

## Chapter 66

# Business Graduate Market Value

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### ABSTRACT

*This chapter discusses the purpose and role of higher education institutions in the creation of highly qualified human resources for the globalized 21<sup>st</sup> century. As technology and societies change and evolve, universities must adapt and modify their offerings to students who need to be more marketable in an ever more competitive marketplace. As economic conditions have propelled emerging economies as the main engines of growth for the next decades, it is imperative the higher education institutions in the form of business schools, both in developed and emerging markets, create the necessary background and educational opportunities for young students entering the working world. These will include skills in intercultural communication and strategy, as well as new and different ways of negotiating between countries and among companies.*

### INTRODUCTION

From the end of World War II (1945), the fall of the Berlin Wall (1989) and the collapse of the Soviet Union (1990), the world has been undergoing dramatic social, political and economic changes that are forever shaping the landscape of the world we live in and transforming it into a global marketplace, always integrating additional countries to its market-oriented business practices in various degrees of integration (the only exception may be North Korea, a country hermetically isolated in the world). The opening up of the Chinese and Indian economies in the mid-80s, as well as of other emerging markets (Mexico and Brazil in Latin America; Indonesia in Asia; Turkey in Asia Minor; Nigeria in Africa, just to name a few of the most important world players) have allowed for close to three billion new potential consumers to the world economy (CIA Factbook, 2014). In tandem with these developments, the physical landscape of the world has also undergone profound changes. Urbanization has accelerated and continues unabated, while, in parallel or because of it, economic growth is shifting South and East, and it is expected to reach over seven percent, double the growth rate expected by the global economy as a whole by 2025 (Dobbs et al., 2012).

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These new consumers from emerging markets will be demanding goods and services, which will only be provided by those businesses who understand their motivations, their needs, their decision-making processes (both conscious and unconscious), as well as the power of habits among consumers (Duhigg, 2012). The main aim will be to position their business portfolios in these new markets for maximum success and profitability. The goods demanded will be the usual: technology and durable goods, but also services, such as medical (as populations age throughout the developed world), banking (services in Islamic finance will continue to grow), travel (as globalization continues unabated), insurance (as ageing populations live longer) and education (as the middle classes of the largest emerging economies continue to grow), among other. In matters of tertiary education, these consumers will look for value in order to find good paying employment in their emerging countries, where talented individuals will be highly sought out, or in developed economies, which continue to be attractive places to live and to work.

Hence, this chapter focuses on the added value of a higher education, in particular that of graduate business education, on the lives of the young people from emerging economies, primarily, as these will be the ones who will see the most changes and for whom opportunities of growth and development will overshadow those of developed economies. In order to understand where this value may be coming from and where it may go, it is important to understand, first, the past, present and future social trends shaping the world, and second, the economic tendencies, which will be affecting and guiding this new generation of consumers of higher education. Finally, this chapter concentrates on the motivations for pursuing business education as potential workers weight the actual value of this education as future workers of world economies.

## **PAST, PRESENT AND FUTURE SOCIAL TRENDS SHAPING THE WORLD**

The year 1990 saw a major world event occur, one which would have deep repercussions all over the globe: the collapse of the Soviet Union, which mark the end of the Cold War as it had been since 1945, when Russia and the Allied powers “divided” the world according to their zones of influence. This bipolar world where two ideologies constantly worked to outdo the other (a socialist way of looking at life and a market-based economy) finally ended, giving way to ideological chaos, but also to new ways of conceiving the world based on deep societal changes, where a mainly market economy has since taken ahold of our lives. Since then, and as we enter the 21<sup>st</sup> Century, three of the biggest social changes and important challenges in our societies are: 1) a soaring ageing population, mainly that of the “baby boomers” – those born between 1946 and 1964 - in developed economies (with the big exception of China, who is ageing before it “develops”, primarily due to its “one child policy”); 2) the growth of cities and that of a change in the composition of the workforce, including an ever growing middle class in emerging economies; and 3) a deceleration of growth in the developed world. Together, these forces are shaping the landscape of our future society in diverse and yet converging ways.

First, the ageing population from the developed world has attracted much attention of lately and for good reason. The United Nations’ World Populations Ageing website (<http://www.un.org/esa/population/publications/worldageing19502050/>) declares that:

- Population ageing is unprecedented, without parallel in human history—and the twenty-first century will witness even more rapid ageing than did the century just past.

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