



2015

QS Return on Investment Report European Full-Time MBA

Unlocking the value of Europe's top business schools



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1.0. Introduction

Why an MBA ROI Report?

At no point in the long history of the MBA degree has the value of the qualification been simultaneously more questioned, and yet more difficult to ascertain. Extensive QS applicant research shows that, in response to the economic uncertainty that has characterized the European economy of recent years, there is a growing desire among prospective MBAs to be able to estimate the return they can expect on their business school investment and to have a clearer view of placement results across schools.

This report is an attempt to help applicants better understand the value of the full-time MBA degree, as well as differences in ROI across countries, the differences between individual schools and also the differences between the full-time MBA and other specialist business master's.

This is a pilot report covering European business schools. Other regions will follow and the methodology will evolve over time as we collect feedback from schools and MBA students.

What we found?

The full-time MBA in Europe is delivering remarkably strong returns for MBA graduates. The value of the traditional full-time MBA, even in a slow growth economy like Europe, is holding its own amid intense competition from specialized master's programs and a splintering of the MBA market into multiple formats including online, part-time, executive, and accelerated programs.

In fact, employment rates and salaries for MBA graduates are much higher than those for graduates of other master's programs, reflecting the value employers place on both the degree and the work experience MBA graduates bring.

Why QS?

For the last 25 years, QS has annually conducted a Global Employer Survey. It is the largest and most comprehensive employer survey of its kind with over 33,000 respondents contributing to our 2014/15 reports. Amongst these, over 3,500 declared themselves to be MBA employers, providing QS with unique insight into the recruitment demand and salaries being offered to MBAs. This data, along with extensive data collected directly from business schools, provides QS with the unique ability to evaluate current business school placement results and project them forward – the key to an informed estimate of ROI.

In the pages that follow, you'll find a great deal of information on 46 top business schools around Europe that responded to our request for information. QS has chosen to publish tables without an overall ranking, as the specific rank order varies significantly depending on whether the unit of measurement is; payback period, 10 year return on investment, 20 year return on investment, or salary uplift on graduation. So we have chosen to present all these measures and allow the reader to decide which metric matters most.

2.0 Fast Facts

- Employers value the full-time MBA more than any other postgraduate business qualification. The average salary for a European MBA graduate is \$91,586 compared to \$45,500 for a master's graduate. The average MBA salaries for MBAs in financial services & banking is \$95,050, compared to a master's graduate's \$53,127, while the average MBA salary for MBAs in consulting & professional services is \$88,250, compared to an average master's salary of \$47,228.

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Julie Coffman, Chair of Bain & Company Global Women's leadership Council says "We are going to be hiring north of 400 MBA this year. We've got to hire talent to keep up with our growth and so we expect to have a gangbuster recruiting year."

- Europe, with its preponderance of one-year degrees and high salaries, boasts the world's highest 10 year MBA ROI. The average ROI among European programs is \$0.67 million over 10 years. At the 20-year mark, the average ROI of European MBAs is \$2.9 million.
- The health of the FT MBA in Europe is further emphasized by the fact that on average 85% of FT MBA graduates have a job within three months of graduation, with the majority of international graduates meeting the visa requirements to be able to stay and work in the region.
- In all, 20 business schools in Europe enjoyed 20-year ROIs of \$3 million or more: IE, IESE, ESADE and ESIC in Spain; INSEAD, HEC Paris and EDHEC in France; IMD and St. Gallen in Switzerland; Cambridge, Cranfield, Imperial, London Business School, Oxford and Warwick in the UK; Copenhagen Business School in Denmark; Mannheim and WHU in Germany; SDA Bocconi in Italy, and RSM in the Netherlands.
- MBA graduates in Europe, on average, can recoup their business school investment in just 30 months. At some European schools, graduates start earning a return on their investment in 20 months or less: ESIC (15), Bath (16), Edinburgh (17) Strathclyde (17), Mannheim (19), Durham (20).
- The salary uplift in Europe averaged 85% from a pre-MBA average salary of \$50,226, increasing to \$91,586. Among MBA graduates in Europe, 12 business schools reported post-MBA salary uplift in excess of 90%. The highest salary uplift was reported by Vlerick (155%), followed by St. Gallen (150%), the University of Edinburgh (146%), ESMT (145%), European University (138%), HHL Leipzig (127%), MIB (114%), HEC Paris (112%), Durham (111%), Bath (110%), EMLYON (110%), London Business School (107%).
- Program fees in Europe average \$49,413. Switzerland has average program fees of \$63,531, compared to \$57,756 in Spain, \$51,001 in France, \$49,843 in the UK, and \$42,537 in Germany.

3.0 Methodology

All methodologies that measure 'return on investment' or ROI do so by first calculating the investment, then determining the return. If you invest \$100 in a stock on Jan. 1 and the stock is worth \$105 by Dec. 31, after paying a \$3 dividend, the return is easy to calculate – the year-end value of the stock plus dividend, minus the original investment. In this case, the one-year ROI was \$8, or 8%.

Calculating return on investment for graduate business education is much more complex, requiring a number of assumptions about the future that may or may not turn out to be true. The results are only as good as the assumptions and the data used in the calculations. One method used by many media organizations is to calculate how long it would take a graduate to recoup his or her investment. In such simplified models, which ignore inflation and other variables, if the tuition fees for a two-year MBA program are \$100,000, and students have a pre-MBA salary of \$50,000 a year, the total investment is \$200,000. If graduates increase their salary by an average of \$50,000 a year, it will take the typical student four years after graduation to recoup the \$200,000 investment.

QS has sought to produce a more sophisticated and rigorous measure of return on investment. We have also sought to take a longer-term perspective—a typical MBA graduate will work for at least a further 20 years post-MBA and will receive a return in each year of work. So why not calculate the total return on the degree for 10, or even 20 years after graduation? That's what we set out to do for all 200 schools included in the QS Global 200 MBA rankings (QS acknowledges that the accuracy of the ROI estimate diminishes the longer the time period, but we believe there is valuable insight in providing this 'lifetime' perspective).

Starting with the list of 200 schools, and the data we collected for the Global 200 rankings, we eliminated those that declined to participate and those for which we lacked adequate data, narrowing the list to 46 schools in Europe, for the purpose of this European school report.

For each school, we first calculated the amount of the business school 'investment' –adding together the total cost of the MBA program with the average forgone pre-MBA salary (obtained through independent research, including our own QS TopMBA.com Applicant Survey 2014). For example, at Warwick Business School – a one-year program with a total cost of \$48,300 where incoming MBAs earn a pre-MBA average salary of \$50,700 a year, the calculation looks like this:

Investment = (pre-MBA pay x program length) + total program cost

Investment = (\$50,700 per year x 1 year) + \$48,300

Investment = \$99,000

For each school, we then calculated the post-MBA salary increase. Average post-MBA salaries (for class of 2013 graduates employed within three months of graduation) were obtained from the schools themselves. To eliminate outliers that might skew these numbers, we capped the salaries at 120% more than the school's pre-MBA pay. To the capped post-MBA salaries we then added our best estimate of the average annual year-end bonus. To calculate this, we relied on the average post-MBA salary reported by business schools in each of five world regions, and the average percentage of salary paid out as a year-end bonus to MBA graduates, according to our survey of global MBA employers for purposes of the QS TopMBA.com Jobs & Salary Trends 2014/15 report. Signing bonuses were not included in these calculations.

After combining each school's average post-MBA salary and average annual year-end bonus, we

subtracted the average pre-MBA salary to determine the post-MBA salary increase. This is the basic building block of the return portion of our return on investment calculation.

Cost Assumptions

- ⦿ **Currency** – throughout this report, all amounts are listed in US dollars to allow ease of comparison across borders and because of the relative strength and stability of this currency as a unit of measure. Most schools provided data in US\$, but data reported by schools in a currency other than US dollars were converted using the exchange rate in effect on Jan. 1, 2014.
- ⦿ **Living expenses** have not been included (the student would have incurred these whether enrolled in an MBA program or not and evidence suggest that MBA students tend to live more frugally than they would if still in employment).
- ⦿ **Tuition and financial aid** – it is assumed that all candidates paid full tuition. QS recognizes that a significant number of MBAs receive partial scholarships or financial aid, and that such aid will have a significant positive impact on both payback period and ROI.
- ⦿ **Tax** has not been taken into account in these calculations.

Salary Assumptions

- ⦿ **Salary inflation:** For the purposes of the ROI calculation, we assumed that the average pay of non-MBAs would increase at a rate of 3% per year, while the minimum expected rate of pay increase of MBAs would be 5% (this minimum post-MBA salary inflation is based on the lower range expected by MBA employers responding to our Global MBA Employer survey).
- ⦿ **Employer demand:** Evidence suggests that a school's reputation with employers positively impacts the earning potential for graduates, so we awarded a bonus of as much as 3% per year for schools that fared well in our survey of global MBA employers for the QS Global 200 Business School Report 2014/15. Those ranking in the top five globally on the employer survey received the full 3%, while those ranked 6 to 13 received 2.9%, those ranked 14 to 21 received 2.8%, and so on.
- ⦿ **Entrepreneurship:** Research has shown that MBA graduates who go on to start their own businesses earn less in the early years than those who follow a traditional MBA career path, but are likely to earn more over their lifetime. We awarded an additional bonus of up to 3% per year to salary growth, for the first 10 years, to MBA programs where a large percentage of graduates follow the entrepreneurial path. Six schools, reporting that entrepreneurs accounted for 15 to 21% of their graduating class, received the full 3%, while schools with fewer entrepreneurs were awarded smaller bonuses. Schools reporting less than 3% of their graduating class starting their own business received zero bonus.
- ⦿ **Average period to find a job:** We have assumed the average time it takes for graduates to

find a job varies between schools as a function of the percentage employed three months after graduation. The lower the percentage of class employed 3 months after graduation, the longer it is assumed the average graduate of that school will have to wait to begin to accrue positive earnings.

- ⦿ **Industry and geography of employment:** QS does have data on the variation in earnings of MBA graduates by industry and by destination of employment. However, for the purpose of simplification, we have not incorporated this data in this report. It is our intention to allow candidates to calculate personal ROIs based on their intended location and industry of work. This facility will be released at a later date, to be confirmed.

Outputs

Monthly returns are then calculated. We use a net present value calculation to convert the future income stream to 2014 US dollars using a discount rate of 2%. A net present value represents how much extra an MBA graduate can expect to earn during a given time period, above and beyond what they would likely have earned without an MBA. The following outputs are derived:

- ⦿ **10 Year NPV** – the present value of incremental earnings derived from an MBA over 10 years post-graduation.
- ⦿ **20 year NPV** – the present value of incremental earnings derived from an MBA over 20 years post-graduation.
- ⦿ **Payback Period** – The average number of months post-graduation, it takes a typical student to recoup their business school investment.

4.0 Full-Time MBA—The Employer Value

The question of an MBA's 'employer value' is an unusual one. Unlike most other higher education credentials, even other professional degrees, where value is largely determined by the knowledge and skills acquired by the student, the MBA's value is seen by many in terms of employment outcomes: the degree is worth whatever it will fetch in the labor markets. By that narrow yardstick

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Julie Coffman, Bain & Co.

the MBA has been a runaway success. From 1990 to 2012, worldwide demand for MBAs grew at an average compound growth rate of 15% a year, and in the last 15 years, MBA salaries in the mature North American and Western European markets have grown by nearly 28% to \$94,135, according to the QS TopMBA.com Jobs & Salary Trends Report.

While the degree has its share of critics, few can argue that it helps graduates accelerate their careers, shift to new industries, roles, or geographic locations, and launch or run businesses. It helps non-profits take on some of the world's most intractable problems, and it helps businesses grow and adapt.

What do employers say? Julie Coffman of Bain & Co., who spearheads the firm's efforts to recruit more female MBAs, says MBAs represent the firm's talent pipeline. "We're in this for the long haul," she said. "We're recruiting our future leaders. They're going to help create our innovative breakthroughs and our offerings. They're going to keep people motivated and excited. Ultimately we are investing in the best talent we can find in the hopes that we can continue to prosper and grow."

"We look for MBA candidates with creativity, passion, and a healthy disregard for the impossible."

Kyle Ewing, Google

Miriam Park, who heads up Amazon's MBA recruiting team, said the online retailer ramped up MBA hiring by 25% in 2014 for many of the same reasons. "We love MBAs because they're strong analytical thinkers and problem solvers," she said. "We find that MBAs thrive at Amazon because they have end-to-end ownership of projects and opportunities to solve big problems for our customers."

At Google, says Kyle Ewing, head of the tech giant's global staffing programs, "MBAs find plenty of opportunities to do cool things that matter, whether in product management, sales and finance, marketing, people operations and everything in between. While we value all levels and types of education, we look for MBA candidates with creativity, passion, and a healthy disregard for the impossible."

4.1. Salary Uplift

Salary uplift is a good indicator of how employers value the MBA. As with any investment, business school students seek a financial return in the form of higher salaries and bonuses, and virtually every MBA graduate achieves that goal. For graduates of all 46 European schools in our study, the average salary increase at graduation amounted to \$45, 500, an increase of 85%.

Among MBA graduates in Europe, the highest post-MBA pay increases were found in Switzerland (\$69,433), France (\$46,704), Spain (\$42,135) and Germany (\$46,275).

Individual schools with the biggest post-MBA salary increases, in dollar terms, were:

Salary Uplift

Top 20	%
Vlerick Business school	155%
St.Gallen MBA	150%
University of Edinburgh Business School	146%
ESMT	145%
European University	138%
HHL Leipzig GSM	127%
MIB School of Management	114%
HEC Paris MBA	112%
Durham University Business School	111%
University of Bath School of Management	110%
EMLYON Business School	110%
London Business School	107%
SDA Bocconi School of Management	99%
University of Strathclyde GSB	97%
ESIC	96%
Imperial College Business School	94%
Aston Business School	88%
Amsterdam Business School	87%
EDHEC Business School	86%
IMD	86%

4.2. Percentage Employed on Graduation

A crucial indicator of the value of the MBA is found in the employment statistics. The fact that 85% of European MBA graduates are employed 3 months after graduation is testament to the employability of MBA graduates. Bear in mind, typically around 45% of MBA graduates seek to change career either by function, industry or geography and this statistic becomes quite remarkable.

Urs Peyer, dean of INSEAD reports that, "between January and June 2014, over 120 companies were present at our campuses for recruitment purposes. Out of these, 36 were new....and 72 were from the corporate (non-service) sector, providing our graduates with more diverse employment opportunities than ever."

Europe has experienced seven years of sluggish growth and yet throughout this period (when youth unemployment has hit 50% in beleaguered countries like Greece), MBA placement figures have remained consistently above 80% with many schools reporting 90% plus figures throughout.

Employed within 3 months of graduation

Top 20	%
ESIC	100
London Business School	95
University of Bath School of Management	95
University of Edinburgh Business School	95
Mannheim Business School	94
University of Strathclyde GSB	94
Henley Business School	94
UCD Michael Smurfit GBS	93
ESADE Business School	92
Grenoble GSB	92
Bradford University School of Management	92
IE Business School	91
IESE Business School	90
Cambridge Judge Business School	90
HHL Leipzig GSM	90
INSEAD	89
EDHEC Business School	89
HEC Paris MBA	89
Durham University Business School	89
Warwick Business School	89

4.3. Fostering Entrepreneurship

It would be wrong to look at the employment value of an MBA without looking at how it fosters entrepreneurship. A drive towards entrepreneurship is a key motivation for roughly 30% of people taking an MBA and there is significant research to show that graduate entrepreneurs achieve above average earnings over their lifetime. There is also significant evidence that employers favor candidates with entrepreneurial experience or values. It is beyond the scope of this study to examine this in detail, however, QS has looked at the percentage of graduates starting their own business at graduation, for most of the sample. A technology-oriented business school, EDHEC, reports the highest percentage starting their own business (17%). The UK triumvirate of Cambridge, Oxford and Imperial also report 10% or more of their classes starting out as entrepreneurs. Indeed, the UK is home to eight of the top 20 schools producing the most entrepreneurs.

Fostering Entrepreneurship

Top 20	%
EDHEC Business School	17.0
HHL Leipzig GSM	15.0
WHU Otto Beisheim GSM	15.0
ESSEC Business School	15.0
Cambridge Judge Business School	13.0
Imperial College Business School	10.0
Saïd Business School	10.0
Rotterdam School of Management	10.0
Brunel Business School	9.0
ESMT	8.0
ESIC	7.0
Grenoble GSB	7.0
St.Gallen MBA	6.1
IE Business School	6.0
Warwick Business School	6.0
The Lisbon MBA	6.0
London Business School	5.0
INSEAD	5.0
Durham University Business School	5.0
Cranfield School of Management	5.0

5.0. MBA Tuition Costs

For individual students, the MBA is first and foremost an investment. For most students, the only comparable investment they've made before arriving on campus was the purchase of a house.

Shorter program length and lower program fees are a major attraction of European MBA programs. Program fees in Europe average \$49,413, while program fees in North America average \$76,637 – 54% more than Europe.

Switzerland has average program fees of \$63,531, compared to \$57,756 in Spain, \$51,001 in France, \$49,843 in the UK, and \$42,537 in Germany. London Business School (a two-year MBA) was the most expensive school in the sample, with total tuition costs of \$94,477.

The schools with the lowest fees in our sample were:

Program Fees

Lowest 10	\$
CEU Business School	14,760
European University	18,600
Nottingham Business School	26,103
Aston Business School	27,797
Grenoble GSB	28,485
Brunel Business School	28,875
ESIC	32,672
MIB School of Management	34,000
MIP Politecnico di Milano	35,474
ESMT	36,500

6.0. MBA vs. Specialized Master's Degrees

Comparing Salaries & More

The choices that confront a graduate business applicant these days are far more complex, and far more daunting, than they were just a few short years ago: full-time or part-time, executive, or online? Domestic or international? Which country? Which school? Which specialization? How to pay for it all?

Today, in addition to those concerns, many applicants are not limiting themselves to the MBA, but are considering instead specialized master's degrees – programs, frequently half the length of the traditional two-year MBA, designed specifically for younger applicants with little or no work experience seeking training in any number of disciplines from finance and accounting to marketing, management, risk management, business analytics and more.

These programs are becoming increasingly popular, especially in Europe and North America, where enrollment growth for specialized master's programs is outstripping that for traditional MBA programs. The Association to Advance Collegiate Schools of Business (AACSB), which accredits business schools, compared a controlled set of accredited schools that answered its surveys in 2008-09 and 2013-14, and found that worldwide enrollment growth in specialized master's programs is up 42.6%, compared to 0.7% for MBA programs in all formats. Specialized master's enrollment is up 17.8% in Asia compared to 5.3% for MBA enrollment, and 43.2% in Europe compared to 18.9%. In North America, specialized master's enrollment increased by 49.5% for the five-year period, while MBA enrollment declined by 5.4%.

According to the Graduate Management Admission Council, which publishes the GMAT business school entrance test, only 37% of one-year MBA programs worldwide reported an increase in applications for 2014, compared to 48% for the Master of Accounting, 55% for the Master of Information Technology, 58% for the Master of Management, and 65% for the Master of Marketing & Communication.

There is some evidence in Europe that full-time MBA programs are also losing out to part-time, executive, and specialist master's alternatives. In 2014, attendance by prospective applicants at QS World MBA Tour events in Europe, interested in full-time MBA programs, was down from a year earlier in; Madrid (21.9%), Rome (14.1%), Athens (11.6%), Frankfurt (6.8%), and Milan (6.5%). By contrast, the percentage of candidates in North America and Latin America expressing an interest in full-time MBA programs saw increases in almost all cities visited.

The increase in applications to specialized master's degrees reflects a growing demand for postgraduate education in general, as well as for an alternative to seeking full-time employment immediately after graduation. The value proposition of the full-time MBA, which has far more potential for increasing lifetime earnings, does require some years of work experience (typically two years minimum) and so many graduates are faced with a choice – invest in a specialist master's today, or get a job and wait for to take an MBA in a few years, or plan to do both a master's and an MBA.

To simplify this choice, one can say that specialized degrees will prepare graduates for technical roles or specific functions but tend not to develop a breadth of skills. The MBA prepares graduates for positions in senior management by cultivating both technical and soft skills, building on the maturity of the candidates.

Since MBAs have far more work experience by the time they graduate, MBA salaries at graduation are considerably higher. According to QS TopMBA.com Jobs & Salary Trends Report, MBAs earn a mean annual salary of \$91,000 in Europe and \$97,000 in the US (very similar to figures reported by GMAC). By comparison GMAC reports that specialized master's graduates earn between \$52,000 and \$57,000 in Europe and between \$63,000 and \$73,000 in the US. While either type of degree will result in a salary increase, choosing a specialized master's degree straight out of college results in a smaller increase for a longer period of time, while an MBA taken a few years later results in a much larger increase over a shorter time period.

The following tables show the salary premium that MBA graduates achieve over those with specialized master's degrees.

6.1. Comparing Salaries by Country and Industry

MBA and Specialized Master's Salaries, 2011-2014

Region	2011	2012	2013	2014
Western Europe				
MBA	\$93,111	\$85,186	\$88,803	\$91,586
Master's	\$45,664	\$49,452	\$51,222	\$45,515

Source: QS Global Employer Survey

MBA and Specialized Master's Degrees Salaries by Country, 2011-2014

Country	MBA	Specialized Master's	MBA Premium (%)
Switzerland	\$122,375	\$86,586	41%
Denmark	\$100,025	\$78,512	27%
United Kingdom	\$90,600	\$35,840	152%
Germany	\$85,875	\$64,679	33%
France	\$85,800	\$53,216	61%
Spain	\$82,525	\$33,250	148%
Italy	\$75,275	\$35,981	109%

Source: QS Global Employer Survey

MBA and Specialized Master's Degrees Salaries by Industry, 2011-2014 (Europe & North America average)

The table below compares the average salaries reported by employers to QS by industry sector, for MBA level entry compared to master's level entry.

Industry Sector	MBA	Master's
Metals & Mining	\$134,250	\$46,093
Energy	\$107,000	\$48,451
Pharmaceuticals & Biotech	\$99,200	\$52,194
Construction & Property	\$98,350	\$48,820
Financial Services & Banking	\$95,050	\$53,127
Technology	\$94,950	\$60,034
Consumer Goods	\$94,450	\$52,624
Telecommunications	\$92,750	\$47,245
IT/Computer Services	\$89,600	\$55,796
Recruitment/HR	\$88,700	\$40,738
Media & Entertainment	\$88,350	\$45,649
Consulting & Professional Services	\$88,250	\$47,228
Transportation & Distribution	\$85,850	\$46,564
Manufacturing & Engineering	\$81,550	\$52,481
Government & Nonprofit	\$80,150	\$51,868
Utilities	\$79,350	\$47,199
Travel & Hospitality	\$76,450	\$34,229
Aerospace & Defense	\$75,500	\$47,847
Retail	\$74,350	\$43,264
Education	\$72,050	\$46,251
Law	\$67,500	\$47,487

Source: QS Global Employer Survey

6.2. Comparing the MBA & Master's Value Proposition

The opportunities for MBAs are more extensive than those for specialized master's graduates. In GMAC's 2014 survey of corporate recruiters, 80% of the employers said they planned to hire MBAs that year, up from 73% a year earlier. By contrast, demand for specialized master's graduates, while also on the rise, was lower: only 44% of employers had plans to hire finance graduates, 45% for accounting graduates, and 50% for master's graduates in management.

So where does the MBA value proposition come from? Part of it is surely work experience. QS research shows that recruiters prefer candidates with 3 to 8 years of experience to those with less than 3 years, 57% to 33% –figures that have held steady for at least four years. Interestingly, when GMAC tallied the percentage of students with early job offers it found little difference between those returning to their pre-MBA industries and those seeking positions in a new one. While the pay for these inexperienced career switchers was no doubt less, the findings strongly suggest that employers believe MBA programs add significant value and are willing to act on that belief by making offers to graduates despite a lack of experience in that industry.

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At ESADE, which offers an MBA as well as specialized degrees in marketing, finance, international management, and innovation and entrepreneurship, applications to the MBA program have gone through a series of ups and downs since the global financial crisis in 2008, but applications to the specialized degrees have seen a steady increase for the last five years. Iain McLoughlin, director of career services at the school says starting salaries for specialized master's graduates are less than

“Our Master of Finance students are very focused on the program. In terms of intensity it’s a little more intense than the MBA. They have to study day and night.”

Martin Boehm, IE Business School

those for MBAs, reflecting the difference in experience. But the MBA also prepares students for more senior positions. “The full-time MBA is regarded for its success in shaping resilient business leaders, capable of generating positive impact and adapting to organizations across many sectors,” he said. “Graduates from the MBA program eventually go on to work in senior positions across a wide range of sectors and industries around the world.”

One thing that separates full-time MBA programs from specialized master's degrees is participation in the kind of extracurricular bonding experiences that result in deep attachments between students. At IE Business School in Madrid, which has three specialized finance programs running from 10 to 14 months, students study securitization, commodities, derivatives, leveraged buyouts, and even Islamic finance, while prep classes for the Chartered Financial Analyst credential are mandatory. Martin Boehm, IE's dean of programs, says the curriculum leaves little time for anything else. “Our Master of Finance students are very focused on the program,” he said. “In terms of intensity it’s a little more intense than the MBA. They have to study day and night.” Soft skills and socialization skills are more a focus of the MBA program.

“The full-time MBA is regarded for its success in shaping resilient business leaders, capable of generating positive impact and adapting to organizations across many sectors.”

Iain McLoughlin, director of career services at ESADE

Unlike MBAs, students in specialized master's programs are less likely to seek a career change, and more likely to seek advancement within their existing industry, or even at the same company, a fact that results in a different approach to networking. Students in specialized master's programs do, in fact, develop networks – in some cases even global networks – but they are narrowly focused on specific industries or functions, such as finance, risk management, or business analytics. “Students in the full-time MBA program as well as in the MS programs develop networks,” says Roy Lee, assistant dean of global programs at New York University's Stern School of Business. “But the character of the networks is different.”

Another thing that sets MBA programs apart are internships. The internship is an established talent pipeline from schools to companies, particularly important for career switchers or those with little or no experience in their target industry. Of the employers surveyed by GMAC in 2014, 57% employed MBA interns, and 76% of those went on to hire one or more interns for full-time jobs. Only 29% of employers had non-MBA business master's students as interns, and of those only 68% hired one or more interns for full-time work. That means that about 43% of employers hired MBA interns for permanent positions, while only 20% hired non-MBA interns. Sheryle Dirks, associate dean for career management at Duke University's Fuqua School of Business, says internships help employers determine if the student is a good fit before committing to an offer, adding that interns serve as 'natural ambassadors' for the employer back on campus and can assist in recruiting. "An MBA intern offers benefits to an employer that pay off in both the short and long term," she says. "A talented MBA brings fresh eyes and an extra set of hands to immediate business challenges and can productively move forward projects that might otherwise be left undone. In the process, company leaders see the student in action for several months, which provides a more in-depth 'test drive' than a traditional hiring process."

Finally, while a specialized degree leads to technical roles that might be off-limits to most MBAs, the fact is an MBA specialization can open those doors as well. But the reverse isn't true: a graduate with a specialized degree would likely need to return to school for an MBA to qualify for a general management position, particularly in senior or executive roles.

At General Electric's prestigious Experienced Commercial Leadership Program, a training program for the company's future sales and marketing leaders, about 60% of the 88 graduates hired in 2014 had MBAs, compared to 40% with technical master's degrees, according to Heather Giese, who runs the program. Different GE businesses prefer different candidates, with the financial services unit, GE Capital, preferring MBAs, and the GE Aviation and GE Power & Water units preferring those with more technical master's. "ECLP was designed to be our experienced sales and marketing leadership talent pipeline," Giese said. "So bringing external thought leaders and new world skills gained from five to eight years of industry experience and master's programs was a key parameter needed to satisfy our unmet hiring needs internally."

7.0. Full Time MBA Return on Investment in Europe

MBA students in Europe pay less for their degrees, have similar post-MBA salaries, recoup their business school investment faster than their counterparts in every other world region. This means a great return on investment, although schools in other parts of the world may see lifetime salaries grow more rapidly if regional differentials in economic growth persist.

7.1. Payback period

European MBA graduates enjoy remarkably fast payback periods.

Since graduates of one-year programs forgo only half the salary that graduates of two-year programs do – and begin earning their higher post-MBA salary a year earlier – their business school investment is smaller and their return tends to be quicker.

As for salaries at graduation, European MBA graduates do well. For all of Europe the average is \$91,478, an increase of \$45,798 or 85% over pre-MBA pay. The average salaries easily top \$100,000 at nine schools in Spain, France, Germany, Switzerland, Italy and the UK. Among the highest are Switzerland's IMD (\$131,566) and University of St. Gallen (\$130,000), France's INSEAD (\$120,563), London Business School in the UK (\$118,650) and Spain's IESE Business School (\$114,770).

The high salaries allow European MBA graduates to recoup their business school investment in just 30 months on average. The quickest payback period is in Germany (23 months) followed by France (28 months) and Spain (28 months), but individual schools easily top even that.

Shortest Payback Period

Top 20	Months
ESIC	15
University of Bath School of Management	16
University of Edinburgh Business School	17
University of Strathclyde GSB	17
Mannheim Business School	19
Durham University Business School	20
ESMT	21
HHL Leipzig GSM	21
EDHEC Business School	21
European University	23
HEC Paris MBA	23
EMLYON Business School	24
UCD Michael Smurfit GBS	24
Amsterdam Business School	25
Bradford University School of Management	25
Grenoble GSB	25
St.Gallen MBA	26
MIB School of Management	26
Warwick Business School	26
INSEAD	26

7.2. 10 Year ROI

Over 10 years, the return on a European MBA totals \$673,446. The best 10-year ROI in Europe was in Switzerland, where IMD and St. Gallen averaged an ROI of just over a million dollars. Only INSEAD, outside of Switzerland, could match this.

EDHEC and Mannheim performed well because they have lower than average course fees, but above average salaries on graduation. EDHEC also graduates 17% of its MBA class into entrepreneurial pursuits. There are eight schools from the UK within the top 20 business schools for 10 Year ROI:

10 year ROI

Top 20	\$
INSEAD	\$1,057,213
St.Gallen MBA	\$1,045,078
IMD	\$1,034,319
EDHEC Business School	\$966,044
Mannheim Business School	\$939,005
London Business School	\$914,945
IE Business School	\$903,006
ESIC	\$884,806
Imperial College Business School	\$857,646
HEC Paris MBA	\$847,333
IESE Business School	\$822,274
University of Strathclyde GSB	\$811,490
University of Edinburgh Business School	\$801,987
University of Bath SOM	\$801,885
Saïd Business School	\$790,194
SDA Bocconi School of Management	\$767,229
Durham University Business School	\$760,318
EMLYON Business School	\$742,320
Cranfield School of Management	\$737,739
Cambridge Judge Business School	\$732,272

7.3. 20 Year ROI

At the 20-year mark, European MBAs had an average ROI of \$2.9m, with Switzerland (\$4.5m) taking top spot. QS cannot claim precision in producing a 20 year ROI. Any assumptions, however informed, are going to be subject to change over the longer the period of analysis. An improved economic outlook in Europe might increase these returns or a sustained recession might dampen them. Nevertheless, this longer term perspective is useful because it demonstrates, in our opinion, a good estimate of the average real lifetime value of MBAs being produced by these schools, allowing perhaps a 20% margin of error.

20 year ROI

Top 20	\$
IE Business School	\$4,789,686
IESE Business School	\$4,682,834
IMD	\$4,666,907
INSEAD	\$4,637,080
St.Gallen MBA	\$4,505,904
EDHEC Business School	\$4,466,108
London Business School	\$4,242,608
ESIC	\$4,048,159
Imperial College Business School	\$3,890,791
Saïd Business School	\$3,884,130
Cambridge Judge Business School	\$3,799,816
ESADE Business School	\$3,676,813
HEC Paris MBA	\$3,544,514
Mannheim Business School	\$3,489,969
Rotterdam School of Management	\$3,457,669
Cranfield School of Management	\$3,205,869
SDA Bocconi School of Management	\$3,124,669
WHU Otto Beisheim GSM	\$3,088,869
Copenhagen Business School	\$3,081,461
Warwick Business School	\$3,045,161

7.4. Table of Return on Investment

Institution Name	Country	Avg Pre Salary	Avg Grad Salary	Salary Uplift %	Employed within 3 months	Total Programme fees \$	Program Duration	Proportion of class starting own business	Payback Month from Enrollment	Payback Month from Graduation	10 Year NPV (\$'m)	20 Year NPV (\$'m)
Vlerick Business school	BE	36,500	93,000	155%	65	48,582	12	<3% or N/A	47	35	\$0.54	\$2.12
Copenhagen Business School	DK	57,194	90,000	57%	80	58,292	12	<3% or N/A	50	38	\$0.61	\$3.08
EDHEC Business School	FR	72,961	111,713	53%	89	55,283	10	17.0	31	21	\$0.97	\$4.47
EMLYON Business School	FR	45,000	94,354	110%	83	40,235	12	5.0	36	24	\$0.74	\$2.77
ESSEC Business School	FR	45,000	76,000	69%	60	51,500	12	15.0	61	49	\$0.49	\$2.89
Grenoble GSB	FR	51,677	84,706	64%	92	28,485	15	7.0	40	25	\$0.62	\$2.76
HEC Paris MBA	FR	45,033	95,600	112%	89	59,520	12	3.0	35	23	\$0.85	\$3.54
INSEAD	FR	71,000	120,563	70%	89	70,981	10	5.0	36	26	\$1.06	\$4.64
ESMT	DE	36,600	89,500	145%	85	36,500	12	8.0	33	21	\$0.63	\$2.09
HHL Leipzig GSM	DE	35,300	80,000	127%	90	39,585	15	15.0	36	21	\$0.71	\$2.75
Mannheim Business School	DE	62,000	114,500	85%	94	45,003	12	<3% or N/A	31	19	\$0.94	\$3.49
WHU Otto Beisheim GSM	DE	55,000	90,000	64%	85	42,000	15	15.0	45	30	\$0.67	\$3.09
CEU Business School	HU	35,000	63,500	81%	77	14,760	11	<3% or N/A	42	31	\$0.39	\$1.39
UCD Michael Smurfit GBS	IE	49,213	78,286	59%	93	40,000	12	<3% or N/A	36	24	\$0.57	\$2.32
MIB School of Management	IT	35,000	75,000	114%	80	34,000	12	<3% or N/A	38	26	\$0.50	\$1.61
MIP Politecnico di Milano	IT	45,000	77,139	71%	72	35,474	14	5.0	55	41	\$0.45	\$2.00
SDA Bocconi School of Management	IT	49,300	98,076	99%	85	63,319	12	<3% or N/A	39	27	\$0.77	\$3.12
Amsterdam Business School	NL	45,000	84,000	87%	88	38,705	12	<3% or N/A	37	25	\$0.62	\$2.37
Rotterdam School of Management	NL	52,000	88,124	69%	80	55,000	12	10.0	44	32	\$0.71	\$3.46
The Lisbon MBA	PT	42,500	53,132	25%	83	45,003	12	6.0	64	52	\$0.24	\$1.39
EADA	ES	56,000	90,483	62%	85	44,000	11	<3% or N/A	38	27	\$0.63	\$2.76
ESADE Business School	ES	61,000	92,210	51%	92	78,449	18	<3% or N/A	55	37	\$0.62	\$3.68
ESIC	ES	47,500	93,000	96%	100	32,672	11	7.0	26	15	\$0.88	\$4.05
European University	ES	40,000	95,300	138%	75	18,600	12	<3% or N/A	35	23	\$0.68	\$2.78
IE Business School	ES	56,257	97,973	74%	91	81,885	13	6.0	40	27	\$0.90	\$4.79
IESE Business School	ES	70,169	114,770	64%	90	90,927	19	<3% or N/A	56	37	\$0.82	\$4.68
IMD	CH	70,700	131,566	86%	78	67,061	11	<3% or N/A	41	30	\$1.03	\$4.67
St.Gallen MBA	CH	52,000	130,000	150%	82	60,000	12	6.1	38	26	\$1.05	\$4.51
Aston Business School	UK	40,000	75,000	88%	N/A	27,797	12	<3% or N/A	42	30	\$0.49	\$1.84
Bradford University School of Management	UK	45,000	75,000	67%	92	38,592	12	<3% or N/A	37	25	\$0.45	\$1.67
Brunel Business School	UK	49,603	60,037	21%	48	28,875	12	9.0	102	90	\$0.08	\$0.84
Cambridge Judge Business School	UK	69,000	97,000	41%	90	68,104	12	13.0	48	36	\$0.73	\$3.80
Cass Business School	UK	60,000	99,535	66%	85	60,610	12	<3% or N/A	41	29	\$0.66	\$2.83
Cranfield School of Management	UK	54,500	99,592	83%	83	57,050	13	5.0	41	28	\$0.74	\$3.21
Durham University Business School	UK	44,000	92,650	111%	89	42,000	12	5.0	32	20	\$0.76	\$2.81
Henley Business School	UK	68,640	85,800	25%	94	39,000	12	<3% or N/A	48	36	\$0.44	\$2.02
Imperial College Business School	UK	50,000	97,000	94%	84	65,691	12	10.0	40	28	\$0.86	\$3.89
London Business School	UK	57,300	118,650	107%	95	94,477	21	5.0	54	26	\$0.91	\$4.24
Manchester Business School	UK	44,261	80,240	81%	73	55,892	18	5.0	62	44	\$0.44	\$2.32
Nottingham Business School	UK	41,000	60,000	46%	N/A	26,103	12	<3% or N/A	54	42	\$0.25	\$1.02
Nottingham University Business School	UK	45,000	82,056	82%	86	37,000	12	<3% or N/A	39	27	\$0.58	\$2.26
Saïd Business School	UK	58,000	99,734	72%	80	77,014	12	10.0	46	34	\$0.79	\$3.88
University of Bath School of Management	UK	48,790	102,630	110%	95	44,700	12	<3% or N/A	28	16	\$0.80	\$2.52
University of Edinburgh Business School	UK	40,000	98,500	146%	95	45,000	12	<3% or N/A	29	17	\$0.80	\$2.89
University of Strathclyde GSB	UK	50,000	98,710	97%	94	40,000	12	<3% or N/A	29	17	\$0.81	\$2.84
Warwick Business School	UK	50,685	88,305	74%	89	49,277	12	6.0	38	26	\$0.69	\$3.05

1. All data has been provided by the individual schools listed or obtained from publicly available sources. QS has conducted extensive research to validate the data using third party sources and has also communicated directly with each school as part of this verification process.
2. QS has made best efforts to ensure a standard exchange rate has been applied when converting currency but cannot guarantee that schools have always adopted the Dollar rate as of 1st January 2014
3. Assumptions underlying the calculations of 10 year and 20 year ROI are listed in the methodology section of this report. This methodology is a pilot approach and QS will gather feedback and evolve the methodology in future editions.

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8.0. Conclusion

This report set out to respond to MBA applicant demand for clarity on the financial return which is likely to be achieved by taking a full-time MBA at a recognized European business school.

Employers value the full-time MBA more than any other postgraduate business qualification. The average salary for a European MBA graduate is \$91,586, compared to \$45,500 for a master's graduate. The MBA salary uplift averaged 84% across the region, and the payback period for the 46 schools in our study was 30 months.

Over the course of a career, this post-MBA salary increase adds up. The average ROI among European programs is \$0.67 million over 10 years and \$2.9 million over 20. A full-time MBA yields a 20 year ROI of between \$1.8 and \$4.6m across 40 of the schools studied in this sample.

This is a healthy picture.



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