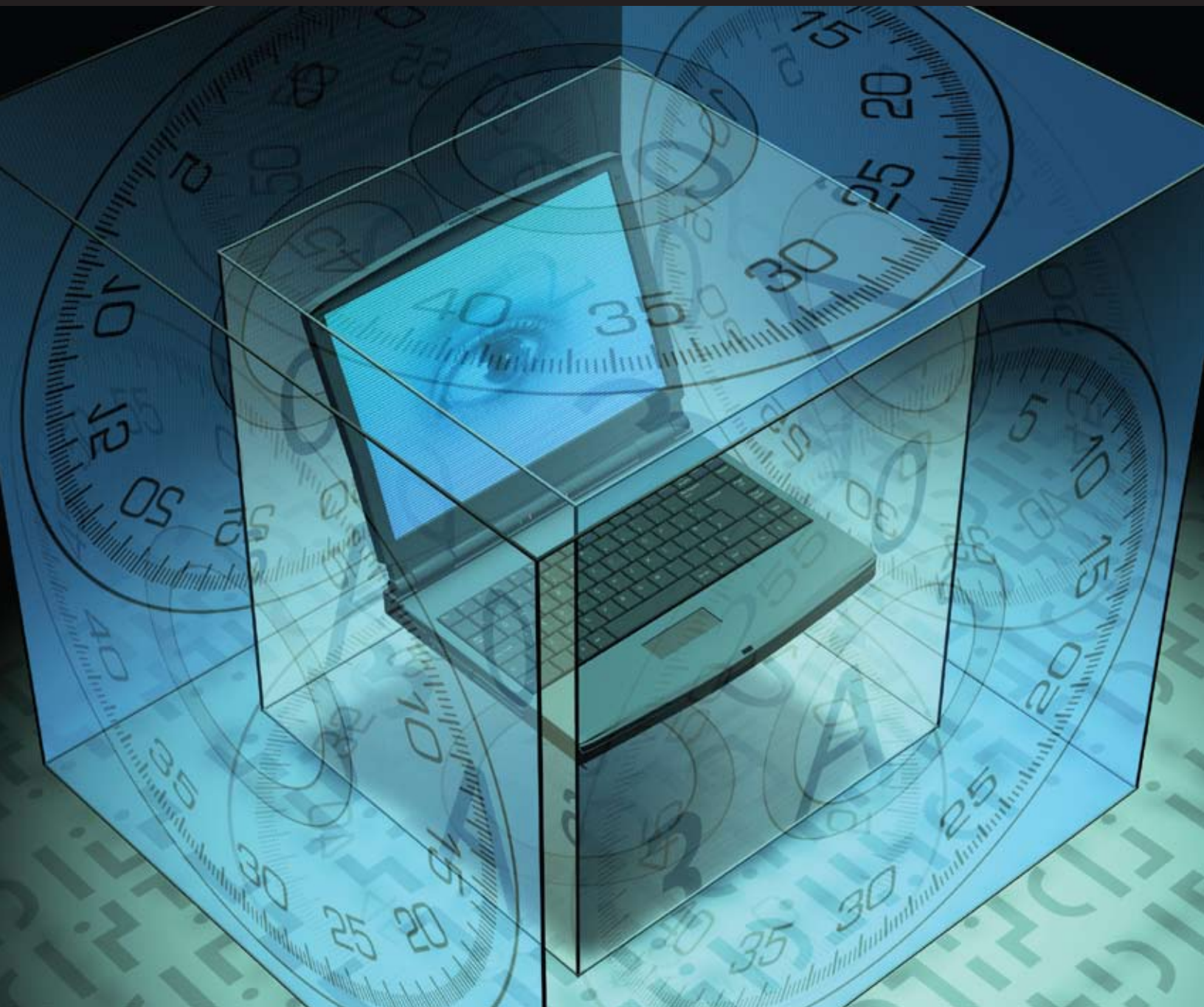


2008

Graduate
Management
Admission
Council®

Corporate Recruiters Survey

SURVEY REPORT



The **Corporate Recruiters Survey** is a product of the Graduate Management Admission Council® (GMAC®), a global nonprofit education organization of leading graduate business schools and the owner of the Graduate Management Admission Test® (GMAT®). The GMAT exam is an important part of the admissions process for more than 4,000 graduate management programs around the world. GMAC is dedicated to creating access to and disseminating information about graduate management education; these schools and others rely on the Council as the premier provider of reliable data about the graduate management education industry. This year, GMAC partnered with the European Foundation for Management Development (EFMD) and MBA Career Services Council (MBA CSC) in developing questions for the survey and increasing business school participation worldwide.

EFMD is an international membership organization based in Brussels, Belgium. With more than 650 member organizations from academia, business, public service, and consultancy in 75 countries, EFMD provides a unique forum for information, research, networking, and debate on innovation and best practice in management development. EFMD is recognized globally as an accreditation body of quality in management education and has established accreditation services for business schools and business school programs, corporate universities, and technology-enhanced learning programs.

The MBA CSC is an international professional association representing individuals in the field of MBA career services and recruiting. The MBA CSC provides a forum for the exchange of ideas and information and addresses issues unique to the needs of MBA career services and recruiting professionals. They also provide professional development and networking opportunities for their members and develop and promote their *Standards for Reporting MBA Employment Statistics*.

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The Graduate Management Admission Council® (GMAC®) is pleased to bring you these results from the 2008 Corporate Recruiters Survey. Conducted annually since 2002, this survey examines the job market for graduate business students and employer needs and expectations. This year, GMAC partnered with EFMD and MBA CSC in designing the survey and in soliciting survey partnerships.

Responses to this seventh annual survey of graduate business student employers were collected from mid-February to mid-March. Data include the responses of 2,307 participants representing 1,552 companies worldwide, including 173 of the U.S. Fortune 500 companies and 126 of the global Fortune 500 companies. One hundred twenty-nine business schools, 38 of which were located outside of the United States, facilitated the administration of the survey.

Key Findings

- Job outlook for MBAs is stable, even in the financial sector. Although employer hiring projections for 2008 are less optimistic compared with last year's plans for 2007, demand for MBAs and other graduate business students remains strong—even as economic growth worldwide is slowing down.
- Companies are hiring MBA graduates primarily for their business management knowledge and their ability to apply that knowledge, along with their technical skills, to any job or function necessary to reach company goals.
- Employers differentiate between MBA, MSc, and graduates of other specialized master's in business programs. An MBA graduate with one to five years of work experience is likely to receive greater compensation than are other graduate students with similar work experience. Additionally, MBA graduates typically receive more responsibilities and leadership roles, which leave more specialized job functions with less autonomous work for other business graduates.

- Financial incentives, including financial awards for achievements and linking salaries and bonuses to performance, are an effective short-term MBA retention strategy, but an employee-centric philosophy (where employees are considered an investment "asset," company leadership is accessible, and the culture is employee-centric) is most effective for long-term retention.

The objectives of this annual study were to obtain a picture of the current employment landscape and gauge the demand for MBA and other business graduates, to better understand employer behavior and perceptions of business graduates, and to provide insight into MBA recruitment and retention. In addition to examining trends for traditional full-time MBA graduates, the survey differentiates between candidates with various business degrees—MBA, MSc in Business or Management, and specialized master's degrees (such as master's in Accounting)—from various program types, including part-time, executive, and online. The results of this research may be of interest to graduate business school career management professionals and program administrators, graduate business students and prospective students, and companies that hire or consider hiring MBAs or other busi-

ness graduates; the findings provide a means of benchmarking practices and expectations against comprehensive data for the industry.

To develop the survey sample, all GMAC, EFMD, and MBA CSC member schools and a number of nonmember institutions representing a cross-section of the graduate management industry worldwide were invited to provide contact information for employers that worked with their career services office to hire MBAs or other graduate business students during the past recruiting year. One hundred twenty-nine business schools chose to facilitate the survey administration for an overall response rate of 24%. The joint effort of participating schools contributed to a sample of more than 23,000 employers invited to respond to the survey, of which 2,309 (or 10%) completed the online survey.

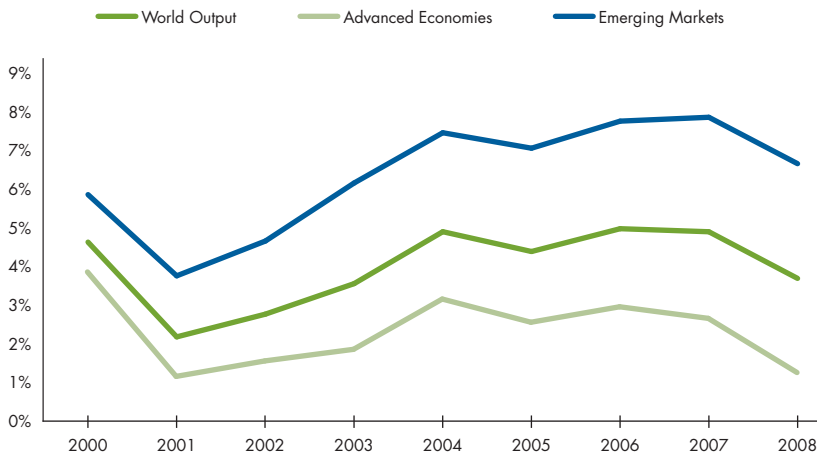
Special care was taken with employer contact information to assure confidentiality throughout the project. Contact information was separated from the survey responses and encrypted using specialized software. After completion of the project, all contact information from non-responding employers was deleted from GMAC systems. GMAC does not share individual-level respondent information with any other institutions, companies, or individuals.

The reader should note that the findings reported here are based on a sampling of data made by the responding employers and do not represent a census of all employers of graduate business students.

The economy is intrinsically linked to corporate recruiting. The world's prosperous markets of 2006 showed early signs of economic slowdown in some of the most advanced economies. The United States, considered to be a leading economic powerhouse, underwent a series of crises in 2007 beginning in the financial and housing markets, which resulted in weak global economic performance in 2007 and early 2008. Account deficits, growing inflation, softened labor demand, cuts in spending, and government intervention through central banks characterize the economic outlook of the world's major economic players. Consequently, global growth is projected to slow from 4.9% in 2007 to 3.7% in 2008, according to IMF analysts (Figure 1).

As expected, the overall economic situation affected MBA hiring—growth in the number of new MBA graduate hires slowed down in 2007. After surpassing 2005 projections in 2006, companies initially planned to hire even more graduating MBAs in 2007, but the average number of new MBA hires per company actually decreased by 6% last year (Figure 2). In addition, survey results indicate that company hiring projections for 2008 are less optimistic—an 11% increase is expected compared with the 18% increase expected for 2007 and the 15% increase expected for 2006.

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Employers expect they will hire 12.9 new MBA graduates on average in 2008—close to the number hired in 2006.
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Source: World Economic Outlook, April 2008, Table A1. Summary of World Output.

Figure 1.
 World Output—Annual Percentage Change in the Real GDP

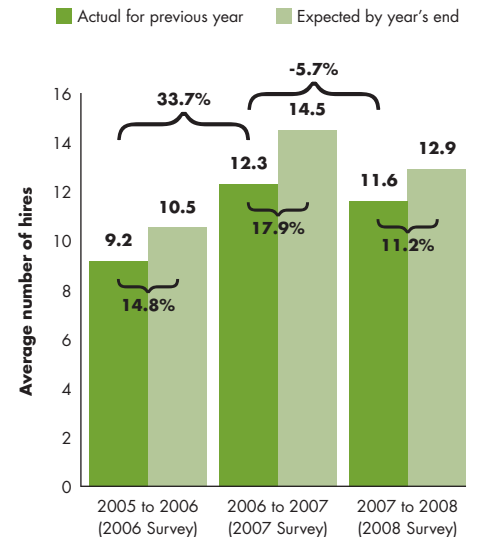


Figure 2.
 Average Actual and Expected New MBA Graduate Hires per Hiring Company, 2005–2008

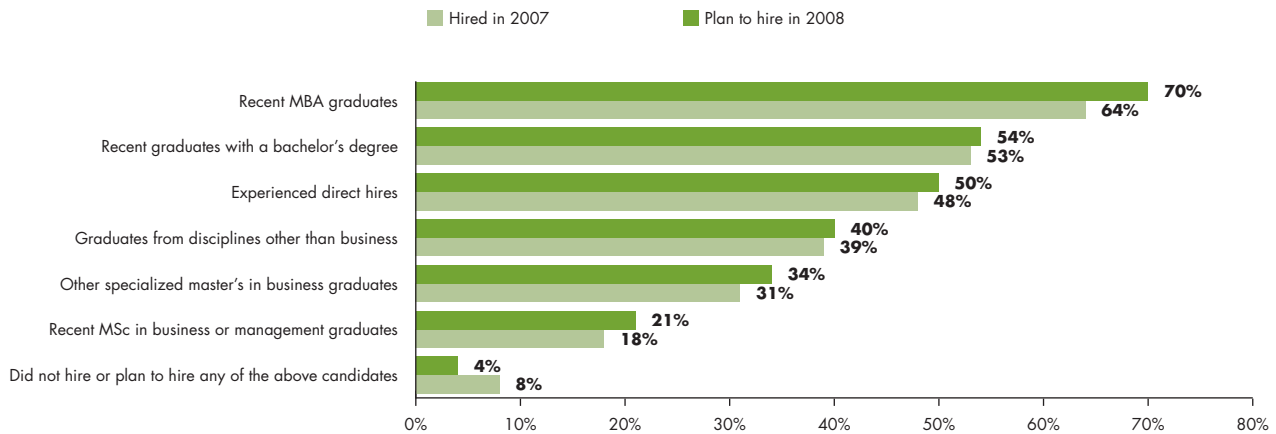


Figure 3.
Candidates Companies Hired in 2007 and Plan to Hire in 2008, by Category

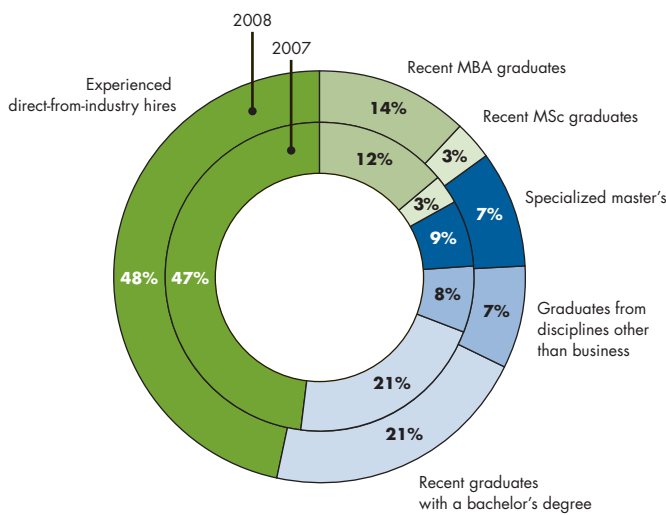


Figure 4.
Hiring Mix, 2007 (Actual)—2008 (Expected)

The MBA appears to be held in high esteem by recruiters. Although the average number of hires per company declined from 2006 to 2007, a larger percentage of companies plan to hire MBAs in 2008 compared with the percentage that hired MBAs in 2007 (Figure 3). Moreover, as firms cut back on hiring new employees overall, the percentage of MBA graduates in the overall hiring mix remains essentially unchanged (Figure 4).

The hiring outlook for MBA graduates varies by world region. For example, participating employers in the United States projected a 15% increase in recent MBA graduate hires per company in 2008, and employers in the European Union projected a 3% increase compared with 2007. Yet employers in regions other than the United States or European Union forecasted a 5% decline. In addition, the actual average number of new graduate MBA hires per U.S. company increased by 3% from 11.8 in 2006 to 12.2 in 2007, despite the decline shown in Figure 2 for the overall group.

Investment Banking Sector

The financial sector, one of the traditional employment venues for MBA graduates, has undergone recent turmoil, especially in the United States. To avoid bankruptcies, two major financial companies—Countrywide Financial Corporation, one of the largest mortgage lenders, and Bear Stearns Companies Inc., a prominent investment firm—were acquired by Bank of America and JPMorgan Chase corporations, respectively, in 2007. In addition, Standard & Poor’s 500 large publicly held companies included in the calculation of the S&P 500 “market capitalization” index will report a 60% drop in first-quarter profits, according to a poll of financial analysts conducted by Thompson Financial.¹

Responses from the 139 survey respondents who work in investment banking may seem at odds with these overall economic prospects and gloomy expectations within the financial sector—three in four participating investment firms hired MBA graduates in 2007 (76%) and plan to continue hiring MBA graduates in 2008 (77%). However, a closer look reveals that these investment-banking companies are cutting back hiring quotas for undergraduate students and experienced hires to sustain their MBA-graduate hiring levels (Figure 5). One possible explanation for this may be that companies recognize a need to bring in specific talents associated with an MBA education during times of economic turmoil.

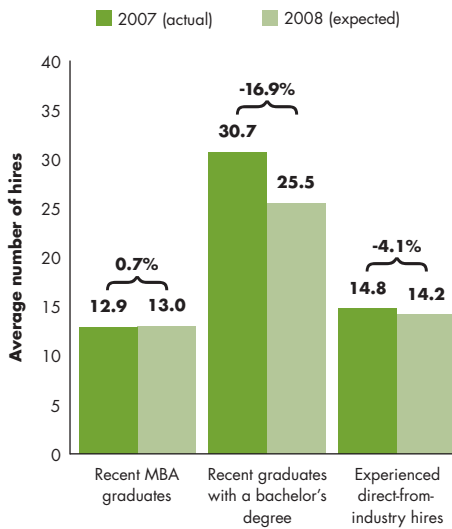


Figure 5.
Investment Banking—Average Number of New Hires per Hiring Company

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 Three in four participating investment firms hired MBA graduates in 2007 and plan to continue hiring MBA graduates in 2008.
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¹Dobbs, K. (2008, April 14). Light at the End of the Tunnel? *American Banker*. Retrieved April 15, 2008, from www.americanbanker.com/article.html?id=200804116N6M039N8&queryid=1078496862&hitnum=5.

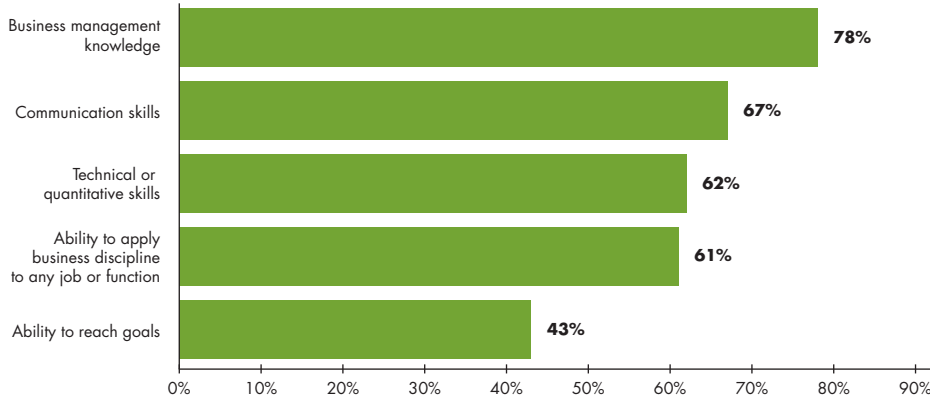


Figure 6.
Top Five Reasons for Hiring MBA Graduates

Across industries, company types, and locations, nearly all respondents that employed MBA graduates in 2007 (98%) stated that they are satisfied with their MBA hires. What skills do MBA graduates possess that are valued by employers? Companies hire MBA graduates primarily because of their business management knowledge² (78%) and their ability to apply that knowledge, along with their technical skills, to any job or function to reach company goals (Figure 6). Secondly, employers hire MBAs for their communication skills (persuasive, written, and presentation).



A typical MBA graduate is most likely to have four to five years of work experience, be hired by U.S. consulting firms, acquire a mid-level position, and earn a salary that is almost double that of a recent graduate with a bachelor's degree.



² *Business Management Knowledge* is vaguely defined in the questionnaire as "finance, marketing, operations, etc." and is open to respondent interpretation.

In the past few years, there has been a proliferation and diversification of graduate business programs. This has led to some confusion as to the differences between the MBA degree, an MSc in business or management degree, and other specialized graduate business degrees. One way to analyze differentiating factors is to identify the most likely employers, requirements, and assigned monetary values for these business school graduates. Using modes of independent distributions acquired through the survey, the following descriptions provide a snapshot of typical 2007 graduates from various program types.

A typical MBA graduate is most likely to have four to five years of work experience, be hired by U.S. consulting firms, acquire a mid-level position, and earn a salary that is almost double that of a recent graduate with a bachelor's degree (Table 1).

Similarly, a typical MSc in Business or Management graduate would most likely hold an entry-level position, work for a consulting firm in the European Union, have one to three years of work experience, and earn 40% more than someone fresh from an undergraduate degree.

A graduate with a specialized master's degree (e.g., master's in Accounting, Taxation, or Finance) is most likely to have one to three years of work experience, be hired by EU finance and accounting firms, hold an entry-level position, and earn a starting salary that is 30% greater than that of someone with a newly acquired bachelor's degree.

Overall, the average expected starting salaries for each group suggest that employers assign more value to business school graduates than to graduates from other disciplines.

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	MBA	MSc	Specialized Master's	Master's Other than Business
Sector	Consulting	Consulting	Finance and Accounting	Nonprofit
Level	Mid-Level	Entry level	Entry level	Entry level
Location	U.S.	EU	EU	Outside the U.S.
Experience	4–5 years	1–3 years	1–3 years	1–3 years
Salary	1.9 × bachelor's	1.4 × bachelor's	1.3 × bachelor's	1.2 × bachelor's

^a Based on modes of independent distributions.

Table 1.
 Business School Graduates—Typical Employers, Requirements, and Monetary Values^a

Those that chose to elaborate (12%) on differences between various business graduates in the types of jobs and responsibilities offered typically indicated that they assign more responsibilities and leadership roles to MBA graduates, while leaving more specialized areas with less autonomous work for other business graduates.

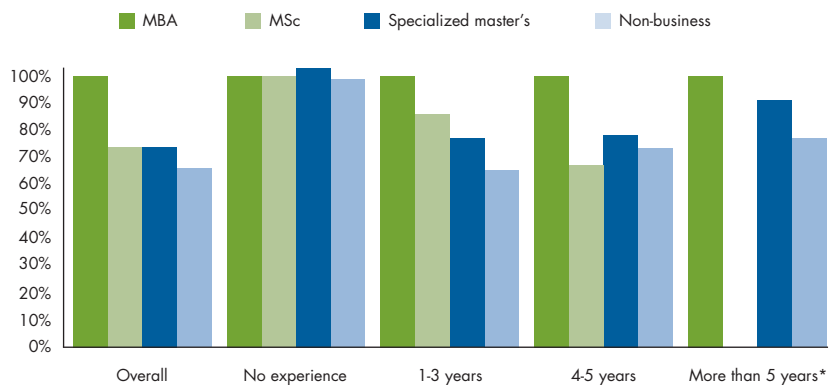
Although an MBA degree offers candidates a greater probability of obtaining positions above entry level than other business or non-business graduate degrees do, prior work experience appears to be a critical factor in deciding whether an MBA graduate will immediately acquire a position at the higher levels of an organization or needs to work gradually into a company leadership position. In combination, previous

work experience and leadership potential enhanced by intensive MBA training offer MBA graduates an edge, not only in terms of securing more responsible job roles and employer recognition, but also in compensation. Overall, recent MBA graduates earn about 30% more than any other graduating students studied (Figure 7). However, graduates with no work experience—including those with an MBA degree—are likely to have similar salaries. Work experience thus results in the differentiation. An MBA graduate with one to three and, especially, with four to five years of work experience is likely to be much better compensated than any other graduating student with similar work experience.

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An MBA graduate with one to five years of work experience is likely to be much better compensated than any other graduating student with similar work experience.

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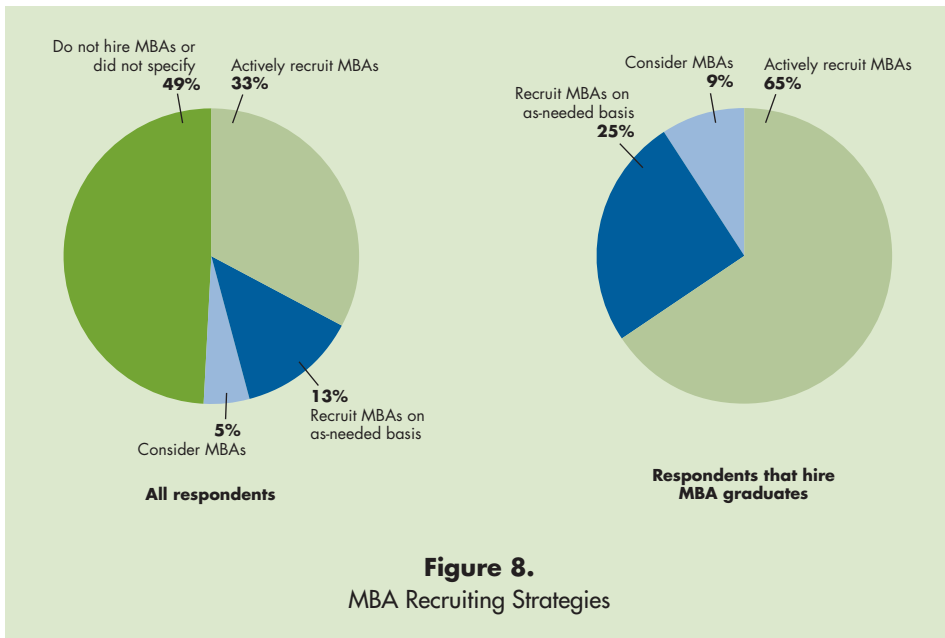
*Data is not available for MSc graduates with more than 5 years of work experience.

Figure 7. Relative Monetary Value of Different Diplomas, where MBA Salary Represents 100%

Overall, one in three participating employers (33%) actively recruits MBA graduates by sustaining a formal program, recruiting on a planned periodic basis, and/or conducting on-campus recruitment (Figure 8). Companies that do some recruitment of MBAs on campus report that structured, on-campus recruiting accounts for nearly two-thirds (65%) of their recruitment efforts. There are proportionally more companies that actively recruit MBA graduates in the United States than in other world regions,

and companies with 10,000 or more employees are more likely to actively recruit MBA graduates than are firms with fewer personnel. By industry, nonprofit and government organizations are the least likely to actively search for MBA talent.

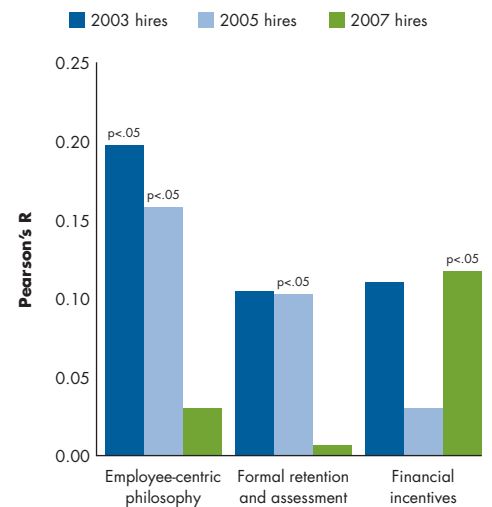
Firms that actively recruit graduate MBA students are of different scope and size across every industry. Such companies typically offer graduating MBAs higher-level positions and better compensation, including starting or signing bonuses, than organizations that do not actively recruit MBAs (Figure 9).



Effective Retention Strategies

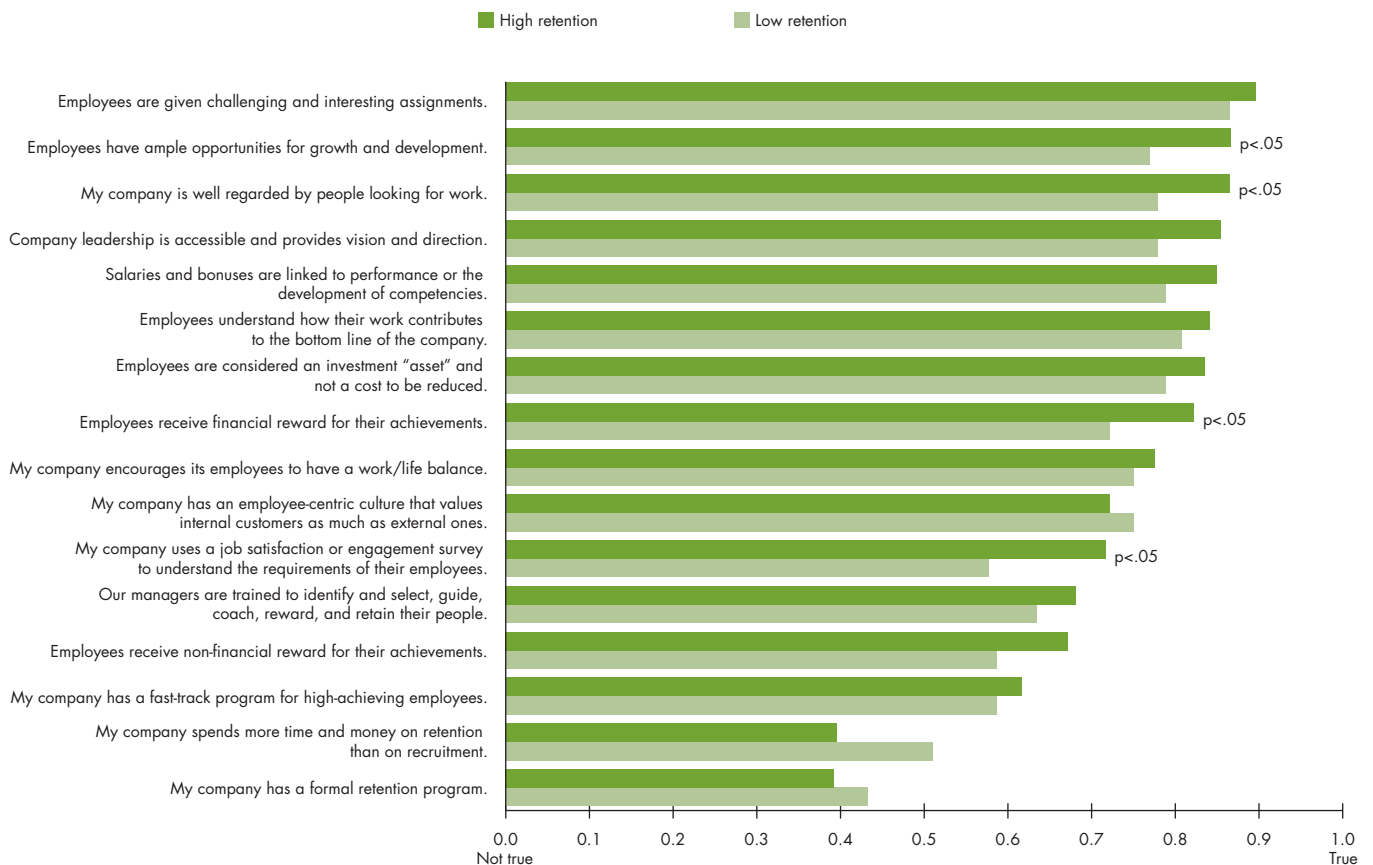
Companies with high retention rates are more likely than firms with low retention rates to use the various retention strategies listed in the survey. However, the most notable differences by retention success were the use of job satisfaction or engagement surveys to understand employee requirements, the use of financial rewards to reinforce employee achievements, the availability of opportunities for growth and development, and whether the company is well regarded by individuals looking for work (Figure 10).

Factor analysis using principal component analysis with varimax rotation was applied to extract main factors that summarize company capacity to retain MBA hires. The variables investigated in this study formed three such factors—employee-centric philosophy, formal retention and assessment, and financial incentives. Financial incentives, including financial awards for achievements and linking salaries and bonuses to performance, are an effective short-term retention strategy; an employee-centric philosophy in which employees are considered an investment “asset,” company leadership is accessible, and there is an employee-centric culture is most effective for long-term retention (Figure 11), however.



a. Principal component analysis with varimax rotation, 47% of variance explained.

Figure 11.
Correlation between Retention Factors^a and Retention Rates



a. Based on aggregate categories for 2003, 2005, and 2007. Low retention rates include those with less than 40% of their 2003 hires, less than 50% of their 2005 hires, and/or less than 70% of their 2007 hires. High retention rates include those with more than 70% of their 2003 hires, more than 85% of their 2005 hires, and/or more than 95% of their 2007 hires. Companies with medium retention rates were excluded from the analysis.

Figure 10.
Probability of Companies with Low and High MBA Retention Rates Employing Selected MBA Retention Strategies^a

Recession is a normal stage of the business cycle. As either a short-term downturn with quick recovery or an extreme depression with long-lasting circumstances (e.g., the Great Depression), recession is inevitable in both micro and macro economic environments. Undeniably, recessions test company soundness and their ability to survive in a situation of lower demand and fierce competition. However, even when recession slows economic activity, it does not stop it; and if there remains a demand for products and services, businesses will continue running and need to be managed. Thus, the search for bright and talented people with fresh ideas who can take and manage risks and navigate in the turbulent economic environment is especially important. An economic challenge creates opportunities for MBAs and other business graduates to demonstrate that what they learned in business school can be effectively put into practice and contribute not only to the success of an organization, but also to its survival.

Participating recruiters write that employers need: global managers who demonstrate “global awareness, ability to work in multiple cultures, [and] understanding [of] and ability to apply the global delivery model;” innovative leaders who will “infuse innovation into business development with diversification and bring a company into a significant level in their area of operations;” and managers who will at all times focus on clients, “understanding the importance of the customer and designing experiences with the customer in mind.” The workplace demands people that can “lead cross-functionally and enable teams to solve problems together” with “real-world skills to apply information technology and tools in solving business problems.” Ultimately, it appears that even during the economic downturn, companies worldwide welcome “mature, analytically oriented graduates with the ability to lead teams, divisions, and organizations.”

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The most notable differences by retention success were the use of job satisfaction or engagement surveys, financial rewards for employee achievements, opportunities for growth and development, and whether the company is well regarded by individuals looking for work.

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Findings presented in this publication are based on analysis of survey data found in the *2008 Corporate Recruiters Comprehensive Data Report*. The *Comprehensive Data Report*, which is available exclusively to participating business schools and employers, contains detailed data tables and analysis of the survey responses by industry group, company size, world region, U.S. region, and recruiting strategy, in addition to the overall analysis. The *Comprehensive Data Report* also provides a list of verbatim comments from employers on differences between graduates from various graduate management programs as well as between full-time, part-time, executive, and online MBA program graduates. The open-ended comments include employer advice on changes that graduate business schools should make to better meet workplace needs. A list of business schools and companies that participated in the survey is publicly available at www.gmac.com/surveys.

In addition to receiving copies of this report and the *Comprehensive Data Report*, participating business schools receive individualized benchmarking reports that compare aggregate responses from employers that work with their school with the responses of employers that work with other schools. A summary of employer database analysis is also available to each of the participating business schools.

Contact Information

For questions or comments regarding the study findings, methodology, or data, or to volunteer to participate in future surveys, please contact the GMAC Research and Development department at research@gmac.com.

Authorship

The following individual(s) made significant contributions to the concept and design or analysis and interpretation of data and the drafting/revising of the manuscript for intellectual content: Marina Murray, Manager, Applied Research, Research & Development, Graduate Management Admission Council.

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GMAC thanks the numerous school contacts representing 129 schools who took the time to sign up and participate in this survey and the 2,307 employers who completed the questionnaire. Without you, this report would not have been possible.

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**Participating recruiters write
 that employers need global managers,
 innovative leaders, and managers
 that will at all times focus on clients.**
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The **Corporate Recruiters Survey** is one in a series of five annual or biannual surveys produced by the Graduate Management Admission Council®. The surveys are designed to explore relevant issues, offering data at various depths, depending on the desire of the user and the participation of the school. Survey reports provide an overview of the data in addition to giving context for and implications of the research. They are frequently used to help drive strategic decision-making processes in graduate business schools. All survey reports are available on the Web (www.gmac.com/surveys). Print copies (while supplies last) are free upon request from the GMAC® Research and Development department at research@gmac.com.

Other surveys include—

mba.com Registrants Survey

Who is in the pipeline for a degree? What makes them decide to apply now or wait? Launched in 2003, this annual survey tells who prospective students are (including detailed profiles), how and why they move through the pipeline, and what motivates them and gets their attention.

Application Trends Survey

How does a school's application volume compare with that of other schools? Since 1999, this annual survey has gathered comparative application data for the current and previous year from business school programs worldwide.

Global MBA® Graduate Survey

What do students think about the MBA experience as they prepare to graduate? Launched in 2000, this annual survey is conducted every February to provide a comprehensive picture of who MBAs are and where they are headed after they graduate, as well as how they chose their schools and how satisfied they are with their MBA education.

MBA Alumni Perspectives Survey

What happens to MBAs after they graduate and begin to evaluate the value of their degrees? Launched in 2001, these biannual surveys follow MBA graduates long-term to understand their career progression, their expectations, their attitudes about work, their assessment of their education, and general market trends.

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