

Research shows real-world value of strategy courses for MBA students

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More than 100,000 Master of Business Administration students graduate each year in the United States, and all of them take at least one strategy course. Even so, little is known about the effects of the degree's most

popular course offering.

Strategy courses typically focus on frameworks and cases that develop decision-making abilities for eventual MBA graduates, who make up most associates and partners at leading consulting firms, as well as 40% of the chief executive officers of publicly traded firms in the U.S. A new University of Washington study, published online June 5 in *Organization Science*, analyzes the value of an MBA education by examining what individuals learn from strategy courses and how those outcomes depend on individual characteristics.

Researchers found that strategy courses improve decision-making abilities, boost the amount of attention paid to broader industry concerns and expand the depth of mental representations, which allows individuals to see more of a problem's details. The classes also increase confidence while making students more aware of uncertainties. The magnitude and significance of the results are impacted by other factors, including cognitive ability, [prior knowledge](#) and gender.

"After taking the class, we observe that students, in general, think more broadly and more deeply about different aspects of strategy," said Mana Heshmati, co-author and assistant professor of strategy and entrepreneurship in the UW Foster School of Business. "We noticed that students also become more aware of non-consumer dimensions and industry attributes, implying they're taking themselves out of the consumer perspective and seeing the larger picture."

The study centered around two research questions: What do students learn from a strategy course, and how do learning outcomes depend on individual characteristics? To answer them, researchers examined how 2,269 MBA students at a large U.S. business school evaluated real-world strategies at business firms both before and after taking the core strategy course.

Participants were shown videos of real startups that raised money through Kickstarter and then decided whether to invest in the company. The activity was designed to mimic managers who must determine whether a strategy is good and then justify their decision. The students were assessed in terms of the quality of their decisions as well as their mental representations and self-perceptions.

"I think a key term here is naturalistic," said Felipe Csaszar, co-author and professor of strategy at the University of Michigan. "This activity is something that happens a lot of the time in strategy settings where you have multiple alternatives and you must pick the best one, and those alternatives are not super clear. We know which companies were successful. Students do not, because these are small companies that they are not familiar with."

The researchers assessed the performance of students by measuring their ability to predict a firm's success and the extent of their opinions. The researchers evaluated mental representations through the list of pros and cons students created for each company. Confidence and perceived difficulty levels were used to assess self-perception.

The results indicated that taking a strategy course has several positive effects. Students improve their accuracy by 7% on average, meaning they can distinguish between good and bad strategies more effectively. They also pay more attention to details that are not directly noticeable to consumers. Researchers found that, by the end of the course, students felt the task was less difficult and their confidence levels increased.

"Because we have shown how you can measure the course's value, I can now think of different ways that people could improve the course," Csaszar said. "I could even imagine schools trying different ways of teaching the course and creating some competition. These courses have an impact on the people that we teach and the things they end up doing."

Personal history and background also impacted the results. Those with higher GMAT scores showed greater improvement in performance by the end of the course. Those with less prior business knowledge—women and engineers, in this case—experienced significant changes in both performance and [mental representations](#). However, when it came to self-perception, women remained less confident and found the course more difficult than men.

"It was really enlightening for me to see these demographic differences affect learning in the classroom above and beyond the main effects that we looked at," said Heshmati. "It has given me some insight into our teaching and the ways that I can hopefully improve learning in the classroom for everyone."

More information: Mana Heshmati et al, Learning Strategic Representations: Exploring the Effects of Taking a Strategy Course, *Organization Science* (2023). [DOI: 10.1287/orsc.2023.1676](https://doi.org/10.1287/orsc.2023.1676)

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