

The Value of an MBA viewed as a Portfolio Of Options

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New MBA value propositions must contend with the opportunity cost of an MBA

Asia School of Business



Experiential Learning

- Action Learning
- Integrative Management Lab
- Impact Lab: Managing Across Borders

Flexible Credentials

- ACE (Agile Continuous Education) provides learners optionality to:
 - Abandon
 - Continue
 - Enhance

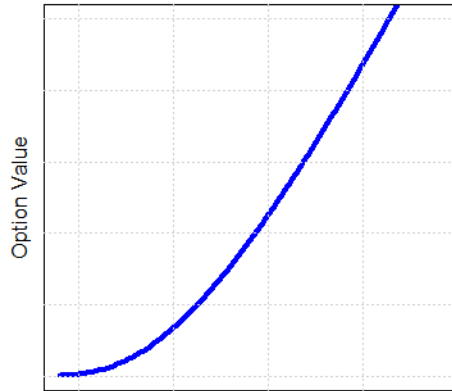
Tagline: “Integrative International Business from Asia, for the World”
Ethos: “Global Inquiry, Local Heart”

Opportunity Cost

- Professionals contend with:
 - Loss of income during the MBA
 - Cost of tuition for an MBA
 - The lack of a guaranteed post-MBA job

Use Real Options Analysis to value different elements of an MBA under uncertainty

Experiential Learning (Long Call)

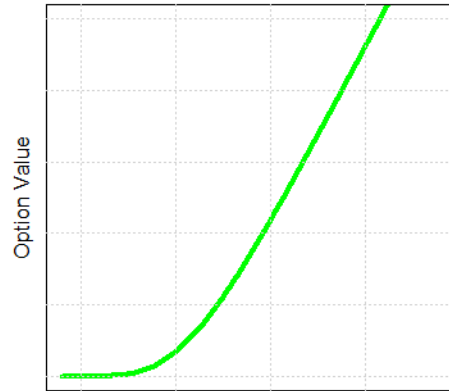


Generalized Uncertainty Index

Academic jobs ↔ Technological jobs

Uncertainty here captures the frequency of changes in a job/industry – high for jobs with shifts in technology, minimal in academia!

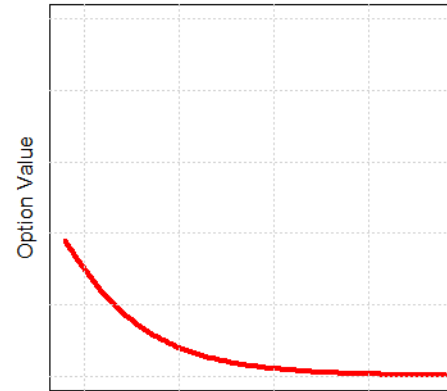
Flexible Credentials (Long Call)



Generalized Uncertainty Index

Uncertainty incentivizes having the option to pursue the MBA opportunity that works best for you

Opportunity Cost (Long Put)

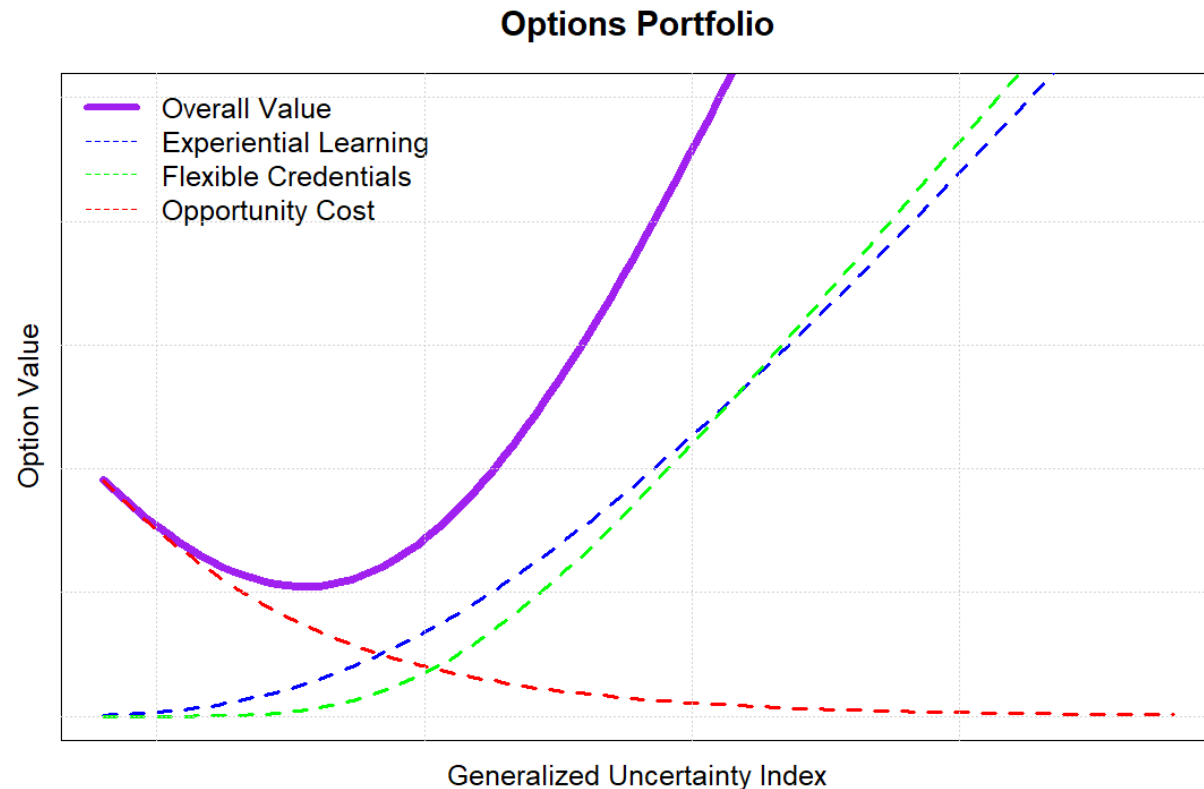


Generalized Uncertainty Index

Uncertainty de-incentivizes leaving a job for an MBA

- Treat each element as an option whose value is a function of different dimensions of uncertainty
- Generalized Uncertainty Index captures general risk and uncertainty, including but not limited to:
 - VIX
 - Trade uncertainty
 - Geopolitical risk

Use a Portfolio of Options to consider the full value of an MBA under uncertainty



- Superposition of the options yields new MBA value propositions can counteract the opportunity cost of pursuing an MBA if designed well
- Don't think about the value of an MBA through the plain-vanilla capital budgeting lens – think of it as a **portfolio of options!**