

The Bologna effect: the emerging European masters market

GORDON SHENTON AND PATRICE HOUDAYER DESCRIBE HOW THE BOLOGNA PROCESS, ALONG WITH EUROPEAN-SPECIFIC ACCREDITATION AND RANKING SYSTEMS, IS REVOLUTIONISING THE EUROPEAN 'MARKET' IN MASTERS DEGREES AND GIVING IT GLOBAL COMPETITIVENESS



European business schools are in a much better position to compete in world education markets than was the case ten years ago. Beyond the qualitative improvement of many institutions individually, a number of factors of a systemic nature have contributed to this stronger competitive position.

The general background to this change has been the gradual emergence of a European market for management education that has impelled schools and universities to internationalise their activities beyond the borders of their home countries. This movement has itself occurred in a context in which a more structured world market has been steadily taking shape, reinforcing the need for European institutions to internationalise.

Three factors have accelerated this process of change.

First, rankings in the European press, notably in the *Financial Times*, have raised awareness within schools of their externally perceived positioning in international markets and encouraged them to improve their standing. European schools were used to the idea that, with a few exceptions such as London Business School, INSEAD and IMD, they carried little weight in American rankings and were mostly concerned about their position in their own national environment.

However, this all changed when the first serious and credible rankings began to appear in Europe itself. Not only were they able to see how they stood in comparison with American schools,

but they were confronted with their competitive standing on the European scene. "Being in the top 10 (or 15 or 25) in Europe" has become a popular strategic objective among business school deans as a first step towards establishing an international brand.

Second, the arrival of accreditation ten years ago, when the AACSB first began to assess schools internationally and when EQUIS was launched as an alternative, transformed the competitive environment in Europe. Business schools and university faculties of business and management have been driven to measure themselves against international standards of performance.

EQUIS in particular has turned a searchlight on a broad spectrum of quality criteria ranging across key areas such as effective governance, better qualified academic staff, improved programme quality, increased concern for the professional development and employability of students, stronger research capacity, and, of course, internationalisation.

The fact that Europe has been successful in establishing its own respected accreditation system has contributed to the global credibility of European management education. It is significant that, out of around 100 accredited schools and universities, close to one-third are from outside Europe, including leading institutions from around the world.

A third, decisive, factor in this strengthening of the international positioning of European business schools has been the impact of the Bologna reforms in higher education. Forty-five European countries have now committed

themselves to the creation of a more coherent European Higher Education Area with a target date of 2010 for completion of the structural reforms.

All the signatory countries have agreed to converge on a two-cycle system with a bachelors degree of not less than three years and a second masters level of an unspecified length, the objectives being to create "readable" degrees, to facilitate student mobility and to raise the competitiveness of European higher education on world markets.

Moreover, the bachelors degrees are intended to be a sufficient qualification for graduating students to enter directly into employment. This latter objective does, of course, raise very difficult problems in continental Europe where students are not used to leaving university after three years of study, where universities are used to keeping their students for five years and where employers are unaccustomed to recruiting students for managerial positions after three years of higher education.



EQUIS in particular has turned a searchlight on a broad spectrum of quality criteria ranging across a number of key areas



However, at the masters level, this clarification of degree formats and the introduction of internationally “readable” degree titles are proving to be significant marketing advantages, not only in Europe but on international markets generally. For the business schools and universities, these reforms have generalised for the whole of Europe an officially recognised masters market that previously only existed in a few countries, notably in Britain where the two-tier undergraduate/postgraduate, bachelors/masters organisation of higher education has been the norm. In continental Europe, the most common structure was formerly a four- or five-year curriculum leading to an advanced degree but with no significant intermediate degree after three years.

In the absence of any clear distinction between undergraduate and graduate levels, it was very difficult to argue that a degree obtained after five years of study was in reality the equivalent of a masters. As a result, these advanced degrees were often downgraded in international perception to the undergraduate level. In their negotiations with their American partners, for example, the French *grandes écoles* have struggled for decades to obtain graduate-level recognition for their five-year degrees.

This is not to say that there was no masters market in continental Europe before the Bologna reforms. Some institutions in, for example, France, Spain, Italy, the Netherlands and Scandinavia had been offering programmes carrying the masters label for many years, even though there was (at that time) no official government recognition of the degree. However, they were often private schools or spin-offs of a university business faculty operating outside the mainstream of higher education and dependent on market recognition.

It is in this context that the MBA has developed in continental Europe, independently of the public universities and outside the regulated degree systems. In this non-regulated environment, these schools have pioneered a uniquely European version of the MBA as a shorter, more focused, more corporate-oriented degree in which a concern for soft skills and personal development are paramount. However, the continental European masters market has remained small, underdeveloped in comparison with America or Britain and very uneven in its geographical spread from one country to another. Until very recently, for example, Germany was almost totally absent from the international MBA market.

Of course, a change of this magnitude is not occurring without a certain level of confusion. On the one hand, university faculties of business and management are faced with the difficult task of adjusting their educational mindset to the notion of a graduate curriculum that is other than simply the repackaging of the last one or two years of their previous five-year programmes.

A raft of thorny questions arises. How professionally oriented should these new masters programmes be? How specialised should they be? Should they be one-year or two-year programmes? Should it be a requirement to have studied at the bachelors level in the same field of study? Should admission to the masters level be automatic for a student who has completed the bachelors degree at the same university?

The risk is that in some cases change will be purely cosmetic, enough for formal compliance with the new laws but not sufficient to achieve the objectives set out in the Bologna agenda. Indeed, many universities are stuck in the middle of the change process, having made some accommodation to the new structure but without having given up many of the features of the old one. In these cases, the new degrees are even less “readable” than previously. One can charitably assume that these are growing pains and that the supply side of the market will eventually sort itself out. However, the essential point is that the opportunity now exists for the most innovative and progressive university-based institutions to seize market advantage in the new European arena.

In the absence of any clear distinction between undergraduate and graduate levels, it was very difficult to argue that a degree obtained after five years of study was in reality the equivalent of a masters

10–25

Being in the top ten to 25 in Europe has become a popular strategic objective among business school deans as a first step towards establishing an international brand



IMAGE RIGHT COURTESY: LONDON BUSINESS SCHOOL



IMAGE RIGHT COURTESY: LONDON BUSINESS SCHOOL



Shenton:
new European arena

45

Forty-five European countries have now committed themselves to the creation of a more coherent European Higher Education Area

On the other hand, there is uncertainty as to how the new “Bologna” masters will co-exist with the previous postgraduate masters programmes that predate Bologna and that were designed from a different market perspective.

The position of the MBA, in particular, in the new emerging market is not entirely clear and there has been a risk that the MBA title would simply be used to describe the new Bologna pre-experience masters. Some difficulty also exists in repositioning the specialised postgraduate programmes that previously recruited students who had graduated with a first degree. In continental Europe, this meant recruiting students who had usually completed five years of higher education, up to a level that now corresponds to a masters.

Should institutions offering these degrees recruit at a lower age after a three-year bachelors programme? Or should they talk about an “advanced” masters and continue to recruit older students who already hold a masters degree?

These are issues that will be resolved in time as the market adjusts to the new situation. However, in parallel to the opening up of a masters market through the implementation of the Bologna agenda, an effort has been made within the management education community to clarify the nomenclature of masters degrees, given the extreme diversity within this category.

EFMD in collaboration with the EQUAL group of national associations has sought to distinguish between the MBA as a post-experience professional qualification and the new pre-experience generalist masters programmes which should carry another name such as a Masters in Management or MSc in Management. It is also recommending that the category of specialised Masters in Finance, Marketing, and so on should be distinguished both from the MBA, which is a generalist programme, and from the generalist Masters in Management for younger students. The aim has been not so much to regulate the market as to clarify the landscape so that students and the organisations that recruit them have an understanding of some basic distinctions.

These recommendations have been largely followed within the community of EQUIS accredited schools and beyond. A proof of this has been that the *Financial Times*

now publishes an annual ranking of this new category of European Masters in Management, thus helping to raise awareness of the significance of this typically European qualification.

As a result of these convergent trends, a structured market for masters programmes in business and management is taking shape in Europe around three clearly differentiated segments: the MBA, which will now benefit from official recognition as a national degree in most countries; the generalist Masters in Management; and the specialised MSc programmes. The offering on this market is now much more understandable (or “readable” in the Bologna terminology) to all stakeholders both in Europe and in the rest of the world. Degree formats are now better aligned with the American and British systems and the use of the word masters to designate second-cycle degrees has put an end to the confusion caused by so many disparate names.

However, this offering is a specifically European one and is not simply a replica of the American market. The MBA, which has long been established in Europe, has evolved its own distinctive European characteristics. The Masters in Management, which is beginning to gain visibility, is also a characteristically European programme, different from the MBA, different from the four-year American undergraduate degree and different from the specialist MSc degrees. It is rooted in the European practice of pre-experience business education, combining at its best the academic rigour of the university tradition, practical exposure to the world of business and a highly developed international perspective. However, the particular mix and emphasis in each country will be different. Although the Masters in Management now has a transnationally recognisable format, it is not a standardised product since it reflects the diversity of culture, values and practice of more than 40 countries.

Thanks to the convergent impact of Bologna, of accreditation and of the rankings, European business schools and university faculties of business are potentially in a much stronger competitive position internationally. The emergence of a credible offering in all segments of the masters market should make it possible to increase inter-European student mobility and to attract increasing numbers of international students to European schools. In particular, the appearance of the Masters in Management as a globally recognisable product can for the first time draw mainstream European management education programmes into the world market.

How well and how extensively these opportunities are exploited will, of course, depend on the schools and universities themselves. The market is still unstructured, with many uncertainties regarding the behaviour of students and employers. There are legitimate doubts about the capacity of many European universities to transform their curricula and to make the necessary adjustments to their governance structures that would allow more market-oriented strategies. However, the market will be made by the leaders, by the forward-looking, innovative institutions that can test new programmes, attract students from around the world, and convince employers to recruit them.



Thanks to the convergent impact of Bologna, of accreditation and of the rankings, European business schools and university faculties of business are potentially in a much stronger competitive position internationally

ABOUT THE AUTHORS

Gordon Shenton is Associate Director of the EFMD's Quality Services Department and Emeritus Professor at EM-LYON Business School

Patrice Houdayer is Dean of Academic Programmes at EM-LYON Business School.

