

2009

Graduate
Management
Admission
Council®

Alumni Perspectives Survey

SURVEY REPORT



The **Alumni Perspectives 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 4,600 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.

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Every April and September, the Graduate Management Admission Council (GMAC) conducts the Alumni Perspectives Survey, a longitudinal study of respondents to the Global Management Education Graduate Survey of students nearing graduation (previously known as the Global MBA® Graduate Survey). The April 2008 survey data represented graduates from 2000 through 2007. The September 2008 survey also included the newly graduated class of 2008. A total of 3,261 alumni responded to the April survey and 3,828 alumni responded to the September survey. This report reflects data from both Alumni Perspectives Surveys conducted in 2008.

The research objectives of these studies are to document job characteristics for both the first jobs alumni held after graduation and their current jobs; to track changes in responsibilities, promotions, and salary over time; to assess the benefits of graduate management education from a retrospective point of view; and to monitor the alumni's educational needs. This report is organized into three sections geared to particular audiences—graduate business schools, graduate business school alumni, and employers. The final section profiles groups of alumni including females, US underrepresented minorities, individuals who are self-employed, and those working in investment banking.

Key Findings

In a climate where 47% of participating alumni say the global economy is weak and 67% say their regional economy is weak, this survey's employment statistics indicate that a graduate business education is an investment that yields impressive returns. Among the graduate business school alumni, average earnings continued to outpace inflation and unemployment rates were lower than national and regional rates. In fact, only one in five alumni were concerned about their job stability, in sharp contrast with the 56% of respondents who shared such concerns in a CNN survey that ended in September 2008—concerns that researchers found “translated into less productivity at work” (Park, 2008). Although the graduate business school alumni were concerned about the current economy, most who participated

in the 2008 GMAC Alumni Perspectives surveys reported they made the right decision in pursuing an advanced business degree. This report explores the educational decisions and employment history of alumni from the classes of 2000 through 2008 with advanced degrees in business and management.

Other Key Findings

- Ninety-four percent of alumni were employed, and the unemployment rate among alumni was lower than area-wide rates in the United States and the European Union.
- The median salary increase between pre-degree salary and salary six months after graduation was 53% for full-time MBA graduates and 29% for part-time MBA graduates. The median annual increase thereafter was 9% among full-time MBA graduates and 12% among part-time MBA graduates.

- Four out of five alumni from the class of 2008 who landed a new job after graduation indicated they could not have obtained that job without a graduate management degree.
- Nine out of 10 alumni indicated their education met or exceeded expectations.
- Alumni who had remained with their first post-degree employer were more likely to have moved up the corporate ladder than alumni who had switched employers.
- Employment satisfaction, more so than promotions, job level, or salary, was a key indicator of employee retention, and the vast majority of alumni were satisfied with their current employer and their current job.
- Employers place a premium on supervisory responsibilities. Alumni with supervisory responsibilities and alumni with budgetary responsibilities earn 17% and 9% more, respectively, than alumni without these responsibilities.
- Regardless of job level, interpersonal skills were viewed as the most important skill used on the job.

Methodology

The survey sample includes business school graduates who participated in the Global Management Education Graduate Surveys administered to the 2000 through 2008 classes and agreed to further follow-up. In April 2008, the Alumni Perspectives Survey had 3,261 respondents representing an 18% response rate, and in September 2008, the survey had 3,828 respondents representing an 18% response rate. Table I shows the response rates for each of the surveys by graduation year.

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Nine in 10 alumni
indicated their education met
or exceeded expectations.
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Graduation Year	April 2008	September 2008
N	3,261	3,828
Response rates	18%	18%
2000	16%	14%
2001	11%	9%
2002	13%	10%
2003	14%	10%
2004	15%	12%
2005	17%	16%
2006	20%	15%
2007	28%	22%
2008	Not applicable	29%

Table 1.
Response Rates

Retrospective Analysis of Education

Alumni gave graduate business education high marks. Overall, 86% of graduate business school alumni considered their education to be a good-to-outstanding value, and 95% of alumni would still have pursued a graduate business degree knowing what they knew at the time of survey. Additionally, 97% said their education was personally rewarding, 94% indicated their education was professionally rewarding, and 89% stated their education was financially rewarding.

The vast majority of alumni said they made the right decision in pursuing their graduate business education. This outcome has remained relatively stable

over the past six years. Figure I shows the percentage of alumni from the class of 2008, by the program type from which they graduated, who reported they definitely made the right decisions related to their education. Graduates of full-time, part-time, and executive MBA programs showed no significant difference in terms of their decision to pursue their degree or the school they chose to attend. However, part-time MBA graduates were slightly less likely than their full-time and executive MBA counterparts to feel they definitely made the right decision in terms of the program type in which they enrolled¹ and the area in which they concentrated their studies².

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The vast majority of alumni said they made the right decision in pursuing their graduate business education.
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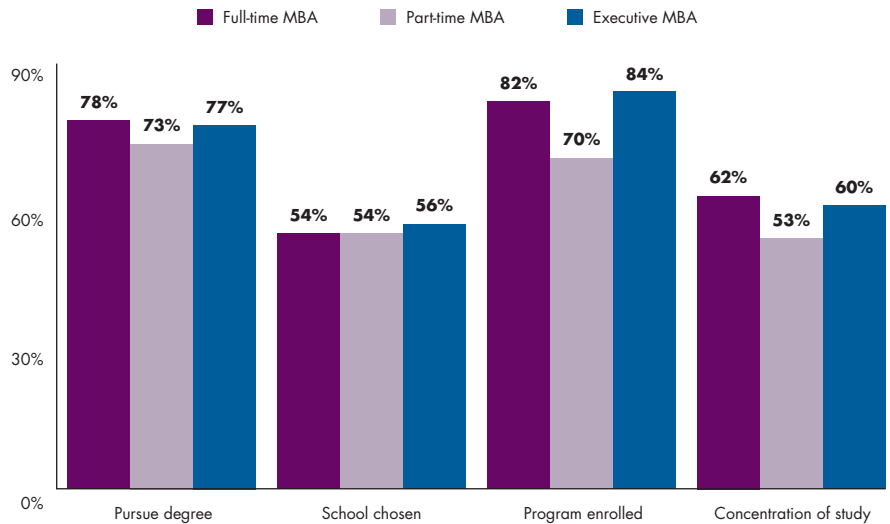


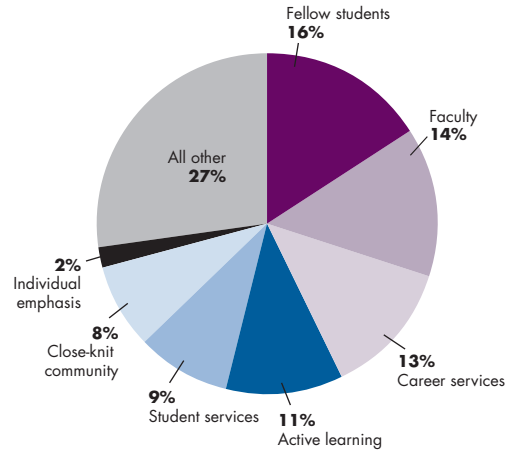
Figure 1.
 Definitely Made the Right Decisions (Class of 2008)

¹ $\chi^2 = 17.55, df = 2, p \leq .05.$
² $\chi^2 = 7.82, df = 2, p \leq .05.$

When compared by graduating class, alumni from the class of 2008 appeared the least certain about their school choice. Alumni views on school choice were influenced greatly by both the school’s culture and their own perceptions about the school’s quality³ (Figure 2). Specifically, alumni analysis of school choice was influenced primarily by their perceptions about the quality of the school’s students, faculty, and career services. The primary cultural influences were whether the program incorporated active learning and contained a close-knit community. Consequently, it appears that educational institutions could yield multifaceted returns, including the potential for enhanced value ratings from more satisfied alumni, by combining improvements to the quality of students, faculty, and career services with a positive school culture. Such improvements might also result in more positive word-of-mouth from students and alumni—an added benefit—because one-third of prospective students seek information about schools from students and alumni (Schoenfeld, mba.com Registrants Survey, 2008).

Pashiardis (1998) wrote, “A college’s climate [culture] appears to be one of the key factors in determining its success or failure as [a] place of learning and it, therefore, merits our attention.” Alumni survey data indicate that school culture, indeed, influenced whether the education exceeded, met, or failed to meet alumni expectations⁴. Although alumni with failed expectations were generally less likely to have reported that they definitely

made the right decisions about their education compared with alumni whose expectations had been met or exceeded, this discrepancy was most evident in their response regarding school choice. Alumni with exceeded expectations were 12 times more likely to have said they definitely chose the right school than alumni with failed expectations. Comparatively, alumni with exceeded expectations were only two to three times more likely to have indicated they definitely made the right decision in pursuing the degree, enrolling in a specific program type, and concentrating on a specific area than alumni with failed expectations. This suggests that the relationship between the school and student is important, and the influence of school culture is a reflection of that importance.



Pratt Index: Multiple R = .56, F = 18.32, p ≤ .05

Figure 2.
Drivers in Alumni Analysis of School Choice

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Alumni views on school choice were influenced greatly by both the school’s culture and their own perceptions about the school’s quality.
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³Multiple R = .56, F = 18.32, p ≤ .05.

⁴Multiple R = .47; F = 20.33; p ≤ .05.

Ability to Meet Expectations

Graduate business schools are consistently fulfilling their educational promises: Nine in 10 alumni indicated their education met or exceeded expectations, and 1 in 3 stated their education exceeded expectations. Very few (7%) indicated their graduate business education failed to meet expectations.

Prospective students pursue a graduate management and business education to develop their human capital, advance their careers, switch careers, and pursue entrepreneurial endeavors (Schoenfeld, mba.com Registrants Survey, 2008). When asked how their education exceeded expectations, alumni responses often related to these exact motivations for pursuing a degree. In their own words, the responses are as follows:



“The skills and knowledge that I have because of graduate school are more than I expected to get going in.”
—alumni comment on human capital development



Human Capital Development

- “The skills and confidence it gave me were beyond what I had anticipated, and I saw an immediate return on my investment.”
- “[The education] rapidly brought me from being mainly technically skilled to being skilled in all of the areas needed to succeed and advance in most corporations.”
- “It was a very interesting experience that made me interact with people of various backgrounds and cultures. It broadened my thinking and understanding of business and human nature.”
- “I learned more than the content provided in each of the courses. I learned very important critical thinking and analytical skills. I also benefited from the team-oriented learning approach. The network that I built through my class work is invaluable.”
- “The amount of skills and knowledge that I have because of graduate school are more than I expected to get going in.”

Career Development

- “Incredible value and learning experience that almost directly applied to the experience necessary to excel in my current position. I feel very well qualified to work with and compete with some of the best in the country.”
- “The learning was practical and immediately relevant to my work. It has opened doors by allowing me to speak a common language with senior management, promoting my professional image and intelligence.”
- “My education provided me with the knowledge, skills, and competencies to do my current job and to seek promotions to senior management positions within my career field.”
- “My graduate business education provided me with the necessary skills to develop into a strong leadership role within the organization.”
- “It put me in a position to be considered for a high-powered, demanding and challenging role at a high-performance global player.”

Career Switching

- “I had no previous financial training prior to getting my MBA. After getting my MBA, I am a top performer at my pay grade in the finance organization of my company.”
- “[It] enabled me to discover areas of interest that I had not thought of and that have actually been my career choice post-MBA.”
- “I was able to learn so much about business and actually use what I learned in school. It helped me narrow down my search and direct me to the right field for me. I would not have been able to obtain my current position without my MBA.”
- “Provided an opportunity to move out of engineering into management consulting—with a salary that well exceeded my expectations for post-MBA remuneration.”
- “The career opportunities were great. I was a career transitioner, and they gave [me] the tools [I] needed to succeed.”

Entrepreneurial

- “[My education] created [an] entrepreneurial mind-set.”
- “It gives me the opportunity to start up my own business.”
- “As an entrepreneur, my network from school has been invaluable in the following ways: [it gave me] continued access to the entrepreneurship resources at the school, [it provided me] a network of fellow entrepreneurs who I can rely upon for advice and moral support, [it gave me] access to current students as they are potential customers for me and [others].”
- “I entered intending to concentrate in accounting and finance, but graduated with certificates in the former and also in entrepreneurship and won the business plan competition, and the hypothetical company became real.”
- “I broadened the scope of specific knowledge far beyond my initial expectation. After two decades of successfully managing my business, I was amazed by the interpretation and explanation of why and how business could be managed in different ways to improve and update according to the ever-changing market situation.”

The comments provided by alumni whose expectations were not met reflected key drivers of school choice. Their responses indicated that a lack of career guidance and difficulty finding employment were primary reasons their expectations were not met, in addition to a general feeling that the caliber of curriculum, faculty, and students was not of a high quality. This sustained, unfavorable impression, although minimal, suggests that schools could benefit from additional resources for improvements in these areas.

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“I was able to learn so much about business and actually use what I learned in school. ... I would not have been able to obtain my current position without my MBA.”
—alumni comment on career switch

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First Job After Graduation

Future employment prospects appeared to be a primary reason many returned to school to receive a graduate business and management education. Four out of five alumni from the class of 2008 who found a job after graduation indicated they could not have obtained that job without a graduate management degree. Two in three indicated their first post-degree job was definitely the type of job they were looking for upon graduation. Furthermore, the class of 2008 had the highest percentage of alumni to report that the job they took was definitely the type they were looking for after graduation (Figure 3).



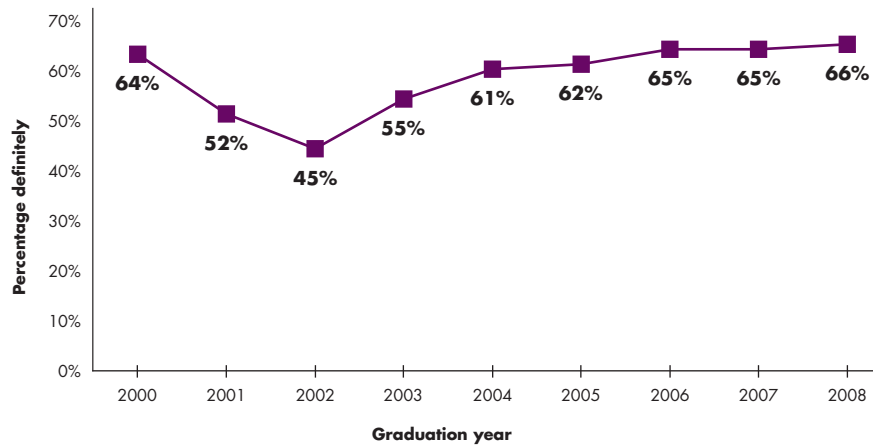
Four out of five alumni from the class of 2008 who found a job after graduation indicated they could not have obtained that job without a graduate management degree.



Overall, 88% of alumni from the class of 2008 were employed at the time they left graduate business school. Comparatively, the median employment rate at graduation for the class of 2008 among law schools was 74% (Internet Legal Research Group, 2008). Alumni who graduated from a school outside their country of citizenship (19%) were nearly twice as likely to be unemployed at the time of the survey as those graduating from schools within their country of citizenship (10%)⁵. Yet, each group of graduate business alumni exceeded the law school employment rate at graduation.

Additional analysis of employment rates at the time of graduation reveals the following:

- Graduates of part-time and executive MBA programs were more likely to have had a job at graduation than graduates of full-time MBA programs⁶. However, three-fourths of part-time graduates and 85% of executive MBA graduates were continuing a job they had while in school, compared with only 10% of full-time MBA graduates.
- No significant differences were noted in the employment rate at graduation by gender, age, or country of citizenship.



Source: Data for the classes of 2000 through 2007 are taken from past GMAC® MBA Alumni Perspectives Surveys. Data for the class of 2008 is from the September 2008 alumni survey.

Figure 3. Percentage of Alumni Whose First Job Was Definitely the Type of Job They Were Looking For

⁵ $\chi^2 = 14.72$; $df = 1$; $p \leq .05$.
⁶ $\chi^2 = 52.41$; $df = 2$; $p \leq .05$.

Figure 4 shows the methods alumni from the class of 2008 used to obtain their first job after graduation. On-campus interviews, networking, and internships were the primary methods used. Figure 5 shows the average number of job offers received by graduation year. On average, the class of 2008 received significantly more job offers than the classes of 2001

through 2005⁷. Alumni in the class of 2008 who found a job through a job fair had the greatest number of job offers (3.4), followed by those who found a job through an on-campus interview (3.2), cold calls (2.9), networking (2.8), or a job agency (2.8). Job advertisements (2.1) were the least productive tools for finding a job.

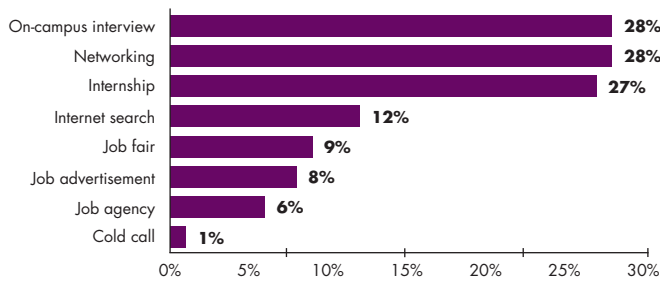
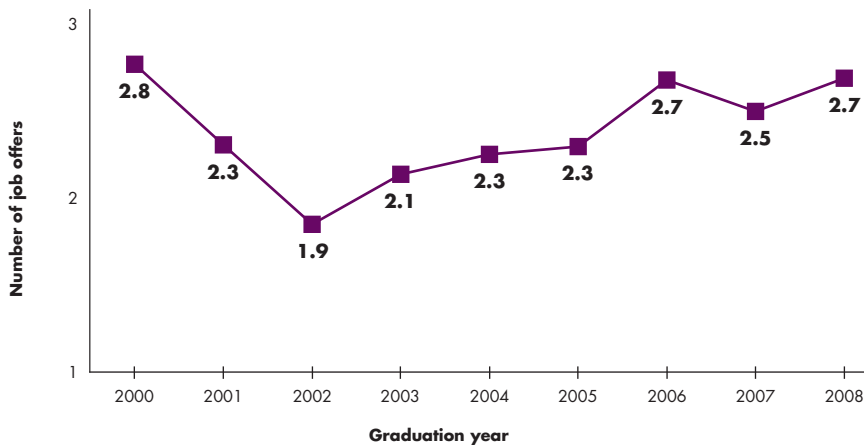


Figure 4.
Method of Finding First Job After Graduation



Source: Data for the classes of 2000 through 2007 are taken from past GMAC® MBA Alumni Perspectives Surveys. Data for the class of 2008 is from the September 2008 alumni survey.

Figure 5.
Number of Job Offers (Mean), by Graduation Year

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On-campus interviews, networking, and internships were the primary methods used to obtain jobs after graduation for the class of 2008.

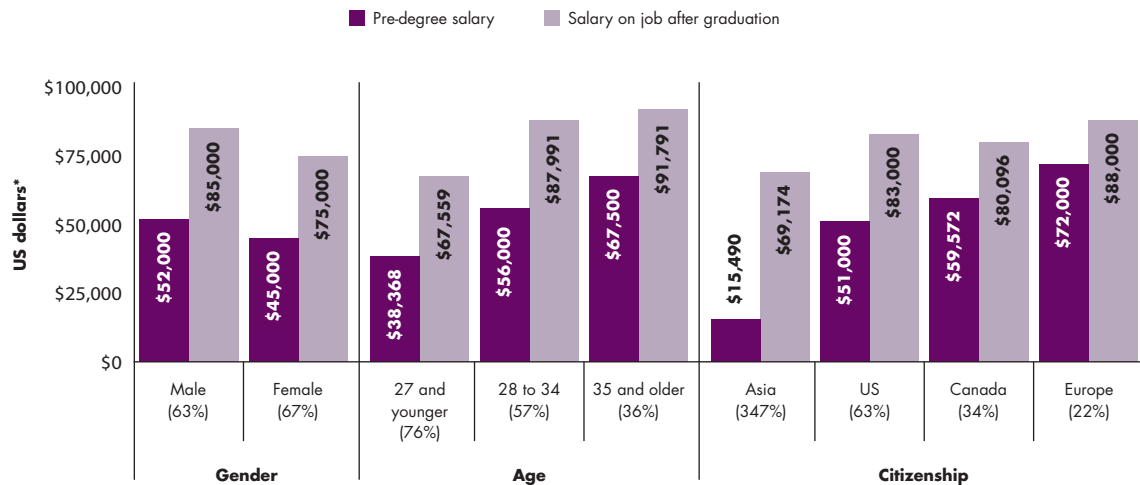
GRADUATE BUSINESS SCHOOL ALUMNI

Alumni who continued working for an employer with whom they were employed before graduation received a 21% increase in salary after graduation (median pre-degree salary US\$60,000; median post-degree salary US\$72,500). Alumni from the class of 2008 who either found a new job after graduation or transitioned their internship into a full-time job increased their annual base

salary by 60% upon graduation. Although graduates who began new positions after graduation experienced a significant rise in salary, it is important to note that many of these individuals had forgone earnings while pursuing their education.

Increases in salary were noted for each demographic group, but the increases varied

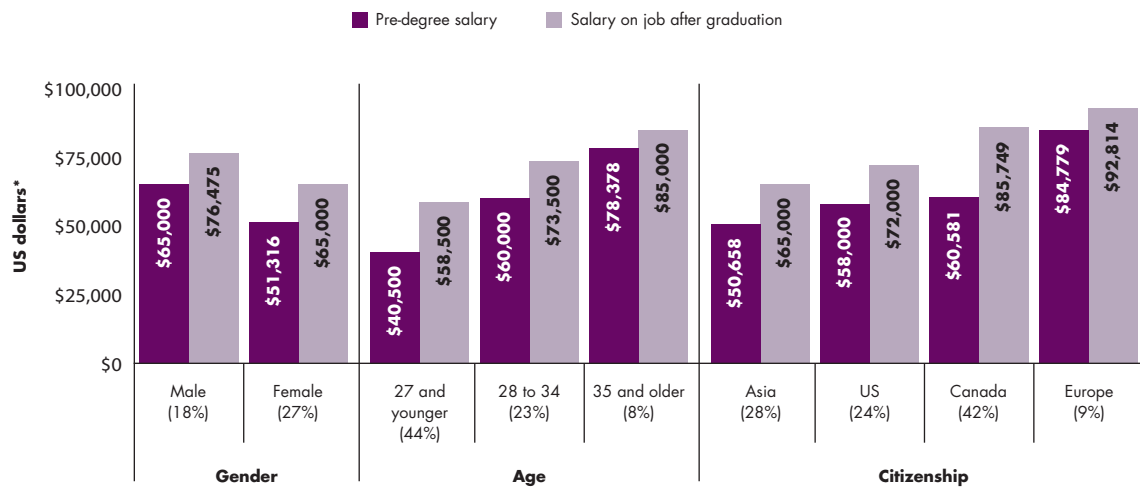
in magnitude. Figure 6 shows the pre- and post-degree salaries for class of 2008 alumni who found a new job after graduation or transitioned from an internship into a job, and Figure 7 shows the salaries among those who continued working for their previous employer after graduation.



*salary reported in currency of choice and converted to US dollars for purposes of comparison

Figure 6.

Median Pre- and Post-Degree Salary (% Increase), the Class of 2008 Who Began a New Job



*salary reported in currency of choice and converted to US dollars for purposes of comparison

Figure 7.

Median Pre- and Post-Degree Salary (% Increase), the Class of 2008 Who Continued a Job

Current Employment

The September 2008 unemployment rate in the United States was 6% (Employment Situation: September 2008, USDL 08-1367, 2008) and the unemployment rate in the European Union was 7% (Statistical Office of the European Communities, 2008), both of which were greater than the unemployment rate among participating graduate business school alumni. At the time of the September survey, 88% of the alumni were employed with an organization, 6% were self-employed, 5% were unemployed, and 1% were not in the labor force, as defined by the Bureau of Labor Statistics.

The unemployment rate was largely skewed by the most recent graduating class. When the class of 2008 was excluded from the analysis, the unemployment rate among graduate business school alumni was notably lower, at 3% compared with 5% of the total sample. The location of graduation also skewed the unemployment rate reported among the class of 2008⁵. Plus, 10% of the unemployed in the class of 2008 were continuing their education, 17% had recently moved, 10% reported family or health reasons for not working, and 79% of the unemployed indicated they had not been able to find a job that they wanted.

Trends in industry of employment among alumni did not differ significantly by graduation year. Figure 8 shows the distribution of industries among employed alumni. There were, however, significant differences in the industry of employment by the program type from which alumni graduated⁸ and by alumni gender⁹, age¹⁰, and location of residency¹¹. By various segments, the top industries among alumni are as follows:

- Full-time MBA graduates were primarily in finance/accounting (23%), products/services (22%), and consulting (19%).
- Part-time MBA graduates were primarily in products/services (21%), finance/accounting (20%), and technology (13%).
- Executive MBA graduates were primarily in products/services (23%), technology (17%), consulting (14%), and finance/accounting (14%).
- Men were primarily in finance/accounting (23%), products/services (20%), and consulting (17%).
- Women were primarily in products/services (25%), finance/accounting (19%), and consulting (15%), and women (12%) were twice as likely as men (6%) to be in the nonprofit/government industry.
- Products/services, finance/accounting, and consulting were the top three industries among all age groups.

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As of September 2008, 88% of the alumni were employed with an organization, 6% were self-employed, 5% were unemployed, and 1% were not in the labor force.

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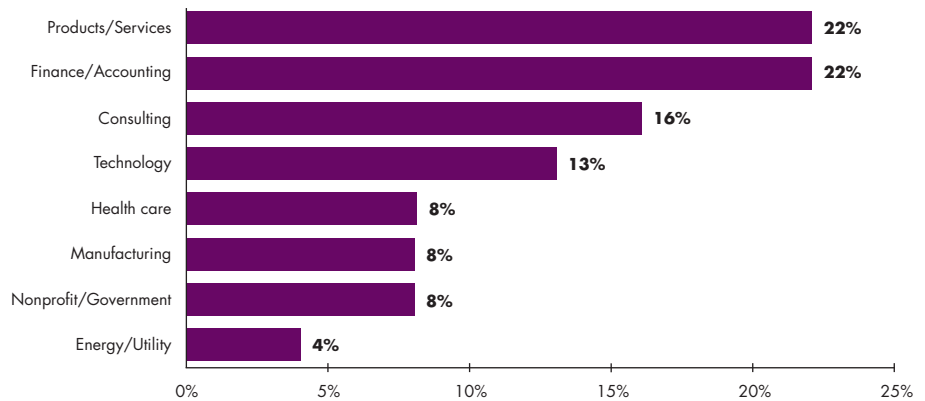


Figure 8.
Industry of Employment

⁵ $\chi^2 = 106.71$, $df = 14$, $p \leq .05$.

⁹ $\chi^2 = 82.72$, $df = 7$, $p \leq .05$.

¹⁰ $\chi^2 = 51.94$, $df = 14$, $p \leq .05$.

¹¹ $\chi^2 = 81.17$, $df = 21$, $p \leq .05$.

Figure 9 shows the distribution of industries by residency. The top three industries were products/services, finance/accounting, and consulting for each world region. However, significant variations appeared in alumni employment industries by residency^[11].

- Canadian residents were slightly less likely to work in the products/services industry than other alumni.

- Asian and European residents were more likely to work in the finance accounting industry than other alumni.
- The consulting industry was more popular with Canadian and European residents than with other alumni.
- Asian residents were more likely to work in the technology industry than other alumni.
- The health care industry was more popular with US residents than with all other alumni.

- Canadian residents were the least likely of alumni to work in manufacturing.
- US and Canadian residents were more than twice as likely as alumni residing in Asia and Europe to work in the nonprofit/government industry.
- Canadian residents were more likely to work in the energy/utilities industry than alumni residing in the United States and Europe.

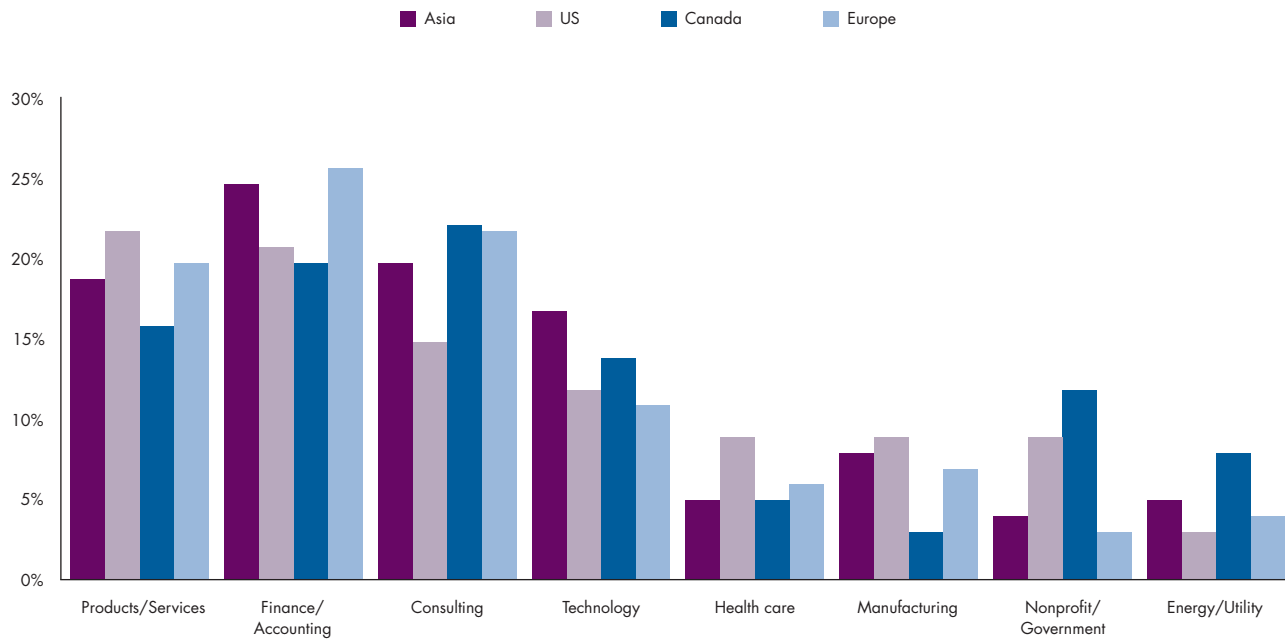


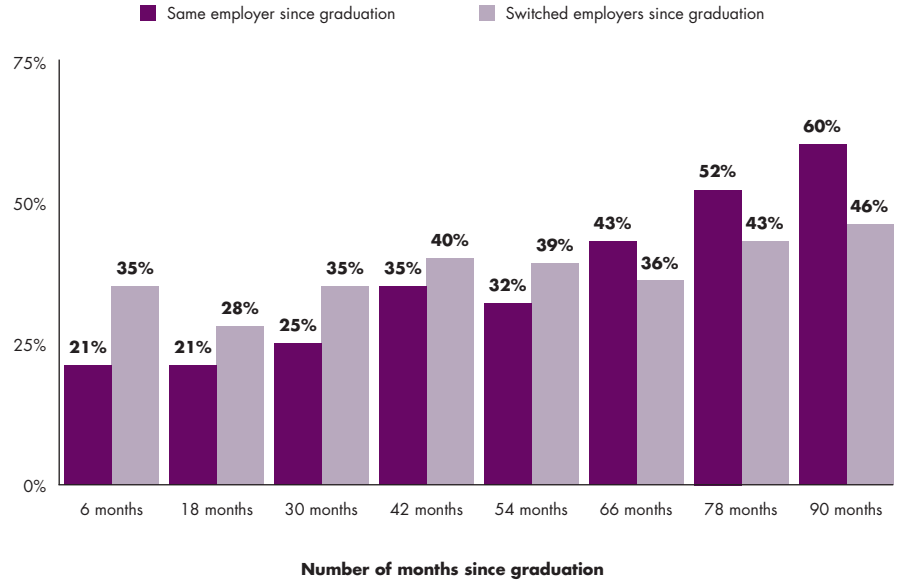
Figure 9.
Industry, by Residency

¹¹ $\chi^2 = 81.17$ df = 21, $p \leq .05$.

Job Analysis

A functional job analysis provides a detailed account of job duties and requirements. Overall, three out of five alumni indicated they held mid-level positions and nearly three out of four held senior-level positions. Additionally, 8% held entry-level positions and 7% held executive-level positions. Overall, higher job levels were correlated with graduation year; however, advancement appeared to favor those who had been with their employer since graduation. A positive monotonic relationship between job-level advancement and years since graduation was noted among alumni who remained with the same employer¹², but the advancement relationship did not exist among alumni who switched employers¹³ (Figure 10). These findings might dispel the myth that job-hopping leads to increased probability of advancement and add credence to the traditional ladder approach to career development.

Overall, 49% of alumni had supervisory responsibilities in their current job—92% of alumni in executive-level positions, 75% in senior-level positions, 38% in mid-level positions, and 14% in entry-level positions had supervisory responsibilities¹⁴. The median number of direct reports among alumni with supervisory responsibilities was four, the 25th percentile was two, and the 75th percentile was seven. Alumni in the health care, technology, and manufacturing industries had a greater number of direct reports compared with alumni in other industries¹⁵.



¹²Based on multiple cross-sectional analyses.

Figure 10.
Percentage of Alumni in Senior- or Executive-Level Positions,
by Job Retention and Months Since Graduation*

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Overall, higher job levels were correlated with graduation year; however, advancement appears to favor those who had been with their employer since graduation.

¹² $\psi = 2.82$; $SE_{\psi} = 1.47$; $t_{\psi} = 1.91$; $p \leq .05$.

¹³ $\psi = 0.90$; $SE_{\psi} = 2.03$; $t_{\psi} = 0.44$; $p > .05$.

¹⁴ $\chi^2 = 590.82$, $df = 3$, $p \leq .05$.

¹⁵ Kruskal-Wallis test, $\chi^2 = 33.73$, $df = 7$, $p \leq .05$.

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Interpersonal skills were the most important skills used on the job, regardless of job level.
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Two out of five alumni had budgetary responsibilities in their current job. Nearly three times as many alumni with supervisory responsibilities (59%) had budgetary responsibilities compared with alumni without supervisory responsibilities (22%). The median budget overseen was US\$2.5 million, the 25th percentile was US\$500,000, and the 75th percentile was US\$13 million.

Alumni were asked to describe their job in terms of goal setting, task development, work process, and work schedule. Their responses form an autonomy index score (Figure 11). On average, alumni indicated their level of autonomy falls between mid-level, defined as working with one's boss to develop goals, tasks, processes, and schedules, and high-

level—setting their own goals, tasks, processes, and schedules. Alumni describing a low level of autonomy indicated that their boss sets goals, tasks, processes, and schedules for them. Not surprisingly, alumni with budgetary,¹⁶ or supervisory responsibilities, or both¹⁷ had higher levels of job autonomy than those without these responsibilities. Important job skills among alumni with greater job autonomy included managing human capital (22%); managing the decision-making process (19%); generative thinking (12%); managing strategy and innovation (11%); knowledge of human behavior and society (9%); and knowledge of technology, design, and production (5%)¹⁸.

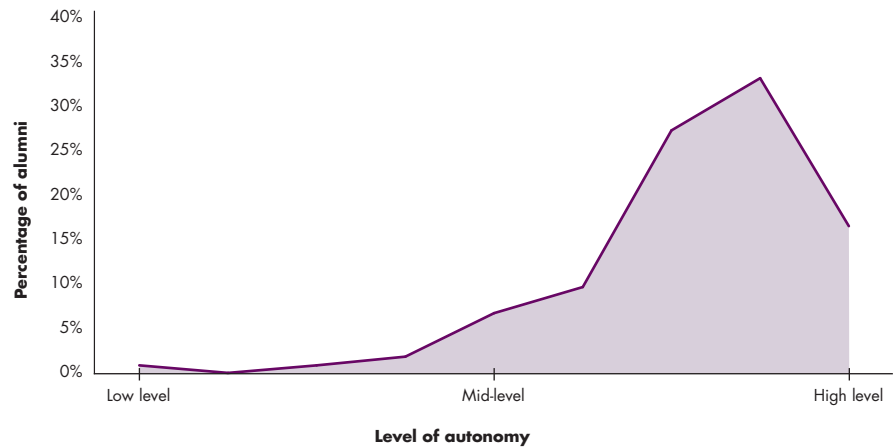


Figure 11.
 Distribution of Job Autonomy Level

¹⁶Independent samples t-test, $t = -14.62$, $df = 3107$, $p \leq .05$.
¹⁷Independent samples t-test, $t = -15.72$, $df = 3108$, $p \leq .05$.
¹⁸Multiple R = .32, $F = 23.19$, $p \leq .05$. Percentages are Pratt index scores.

Entry Level	Mid-Level	Senior Level	Executive Level
Interpersonal Skills	Interpersonal Skills	Interpersonal Skills	Interpersonal Skills
Foundation Skills	Managing Decision-Making Processes	Managing Decision-Making Processes	Managing Decision-Making Processes
Generative Thinking	Generative Thinking	Generative Thinking	Managing Strategy and Innovation
Managing Decision-Making Processes	Managing Strategy and Innovation	Strategic and System Skills	Managing Human Capital
Managing the Task Environment	Foundation Skills	Managing Strategy and Innovation	Generative Thinking

Table 2.
Top Five Most Important Skills Used on the Job, by Job Level

Interpersonal skills were the most important skills used on the job, regardless of job level (Table 2). Alumni in higher-level positions found all skills except foundation skills to be of greater importance to their job than those in lower-level positions (Figure 12). Foundation skills—for example, reading comprehension, writing, mathematics, and science—were more important to alumni in lower-level positions. Besides interpersonal skills, managing the decision-making process, and generative thinking—e.g., innovation, analytical thinking, independence—appeared on the top five lists for each job level (see Table 2).

When moving from entry-level to mid-level positions, managing the task environment was replaced in the top five by managing strategy and innovation. From mid-level to senior-level positions, foundation skills became less important as strategic and system skills—for example, complex problem solving, judgment and decision making, systems analysis and evaluation, management of financial resources, management of material resources—move into the top five. When moving from the senior level to the executive level, strategic and system skills were replaced in the list of top five skills by managing human capital.

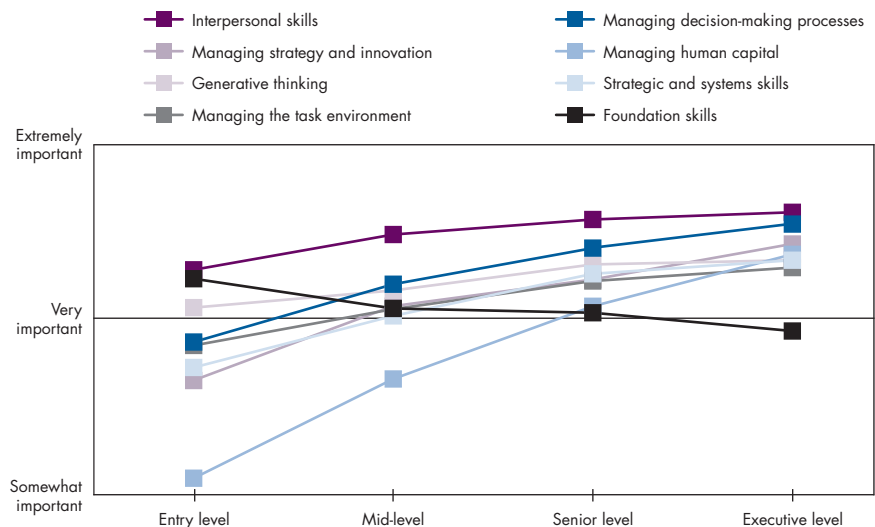


Figure 12.
Importance of Various Skills, by Job Level

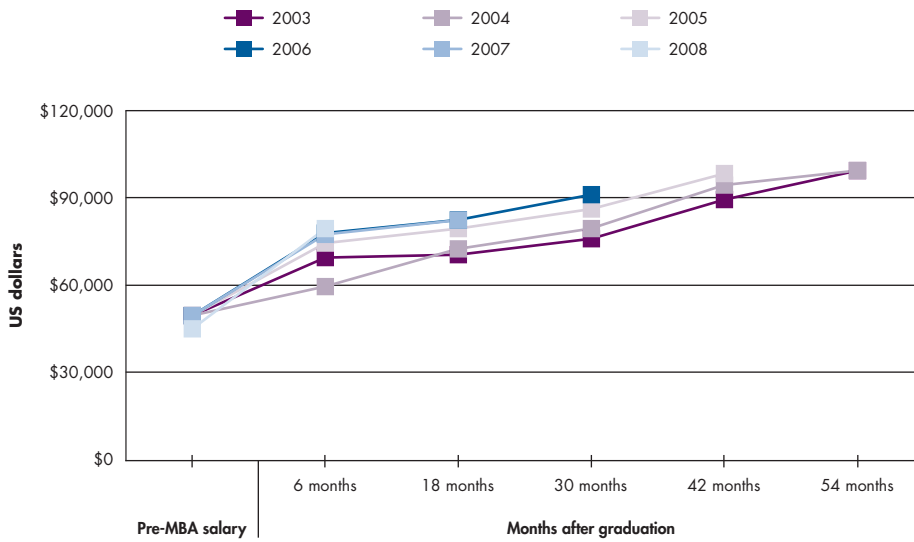


Figure 13.
Progression of Median Annual Base Salary Among Full-Time MBA Graduates, by Graduation Year

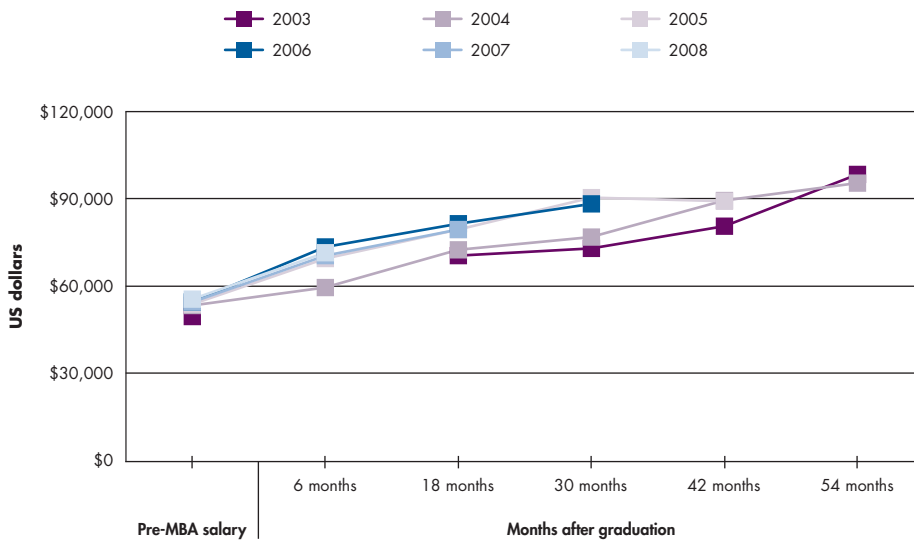


Figure 14.
Progression of Median Annual Base Salary Among Part-Time MBA Graduates, by Graduation Year

Salary and Other Compensation

Figures I3 and I4 present the salary progression of graduates from full-time and part-time MBA programs for the graduating classes of 2003 through 2008. The median salary increase between pre-graduation salary and salary at about six months after graduation was 53% for full-time MBA graduates and 29% for part-time MBA graduates. The median annual increase thereafter was 9% among full-time MBA graduates and 12% among part-time MBA graduates. In each instance, the annual median increase in salary was more than twice the US median annual increase of 3.4% (Bureau of Labor Statistics) between 2004 and 2008.

Consider this scenario: Using the above median figures, if pre-MBA salary was equal among full-time and part-time MBA graduates, full-time MBA graduates would out earn part-time MBA graduates for the first 84 months after graduation. Ninety months after graduation, part-time MBA graduates would out earn full-time MBA graduates.

Annual base salary is only a part of the total compensation package. Figure I5 shows the current annual base salary plus additional compensation received by graduation year. Among all US civilian workers, wages and salaries accounted for 71% of total compensation in the second quarter of 2008 (Bureau of Labor Statistics). Among the alumni surveyed, annual base salary accounted for 87% of

total median compensation, 95% for the 25th percentile, and 77% for the 75th percentile.

Figure 16 shows total compensation by job responsibilities, which correlate positively with total compensation¹⁹. Alumni with only budgetary responsibilities earn 8.5% more than those without supervisory or budgetary responsibilities, and alumni with only

supervisory responsibilities earn 16.9% more. Similarly, alumni with supervisory and budgetary responsibilities earn 21.8% more than those with only budgetary responsibilities and 13.1% more than those with only supervisory responsibilities. These figures indicate that employers place a greater premium on supervisory responsibilities than on budgetary responsibilities.

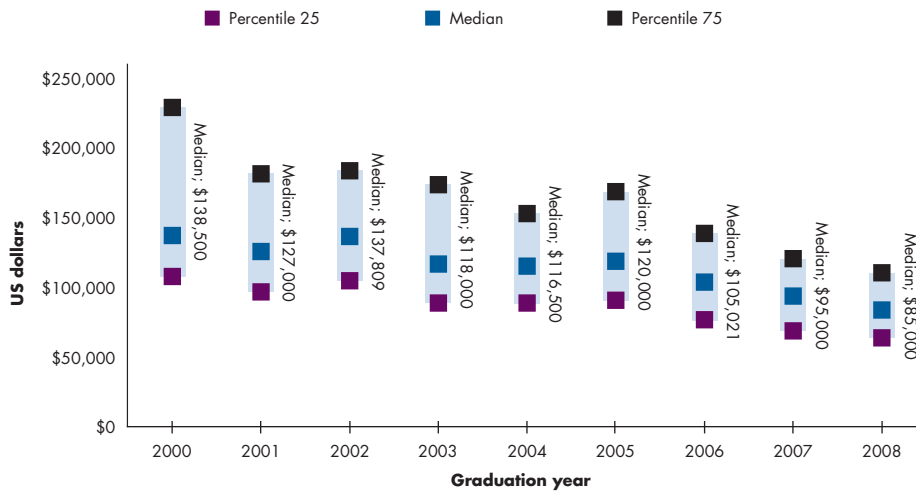


Figure 15.
Total Compensation, by Graduation Year

Employers place a greater premium on supervisory responsibilities than on budgetary responsibilities.

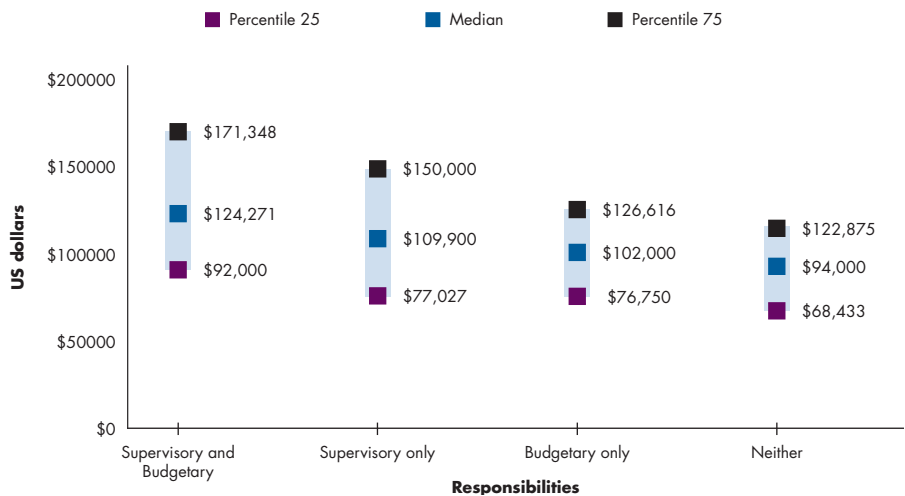


Figure 16.
Total Compensation, by Responsibilities

¹⁹Pearson's $r = .21$; $n = 2,669$; $p \leq .05$.

• • • • •
The vast majority of alumni felt satisfied with their current employer and their current job.
 • • • • •

Employment Satisfaction

Job fit is fundamental to employee satisfaction and retention. Person-job fit is based on identifying, recruiting, and retaining individuals with the appropriate knowledge, skills, and abilities required of the job. Person-organization fit is based on identifying, recruiting, and retaining individuals who engage and connect with the organizational culture. Overall, 91% felt their job somewhat or very much matched the type of job they wanted, and 9% felt the job did not match the job they wanted.

The vast majority of alumni felt satisfied with their current employer and their current job. About three out of five alumni seemed extremely or very satisfied with their employer and half appeared extremely or very satisfied with their job.

Furthermore, 51% of the alumni felt their current job nearly matched their career goal, and one in 10 alumni stated that it was a perfect match.

A composite employment satisfaction score²⁰ was calculated²¹ to better gauge alumni employment satisfaction (Figure 17). On average, alumni were relatively satisfied with their current employment. A comparison of employment satisfaction revealed that:

- Alumni under the age of 35 were more satisfied than older alumni²².
- Alumni from Asia and the Pacific Islands were less satisfied than all other alumni²³.
- Alumni in the health care industry were more satisfied than alumni in the manufacturing industry²⁴.
- Alumni holding general management positions were more satisfied than alumni holding marketing/sales, operations/logistics, consulting, and information technology/MIS positions.
- Alumni holding finance/accounting positions were more satisfied than alumni holding information technology/MIS positions²⁵.
- Alumni in higher-level positions were more satisfied than alumni in lower-level positions²⁶.
- No differences in satisfaction existed between genders.

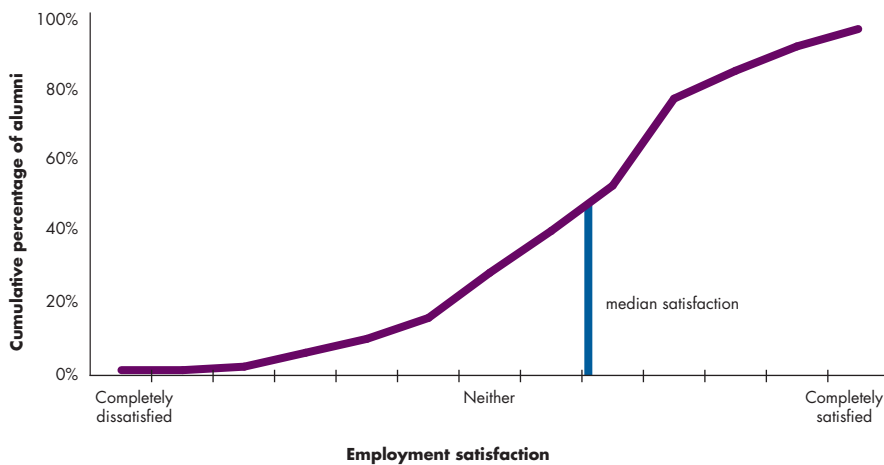


Figure 17.
 Cumulative Distribution of Composite Employment Satisfaction Score

²⁰ Cronbach's $\alpha = .881$ indicated good internal consistency, and factor analysis, using maximum likelihood extraction with direct oblimin rotation, where $\delta = 0$, indicated unidimensionality of the data.

²¹ Composite satisfaction score = ((Satisfaction with employer) + (Satisfaction with job) + (Job Matches Career Goals))/12. (Range: 0-1) [mean = .64; standard error < .01]. Satisfaction questions were answered on a 5-point scale, where 4 was extremely satisfied and 0 was not at all satisfied. Job match question was answered on a 5-point scale, where 4 was perfectly matches and 0 was not at all.

²² One-way ANOVA with Bonferroni post-hoc analysis, $F = 9.35$; $df = 2,2935$; $p \leq .05$.

²³ One-way ANOVA with Bonferroni post-hoc analysis, $F = 6.26$; $df = 4,2861$; $p \leq .05$.

²⁴ One-way ANOVA with Bonferroni post-hoc analysis, $F = 2.25$; $df = 7,2786$; $p \leq .05$.

²⁵ One-way ANOVA with Bonferroni post-hoc analysis, $F = 6.39$; $df = 6,2721$; $p \leq .05$.

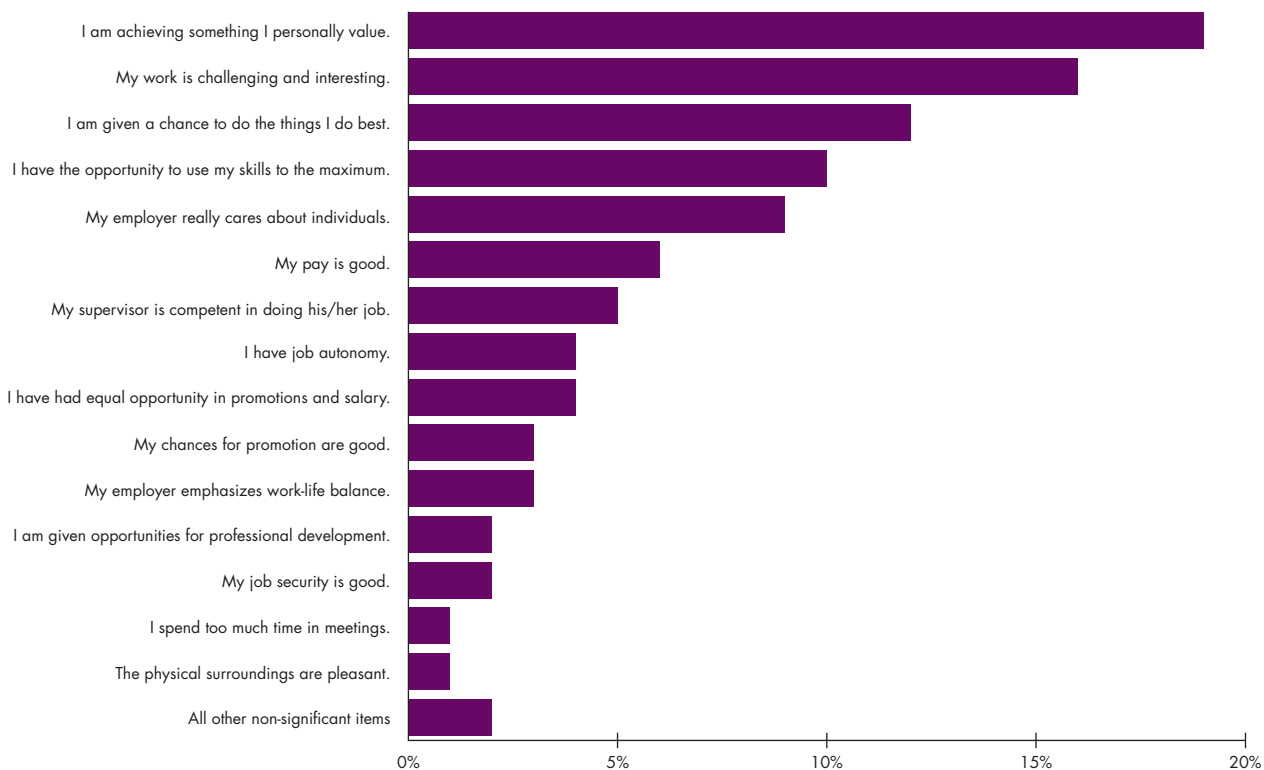
²⁶ One-way ANOVA with Bonferroni post-hoc analysis, $F = 26.80$; $df = 3,2921$; $p \leq .05$.

Figure 18 presents the key drivers of employment satisfaction²⁷. Three items—achieving something alumni personally value, challenging and interesting work, and a chance to do the things alumni do best—accounted for almost half of the predictive power of the model. Annual base salary, when included in the analysis, did not produce a significant impact on employment satisfaction. Employment satisfaction appeared to be dependent upon alumni feelings of the right fit with the job rather than external rewards.

Job Retention

The opposite of job retention is job turnover, which is an expensive process (Huang, Lin, & Chuang, 2006) for employers and employees. Employers and former employees must spend time, money, and effort to find replacements, when searching for a new employee or a new job. This section of the report explores the propensity to switch employers among alumni of graduate business programs. Additionally, this section explores various methods that companies use to retain their employees and the role of each method in an alumnus’s decision to remain with his or her current company.

•••••
Employment satisfaction appeared dependent upon alumni feelings of fit with the job rather than external rewards.
 •••••



Pratt Index: Multiple R = .85; F = 341.26; df = 22,2922; p ≤ .05

Figure 18.
 Key Drivers of Employment Satisfaction

²⁷Pratt Index: Multiple R = .85; F = 341.26; df = 22,2922; p ≤ .05.

The likelihood of job turnover increases as the time horizon lengthens²⁸ (Figure 19), and the likelihood of switching employers nearly doubles at each time horizon. Overall, one in eight (13%) alumni indicated very little inclination to switch employers at any point in the listed time horizon, and 87% expressed some possibility of changing employers within the next five years.

A weighted composite score of the responses to the three time-horizon questions²⁹ was calculated³⁰ to further understand the likelihood of job turnover. The composite score ranges from 0, no expressed chance of changing employers, to 1, an almost certain chance of making a change. The median score was .27, indicating that half the alumni expressed minimal interest in changing employers. The 75th percentile score was .52, which

suggests that a quarter of the alumni were somewhat inclined to change employers. Furthermore, the 95th percentile was .89—meaning one in 20 alumni expressed a moderately high level of certainty that they would switch employers.

The alumni data also show the propensity to switch employers correlated with satisfaction with one’s employer³¹ and job³²—less satisfied employees were more likely to express a desire to change employers. Figure 20 presents the median job retention composite score by satisfaction levels. Alumni who were less than somewhat satisfied with either their employer or job exceeded the .5 threshold, which suggests a greater propensity to switch employers. Minimal difference existed between the job retention composite score by job promotion status, although the difference was statistically

significant³³—.31 for those who received a promotion and .34 for those who did not receive a promotion. Additionally, mid-level employees (.34) were statistically more likely to have had a higher propensity to switch employers than executive-level employees (.28), even though the real difference was minimal³⁴. A key-driver analysis revealed that satisfaction, rather than promotions, job level, and salary, were key indicators of employee retention³⁵.

Previous analysis proved employment satisfaction was driven by achieving something alumni personally value, challenging and interesting work, and a chance to do the things alumni do best. As with job retention, annual base salary did not play a significant role in employment satisfaction. The right fit, again, appears to be pivotal in employee retention.

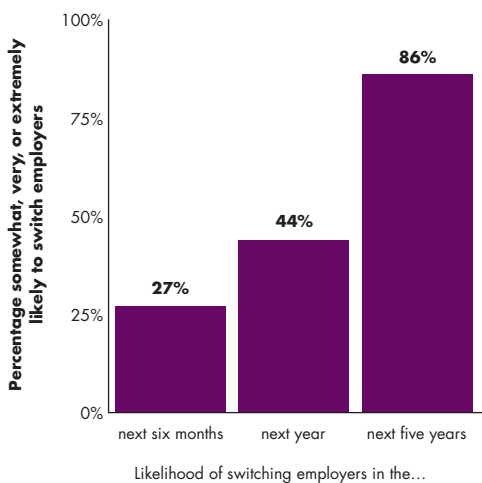


Figure 19.
Job Retention

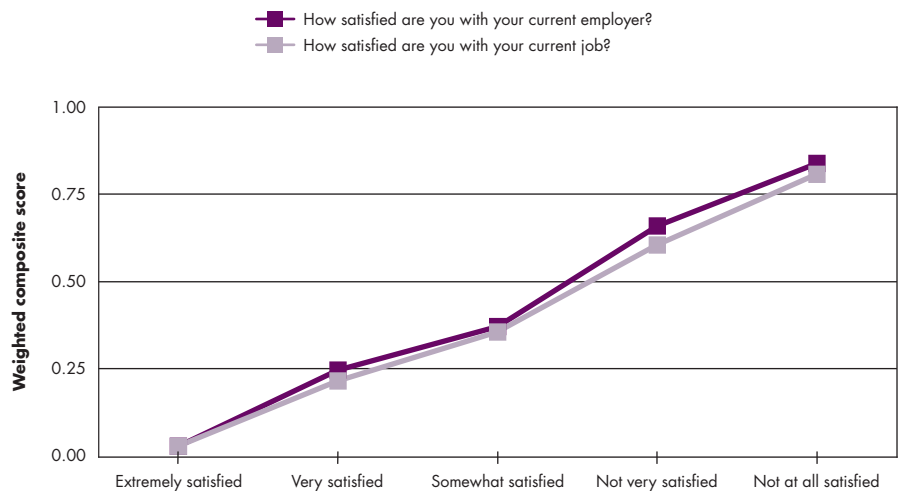


Figure 20.
Propensity to Change Employers, by Satisfaction Levels

²⁸ Differences in the probability of switching employers between each time period was statistically significant at the 95% confidence level—paired sample *t*-tests were used.

²⁹ Cronbach’s $\alpha = .832$ indicated good internal consistency among the three questions, and factor analysis, using maximum likelihood extraction with direct oblimin rotation, where $\delta = 0$, indicated unidimensionality of the data.

³⁰ Job Retention Weighted Composite Score = ((likelihood of switching in next six months/4) + (likelihood of switching in the next year/8) + (likelihood of switching in the next five years/40))/1.6. (Range: 0–1) [mean = .32; standard error = .01]. Each question was answered on a 5-point scale, where 4 was extremely likely and 0 was not at all likely.

³¹ Pearson’s $r = .618$, $p \leq .05$.

³² Pearson’s $r = .539$, $p \leq .05$.

³³ Independent samples *t*-test, $t = 3.16$; $df = 2939$; $p \leq .05$.

³⁴ One-way ANOVA with Bonferroni post-hoc analysis, $F = 3.911$; $df = 3,2922$; $p \leq .05$.

³⁵ Multiple R = .64, $F = 352.34$, $df = 5$, $p \leq .05$.

Retention Strategies

Alumni were asked to indicate the impact that various retention strategies used by companies had on their decision to remain with their company. Figure 21 shows the percentage of alumni who indicated a particular strategy was extremely or very important. A principal component analysis³⁶ of the data reduced the 13 items into three salient variables, or components³⁷. Each of these components—person-job fit, financial incentives, and person-organization fit—was formed by the following combination of retention strategies.

Person-job fit refers to an individual’s identification with one’s job.

- I am given challenging and interesting assignments.
- I have ample opportunities for growth and development.
- I understand how one’s work contributes to the bottom line.
- I am considered an investment asset and not a cost to be reduced.

Financial incentives include references to salary and other monetary rewards.

- My salary and bonus are linked to performance.
- I receive financial rewards for my achievements.
- My salary and bonus are linked to the development of competencies.

Person-organization fit includes references to personal satisfaction unrelated to monetary gain.

- My company has an employee-centric culture that values internal customers as much as external ones.
- My company encourages its employees to have work/life balance.
- I receive non-financial rewards for my achievements.
- My company is well regarded.

• • • • •
The propensity to switch employers correlated with satisfaction with one’s employer and job—less satisfied employees were more likely to express a desire to change employers.
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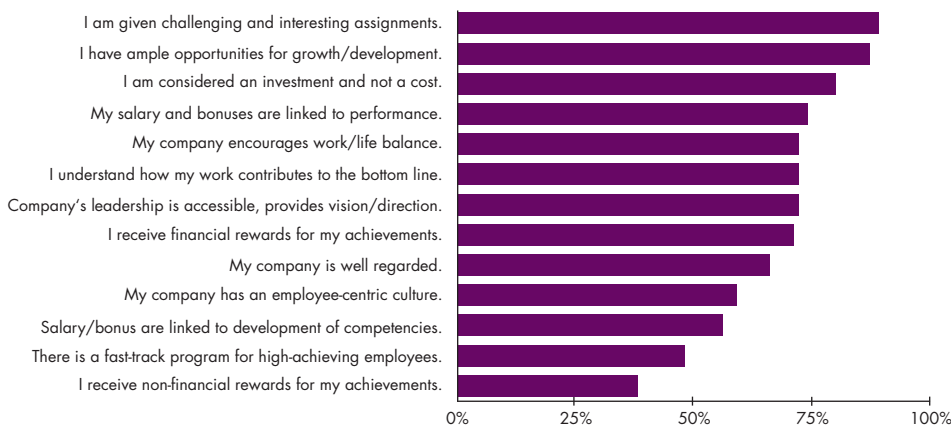


Figure 21.
Retention Strategies Important to Employees

³⁶Principal component analysis (PCA) is a statistical technique for summarizing and simplifying correlation structure in multivariate data. It evaluates the full covariance (correlation) matrix and produces composite variables that are linear combinations of the original variables’ weights for linear combination. Weights are produced and ordered so each new composite explains the maximum possible amount of variance not already picked up by earlier ones.

³⁷PCA of retention strategies had a Multiple R of .53.

An analysis of these components of employee retention and satisfaction with career progression showed that satisfaction with career progression positively correlated with person-job fit³⁸ and person-organization fit³⁹, but financial incentives did not have a significant correlation. Person-job fit was the only component that showed a significant

correlation with the statement, “My job measures up to the sort of job I wanted⁴⁰.” Overall, obtaining person-job fit appeared to be the primary incentive for job retention.

Figure 22 presents the job retention components for various job positions alumni held at the time of the survey. Retention strategies were diverse for the

various positions—thus, a one-size-fits-all approach would likely be ineffective. For instance, although alumni in sales and sales management positions each reported that financial incentives were important, those in sales positions also considered the person-organization fit to be important, and alumni in sales management positions considered the person-job fit to be important.

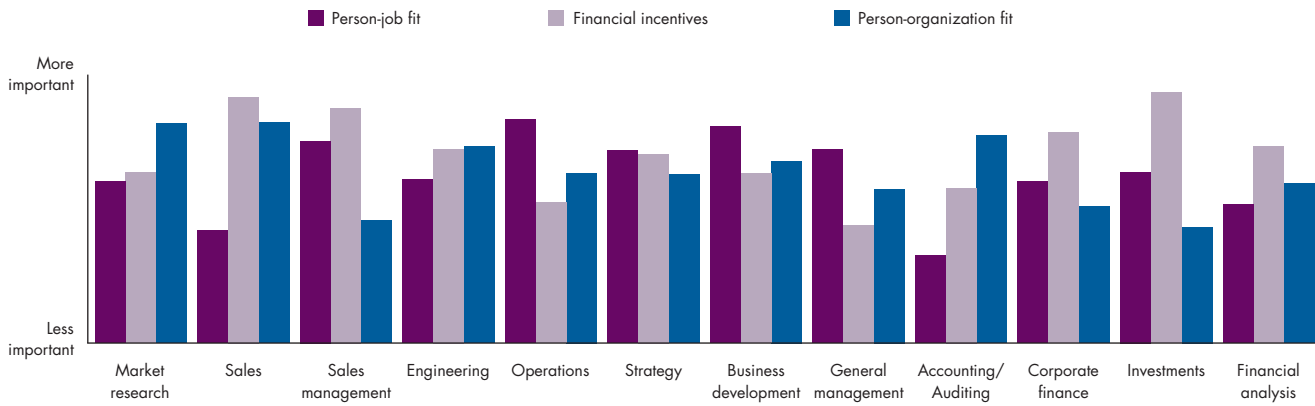


Figure 22.
Relative Importance of Retention Strategies, by Selected Job Positions

³⁸ Pearson's $r = .21, p \leq .05$.

³⁹ Pearson's $r = .05, p \leq .05$.

⁴⁰ Pearson's $r = .16, p \leq .05$.

Findings in this report are based on additional analysis of data found in the Comprehensive Data Reports. The Comprehensive Data Reports provide in-depth data tables and general analysis of the survey.

Contact Information

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Authorship

The following individual made significant contributions to the concept and design or analysis and interpretation of data and the drafting/revising of the manuscript for intellectual content:

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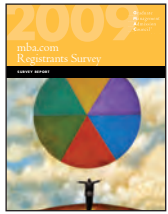
**The unemployment rate
among alumni was lower than
area-wide rates in the United States
and the European Union.**



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