From master to apprentice

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The emergence of a strange new qualification: the MBA apprenticeship

AT 42 and as the chief lawyer for an investment firm, Michael Bennett makes an unusual apprentice. He is studying for a part-time MBA at Aston Business School in Birmingham, funded by his firm. The course—an MBA apprenticeship—is far removed from most apprenticeships, which tend to provide a path into a first job through in-work training. The qualification, which is increasingly popular, is a surprising consequence of the apprenticeship levy, a policy designed to make companies invest more in training.

Organisations with wage bills of more than £3m ($4m) a year pay a 0.5% tax on salaries. The money is held in an online account, and can be spent by the employer on a government-approved apprenticeship of its choice over the next two years, after which leftover cash is lost. A year in, thanks to a combination of excessive bureaucracy and slow adjustment, 92% remains unspent. The government’s promise to create 3m new apprenticeships from 2015 to 2020 looks chimerical.

Business schools, many of which have struggled since the financial crisis in 2008, scent an opportunity. As Tim Sellick of Henley Business School puts it, firms are not spending the levy, “so why not send someone on an MBA?” A survey last year found that 41% of the Chartered Association of Business Schools’ members plan to offer the qualification. Although it comes with a few extra demands—such as time off to study and end-of-course tests—schools report making only minor tweaks to existing part-time MBA courses. That makes it easy to introduce such courses, meaning apprentices could soon make up a big chunk of their student body. Mr Sellick predicts that within three years a third of those studying at Henley could be apprentices.

University officials say this ought to be good for the economy. One big survey suggests that British workers have lower opinions of their bosses than those in America, Germany and Japan; bad management may be part of the reason for Britain’s poor productivity. Apprenticeships could prod businesses away from the idea of the “gifted amateur”, says Caroline Elliott of Aston Business School.

But sceptics fret that MBA courses distort the purpose of apprenticeships. At Aston Business School, all the MBA apprentices have been sent by their existing employers. There may be a case for subsidising executive education, but funding it with money for apprenticeships is odd, says Ewart Keep of Oxford University. “Ministers were fairly naïve about how businesses would react.” Moreover, those employers that are too small to pay the levy receive a 90% government subsidy towards the MBA, up to a limit of £18,000. (Some schools charge extra on top of this.)

If government support for the programme remains, growth is likely to be fast. But business schools might be well advised not to become too reliant on this funding. Politicians like to emphasise the importance of apprenticeships when their beneficiaries are plucky young school-leavers. Whether there is widespread support for subsidised MBAs remains to be seen.