

# APPLICATION TRENDS SURVEY EXECUTIVE REPORT 2004

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## PREFACE

In June 2004, the Graduate Management Admission Council® (GMAC®), in partnership with the Executive MBA Council, conducted the 2004 Application Trends Survey, an online survey of business school professionals. GMAC® invited representatives of 352 graduate business programs, via e-mail, to participate in the survey, which is designed to determine year-to-year trends in graduate business school application volume. A total of 238 programs from 143 schools participated in the survey. This report summarizes their responses.

Application Trends Survey 2004 tracks the percent change in the number of graduate business school applications for enrollment in the 2004 school year, compared with the number of applications for the 2003 school year. Business schools reported the percent changes overall and for specific subgroups of applicants, including domestic, international, female, and U.S. minority applicants.

The Application Trends Survey general report provides information on—

- special outreach for recruiting specific subgroups of applicants;
- undergraduate admittance trends (for full-time programs only);
- trends in the academic qualifications of applicants; and
- changes in the targeted entering class size.

The findings in the general report are broken down by program type, entering class size, school type (private/public), school geographic regions, school competitiveness, and year-to-year comparisons.

In this executive summary, we will highlight how business school application volume has changed, the types of programs that have been affected the most, and the external factors that might influence these trends.

For more information about this and other surveys, go to [www.gmac.com/surveys](http://www.gmac.com/surveys). To participate in the survey next year, contact Rachel Edgington, associate director, research, at [research@gmac.com](mailto:research@gmac.com), or call 1-703-749-0131.

## INTRODUCTION

The Application Trends Survey is perhaps the most eagerly, and anxiously, anticipated surveys GMAC® conducts. This year, business school professionals were particularly interested in the results, because many of them have been wondering whether the application patterns they have experienced this year are typical of other schools and programs.

The results of this year’s survey, in the aggregate, show a relatively flat growth rate in overall application volume, from 2002–03 to 2003–04. However, looking at application volume by program type, we can see that application trends varied widely by program type, and by the type of applicant pool on which a school typically relies most heavily.

Breaking the survey results down by program type, traditional full-time, two-year programs have had a difficult year, seeing the most declines in application volume. Seventy-eight percent of full-time, two-year programs reported a decline in application volume from last year. (Note: Henceforth, when we refer to “last year” and 2003, we are actually referring to the 2002–03 application cycle; when we refer to “this year,” we are referring to the 2003–04 application cycle.)

The news is somewhat better for part-time programs, 48% of which reported a year-to-year decline in application volume.

Executive MBA (EMBA) programs fared best. Only 26% of EMBA programs reported a decline in application volume from last year, and 53% reported an increase.

The chart below, Figure 1, compares the year-to-year percent change in application volume for each type of program.

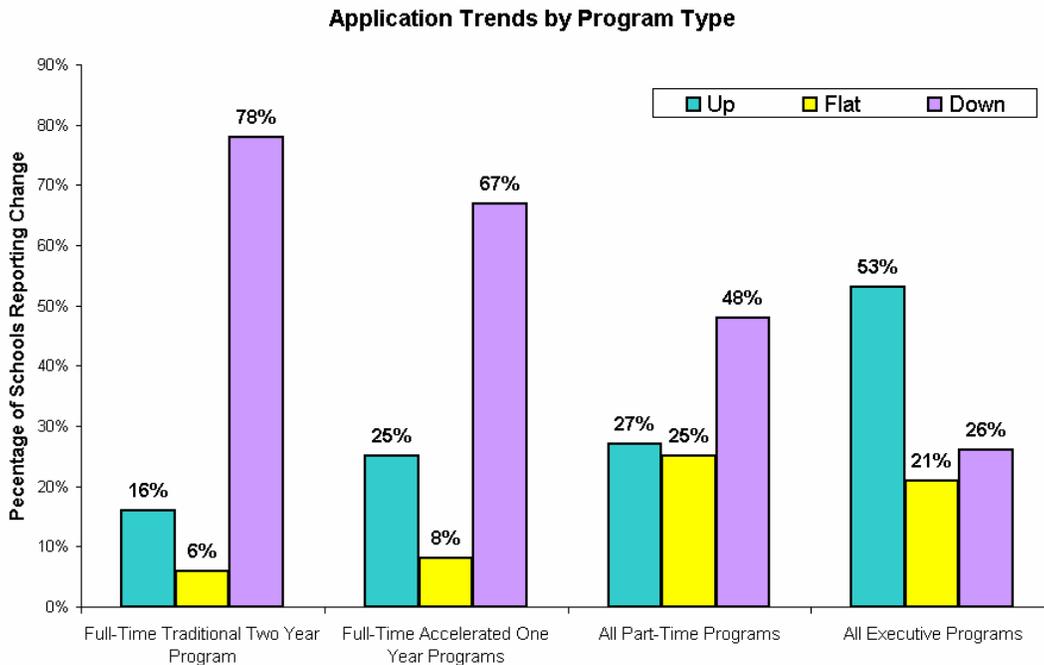


Figure 1. Application Trends by Program Type

If we break the survey results down further, we can see what specific subgroups of applicants have fueled positive change in application volume from year to year for each type of program—full-time, part-time, and executive.

As illustrated in the following chart, Figure 2, EMBA programs experienced the greatest year-over-year increase in application volume overall, spurred by an increase in the number of domestic applicants at 45% of programs surveyed. (Note: Domestic applications are defined as those coming from citizens of the country in which the program is located. International applications come from citizens of countries other than the one in which the school is located.)

Only 27% of part-time programs experienced an increase in application volume, but 41% of these programs reported an increase in the number of applications submitted by women. (Note: Part-time programs were not asked to report international application volume.)

Only a quarter of accelerated full-time programs reported application volume increases, but 39% saw an increase in the number of domestic applicants.

Traditional full-time programs saw the least widespread increase in application volume. The application volume increase they did see was fueled by an increase in the number of domestic applicants at 23% of programs.

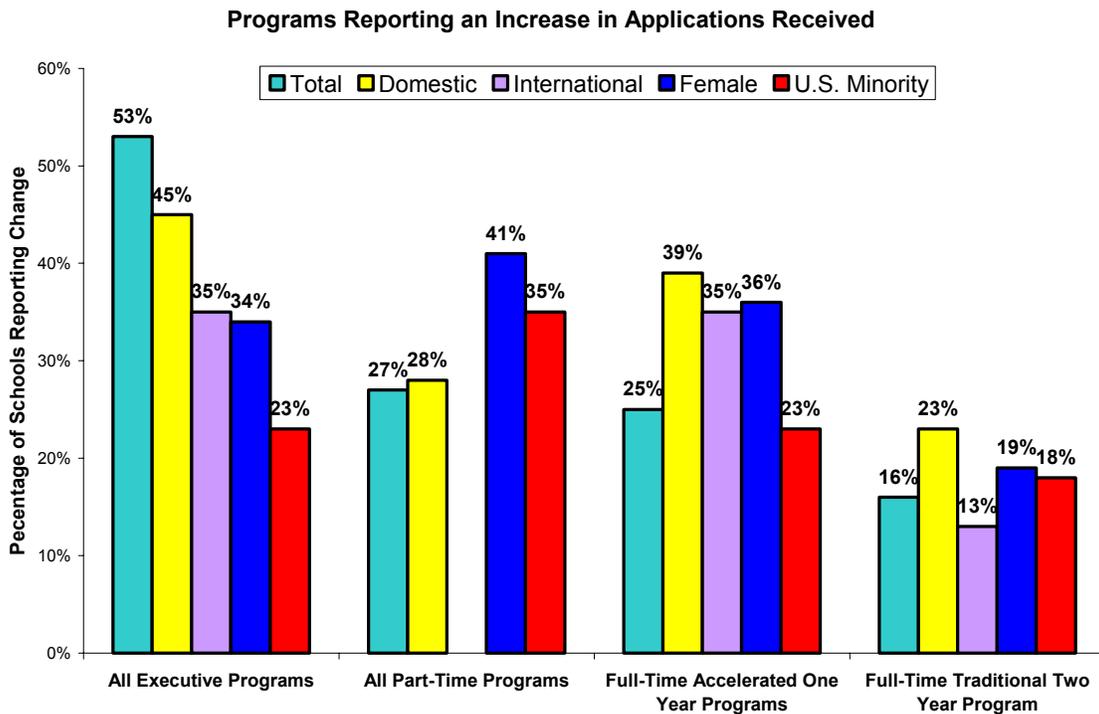


Figure 2. Positive Change in Application Volume for Specific Applicant Subgroups, Shown by Program Type

## Even Where Quantity Is Down, Quality Is Not

Application volume may have declined at many programs since last year, but the quality of the MBA applicant pool is undiminished across all program types.

We asked survey respondents to report on the academic profiles of their applicants by looking at undergraduate grade point averages and GMAT<sup>®</sup> scores. The majority of full-time programs (90%), executive programs (98%), and part-time programs (90%) indicated that their applicants were either more academically qualified or about the same, compared with last year.

## Top Two Factors Affecting Application Volume

The Application Trends Survey by itself can show trends, but cannot offer explanations for these trends. To explain the data, we must look to other sources, such as other GMAC<sup>®</sup> research, demographic information, and educational statistics.

Looking at these other sources of information for clues, we can identify two possible culprits behind the lack of growth in application volume generally, a slump in application volume at two-year full-time programs, and increased interest in part-time and EMBA programs: population trends and economic factors.

**Population Trends.** The Application Trends Survey asked participating schools to identify the countries from which they saw fewer applications than last year. The greatest number of programs saw declines in the number of applications from two countries that have in the past contributed significantly to the total applicant pool: China and India.

One quarter of the schools surveyed received fewer applications from China in 2004 than in 2003, and 16% received fewer applications from citizens of India. Table 1 shows the countries from which schools reported the greatest decreases in volume.

Countries Generating Fewer Applications in 2004 Than in 2003		
Country from Which Applications Originate	No. Programs Reporting	% Programs Reporting Decline
China	49	24%
India	33	16%
South Korea	13	6%
Brazil	11	5%
Japan	10	5%
Argentina	9	4%
Taiwan	9	4%
Thailand	7	3%
United States	7	3%
Peru	6	3%
United Kingdom	6	3%
Canada	5	2%
Turkey	5	2%
France	4	2%
Germany	4	2%
Israel	4	2%
Other countries (less than 1%)	24	12%

Table 1. Countries Producing Fewer Applications in 2004 Than in 2003

Some of the results shown above mirror GMAT® testing trends. The following graph, Figure 3, shows the number of GMAT® tests taken in the four most cited countries schools reported declines in application numbers.

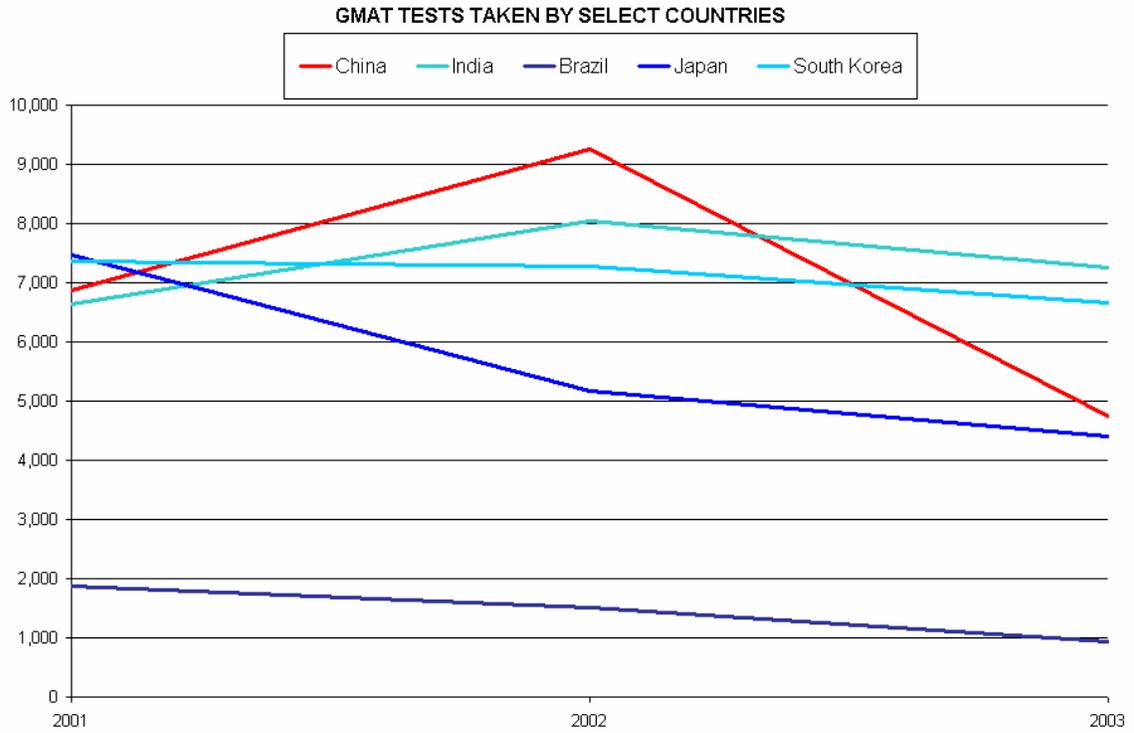


Figure 3. Number of GMAT® Tests Taken in Countries Generating Fewer Applications in 2004 Than in 2003

The decreased number of applications coming from some regions can be explained, at least in part, by population trends in various world regions, which show significant declines in the number of people of business school age. The following graphs (Figures 4, 5, and 6) show projected population trends for Asia, the United States, and Western Europe for those aged 25 to 29, an age group that falls within the typical age range of GMAT® test takers. The trend data span the decade starting in 2000.

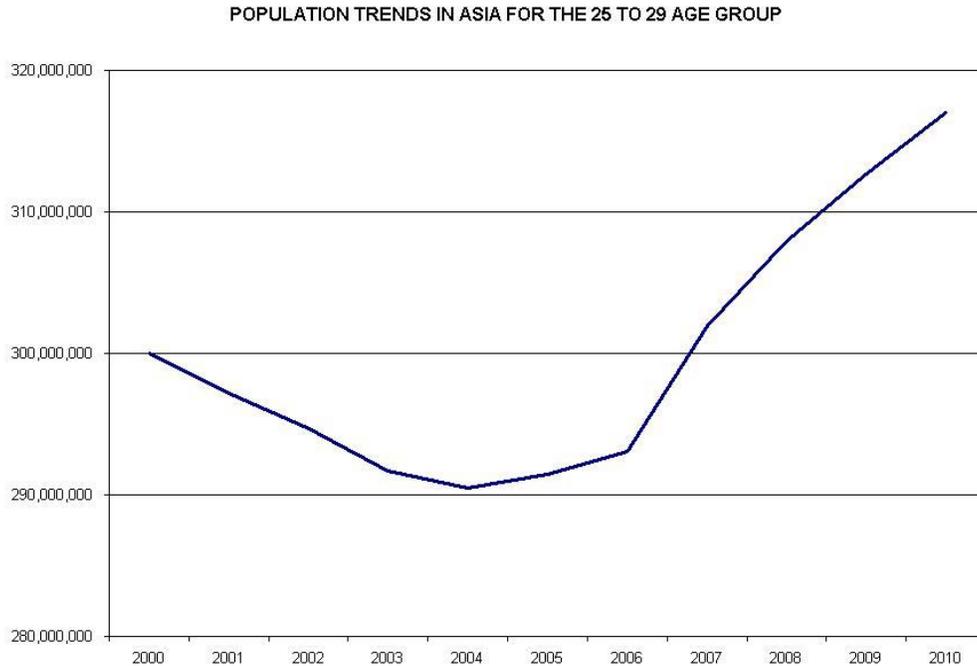


Figure 4. Trend for Business School–Aged Population in Asia, 2000 to 2010

(Note: Readers can run population tables for specific countries by going to the U.S. Census Bureau Web site, [www.census.gov/ipc/www/idbnew.html](http://www.census.gov/ipc/www/idbnew.html).)

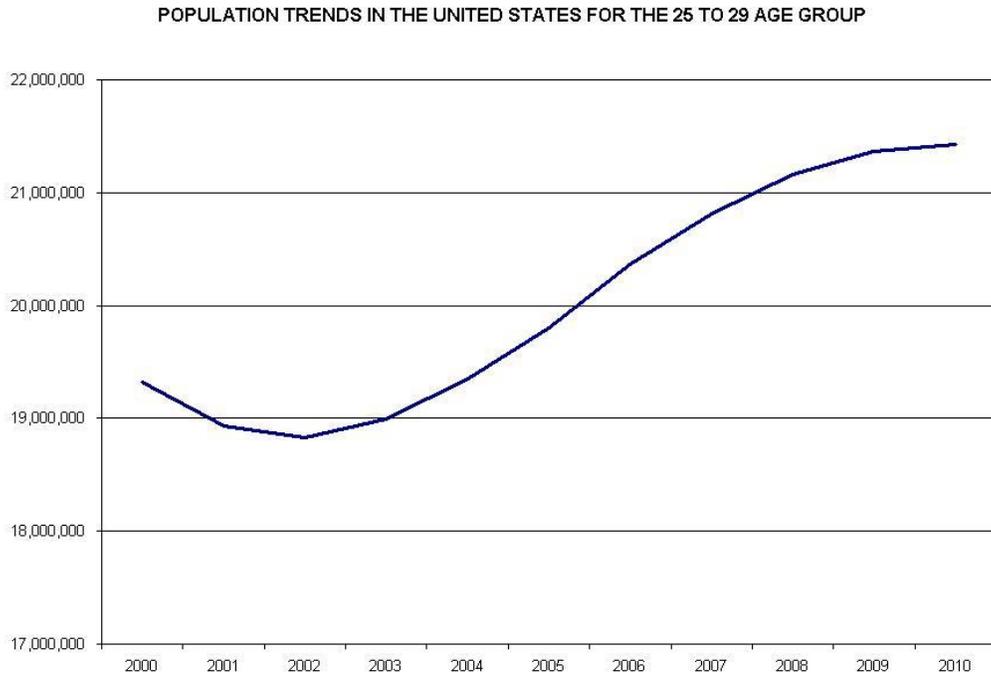


Figure 5. Trend for Business School–Aged Population in the United States, 2000 to 2010

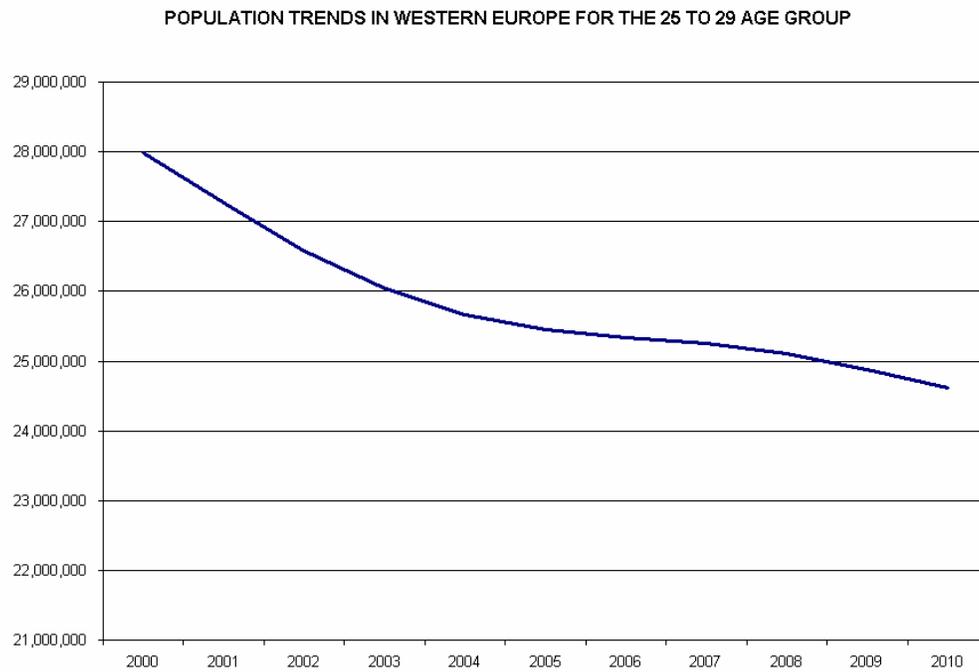


Figure 6. Trend for Business School–Aged Population in Western Europe, 2000 to 2010

The population projections for Asia and the United States do offer some encouragement for school professionals now feeling the sting of declined application volume and a shrinking applicant pool. The population trend in Western Europe will continue to pose a challenge for schools that draw heavily from that region for their applicants.

***Perceived Financial Burden.*** Another factor behind some of the application trends observed in this year is economic pressure, either real or perceived. The declines in application volume at two-year, full-time programs and the increases at EMBA, part-time, and accelerated full-time programs are at least partly a result of increasing financial concerns on the part of applicants in general and females and U.S. minorities specifically.

We know from our most recent survey of graduating MBA students, Global MBA<sup>®</sup> Graduate Survey 2004, that there are four categories of decision factors that guide students' choice of business schools. In order of importance, these are—

- the quality and reputation of the school or program;
- the “personal fit” of the program;
- the financial cost of the program; and
- the location of the program.

Knowing that cost is such an important decision factor about where to enroll, we can surmise that it is also a factor in people's decision about where to apply.

Generally speaking, accelerated full-time programs, part-time programs, and EMBA programs are less costly business school options than two-year full-time programs, not only because they typically involve lower tuition and housing costs but also because they make it easier for students to be employed at the same time they earn an MBA. This is an attractive option to people concerned about finances and opportunity costs, particularly during a period of job market instability and economic recession.

Part-time programs saw significant increases in the number of applications from women and U.S. minorities this year, suggesting that these subgroups base their school decisions more heavily on cost factors than do business school applicants as a whole. This finding is in accord with a finding from a survey GMAC<sup>®</sup> conducted in 2003 that found that women and some U.S. minority subgroups were significantly more likely to weigh financial cost of school and the availability of financial aid in their school selection criteria.

Additionally, we learned from a recent survey of people who signed up on the mba.com Web site (mba.com Registrants Survey 2003) that women are significantly more likely than men to carry debt from educational expenses (41% of women, compared with 29% of men). Furthermore, among U.S. citizens, blacks/African Americans (71%) and Hispanic Americans (68%) are significantly more likely to report having debt than whites (45%) and Asian Americans (44%). Looking at all respondents together, 67% reported having no debt at all.

The appeal of part-time and EMBA programs is heightened by employer sponsorship, as well. Our mba.com Registrants Survey suggests that employer support may tip the balance for people thinking about applying to business school. More respondents who had applied to business school cited employer sponsorship as their main source of funding than did people who had not yet applied.

## FINDINGS FOR FULL-TIME PROGRAMS

The Application Trends Survey is perhaps most useful in revealing trends at different program types. Here is what we learned this year about full-time programs.

Full-time programs outside the United States were much more likely than U.S. programs to receive the bulk of their applications (61%) from international applicants. Table 2, below, shows what percentage of the applications received by U.S. and non-U.S. schools were submitted by local, regional, national, and international applicant pools. (Note: schools reported their application distribution based on their internal definitions for local, regional, national, and international.)

<b>Mean Distribution of Applications, U.S. and Non-U.S. Full-Time Programs</b>		
	U.S. Programs	Non-U.S. Programs
Local	24%	7%
Regional	19%	3%
National	22%	27%
International	<b>38%</b>	<b>61%</b>

Table 2. Percentage of Local, Regional, National, and International Applications in Total Application Volume for Full-Time Programs

Relying heavily on international applicants puts full-time programs outside the United States in a position to reap the benefits of good economic and political times when citizens of other countries are willing and able to study abroad; it also puts them at risk of losing overall application volume, during economic recession or when it is difficult to obtain visas for international study.

In 2003, as Figure 7 shows, 71% of full-time programs outside the United States reported an increase in the number of international applications they received; none reported a decrease. But in 2004, the trend reversed. In this year's survey, 74% of non-U.S. full-time programs reported a decline in the number of international applications they received; only 21% reported an increase.

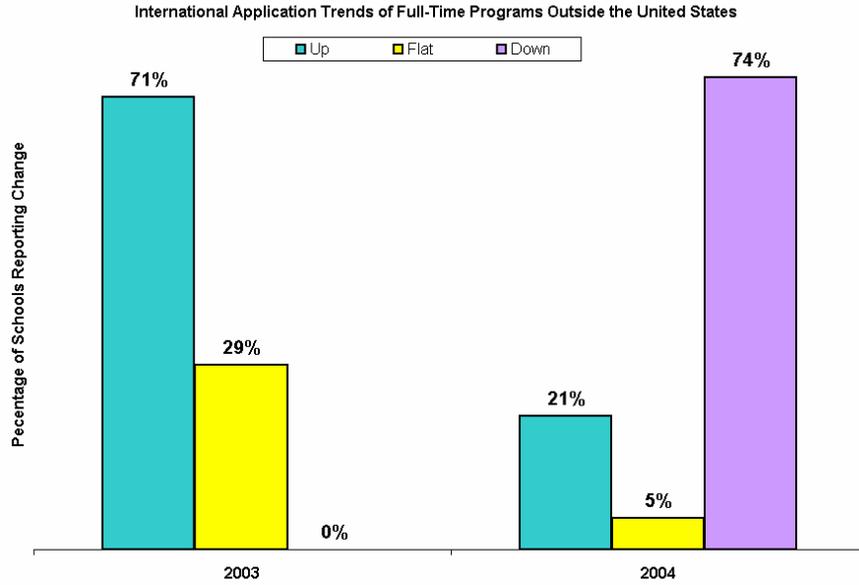


Figure 7. Trend in International Applications to Non-U.S. Full-Time Programs

Figure 8 shows a dramatic increase in the number of full-time programs outside the United States reporting a drop in application volume from 2003 to 2004.

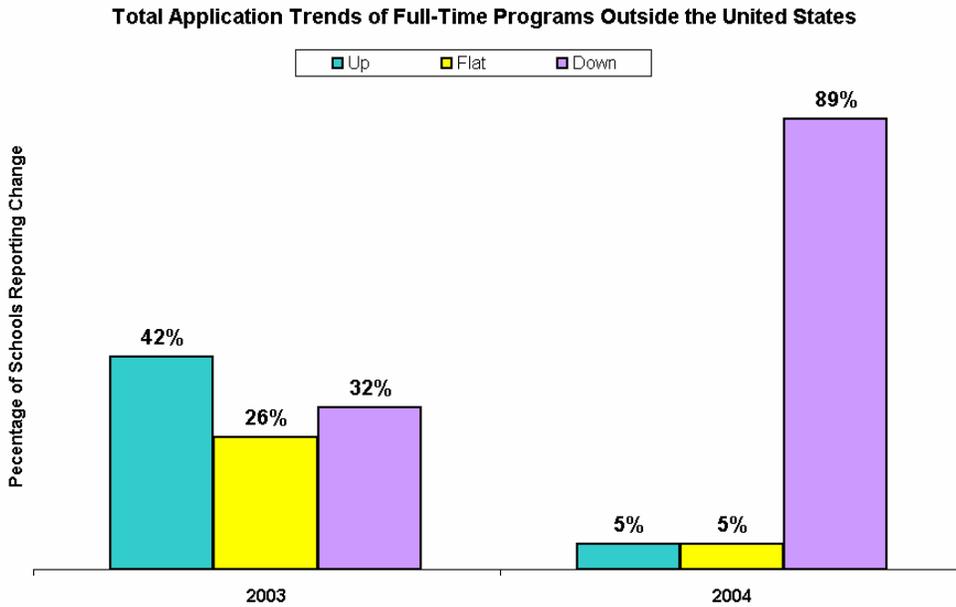


Figure 8. Application Trends for Full-Time Programs Outside the United States, 2003 to 2004

Full-time programs within the United States reported a similar decline in the number of international applications in 2004. But unlike full-time programs outside the United States, a high percentage of U.S. programs also reported a year-to-year decline in the number of international applicants in 2003. Figure 9, below, gives a side-by-side comparison.

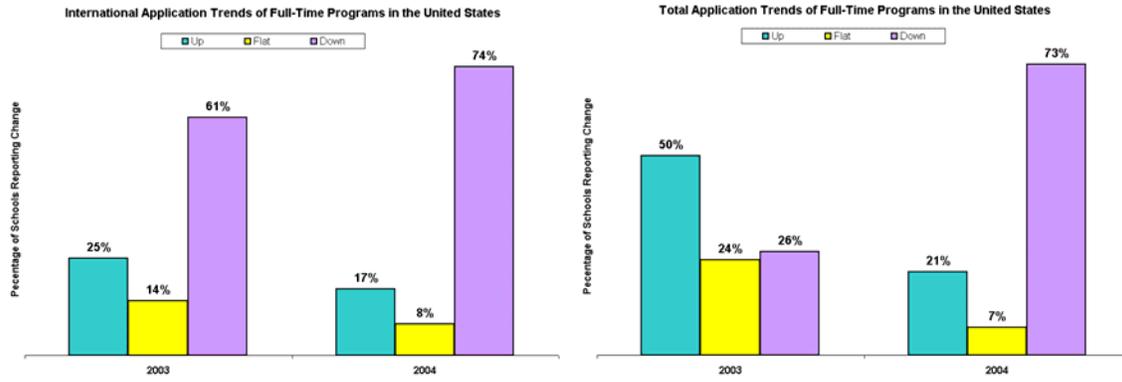


Figure 9. Comparison of Change in Number of International Applications at U.S. and Non-U.S. Full-Time Programs, 2003 to 2004

Looking at full-time programs overall, we can see somewhat of a reversal of fortune between 2000 and 2004. As Figure 10 shows, since the high mark in 2002, growing percentage of full-time programs have reported year-to-year losses of application volume. In 2002, 34% of full-time programs reported significant increases in application volume, compared with 2001. In 2004, however, 41% of full-time programs reported significantly reduced application volume, compared with 2003.

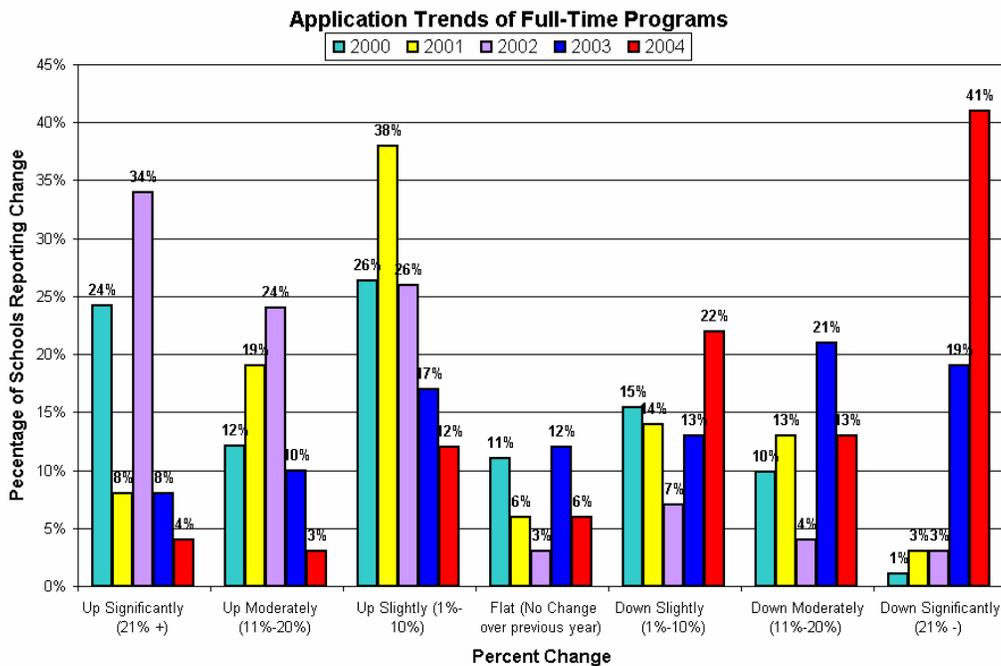


Figure 10. Year-to-Year Change in Application Volume at Full-Time Programs, 2000 to 2004

## FINDINGS FOR PART-TIME PROGRAMS

Part-time programs hit their high point, in terms of application volume increases, in 2001 and have reported moderate changes since. In 2004, 25% of programs reported no change from 2003, whereas 22% said application volume was down slightly; 9%, down moderately; and 17%, down significantly (see Figure 11, below).

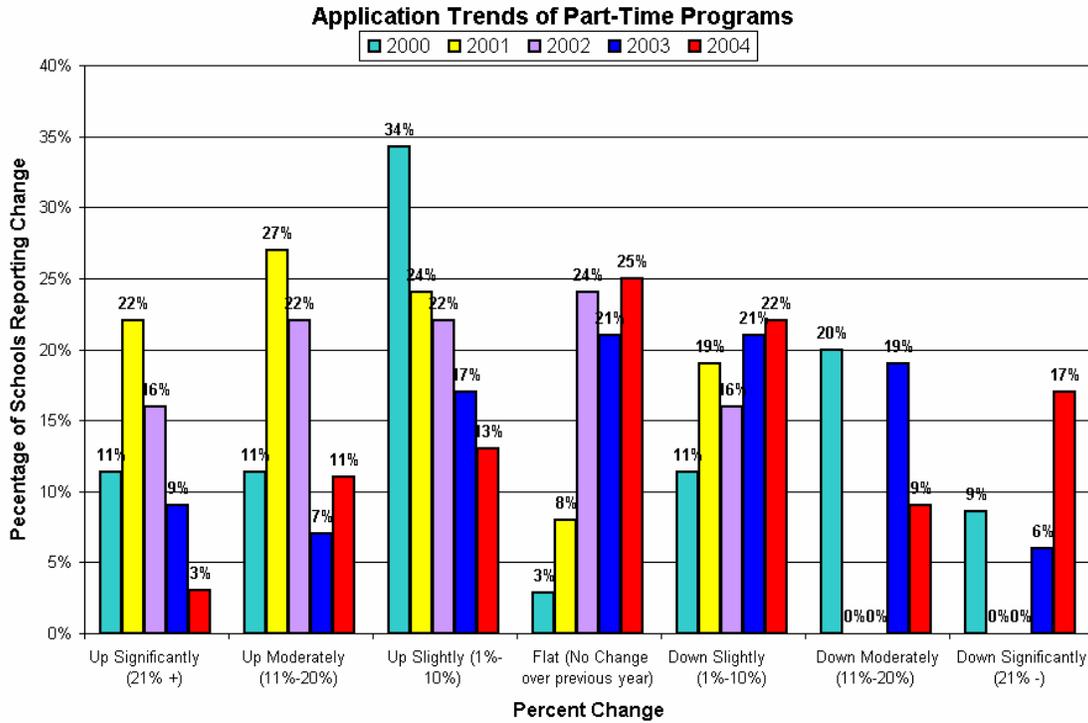


Figure 11. Year-to-Year Change in Application Volume at Part-Time Programs, 2000 to 2004

Despite the flat-to-negative growth in application volume this year, part-time programs were the most likely of any type of program to report an increase in the number of female and U.S. minority applicants. As discussed in the section of this report called Top Two Factors Affecting Application Volume, the likely reason for an increase in female and U.S. minority applicants to part-time programs is that part-time programs often cost less and make it easier for students to keep their jobs while earning a graduate business degree. Cost is a more important consideration for women and U.S. minorities than for the overall population of prospective business school students; thus, part-time programs are appealing options top these two subgroups, particularly when the economy and the job market are uncertain.

Figure 12, below, compares the percentage of programs of each type reporting an increase in the number of female applicants in 2004, compared with 2003. After part-time programs, accelerated full-time programs saw the most widespread increase in the number of female applicants, with 36% of programs reporting a gain. Next came executive programs, with 34% of programs reporting an increase, and finally traditional full-time programs, 19% of which saw an increase in the number of women applying.

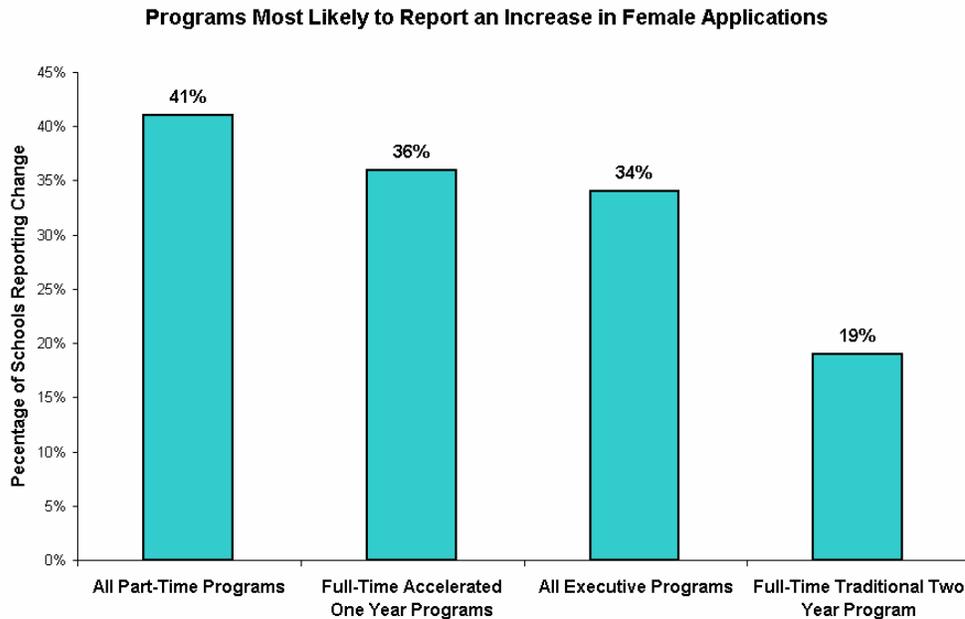


Figure 12. Percentage of Programs of Each Type Reporting Increase in Number of Female Applicants, 2003 to 2004

As Figure 13 shows, the application pattern is the same for underrepresented U.S. minority applicants (blacks/African Americans, Hispanic Americans, and Native Americans) as for women, with one exception: An equal percentage of executive and accelerated programs saw an increase in the number of U.S. minority applicants, whereas accelerated full-time programs saw more female applicants than did executive programs. If women and U.S. underrepresented minorities have similar financial concerns, why the difference?

One possible explanation is a discrepancy in amount of work experience. We have learned from our Global MBA<sup>®</sup> Graduate Survey that women tend to come to business school with less work experience than their male counterparts. For anyone with limited work experience, an executive program is probably not the best choice, despite the relatively low cost (compared with that of a traditional full-time program) and accommodating schedule. A better plan is to apply to an accelerated full-time program, which limits financial and opportunity costs but gives most of the benefits of a traditional full-time program.

Figure 13 compares the percentage of different program types reporting an increase in the number of U.S. underrepresented minority applicants.

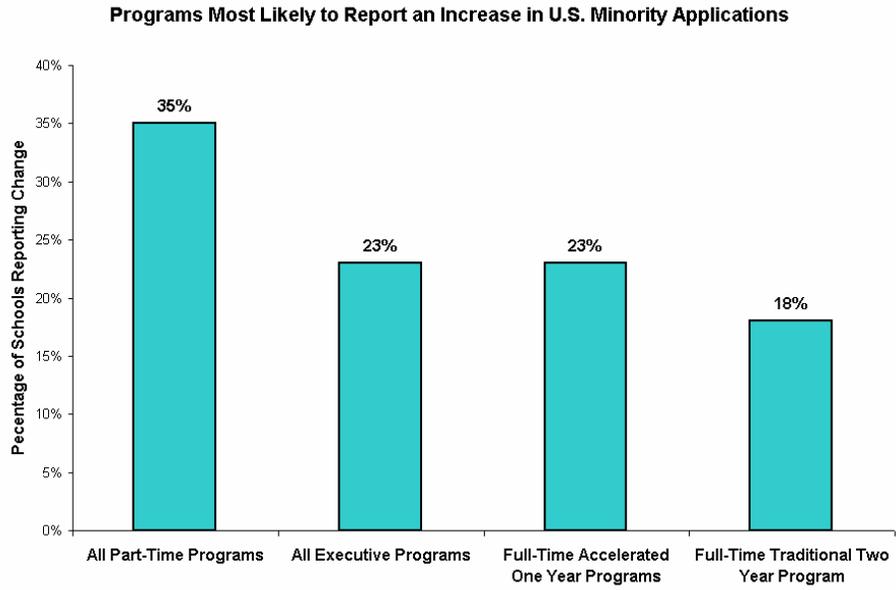


Figure 13. Percentage of Programs of Different Types Reporting Increase in Number of U.S. Minority Applicants

**FINDINGS FOR EXECUTIVE PROGRAMS**

It was only in the year 2003 that a substantial number of executive programs reported a year-to-year decrease in application volume, as shown in Figure 14, below.

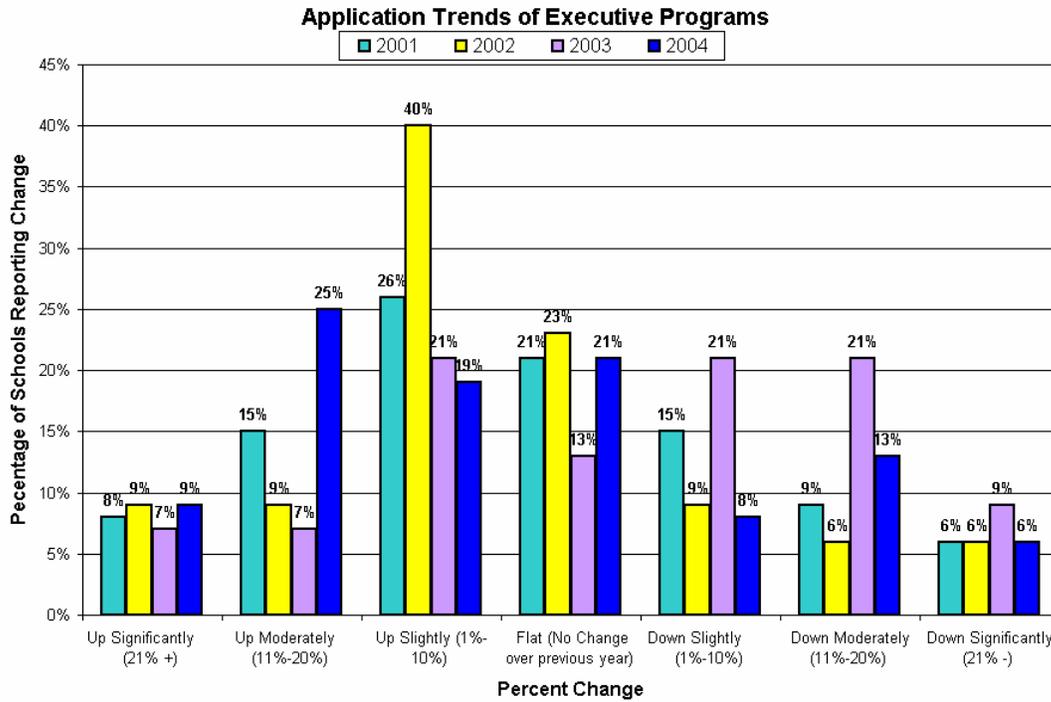


Figure 14. Percentage of Executive Programs Reporting Change in Application Volume, 2000 to 2004

Why the yearly increases in application volume at executive programs? These programs benefit from their reliance on a local applicant pool that can be supplied (and financially supported) by employers in the area. Table 3, below, shows how the total group of applicants to executive programs breaks down. The large majority of applicants come from the local area or the general geographic region.

Mean Distribution of Applications, Executive Programs	
	All Executive Programs
	<i>n</i> = 53
Local	58%
Regional	23%
National	11%
International	9%

Table 3. Percentage Breakdown of EMBA Program Applicant Pool

Executive programs were the most likely to report an increase in the number of domestic applicants. Figure 15, below, compares the percentage of programs within each program type that reported an increase in the number of domestic applications.

**Programs Most Likely to Report an Increase in Domestic Applications**

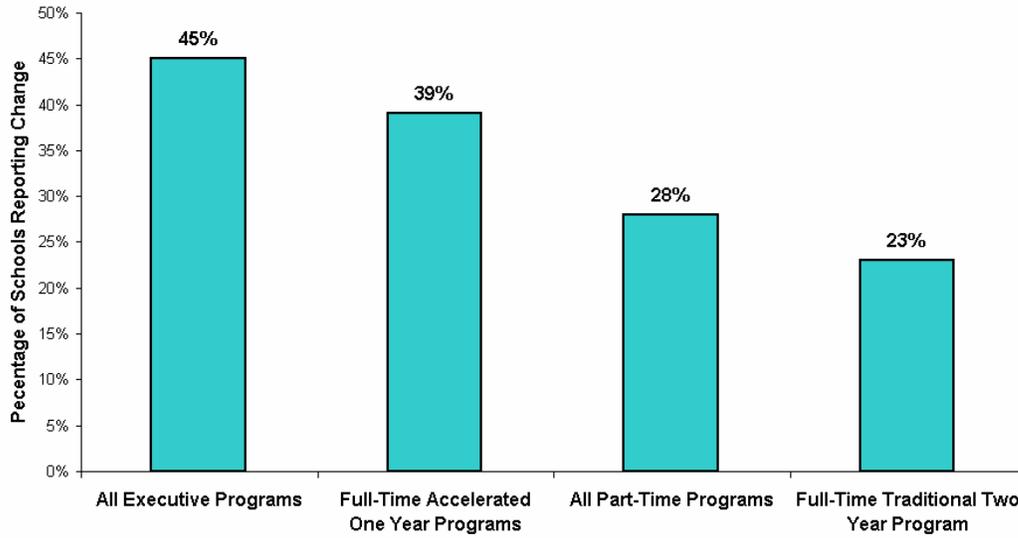


Figure 15. Percentage of Programs in Each Program Type to Report Increases in the Number of Domestic Applicants in 2004, Compared with 2003

Executive and accelerated programs experienced an uptick in the number of international applicants compared to other types of programs. Figure 16 gives a side-by-side comparison of the percentage of programs within each program type reporting increases in the number of international applicants.

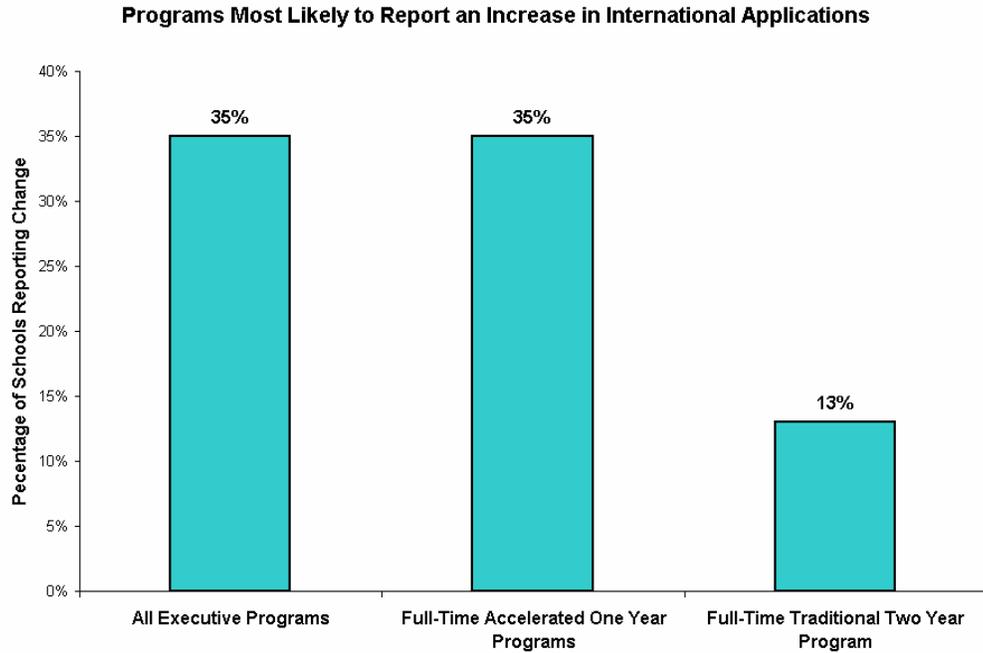


Figure 16. Percentage of Programs in Each Program Type to Report Increases in the Number of International Applicants in 2004, Compared with 2003

Again, we see that the shorter programs have seen the most growth from 2003 to 2004, suggesting that both domestic and international applicants seek to limit their expenditure of money and time in pursuit of an MBA. In the current economic and political climate, the demands of a traditional full-time program—which typically requires relocation, putting one’s career on hold, and, for international students, a visa—may be too much for many potential students. The application trends for the shorter, more flexible program types suggests that they want the degree, but without the two-year commitment and price tag.

## THE FUTURE OF THE MBA DEGREE AND ITS APPLICANTS

Looking at the percentage of programs of each type that reported increased application volume from 2003 to 2004, we can see that executive programs fared best (see Figure 17, below).

**Programs Most Likely to Report an Increase in Applications Received**

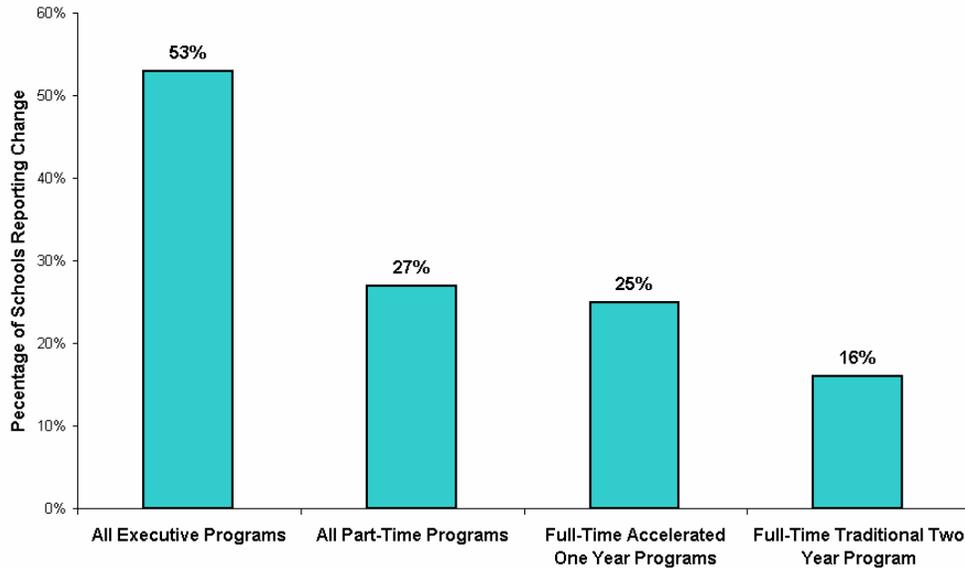


Figure 17. Percentage of Programs in Each Program Type Reporting Positive Year-to-Year Change in Application Volume in 2004

As we have reported above, the applicant pool in 2004 was limited by population factors and motivated, it seems, by program cost and convenience. But what can we expect in the future?

As shown in Figure 18, below, in the United States, there was far greater demand for graduate business degrees than for degrees in law and medicine in the latter half of the last decade. The number of master's degrees in business granted in academic year 2000–01 was more than triple the number of law degrees awarded that year. According to the data displayed in Figure 19, business master's degrees awarded in 2000–01 represented roughly one-quarter of all master's degrees awarded that academic year.

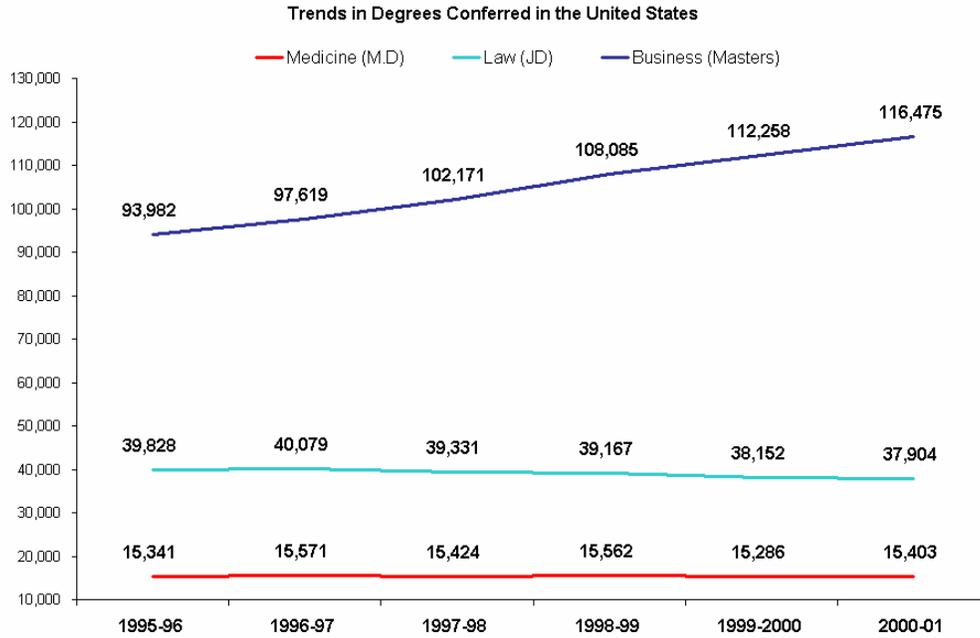


Figure 18. Number of Business, Law, and Medicine Degrees Conferred in the United States, 1995 to 2001

In fact, according to the U.S. Department of Education, the master’s in business is the second most often conferred master’s degree in the United States, after the master’s in education. Together, business and education degrees make up half of all master’s degrees conferred in the United States. But, as the following graph (Figure 19) shows, the number of master’s degrees conferred in the United States has been relatively flat from 2000 to 2004.

Basing its projections on population data, the U.S. Department of Education predicts an upward trend in the number of master’s degrees conferred that will start in 2005 and last at least through 2011. If this U.S. data is correct, there may be a fresh influx of prospective students in the applicant pool soon.

**Earned Master's Degrees in the United States with Projections**

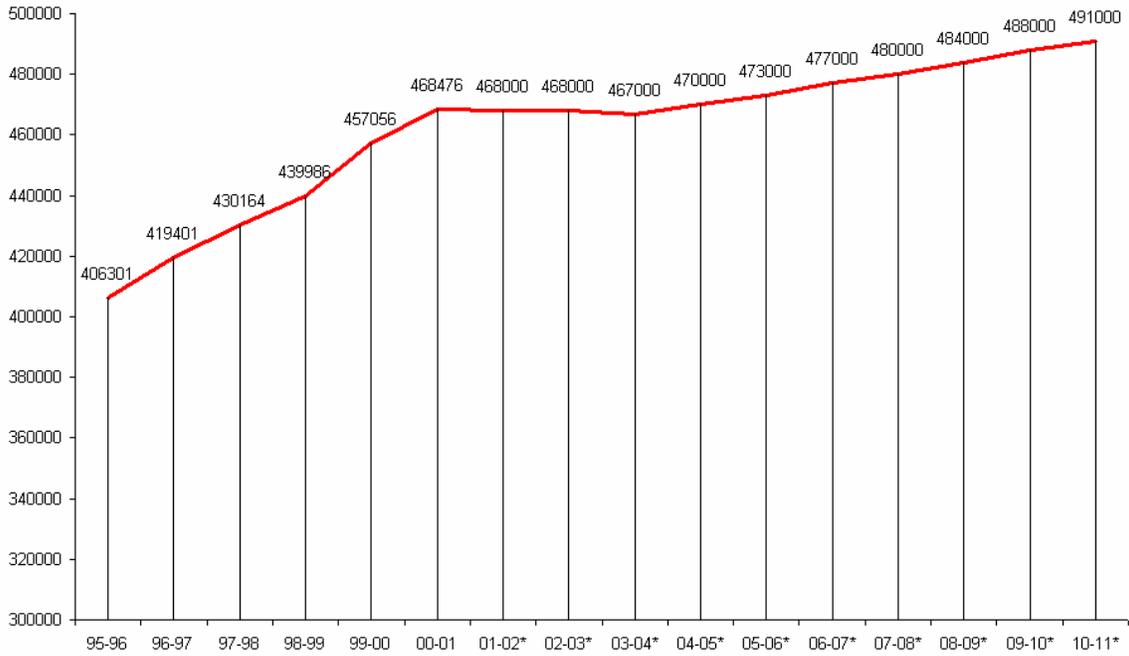


Figure 19. Projected Number of Master's Degrees Conferred in the United States through 2011  
(Source: U.S. Dept. of Education)

**FOR MORE INFORMATION**

For information on this and other GMAC<sup>®</sup> surveys, and to find out how to participate in next year's Application Trends Survey, contact Rachel Edgington, associate director, research, Graduate Management Admission Council<sup>®</sup>, at [research@gmac.com](mailto:research@gmac.com) or 1-703-749-0131. To read other survey results online, visit [www.gmac.com/surveys](http://www.gmac.com/surveys).