

2009 Corporate Recruiters Survey—Canadian Regional Outlook

Introduction

This paper is derived from the GMAC 2009 *Corporate Recruiters Survey Report* series¹, which focuses on graduate business student hiring patterns. It is intended for readers who are familiar with these reports. Data presented in this publication are a summary of responses from 68 companies located in Canada that participated in our *Corporate Recruiters Survey*. These employers recruit graduating students from MBA and other master's-level programs in business or management and represent a small fraction of the 2,825-respondent sample of companies worldwide that took part in this year's survey. Surveyed employers in Canada may not be representative of all Canadian employers that hire graduating business students. 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 Canadian markets.

Key Findings

- Respondents reported that 14% of their 2008 hires—recent graduates and experienced candidates—held MBA degrees; 9% were recent MBA graduate hires. The vast majority of participating employers actively recruit graduates from full-time MBA programs (84%).
- Most companies participating in the survey planned to hire recent graduates with bachelor's degrees (76%), experienced candidates (57%), and MBA graduates (51%) in 2009.
- More than half of employers (56%) expected to increase the annual base salary of graduating MBAs in 2009 compared with offers made in 2008. On top of annual base salary, all companies (100%) planned to offer additional compensation or benefits.
- Employees with MBA degrees in Canada tend to stay long term with their employers. Nearly 8 in 10 MBAs hired in 2004 (79%) were working for the same companies in early 2009.

Employer Profile

In terms of represented industries, the profile of participating employers from Canada was similar to the US employer profile (Figure 1). Canadian firms that participated in the survey were generally smaller than companies in the United States, however (Figure 2). By job responsibility, the largest group of Canadian respondents included experienced-hire recruiters with some campus recruitment experience (26%) followed by executives or managers with hiring authority (24%) and HR executives or managers (19%). More than one-third of participating companies (37%) were multinational organizations with headquarters in Canada (36%), the United States (36%), or the European Union (28%).

¹ 2009 *Corporate Recruiters Survey Report* and 2009 *Corporate Recruiters General Data Report* are available at www.gmac.com/CorporateRecruiters.

Figure 1: Industries Represented—Canada and United States

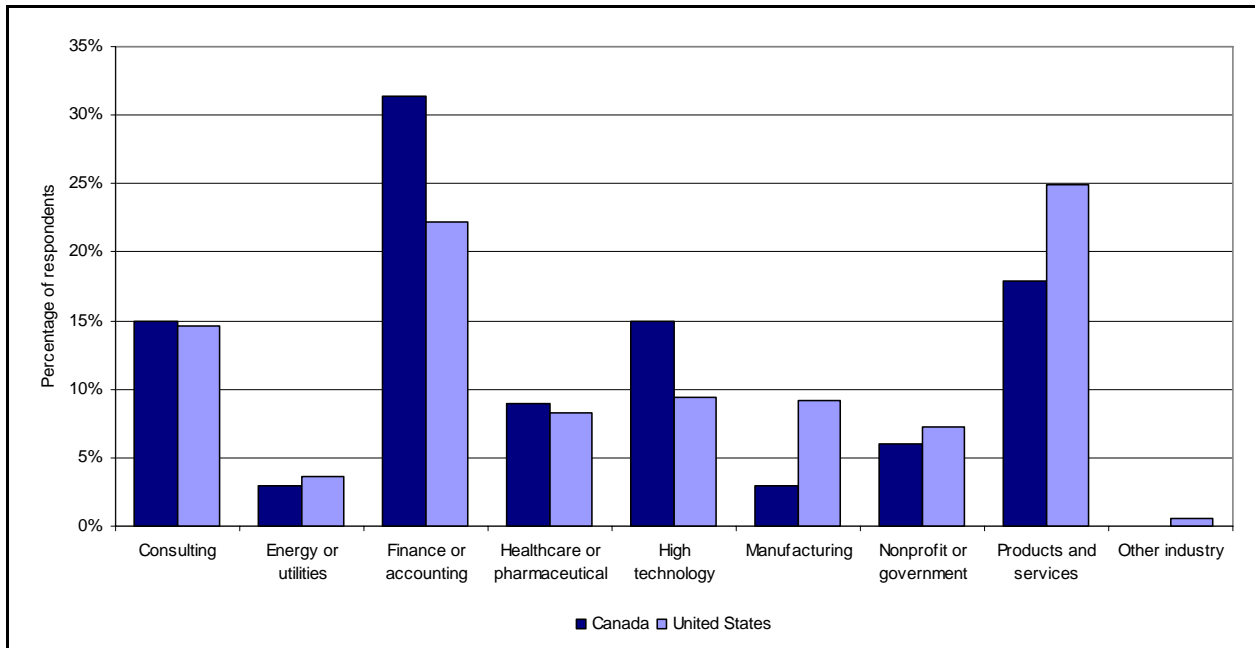
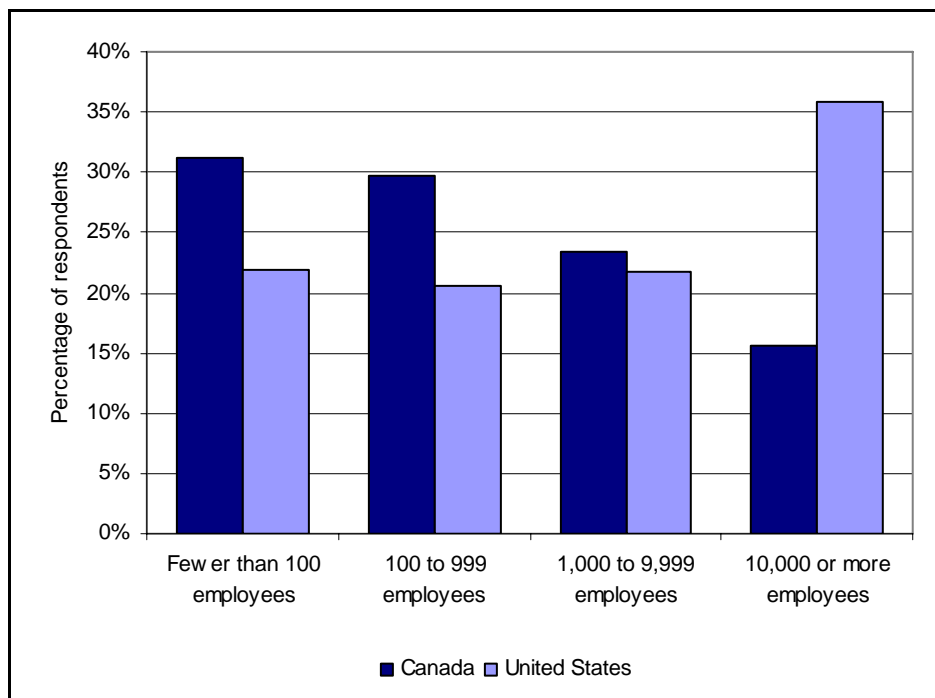


Figure 2: Company Size Represented—Canada and United States

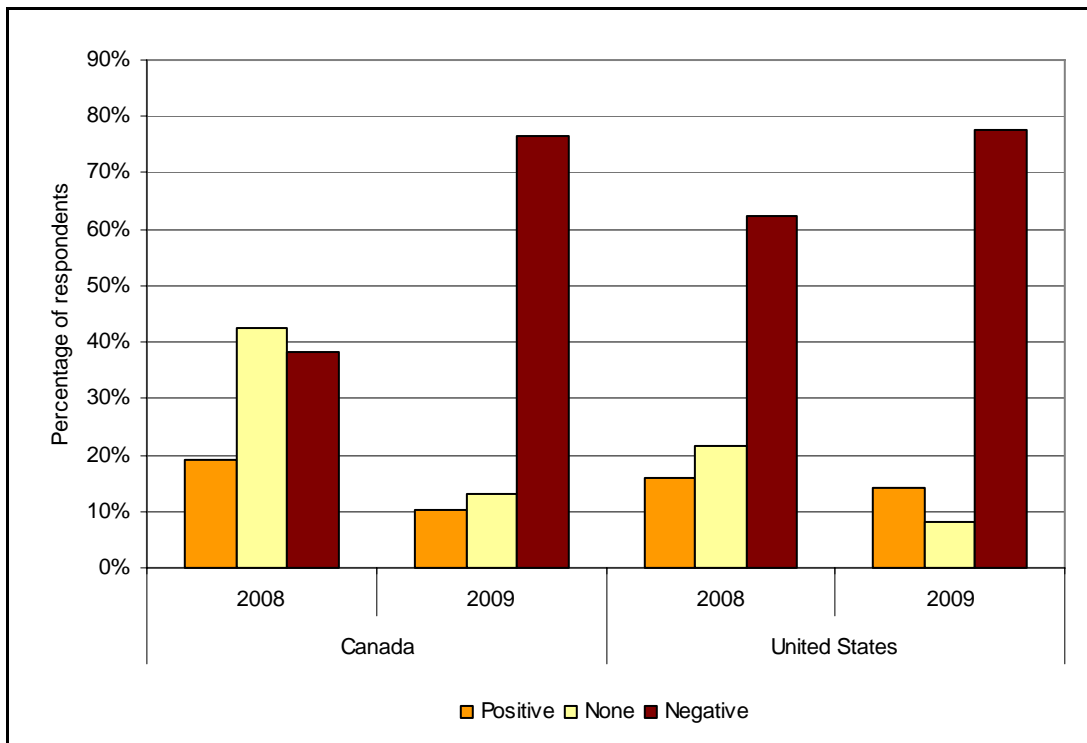


Impact of the Global Economic Slowdown

It appeared that in 2008, in the early stages of the global economic crisis, Canada was one of the world's safe harbors; with most participating employers (62%) reporting that macroeconomic

conditions either had no impact (43%) or a positive impact (19%) on their operations (Figure 3). In addition, the vast majority (77%) of those who were negatively affected by the global recession reported that their companies were only slightly affected. Employer expectations for 2009, however, were very pessimistic but proved to be justifiable as economic conditions in Canada continued to deteriorate in the first half of 2009. According to Statistics Canada, the unemployment rate rose to 8.4% in May 2009, the highest rate in 11 years².

Figure 3: Effect of the Global Economic Slowdown on Companies in 2008 and in 2009 (expected)—Canada and United States



Recruitment Strategies and Hiring Plans

Similar to firms in other world regions, a majority of Canadian companies use their internal resources—employee referrals and their own websites—to source and select candidates (Table 1). Two in three firms—more than in other world regions—participate in networking events (67%). Companies that rely on on-campus recruitment of graduate business school students (60%) reported that 2008 on-campus recruitment accounted for approximately half (53%) of their recruitment efforts. Half of such firms (54%) expected their 2009 on-campus recruitment efforts to remain the same as they were in 2008. Consistent with data reported from other world regions, Canadian employers report that the quality of students, depth of the talent pool, and existing relationships at schools were their top school selection criteria.

² *Labour Force Survey*, May 2009. Statistics Canada. Retrieved from <http://www.statcan.gc.ca/daily-quotidien/090605/dq090605a-eng.htm> on June 5, 2009.

Table 1. Canadian Employer Recruitment Strategies

	Percentage of respondents (n = 67)
We use employee referrals.	85%
We use our company website for job postings and/or resume submissions.	84%
We use online job search engines or online job boards.	78%
We use networking events.	67%
We organize career fairs or participate in career fairs.	64%
We recruit graduate business school students on campus.	60%
We employ graduate business school students as interns.	49%
We use recruitment agencies or executive recruiters.	46%
We use job announcements in print.	39%
We sponsor current employees to attend graduate business school.	30%
We work with professional associations to have access to their candidate database.	22%
We use social and professional networking sites.	1%
We use other recruitment strategies.	5%

In 2008, more than half of participating employers in Canada (57%) hired recent MBA graduates (Table 2), primarily for mid-level positions (76%). The number of companies that planned to hire graduating MBAs in 2009 as well as the number of hires per company was expected to decrease. Respondents in Canada appeared to rely on graduates with bachelor's degrees significantly more than those in the United States or in other world regions—more than three in four employers in Canada (76%) planned to hire those from undergraduate programs in 2009 compared with slightly more than half of US employers (56%).

Table 2. Categories of Candidates Companies Hired in 2008 and Plan to Hire in 2009, Canada and United States

	Canada (n = 49)		United States (n = 1,393)	
	2008	2009	2008	2009
Recent MBA graduates	57%	51%	63%	55%
Average number of hires per company (#) ^a	3	1	11	5
Recent Masters in Management graduates	14%	12%	15%	14%
Other specialized master's in business graduates	39%	37%	39%	34%
Graduates from disciplines other than business	18%	24%	34%	30%
Recent graduates with a bachelor's degree	84%	76%	64%	56%
Experienced direct-from-industry hires	61%	57%	63%	55%
Did not hire or plan to hire any of the above candidates	4%	8%	6%	15%

^a The mean difference between 2008 and 2009 averages is statistically significant, p < .05.

MBA Graduate Hires

In 2008, job candidates with MBA degrees represented 14% of all new hires at participating companies in Canada (Table 3). Firms in Canada seemed less likely than US companies to recruit MBAs from an international talent pool. This is apparent from the significantly smaller proportion of recent MBA graduates that Canadian companies hired (8%) who required additional legal documents prior to employment, compared to those that US companies hired (16%).

Table 3. Characteristics of 2008 Hires with MBA Degree, Canada and United States

	Canada	United States
Direct-from-industry hires	41%	59%
Hold MBA degree	11%	16%
MBA graduate hires	9%	12%
Required additional legal documents (e.g., visa, work permit, etc.)	8%	16%
All 2008 hires with MBA degree	14%	21%

Canadian employers were significantly more likely to pursue MBA graduates from full-time programs (84%) than from part-time (29%), executive (29%), or online (13%) programs (Table 4). Nearly one in five respondents shared that their companies sponsored employees to attend either full-time (19%) or part-time MBA (19%) programs.

Table 4. Canadian Employers Actively Recruiting or Employing Candidates From Full-Time, Part-Time, Executive, or Online MBA Programs, or Sponsoring Current Employees to Attend These Programs

	Full-time (n = 31)	Part-time (n = 31)	Executive (n = 31)	Online (n = 31)
Actively recruit	84%	29%	29%	13%
Employ	81%	61%	61%	26%
Sponsor current employees to attend	19%	19%	10%	10%
None of the above	10%	39%	35%	71%

Similar to the United States, the top two job categories with most opportunities for recent MBA graduates in Canada included financial areas other than investment banking (40%) followed by marketing and sales (36%). (Figure 4). More than three in four participating companies in Canada (76%) reserved mid-level positions for graduating MBAs. Overall, MBA graduates in Canada appeared to have a better chance than in the United States to get hired for higher-level positions.

Generally, Canadian companies and US firms sought the same qualities in MBA candidates; although Canadian firms placed more emphasis on strategic skills and resilience, i.e., ability to deal effectively with pressure or unexpected obstacles (Table 5).

Figure 4: Job Areas and Position Levels for Which Employers Plan to Hire Recent MBA Graduates in 2009—Canada and United States

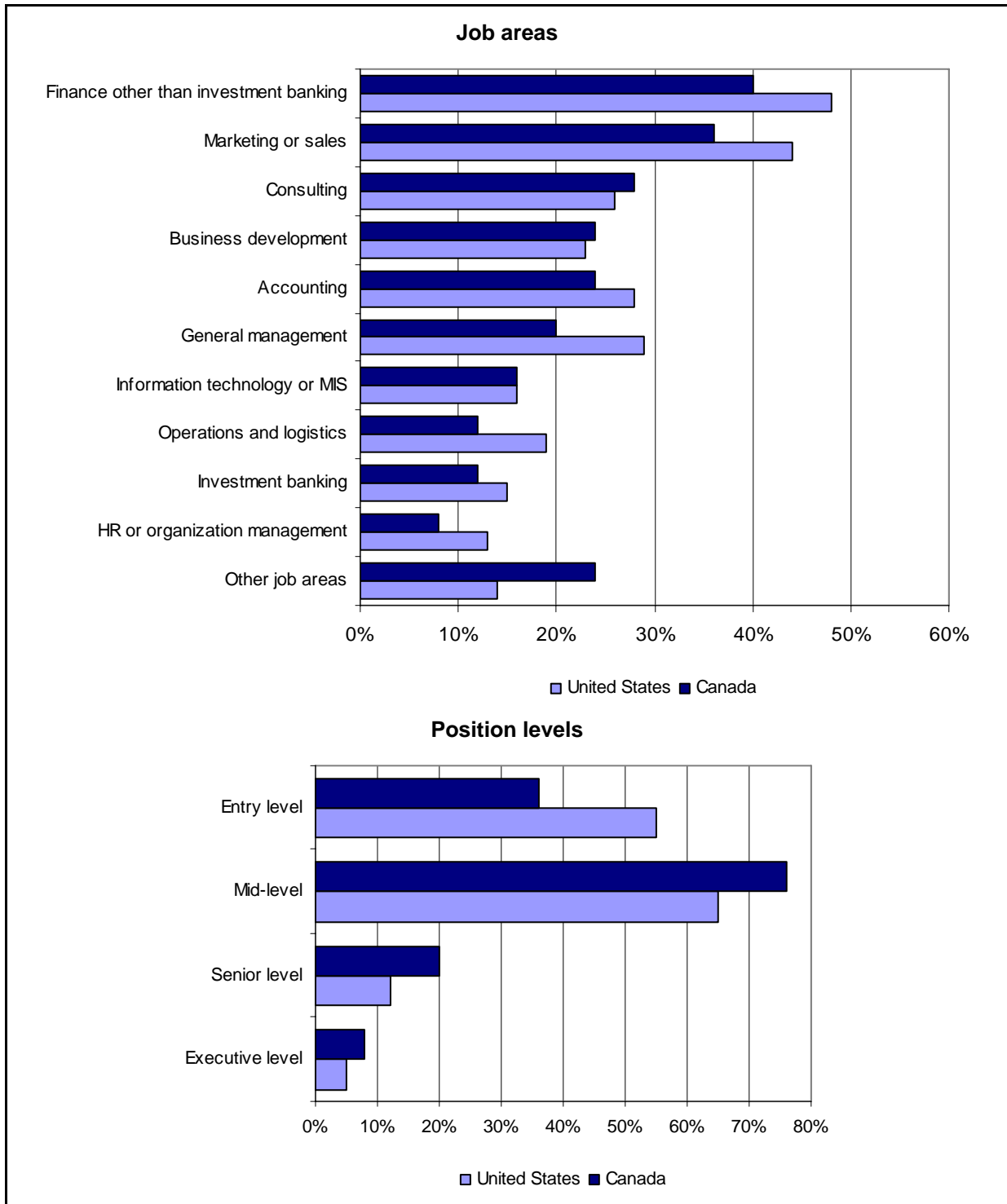


Table 5. Top Three Tangible and Intangible Qualities Employers Seek in MBA Graduates, Canada and United States

Skills, Knowledge, and Experience (tangible)		Traits and Abilities (intangible)	
Canada	United States	Canada	United States
Communication skills (oral and written)	Communication skills (oral and written)	Professionalism	Initiative
Strategic skills	Proven ability to perform	Initiative	Professionalism
Proven ability to perform	Core business knowledge (finance, marketing, operations, etc.)	Ability to deal effectively with pressure or unexpected obstacles	Integrity

Expected Compensation for 2009 MBA Graduate Hires

Canadian employers expected to offer higher starting salaries to MBA graduates than to recent graduates with other master’s-level degrees. Although on average, starting salaries for graduating students in Canada were slightly lower than in the United States, employers in both countries reported a similar relative value for different diplomas. For example, average starting annual salaries for recent MBA graduates both in Canada and in the United States almost doubled those for recent graduates with bachelor’s degrees (Figure 5). In 2009, a significantly greater proportion of survey participants from Canada (56%) planned to increase the annual base salary offered to MBA graduate hires compared with 2008 (Table 6). Overall, however, MBA salaries in Canada were typically lower.

Figure 5: Relative Monetary Value of MBA Diploma vs. Bachelor’s Diploma That Represents 100% Based on Average Expecting Starting Salary, 2008 and 2009—Canada and United States

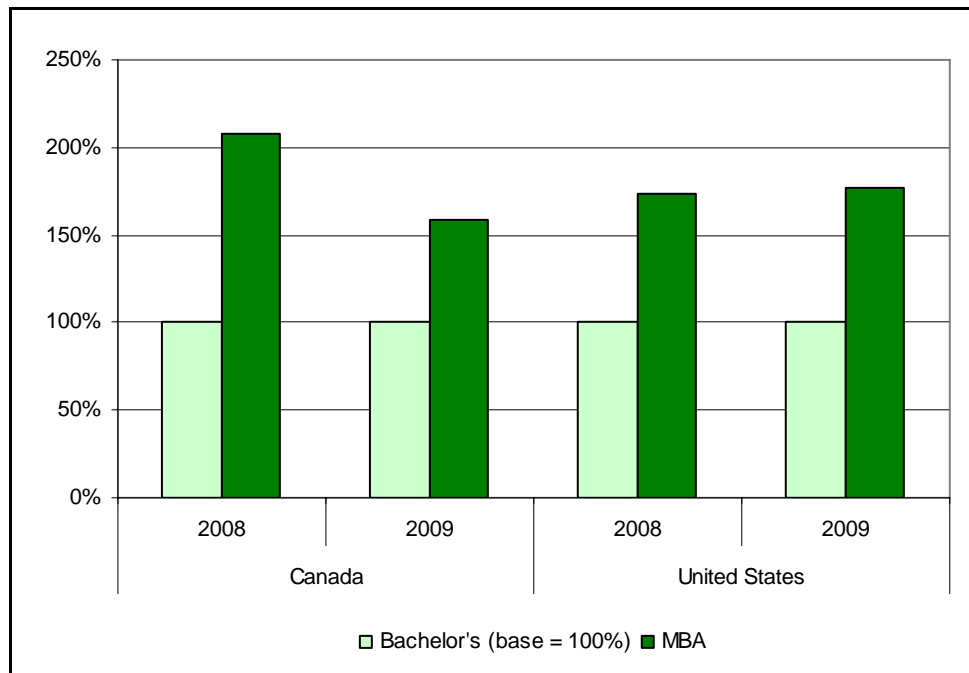


Table 6. Expected Change in the 2009 Annual Base Salary for Recent MBA Graduate Hires Compared with the 2008 Annual Base Salary, Canada and United States^a

	Canada (n = 16)	United States (n = 544)
Increase above the level of inflation	12%	3%
Increase at the level of inflation	44%	24%
No change	38%	58%
Decrease	6%	15%
Total	100%	100%
Increase	56%	27%
No change	38%	58%
Decrease	6%	15%
Total	100%	100%

^a The difference between Canada and United States is statistically significant, p < .05.

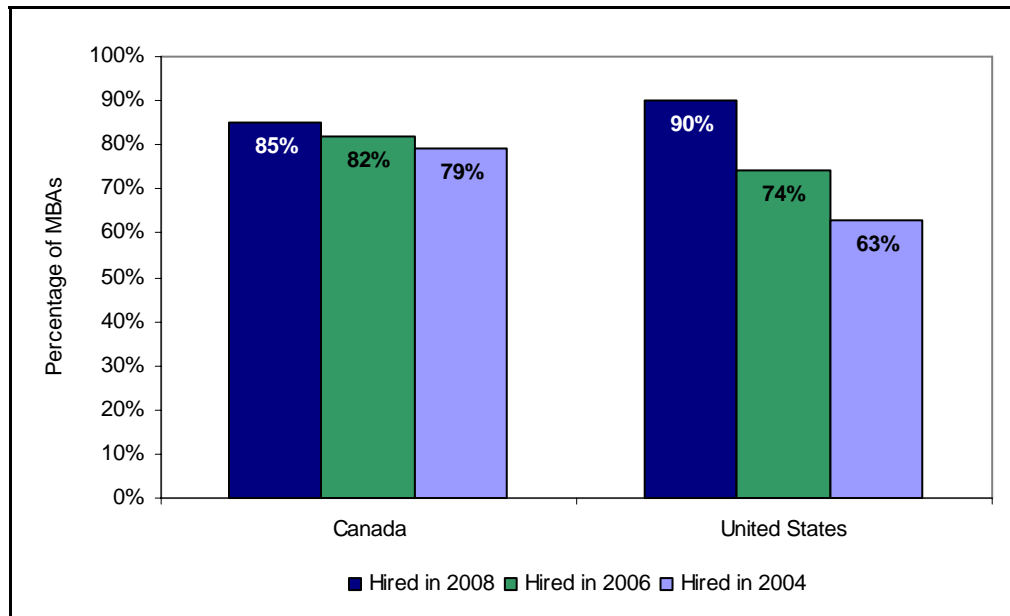
On top of annual base salary all companies (100%) planned to offer graduating MBAs additional compensation or benefits. Most common were benefits packages including health benefits or retirement plans (87%) and performance-based bonuses (61%).

MBA Retention Rates

Long-term MBA retention rates in Canada appeared to be slightly higher than in the United States (Figure 6). Canadian firms lost on average 5% more MBA employees during the first year of employment than did US companies, however. In 2008, most Canadian survey respondents indicated that they considered employees an investment asset—a strategy most effective for long-term retention³.

³ Graduate Management Admission Council. 2008 *Corporate Recruiters Survey Report*, page 10.

Figure 6: Percentage of MBAs Hired in 2004, 2006, and 2008 That Continued Working for the Company in Early 2009—Canada and United States



Feedback From Employers

Seventeen respondents from Canadian firms (25%) provided comments in response to an optional question, “What changes, if any, should graduate business schools make in the near future to better meet workplace needs 5 to 10 years from now?” Their verbatim responses are listed below.

- Although IQ is important, so is EQ [emotional intelligence]. More emphasis on working through teams/committees.
- Be more open to co-op from the undergraduate level up to the masters level.
- Better understand the market needs.
- Develop more ways for companies to get involved with the school. For example, different business projects that involve students and businesses.
- Engage employers in meetings with candidates.
- Ensure all graduate business programs (especially MBA) require previous work experience. Some take straight undergraduates, who lack the business savvy and maturity to compete with experienced candidates.
- Improve ethics.
- Learn how to write cover letters that indicate how their great skills fit our job description. Some have done great things, but fail to say how they link to us.
- Make sure new graduates have real-world work experience. If they do not have any, force them into a co-op or internship program.
- More practical training.
- More specialized programs (e.g., MBA-CMA).
- Need to focus more on leadership competencies. Dealing with constant change, ambiguity, and the attitude in these moments.

- Reduce the cost of recruiting at business schools or do not charge recruiters for room rental, setup fees, or recruiting services.
- Setting realistic expectations for graduates so a new MBA graduate with no relevant job experience does not graduate at age 24 expecting to be named a director and offered 85k in salary.
- Should have co-op programs; experience matters more than only an MBA.
- The majority of the events we see in regards to graduate school are finance and accounting. We would participate more if there were operations management/supply chain, HR, etc. events or recruiting opportunities.
- When we hire MBAs, we look at the development potential of the individuals and are ready to invest in training.

Conclusion

Findings presented in this paper are based on analysis of the 2009 GMAC *Corporate Recruiters Survey* data. Overall, our survey data show that Canadian employers that work with participating business schools planned to do more hiring from among recently graduated bachelor's degree candidates than their US counterparts. Among masters'-level programs in business and management, Canadian employers clearly intend to hire more MBA graduates than graduates with other master-level business degrees. Canadian employers also were less likely than US companies to hire graduating MBAs from an international talent pool.

Acknowledgements

Due to a broader participation of Canadian business schools, the number of participating employers representing companies located in Canada increased nearly three times, from 24 in 2008 to 68 this year. A greater interest in data sharing among schools in the region allowed us to prepare this special report. GMAC extends its sincere appreciation to business schools and employers that have been supporting the *Corporate Recruiters* research for years as well as to those that have recently joined our research community. These data excerpts would not have been possible without their contribution.

Contact Information

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