree is in hand. (Lowndes, 2016). There is a similar perception for all leadership development training. (Moldoveanu and Narayandas, 2019). While this may be the case it has been noted that organizations have done a poor job in transforming their sponsorship within their ROI and have not proactively strategized with the sponsored employee about their potential future within the organization. (Szpiro, 2018 and Blackman, 2014).

Third, organizations are not strategic in their approach and only focus on the short term. Institutions do not realize that training employees is a long term investment not easily captured on the ledger. (Petit, 2013). Similarly to the Japanese style of management, training and development should be viewed in the long term which is not currently the case. (Hutchens, Tischey, and Deutsch, 1982). In addition, in general, CEOs, not Chief Learning Officers, are the primary drivers for developing an organization's training and development budgets which can potentially lead to wasteful and or inadequate spending. (Wentworth, 2016).

Lastly, perhaps Business Schools have failed organizations by not realizing that their stakeholders (students and sponsoring organizations) can have varied agendas. (Page, Bevelander, and Pitt, 2004). The Executive MBA can generate significant tangible benefits both to the student along with the sponsoring organization and this must be part of the overall stakeholder relationship strategy. (Baruch, 2009). Perhaps Business Schools must drive this point further when executing its strategy.

With the precipitous drop of full corporate financial sponsorship for Executive MBA Programs it has been noted that the industry response should focus on retention and this must be addressed head on. More specifically, the perception that the sponsored employee will remain with the company no longer exists. (Armesto, 2021). As stated previously, there are significant tangible and intangible benefits that the sponsored students and organizations can benefit from. (Baruch, 2009). These benefits must be clearly articulated and executed so the learning can power the performance of a sponsored student and their organization. More specifically, organizations must formalize the sponsorship policy with clear subsequent takeaways and metrics for each stakeholder throughout this journey. This includes how the student and the sponsoring organization can benefit from this investment and grow over time. (Szpiro, 2018).

In addition, employee burnout, especially since the COVID pandemic, has risen significantly. Various studies have indicated that employee burnout since the pandemic began ranges from 58% to 76% for all employees. (Mayer, 2021). In addition, it has been noted that turnover has increased 15% and absenteeism is "skyrocketing" since the pre-pandemic years. (Retention Strategies, 2021). Reasons behind this phenomenon are heavy workloads, balancing work and personal lives, and lack of communication, feedback and support from the employer. (Mayer, 2021).

Short term thinking within organizations on the impact of the Executive MBA on the bottom line coupled with the belief that sponsored students will leave once the degree is in hand may be fueling the precipitous drop in corporate financial sponsorship. While it has been recommended that corporations

should offer a competitive benefits package in order to increase retention (Retention Strategies, 2021) this may not be the answer with Executive MBA sponsorship. With this as a background, the following research will address this issue and will offer practical recommendations for organizations to pursue.

METHODOLOGY

A LinkedIn Study was conducted for the Executive MBA graduates (2011-2021) within Fordham University. The alumni sample size was 527. The following data was secured:

**TABLE 1
LINKEDIN STUDY**

BACKGROUND DATA	PROFESSIONAL DATA @ PROGRAM ENTRY	CURRENT PROFESSIONAL DATA
Name Gender Graduating Class	Management Level (Technical Specialist, Middle Manager or Senior Manager) Title Industry	Management Level (Technical Specialist, Middle Manager or Senior Manager) Title Industry Same organization since Program Entry # of Organizations since Program Entry

In addition, personal interviews were conducted to a sample set of the Executive MBA graduates (25) who remained at their organizations since program entry. The goal of these personal interviews was to determine key factors for organizational retention.

The data was then reviewed and analyzed with the goal to determine, using Fordham University as a case study, trends within career movement and organizational retention. For the purposes of this research the “sponsoring organization” will be defined as organizations that (1) finance the Executive MBA Tuition; and/or (2) allow their employee the time required to participate in an Executive MBA Program.

FINDINGS

Three central themes regarding employee retention emerged from the research which can be seen below.

Theme #1 - Non-Traditional Industry Retention

Finance, Accounting and Consulting are the traditional industries historically represented among the Executive MBA student body. Non-traditional industries such as utilities, retail, pharmaceuticals, insurance, construction, military, vertical transportation, hospitals and higher education had greater traction at employee retention when compared to the historically represented industries.

For example, only 36.24% of the sample (189) remained at their organizations and 82.19% of this specific segment (155) were from non-traditional industries.

The table below illustrates the distribution of the non-traditional industries represented among the Executive MBA graduates who remained at their organizations post-graduation.

TABLE 2
GABELLI EMBA ALUMNI RETENTION DISTRIBUTION
NON TRADITIONAL INDUSTRIES

INDUSTRY	ALUMNI
Utilities	32
Higher Education	25
Pharmaceuticals	11
Entrepreneurs	8
Healthcare	8
Insurance	8
Military	8
Vertical Transportation	8
Government	5
Nonprofit	5
Communications	4
Retail	4
Sports	4
Airlines	3
Construction	3
Cybersecurity	3
Design	3
Family Business	3
Real Estate	3
Fashion	2
Package Goods	2
Spirits	2
Music	1
Total	155

Source: Petit, Francis (2021). Fordham Gabelli EMBA Alumni LinkedIn Study.

Once again, it should be noted that a large percentage of retention occurred from industries that are not historically and traditionally represented among Executive MBA student segments.

Theme #2 - Reasons Why Students Remained at Organizations

Two central themes emerged on why students remained at their organizations as a result of the one-on-one interviews conducted with the Executive MBA alumni. First, regardless of the financial sponsorship, Executive MBA students needed to feel supported by their organization in other ways. This included support for the Friday class sessions and an overall understanding of the Executive MBA commitment. Secondly, the student's Supervisor and /or Mentor were also critical reasons why students remained at their organizations. This individual not only served as a resource but also a coach and counselor along with allowing them to envision their potential future roles within their organization. Personal interest and care from this figure were critical.

Overall, there are multiple examples that support these two trends. For example, various alumni who work at a major Utility Company in New York were interviewed. Each one of these alumni indicated that their organization strongly supported them with time away from the office to attend the Friday class sessions. More specifically, each individual cited that they had the option of selecting a work shift that did not conflict with the Executive MBA class sessions. Even though the company does not fully reimburse the Executive MBA tuition, such flexibility to attend the class sessions allowed for “less stress” during the Executive MBA journey and a “greater appreciation” for their institution. **(Petit Interviews, 2021).**

In addition, while some of these alumni from this Utility were promoted since graduation (i.e. General Manager, Section Manager) others were not and remained in their technical roles. (i.e. Engineer). Each of these individuals cited the importance that mentorship plays within their organization and how that helped them “connect” with their organization. In addition, all of them indicated that an “active mentor” has been present throughout. More specifically, a Section Manager interviewed stated “I have been promoted since graduating and throughout my time at my company I have had two mentors who really made a difference as they allowed me to see my future potential roles. These mentors have kept me excited and energized”. (Petit Interviews, 2021). Such a theme was prevalent at this organization.

This theme was also prevalent at other organizations. For example, a recently promoted Branch Manager at a firm specializing in Vertical Transportation stated “I am committed to my company because of the overall support they demonstrated to me during my EMBA. While my military benefits covered most of my tuition my supervisor (and mentor) could not have been more supportive and encouraging throughout the process. This good will and continued guidance, past and present, goes a long way.” (Petit Interviews, 2021).

In addition, a recently promoted Manager within a major construction firm stated “throughout my EMBA studies my company still demanded that I deliver however there was an understanding of the importance of school. My supervisor plus a long time mentor in my firm have been instrumental in making me see the big picture of my current and future roles. Although my company only paid a small percentage of my EMBA I am fully committed to them because of this support.” (Petit Interviews, 2021).

Furthermore, a graduate, who is also a hospital administrator, has remained at the organization even though this individual has not been promoted as of yet. This administrator has indicated that “although the healthcare field is demanding I am truly committed to my hospital because of its mission. This includes how accommodating they have been during my studies and the mentorship I have received throughout from a senior administrator.” (Petit Interviews, 2021). It should be noted this hospital only financially supported a small percentage of the Executive MBA tuition.

Overall, there are countless examples of this type of feedback. Interestingly, the retention uncovered and subsequent behavioral support within the Fordham Executive MBA sample set are from organizations within industries not historically represented within the Fordham Executive MBA student population. The table below illustrates the industry diversity of such feedback among the alumni interviewed.

**TABLE 3
FORDHAM GABELLI EMBA ALUMNI RETENTION
ALUMNI INTERVIEWS**

INDUSTRY	TOTAL INTERVIEWED	REASONS FOR REMAINING AT COMPANY
Utilities	5	Professional Development Encouraged Strong Belief in Organizational Mission Overall Support During EMBA Mentorship Prevalent at Organization
Healthcare	4	Strong Belief in Organizational Mission Overall Support During EMBA Mentorship Prevalent at Organization
Military	4	Professional Development Encouraged Strong Belief in Organizational Mission Overall Support During EMBA Mentorship Prevalent at Organization
Higher Education	4	Professional Development Encouraged Strong Belief in Organizational Mission Overall Support During EMBA Mentorship Prevalent at Organization

Vertical Transportation	3	Strong Belief in Organizational Mission Overall Support During EMBA
Pharmaceuticals	3	Mentorship Prevalent at Organization Professional Development Encouraged Overall Support During EMBA
Insurance	2	Mentorship Prevalent at Organization Overall Support During EMBA
TOTAL	25	Mentorship Prevalent at Organization

Source: Petit, Francis (2021). Interviews with Fordham Gabelli EMBA Alumni.

Overall, the mentorship factor at the organizations plus the overall support during the Executive MBA (not necessarily financial) were two key central themes throughout the interviews.

Theme 3 - The Retention Winners -- Utilities and Higher Education

Table 2 illustrates that Utilities and Higher Education far surpassed all other industries when it came to organizational retention. Per the personal interviews conducted with these alumni there appears to be two factors for this occurrence.

First, for the Utilities organization, salaries and potential career projection played a major role. The Executive MBA students / alumni interviewed all work for a flagship Utility in the New York Metropolitan Region. All those interviewed indicated that their salaries are very competitive and they all plan to work for this Utility for the remainder of their career. For example, a Section Manager within this Utility mentioned "My current salary for my management level and title is excellent and I envision myself at this organization for a long period of time." (Petit 2021). A General Manager who was interviewed also stated "I have worked for my organization for many years and I qualify for a pension upon retirement. I worked hard to be where I am now and this has deterred me from seeking other opportunities outside my institution." (Petit 2021). In addition, a Project Specialist has stated "Although I joined the company a few years back and I am not 'grandfathered in' to receive a pension I realize that my salary and retirement benefits are still very strong and appealing for my industry and I also believe my future here is very bright." (Petit 2021). Furthermore, an Engineer, who has not been promoted as of yet, has indicated "The combination of my work, salary and mentorship within my company is why I stay. It is a perfect combination of all three very important factors." (Petit 2021). Overall, there was an understanding among all interviewed that they (1) work for a premier Utility; (2) all want to remain within their industry; and (3) all are compensated well and they see a professional future for themselves at their institution.

Second, within Higher Education the specific Tuition Remission Benefits at their institution for not only themselves but their spouses and dependents were very important for those students / alumni. For example, a Director interviewed indicated "Tuition Remission is why I stay at my organization. It is a way for me to pay the college tuition for my children." (Petit 2021). In addition, a Manager interviewed indicated "I know I can make a higher salary in another industry. I remain at my current organization because of the unique tuition benefits package for my family and because I believe in my institution." (Petit 2021). Lastly, an Assistant Director indicated "The overall Tuition Remission Benefits is what brought me to my institution and why I continue to work here." (Petit, 2021). Overall, the Tuition Remission Benefits for the students, their spouses and dependents echoed throughout all the interviews as a reason for staying at this institution.

LESSONS LEARNED

While additional research needs to be conducted there are some lessons learned from this initial study for organizations seeking to determine a policy for financial sponsorship for Executive MBA Programs.

More specifically, the research indicates that full financial sponsorship for Executive MBA Programs may not be the solution for organizational retention. More specifically, a combination of some

"Financial Support" and strong "Supervisor / Mentor Support" are critical. From this study it has been determined that Executive MBA students are more committed to their organizations post-graduation if they feel there is a meaningful level of care and support about their growth and future roles even if the full tuition is not paid. They also want to feel supported in other ways during their studies. This was especially noted within the non-traditional industries.

In addition, Utilities and Higher Education were big winners when it came to retention as both organizations within these industries offered an additional attractive unique benefit. For the Utility organization, it was a combination of working for a notable institution with a very competitive salary and the potential of professional growth. The students in the Utility organization all wanted to remain in the industry and work for that specific organization. Salary and the potential for growth were key issues.

For Higher Education the Tuition Remission Benefit was a unique key driver for retention for these alumni.

Overall, while more research needs to be conducted, from this initial study it appears that organizations, when determining a retention strategy, should consider a combination of the following in order to develop increased employee retention: (1) partial to full financial support for Executive MBA Programs; (2) supervisor/mentor support for each employee; and (3) offering an additional benefit that is potentially unique and valued.

CONCLUDING REMARKS

Organizations should not blindly financially support Executive MBA Programs and expect automatic retention. Within this case study it has been determined that other attributes, beyond full tuition sponsorship, were very important to employees when it came to retention. Organizations should consider implementing a strategic combination of these attributes within the strategy and policy. Such a combination may allow an organization to retain their employees while not fully financially sponsoring Executive MBA Programs.

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