

2008 Corporate Recruiters Survey—UK Regional Outlook

Introduction

This paper focuses on MBA hiring patterns and is intended for readers who are familiar with the GMAC® 2008 Corporate Recruiters Survey Report series¹. Data presented in this publication are a summary of responses from 52 participating MBA employers who work for companies that are located in the United Kingdom—a small fraction of the 2,307 participants from companies around the globe. Surveyed employers in the United Kingdom may not be representative of all UK employers that hire graduating business students. For example, UK companies from the manufacturing and energy or the utility sectors did not participate in the survey. In conjunction with the overall conclusions found in the main report series, this paper aims to provide local-level information that is best interpreted with the knowledge of local markets. For the purposes of this publication, Switzerland and Turkey are combined with the 27 countries that are members of the European Union (EU).

Key Findings

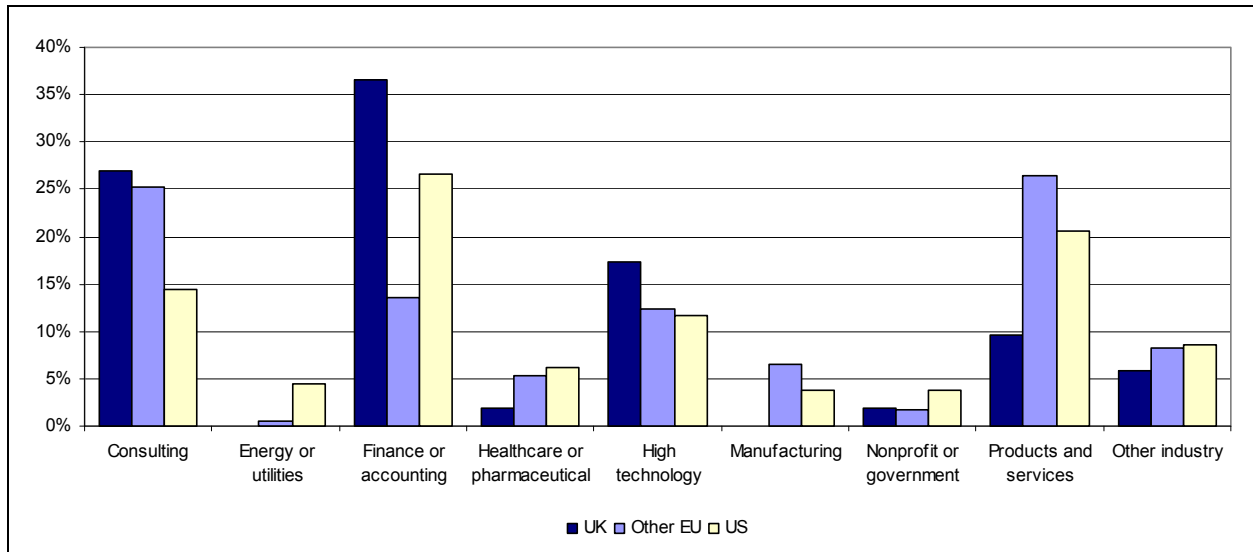
- Most MBA hiring patterns—for example, the likelihood of hiring MBA graduates, recruiting strategies, and compensation approach—in the United Kingdom are similar to those in the United States but are significantly different from patterns in other countries of the European Union.
- Finance and accounting (37%), consulting (27%), and high technology firms (17%) account for the majority of UK participants. Participating companies in the United Kingdom are larger, on average, compared with those in the United States and in other EU countries.
- Companies in the United Kingdom typically require more work experience from MBA graduates; however, they do offer much better compensation. Employers expect that the 2008 total annual compensation for MBA graduates in the United Kingdom will be \$156,475, on average, which is 49% higher than compensation offered in the United States and 66% higher than compensation in other EU countries.
- Business development (41%) seems to be a job area with the greatest demand for MBA graduates in the United Kingdom. The vast majority of participating UK firms (86%) hope to fill mid-level positions with recent MBA graduates.
- Employers in the United Kingdom (30%) appear to be more open than those in other regions (12%–13%) towards hiring graduates from online MBA programs.
- Of those that hire MBAs in the United Kingdom, more than two-thirds (67%) actively seek MBA talent by sustaining a formal recruitment program, recruiting on a planned periodic basis, or conducting on-campus recruitment.

¹ 2008 Corporate Recruiters Survey Report and 2008 Corporate Recruiters General Data Report are available at www.gmac.com/surveys.

Employer Profile

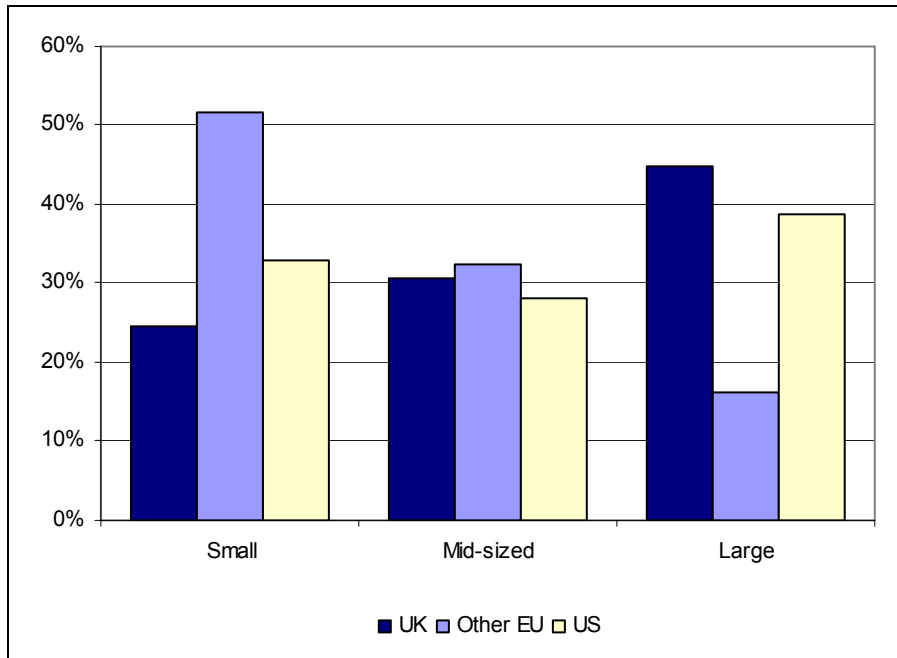
The profile of participating employers from the United Kingdom is significantly different from those in other parts of the European Union and the United States both in represented industries and company size (Figure 2). For example, London recently appeared to be very close to winning the title of “financial capital of the world” over New York City², and there is a significantly higher proportion of firms in finance and accounting among UK respondents, : 37% of UK respondents represented such firms compared with 27% among U.S. respondents or 14% among respondents in other areas of the European Union (Figure 1). All in all, finance and accounting, consulting, and high technology companies make up 81% of participating businesses in the United Kingdom. In addition, UK firms that participated in the survey are generally larger (45%) than companies in the United States (39%) or other EU locations (16%; Figure 2).

Figure 1: Industries Represented—the UK, the Rest of the EU, and the U.S.



² Francesco Guerrera (2008, September 9). London ties with New York in finance ranking. Financial Times, 6. Retrieved September 11, 2008, from ABI/INFORM Global database. (Document ID: 1551096701).

Figure 2: Company Size Represented—the UK, the Rest of the EU, and the U.S.



Recruiting Plans and Compensation

In 2007, proportionally more participating employers in the United Kingdom (82%) than in the United States (67%) or the rest of the EU (39%) hired recent MBA graduates (Table 1). Although slightly more UK companies planned to hire graduating MBAs in 2008 (85%) than were hired in 2007 (82%), employers expected that the number of new hires per hiring company will marginally decrease, by 3%.

Table 1. Categories of Candidates Companies Hired in 2007 and Plan to Hire in 2008, by Location

	UK (n = 34)		Other EU (n = 110)		U.S. (n = 1,201)	
	2007	2008	2007	2008	2007	2008
Recent MBA graduates	82%	85%	39%	52%	67%	72%
Average number of hires per company (#) ^a	15.6	15.1	5.2	6.4	12.2	14.0
Recent MSc in business or management graduates	35%	32%	49%	47%	14%	16%
Other specialized master's in business graduates	41%	47%	47%	46%	28%	31%
Graduates from disciplines other than business	47%	38%	54%	53%	35%	36%
Recent graduates with a bachelor's degree	53%	53%	55%	50%	53%	54%
Experienced direct-from-industry hires	38%	44%	48%	48%	47%	50%
Did not hire or plan to hire any of the above candidates	6%	3%	6%	10%	8%	4%

^a. (UK and other EU, 2007–2008) The mean difference is not statistically significant.

In 2007, the overall proportion of new hires with MBA degrees was similar for participating UK (20%) and U.S. (22%) firms; however, UK employers seemed to prefer more seasoned MBAs (Table 2). Plus, a significantly larger proportion of recent MBA graduates hired by UK companies (38%) required additional legal documents prior to employment, which implies that UK companies, unlike their EU and U.S. counterparts, were more likely to recruit MBAs from an international talent pool.

	UK (n = 34)	Other EU (n = 53)	U.S. (n = 872)
Direct-from-industry hires	39%	38%	47%
Hold MBA degree ^a	17%	3%	12%
MBA graduate hires	13%	2%	16%
Required additional legal documents (e.g., visa, work permit, etc.) ^b	38%	7%	15%
Were interns at the hiring company	43%	33%	38%
All 2007 hires with MBA degree	20%	3%	22%

^a F = 14.954; df₁ = 2; df₂ = 162; p < .05. Bonferroni test showed statistically significant differences, α = 0.05, between the UK and the rest of the EU and the UK and the US

^b F = 19.853; df₁ = 2; df₂ = 316; p < .05. Bonferroni test showed statistically significant differences, α = 0.05, between the UK and the rest of the EU and the UK and the US

Expected Compensation for Recent MBA Graduate Hires in 2008

The 2008 total annual compensation for recent MBA graduates in the United Kingdom, including average starting salary, was expected to be significantly greater than that offered in the United States and other EU countries (Table 3). In determining MBA graduate compensation, UK companies appeared to be more reliant on additional incentives than firms in other regions—base salary accounted for a smaller proportion of the total compensation in the United Kingdom than in other countries of the European Union or in the United States. Half of the participating employers in the United Kingdom (54%) plan to offer a signing bonus to new MBA graduate hires, a far greater percentage than the 10% reported for other EU countries. In addition, recent MBA graduates in the United Kingdom are more likely to receive a year-end bonus (57%) compared with those in the United States (39%) and the rest of the European Union (36%). Plus, graduates are more likely to receive a first-year bonus in the United Kingdom—36% of employers in the United Kingdom plan to offer first-year bonuses, compared with 25% of employers in the United States and 14% of employers in other EU countries. Furthermore, UK employers (61%) are equally as likely as U.S. employers (60%) to offer moving allowances to newly hired MBA graduates. Only 24% of other EU employers had such plans for the compensation of moving expenses.

	UK (n = 18)	Other EU (n = 23)	U.S. (n = 471)
Total compensation, in U.S. dollars			
Mean ^a (\$)	\$156,475	\$94,239	\$105,346
Median (\$)	\$153,894	\$96,678	\$100,000
Base salary			
Mean ^b (\$)	\$112,474	\$78,449	\$85,581
Median (\$)	\$118,340	\$81,804	\$90,000
Selected additional compensation			
Signing or starting bonus ^c (%)	54%	10%	61%
Year-end bonus	57%	36%	39%
First-year bonus ^d	36%	14%	25%
Moving allowance ^e	61%	24%	60%

^a. F = 20.969; df₁ = 2; df₂ = 507; p < .05. Bonferroni test showed statistically significant differences, $\alpha = 0.05$, between the UK and the rest of the EU and the UK and the US

^b. F = 16.717; df₁ = 2; df₂ = 509; p < .05. Bonferroni test showed statistically significant differences, $\alpha = 0.05$, between the UK and the rest of the EU and the UK and the US

^c. $\chi^2 = 54.872$; df = 2; p < .05.

^d. $\chi^2 = 6.071$; df = 2; p < .05.

^e. $\chi^2 = 30.198$; df = 2; p < .05.

Although MBA salaries in the United Kingdom may be higher than in other regions, a greater proportion of participants from the United Kingdom (31%) had no plans to change the annual base salary offered to MBA graduate hires in 2008 compared with 2007 (Table 4).

	UK (n = 26)	Other EU (n = 33)	U.S. (n = 644)
Increase above the level of inflation	19%	42%	17%
Increase at the level of inflation	50%	42%	57%
No change	31%	15%	25%
Decrease	—	—	1%
Total	100%	100%	100%
Increase	69%	85%	74%
No change	31%	15%	25%
Decrease	—	—	1%
Total	100%	100%	100%

^a. $\chi^2 = 15.303$; df = 6; p < .05.

MBA Jobs

As expected, the unique profile of UK companies led to hiring needs that differed from those of other areas. For example, whereas consulting (40%) tops available jobs in other EU countries in 2008 and finance other than investment banking (46%) tops jobs in the United States, business development (41%) is expected to be the top job area for recent MBA graduates in the United Kingdom (Table 5). Furthermore, despite the greater proportion of finance and accounting firms among UK respondents, job availability in accounting is significantly less in 2008 for MBA graduates in the United Kingdom (7%) than in other European countries (12%) or the United States (27%). However, there are significantly more opportunities in investment banking (35%) in the United Kingdom compared with those in the United States (17%) and the rest of Europe (14%). The clear emphasis on investment banking among other financial areas distinguished the United Kingdom from both the European Union and the United States.

Table 5. Job Areas for Which Employers Plan to Hire Recent MBA Graduates in 2008, by Location			
	UK (n = 29)	Other EU (n = 57)	U.S. (n = 872)
Accounting ^a	7%	12%	27%
Consulting ^b	31%	40%	24%
Business development	41%	35%	31%
Investment banking ^c	35%	14%	17%
Finance other than investment banking ^d	28%	25%	46%
General management	14%	25%	30%
HR or organization management	3%	7%	15%
Information technology or MIS ^e	7%	5%	16%
Marketing or sales	35%	39%	40%
Operations and logistics	24%	18%	26%
Other job areas	—	5%	7%
^{a.} $\chi^2 = 11.375$; df = 2; p < .05. ^{b.} $\chi^2 = 8.326$; df = 2; p < .05. ^{c.} $\chi^2 = 6.718$; df = 2; p < .05. ^{d.} $\chi^2 = 13.147$; df = 2; p < .05. ^{e.} $\chi^2 = 6.754$; df = 2; p < .05.			

The vast majority of participating UK employers (86%)—far more than in the United States and the rest of the European Union—seek graduating MBAs for mid-level positions (Table 6). No UK firms reported hiring freshly graduated MBAs for executive-level positions.

Table 6. Job Levels for Which Employers Plan to Hire Recent MBA Graduates in 2008, by Location			
	UK (n = 29)	Other EU (n = 57)	U.S. (n = 872)
Entry level ^a	21%	39%	52%
Mid-level ^b	86%	58%	67%
Senior level ^c	10%	35%	13%
Executive level ^d	—	14%	4%
^{a.} $\chi^2 = 8.326$; df = 2; p < .05. ^{b.} $\chi^2 = 7.016$; df = 2; p < .05. ^{c.} $\chi^2 = 21.539$; df = 2; p < .05. ^{d.} $\chi^2 = 12.933$; df = 2; p < .05.			

Work experience requirements for MBAs in the United Kingdom appear to be more stringent than in the United States and other EU countries. UK employers look for four years of work experience, on average (Table 7). Furthermore, only 3% of UK respondents reported they might hire recent MBA graduates with no work experience, whereas nearly a quarter of employers (23%) prefer graduates with more than five years of work experience.

Table 7. Years of Work Experience Employers Seek in Recent Graduates, by Location^a			
	UK (n = 30)	Other EU (n = 68)	U.S. (n = 952)
No work experience	3%	22%	10%
1–3 years	23%	43%	41%
4–5 years	50%	25%	45%
More than 5 years	23%	10%	4%
Total	100%	100%	100%
Mean ^b	4.3	2.9	3.4
Median	4.0	3.0	3.0
^{a.} $\chi^2 = 42.733$; df = 6; p < .05. ^{b.} F = 6.623; df ₁ = 2; df ₂ = 1,046; p < .05. Bonferroni test showed statistically significant differences, $\alpha = 0.05$, between the UK and the rest of the EU and the UK and the U.S.			

Overall, UK employers appear to be more open towards hiring graduates from online MBA programs. Three in 10 UK respondents (30%) are willing to consider graduates from these programs—more than twice the percentage in other regions (Table 8). Perhaps, UK employers have a more positive perception of MBA graduates from online programs as a result of the United Kingdom’s leading position in delivering online and distance-learning MBA programs, for instance some UK schools hold triple accreditations for their admission and learning standards.

	UK (n = 30)	Other EU (n = 68)	U.S. (n = 952)
Part-time	40%	38%	45%
Executive	53%	44%	39%
Online ^a	30%	13%	12%
None of the above (full-time only)	40%	38%	43%

^a. $\chi^2 = 8.793$; df = 2; p < .05.

Whereas nearly two-thirds (61%) of employers in other EU countries recruit MBA graduates on an as-needed basis, close to 70% of UK employers—similar to the percentage in the United States—actively seek MBA talent (Table 9). No significant differences were revealed among the regions in the proportion of on-campus recruitment used by companies that go on campus.

	UK (n = 30)	Other EU (n = 66)	U.S. (n = 943)
We actively recruit MBAs	67%	30%	69%
We recruit MBAs on an informal, as-needed basis	27%	61%	23%
We consider graduating MBAs, but do not actively recruit them	7%	9%	8%
Total	100%	100%	100%

^a. $\chi^2 = 50.094$; df = 4; p < .05.

Conclusion

UK employers that work with business schools seemed intent on hiring MBA graduates rather than graduates with other degrees in business. They were more likely to hire graduating MBAs from an international talent pool in comparison with employers in the United States and the rest of the European Union. Employers in the United Kingdom were more likely than in other world regions to hire MBAs for investment banking. The average starting salary and total annual compensation for recent MBA graduates in the United Kingdom was reported to be significantly higher than in other EU countries or the United States.

Findings presented in this paper are based on analysis of the 2008 GMAC Corporate Recruiters Survey data. For questions or comments regarding the study findings, methodology, or data, please contact the GMAC Research and Development department at research@gmac.com.

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