

2009 Corporate Recruiters Survey: UK Regional Outlook

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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 55 companies located in the United Kingdom (UK) 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 the UK may not be representative of all UK employers that hire graduating business students. In conjunction with the overall conclusions found in the main report series, this paper offers local-level information that is best interpreted with the knowledge of local UK markets. For the purposes of this paper, Lichtenstein, Norway, and Switzerland are combined with the European Union (EU) member countries.

Key Findings

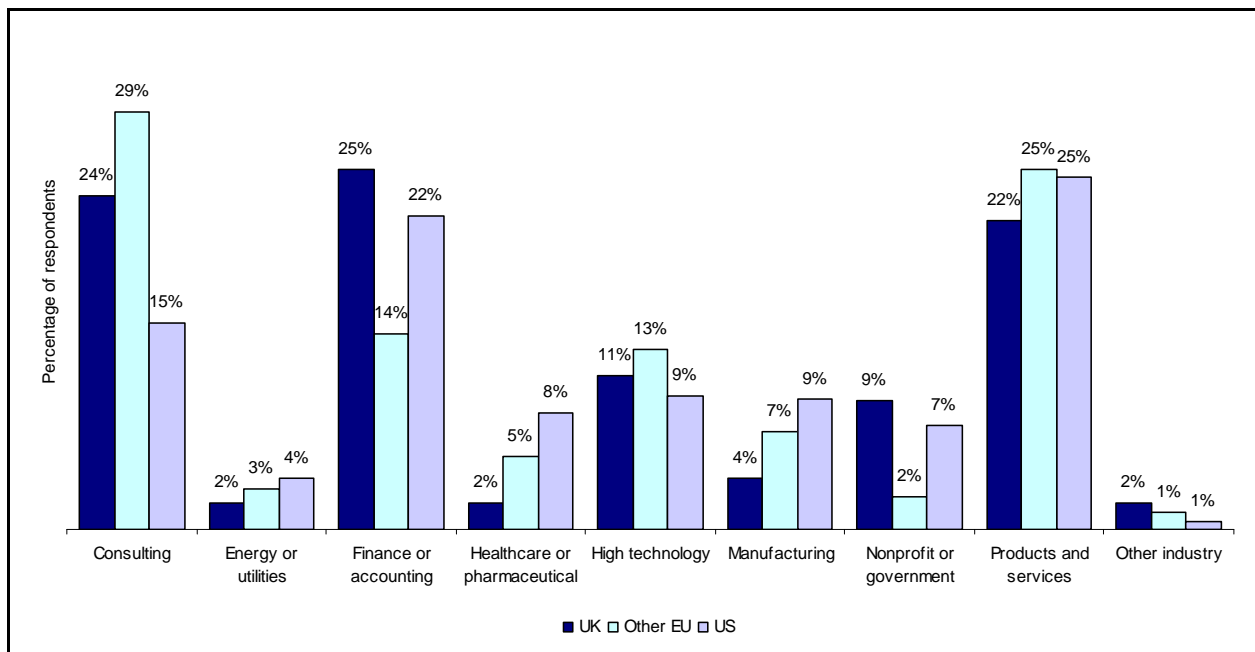
- A greater proportion of UK firms (75%) anticipate negative effects from the global slowdown in 2009 when compared to 2008 (47%); 25% expect no impact or a positive impact from the economic crisis in 2009.
- With UK businesses expecting greater economic hardship in 2009, MBA and bachelor graduate hiring will feel the brunt. However, 2009 recruiting plans for Masters in Management graduates among UK firms did not change compared with 2008.
- While fewer UK businesses may be hiring, hiring companies were expected recruiting numbers to remain steady.
- The UK job market is open to international talent as suggested by a substantial proportion of MBA graduate hires requiring additional legal documents (e.g., work permits or visas) (44%); and the high importance UK employers place on international diversity at the schools where they recruit.
- Internship opportunities for graduate business school students in the UK (38%) were fewer in contrast with the rest of Europe (53%) and the US (68%).
- Among UK respondents employing MBA graduates, all were satisfied with their MBA employees, including 70 percent who were very satisfied.
- Employers in the UK were significantly more likely to actively recruit graduates from full-time MBA programs (74%) than from executive (13%) or part-time (9%) programs.

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

Employer Profile

The majority (71%) of UK respondents came from three sectors: finance and accounting (25%); consulting (24%); and products and services (22%) (Figure 1). In contrast with 2008 (37%)², the proportion of respondents from the finance and accounting industry has decreased (likely the result of turmoil in global financial markets) alongside those from high technology firms (from 18% in 2008 to 11% in 2009).

Figure 1: Industries Represented—UK, Other EU Countries, and US

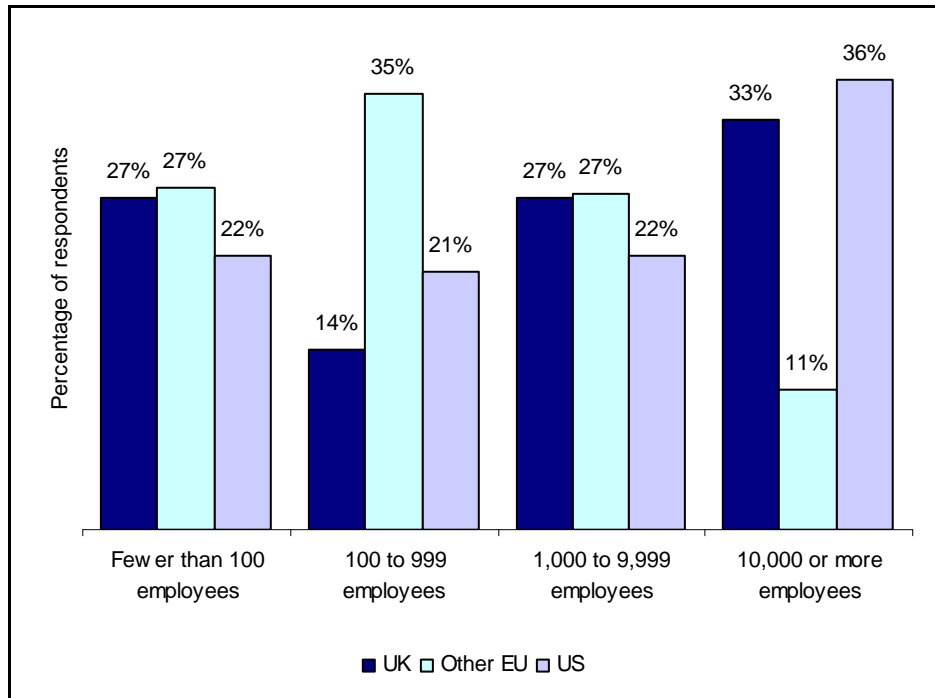


Companies participating in the 2009 survey from the UK and US were typically larger than those in other European countries: 60% of UK and 58% of US firms had 1,000 or more employees versus 38% of companies with 1,000 or more employees in other EU countries (Figure 2).

By job responsibility, the largest group of UK respondents included executives and line managers with hiring authority (27%), followed by full-time campus recruiters (24%), and HR executives or managers (22%). More than one-third of participating companies (35%) were multinational organizations with headquarters in the US (53%), the European Union (42%), or the Asia-Pacific region (5%).

² See the 2008 UK regional outlook, http://www.gmac.com/NR/rdonlyres/C942D715-89B6-4576-B7F9-FFE0870A306D/0/2008CRS_UK.pdf

Figure 2: Company Size Represented—UK, Other EU Countries, and US



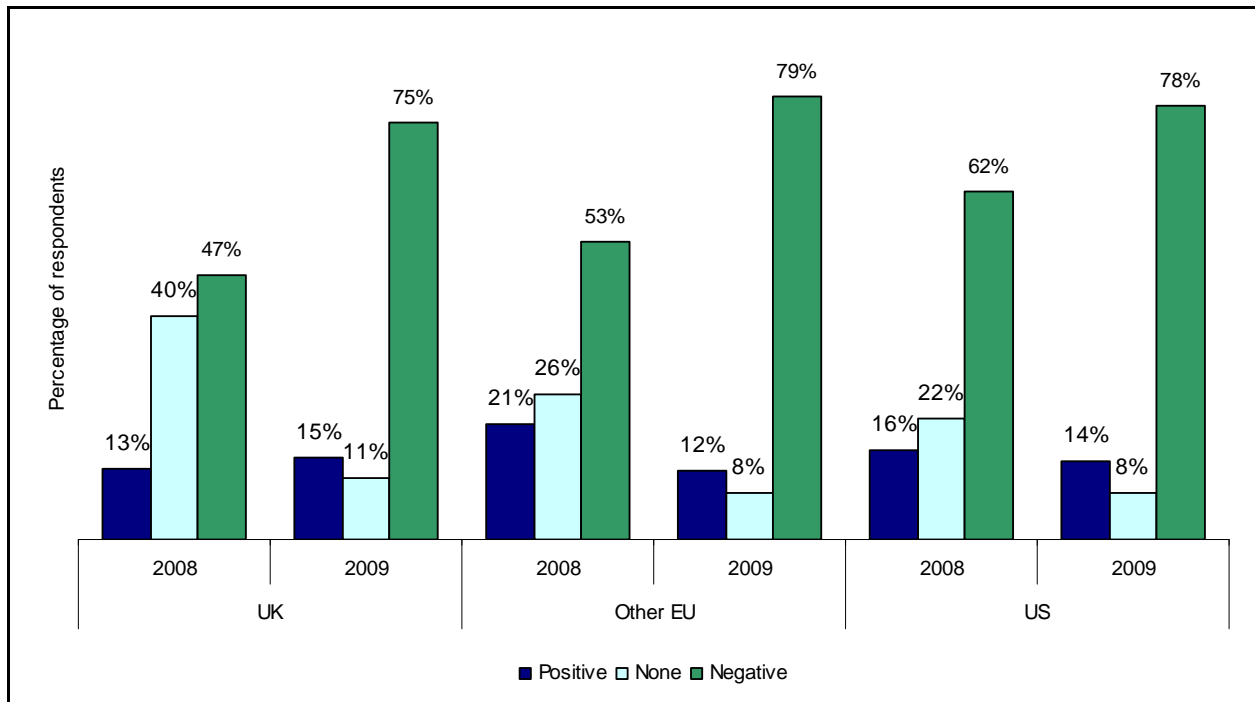
Impact of the Global Economic Slowdown

While the US economy officially went into recession³ in December 2007, this did not happen in the UK until the first quarter of 2009⁴. This was reflected by the contrast in UK firms' assessment of economic outlook for 2008 and 2009 (Figure 3). In 2008, UK respondents were significantly more positive than their colleagues in the rest of Europe and the US—fewer than half (47%) reported a negative impact on business while 40% reported no impact on 2008 operations. The 2009 expectations were far gloomier—75% of UK firms (79% in other Europe; 78% in US) anticipated negative effects from the global slowdown.

³ A recession is declared when GDP declines for two successive quarters.

⁴ Office for National Statistics (2009). *GDP growth. Economy contracts by 1.9% in Q1 2009*. Retrieved from <http://www.statistics.gov.uk/ci/nugget.asp?id=192> on June 18, 2009.

Figure 3: Effect of the Global Economic Slowdown on Companies in 2008 and in 2009 (expected)—UK, Other EU Countries, and US



Recruitment Strategies and Hiring Plans

Similar to firms in other world regions, the majority of UK companies use internal resources—their own websites and employee referrals—to source and select candidates (Table 1). On the other hand, it appeared to be fewer internship opportunities for graduate business school students in the UK (38%) in contrast with the rest of Europe (53%) and the US (68%).

Among UK companies using on-campus recruitment (55%), it accounts for approximately half (52%) of their recruitment efforts (Table 2), a significantly larger proportion than in other European countries. More than two in five firms (43%), however, expect their 2009 on-campus recruitment efforts to decrease.

Table 1. UK Employer Recruitment Strategies

	Percentage of respondents (n = 53)
We use our company website for job postings and/or resume submissions.	75%
We use employee referrals.	64%
We organize career fairs or participate in career fairs.	60%
We use online job search engines or online job boards.	58%
We recruit graduate business school students on campus.	55%
We use networking events.	53%
We use job announcements in print.	51%
We use recruitment agencies or executive recruiters.	42%
We employ graduate business school students as interns.	38%
We sponsor current employees to attend graduate business school.	25%
We work with professional associations to have access to their candidate database.	13%
We use social and professional networking sites.	—
We use other recruitment strategies.	6%

Table 2. Percentage of Company Recruitment Efforts Conducted On- and Off-Campus, UK, Other EU Countries, and US^a

	UK (n = 24)	Other EU (n = 53)	US (n = 735)
On-campus recruitment effort	52%	38%	63%
Off-campus recruitment effort	48%	62%	37%
Total	100%	100%	100%

^a The mean difference is statistically significant, $p < .05$.

Consistent with respondents in other world regions, UK employers ranked the quality of students as the top school selection criteria with 90 percent of respondents indicating that the quality of students is an extremely important factor in deciding where to recruit (Table 3). In addition, all UK participants (100%) indicated that international diversity of the class is important, including half of those (50%) for whom internationally diverse student body is extremely important. In comparison, the international diversity of the class was extremely important for one in five companies in other EU countries (21%) and for only 5 percent of firms in the US.

Table 3. Top Five School Selection Criteria, UK, Other EU Countries, and US

Rank	UK	Other EU Countries	US
#1	Quality of students (4.9)	Quality of students (4.8)	Quality of students (4.8)
#2	International diversity of the class (4.2)*	Quality of the curriculum (4.2)	Past experience at the school (4.3)*
#3	Existing relationships at the school (4.1)	Global recognition of the business school (4.1)*	Depth of the talent pool (4.3)
#4	Depth of the talent pool (4.0)	Depth of the talent pool (4.0)	Existing relationships at the school (4.1)
#5	Offer or hiring yield (3.9)*	Local reputation (3.9)	Quality of the curriculum (4.0)

() Average rating presented in parentheses: 5 = extremely important; 1 = not at all important.

* The difference between regions is statistically significant, $p < .05$.

With UK businesses expecting greater economic hardship in 2009, MBA and bachelor graduate hiring will feel the brunt (Table 4). Whereas 8 percent to 9 percent fewer firms in other EU countries and in the United States planned to hire graduating MBAs in 2009, the number of UK companies that hire MBAs was expected to decline 16 percent. A similar pattern was observed for bachelor graduates (US -8%, UK -15%; other Europe -15%).

Masters in Management graduates looking for a job in 2009 should fare as well as last year, with the same number of UK companies that hired this type of graduate in 2008 projecting similar hiring patterns this year for these job candidates. Within the rest of Europe, however, fewer companies were seeking Masters in Management graduates (-7%) and graduates from other master-level specialized business programs (-12%).

Finally, more than one-fourths of UK (21%) and other European (26%) companies did not plan to hire any candidates in 2009. Notably, while fewer UK businesses may be hiring, hiring companies were expected recruiting numbers to remain steady.

Table 4. Job Candidates That Companies Hired in 2008 and Plan to Hire in 2009, UK, Other EU Countries, and US

	UK (n = 42)		Other EU (n = 136)		US (n = 1,393)	
	2008	2009	2008	2009	2008	2009
Recent MBA graduates	52%	36%	41%	32%	63%	55%
Average number of recent MBA graduate hires per company (#)	9.0	8.6	10.0	2.3	10.8	5.4
Recent Masters in Management graduates	29%	29%	35%	28%	15%	14%
Other specialized master's in business graduates	48%	43%	51%	39%	39%	34%
Graduates from disciplines other than business	48%	50%	37%	32%	34%	30%
Recent graduates with a bachelor's degree	67%	52%	51%	36%	64%	56%
Experienced direct-from-industry hires	50%	45%	56%	48%	63%	55%
Did not hire or plan to hire any of the above candidates	7%	21%	5%	26%	6%	15%

Feedback from employers that reported reserving positions for graduate management hires shows that consulting (53%) and business development (40%) are the top areas of demand for the MBA talent in the UK (Table 5). Consulting, finance other than investment banking, as well as marketing

and sales (25% each) had more opportunities for Master in Management graduates than other job areas. One-third (33%) of participating UK employers looked for other master-level graduates from specialized business disciplines to fill marketing and sales positions in 2009.

Table 5. Job Areas for Which UK Employers Plan to Hire 2009 Business Graduates

	MBA (n = 15)	Masters in Management (n = 12)	Other specialized master's in business (n = 18)
Accounting	7%	8%	22%
Consulting	53%	25%	22%
Business development	40%	8%	11%
Investment banking	20%	17%	17%
Finance other than investment banking	7%	25%	28%
General management	27%	17%	17%
HR or organization management	—	—	6%
Information technology or MIS	13%	8%	11%
Marketing or sales	33%	25%	33%
Operations and logistics	13%	8%	11%
Other job areas	27%	25%	28%

Similar to other world regions, UK employers were more likely to offer mid-level positions to MBA graduates (67%) than to graduates with other business degrees (Table 6). This emphasizes the clear positioning of the MBA (in contrast with Master of Management or specialized business Master programs) among UK employers.

Table 6. Job Levels for Which UK Employers Plan to Hire Recent Graduates in 2009

	MBA (n = 15)	Masters in Management (n = 12)	Other specialized master's in business (n = 18)
Entry level	33%	83%	78%
Mid-level	67%	33%	39%
Senior level	13%	8%	6%
Executive level	—	—	—

MBA Graduate Hires

In 2008, MBA graduate hires represented 19 percent of all new hires at participating companies in the UK, more than in the rest of Europe or in the US (Table 7). Firms in the UK were more likely than companies elsewhere to recruit MBAs from an international talent pool as indicated by the significantly larger proportion of MBA hires (44%) needing additional legal documents such as visas or work permits (other Europe 23%; US 16%). This runs contrary to the infamous notion that under the stress of the economic crisis, the UK job market may not be friendly to international

workers⁵. It also reflects survey responses indicating that companies in the UK place a high premium on international diversity among business graduates (Table 3).

Table 7. Characteristics of 2008 MBA Graduate Hires, UK, Other EU Countries, and US

	UK (n = 20)	Other EU (n = 73)	US (n = 1,393)
Proportion of MBA graduate hires among all new hires	19%	12%	12%
Required additional legal documents (e.g., visa, work permit, etc.)	44%	23%	16%

Employers in the UK were significantly more likely to actively recruit graduates from full-time MBA programs (74%) than from executive (13%) or part-time (9%) programs (Table 8). Participating companies were also more likely to employ full-time MBA graduates (78%) than those from part-time (39%), executive (48%) or online (9%) programs. None reported actively recruiting online MBA program graduates.

Table 8. MBA Programs That UK Employers Target for Graduate Recruitment and Employment or Employee Sponsorship

	Full-time (n = 23)	Part-time (n = 23)	Executive (n = 23)	Online (n = 23)
Actively recruit	74%	9%	13%	—
Employ	78%	39%	48%	9%
Sponsor current employees to attend	30%	17%	17%	4%
None of the above	4%	52%	43%	91%

Respondents from the UK shared a similar vision with their counterparts in other EU countries and in the US on the skills and knowledge they expect MBA graduates to have, namely communication skills, proven ability to perform, and core business knowledge. However, UK companies were different regarding candidates' intangible traits and abilities. Nearly all respondents mentioned initiative (93%) as the top trait they were seeking among MBA candidates followed by efficiency (87%), adaptability, (87%), and effective handling of pressure (87%).

⁵ Riddell, M. 'British jobs for British workers' is the cry of our worst instincts. *Telegraph*. February 4, 2009. <http://www.telegraph.co.uk/comment/columnists/maryriddell/4516854/British-jobs-for-British-workers-is-the-cry-of-our-worst-instincts.html> on June 19, 2009.

Table 9. Top Three Traits and Abilities Employers Seek in MBA Graduates, UK, Other EU Countries, and US

Rank	UK	Other EU Countries	US
#1	Initiative* (93%)	Motivation (84%)	Initiative (82%)
#2	Ability to deal effectively with pressure (87%) Adaptability (87%) Efficiency (87%)	Achievement and/or goal orientation (74%)	Professionalism (81%)*
#3		Integrity (70%)*	Integrity (81%)*

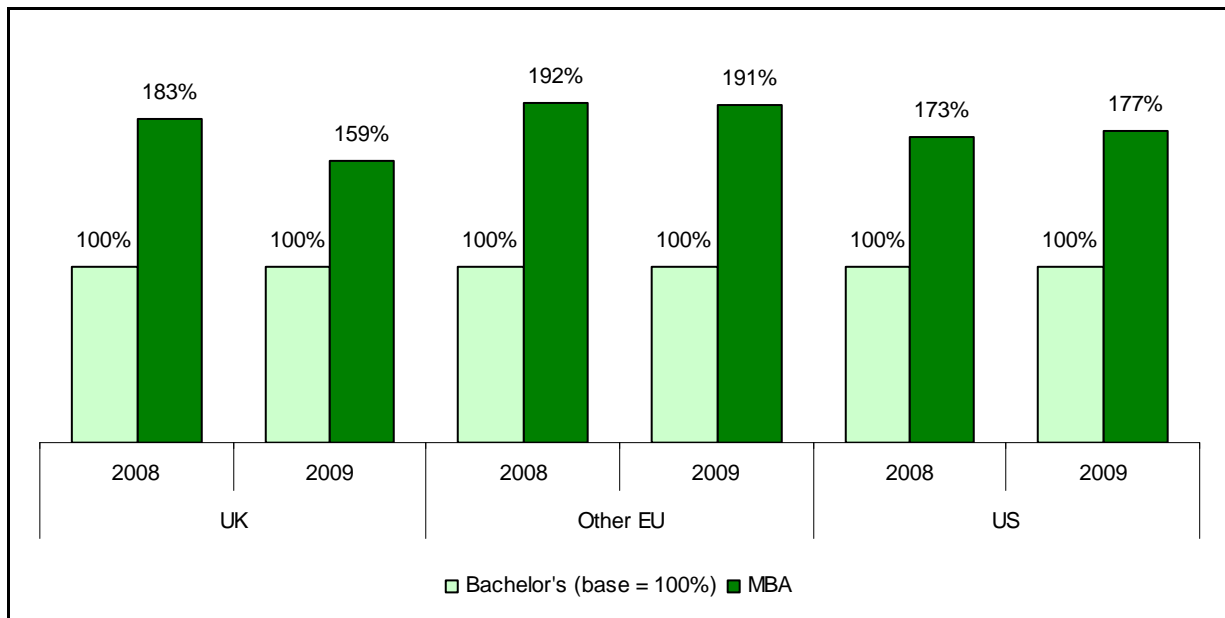
* The difference between regions is statistically significant, $p < .05$.

Considering their reasons for hiring MBAs, all UK respondents reported that they were satisfied with their MBA employees, including 70 percent who were very satisfied.

Expected Compensation for 2009 MBA Graduate Hires

When the survey was administered in early 2009, not all UK employers had determined starting salaries for their new MBA hires. For those that did report this data, average starting salaries were projected to be lower than they were in 2008. The salary differential between an MBA and a bachelor degree has also slightly decreased since 2008 (Figure 4). This may be attributed, in part, to the decreased survey participation from the financial sector which typically offers higher compensation.

Figure 4: Differentials between the Average Starting Salary of MBA and Bachelor Degrees (Bachelor = 100%), 2008 and 2009: UK, Other EU Countries, and US



On top of annual base salaries all responding UK companies (100%) planned to offer graduating MBAs additional compensation or benefits. Half of respondents (53%) budgeted for signing or starting bonuses for new MBA graduate hires. On average, such bonus accounted for 8% of the first-year total annual compensation.

Conclusion

Findings presented in this paper are based on analysis of the 2009 GMAC *Corporate Recruiters Survey* data. Overall, our survey data show that the 2009 job market for business graduates in the UK was expected to be much more challenging than it was in 2008. Yet, the companies that will hire planned to have almost as many job openings as they did last year. Employers in the UK were significantly more likely than US or other European companies to hire graduating MBAs from an international talent pool and tended to recruit from schools with internationally diverse student population.

Acknowledgements

GMAC extends its sincere appreciation to business schools and employers in the United Kingdom 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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