

## 2008 Corporate Recruiters Survey—Asian<sup>1</sup> Regional Outlook

### Key Findings

- Participating companies in Asia were smaller, on average, than those in the United States or European Union. Nearly one-third (31%) were in the finance and accounting business.
- More than half of participating employers in Asia (56%) hired recent MBA graduates in 2007, and a greater percentage plan to hire graduating MBAs in 2008 (65%). These companies projected a 7% increase in the number of new MBA graduate employees they would hire, on average.
- In 2007, recent MBA graduates made up more than one-fifth (22%) of the hiring mix at participating companies in Asia. Of those graduates hired, 42%—a significantly greater percentage than in other world regions—required additional legal documents for employment.
- More employers in Asia than in other regions plan to increase the annual base salary for recent MBA graduates above the level of inflation (44%). However, the average 2008 paycheck for an MBA graduate in Asia is expected to be lower than that expected in the EU or United States. (Although regional economic diversity may have affected the average compensation amount.)
- Employers in Asia hire and value their MBA employees for their ability to apply business discipline to any job or function. Nearly three in four respondents (73%) actively recruit MBAs.
- MBA retention rates at Asian companies are reportedly lower than at European or American firms. Lower compensation in Asia compared to the EU and United States may have contributed to the higher attrition among MBA hires in Asia.

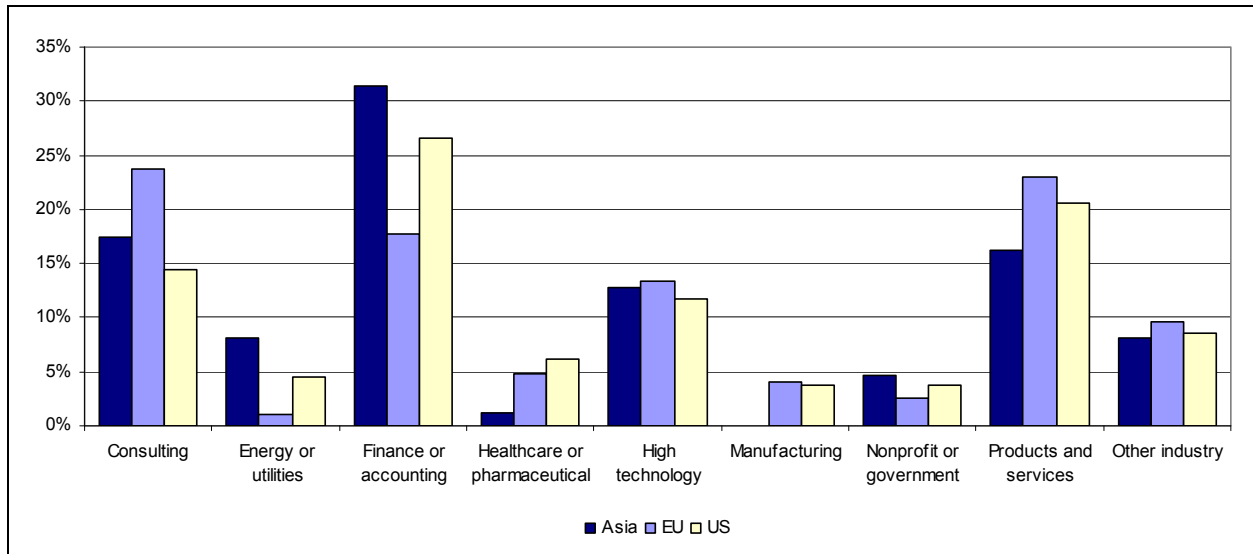
### Employer Profile

Nearly a third of participating employers from Asia (31%) were in the finance and accounting industry—a greater proportion compared to participants in the EU and United States (Figure 1). More than half of participating employers in Asia (64%) responded from finance and accounting firms, consulting firms (17%), and products and services companies (16%). In addition, energy and utilities and the nonprofit and government sectors were better represented in Asia than in the EU or United States, but fewer healthcare and pharmaceutical companies and no manufacturing firms from the region participated. Nearly half (49%) of the respondents from Asia were from companies with fewer than 500 employees, and only 12% were from firms with 10,000 or more personnel (Figure 2). Overall, the typical participating company in Asia was smaller than in the EU or United States.

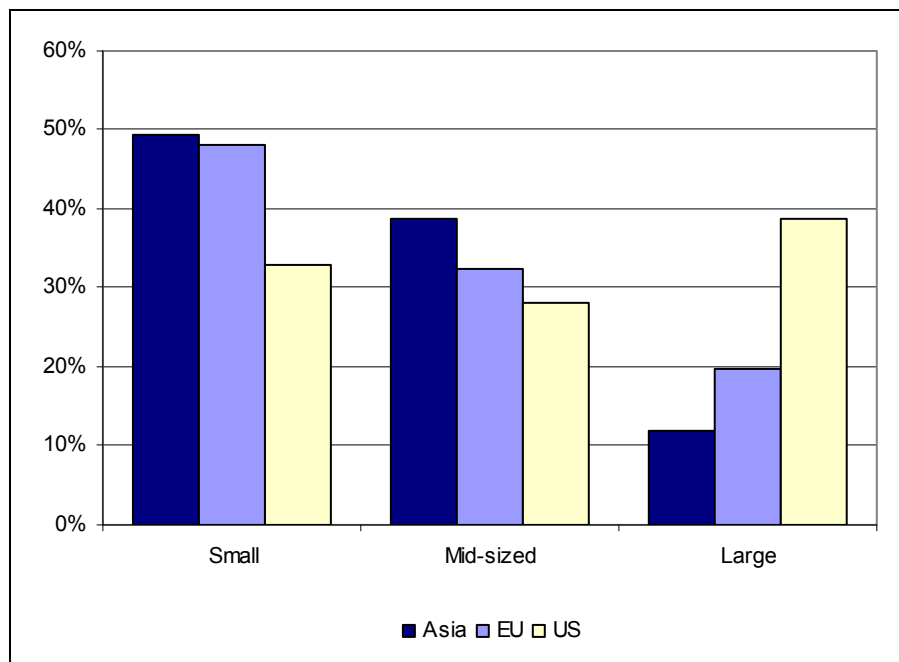
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<sup>1</sup> Hereafter, “Asia” refers to countries in Asia, Australia, and the Pacific Rim. The reader should take into consideration that despite sharing similar geographic location, countries in this region differ significantly in terms of economic growth and development. Therefore, average trends presented in this paper may greatly vary by country and should be viewed in relative terms.

**Figure 1: Industries Represented—Asia, EU, and the United States**



**Figure 2: Company Size Represented—Asia, EU, and the United States**



## Recruiting Plans and Compensation

Overall, more than half (56%) of the participating employers in Asia hired recent MBA graduates in 2007—a proportion greater than that of the EU but less than that of the United States (Table 1). In addition, Asian employers expect to increase the number of new MBA graduate hires per hiring company by 7% in 2008.

	Asia (n = 63)		EU (n = 144)		U.S. (n = 1,201)	
	2007	2008	2007	2008	2007	2008
Recent MBA graduates	56%	65%	49%	60%	67%	72%
Average number of hires per company <sup>a</sup> (#)	8.3	8.9	10.6	10.9	12.2	14.0
Recent MSc in business or management graduates	25%	32%	46%	44%	13%	16%
Other specialized master's in business graduates	30%	40%	46%	47%	28%	31%
Graduates from disciplines other than business	51%	51%	52%	49%	35%	36%
Recent graduates with a bachelor's degree	54%	59%	54%	51%	53%	54%
Experienced direct-from-industry hires	56%	52%	46%	47%	47%	50%
Did not hire or plan to hire any of the above candidates	11%	10%	6%	8%	8%	4%

<sup>a</sup> (Asia, 2007–2008) The mean difference is not statistically significant.

Employers from Asia reported that recent MBA graduates accounted for a larger share among their new hires in 2007 compared to distributions reported in the EU or United States (Table 2). Plus, a significantly larger proportion of recent MBA graduates hired by Asian companies (42%) required additional legal documents, such as work permits.

	Asia (n = 34)	EU (n = 19)	U.S. (n = 146)
Direct-from-industry hires	24%	38%	47%
Hold MBA degree	12%	14%	12%
MBA graduate hires	22%	6%	16%
Required additional legal documents (e.g., visa, work permit, etc.) <sup>a</sup>	42%	31%	15%
Were interns at the hiring company	32%	41%	38%
All 2007 hires with MBA degree	25%	11%	22%

<sup>a</sup> F = 6.023; df<sub>1</sub> = 2; df<sub>2</sub> = 341; p < .05. Bonferroni test showed statistically significant differences, α = 0.05, between Asia and the U.S.

### Expected Compensation for Recent MBA Graduate Hires in 2008

The average starting annual salary and total annual compensation expected in 2008 for recent MBA graduates in Asia greatly varied among employers in the region, and likely were driven by regional economic diversity. With a reported maximum salary of \$92,770 and maximum total compensation of \$200,000, the average recent MBA graduate's paycheck in Asia was expected to be significantly lower than that in the EU or United States (Table 3). Similar to respondents from the EU, only 28% of employers in Asia planned to offer signing or starting bonuses to graduating MBAs. In comparison, U.S. employers were more than twice as likely to offer such bonuses.

<b>Table 3. Expected 2008 Total Annual Compensation and its Components for Recent MBA Graduates, by Location</b>			
	Asia (n = 18)	EU (n = 41)	U.S. (n = 469)
Total compensation, in U.S. dollars			
Mean <sup>a</sup> (\$)	\$62,945	\$121,562	\$105,346
Median (\$)	\$67,313	\$111,551	\$100,000
Base salary			
Mean <sup>b</sup> (\$)	\$47,734	\$93,387	\$85,581
Median (\$)	\$56,557	\$98,617	\$90,000
Employers offering signing or starting bonus <sup>c</sup> (%)	28%	26%	61%
<sup>a</sup> . F = 16.609; df <sub>1</sub> = 2; df <sub>2</sub> = 525; p < .05. Bonferroni test showed statistically significant differences, α = 0.05, between Asia and EU and Asia and U.S. <sup>b</sup> . F = 30.016; df <sub>1</sub> = 2; df <sub>2</sub> = 527; p < .05. Bonferroni test showed statistically significant differences, α = 0.05, between Asia and EU and Asia and U.S. <sup>c</sup> . χ <sup>2</sup> = 53.572; df = 2; p < .05.			

A greater percentage of employers in Asia (44%) than in the EU (32%) or United States (17%) expect to increase the starting salary for recent MBA graduates above inflation in 2008 (Table 4).

<b>Table 4. Expected Change in 2008 Annual Base Salary for Recent MBA Graduate Hires Compared with 2007 Annual Base Salary, by Location<sup>a</sup></b>			
	Asia (n = 25)	EU (n = 59)	U.S. (n = 644)
Increase above the level of inflation	44%	32%	17%
Increase at the level of inflation	36%	46%	57%
No change	20%	22%	25%
Decrease	—	—	1%
Total	100%	100%	100%
Increase	80%	78%	74%
No change	20%	22%	25%
Decrease	—	—	1%
Total	100%	100%	100%
<sup>a</sup> . χ <sup>2</sup> = 14.491; df = 6; p < .05.			

## MBA Jobs

Marketing and sales (39%), operations and logistics (29%), and finance other than investment banking (29%) are expected to be the areas of highest demand for MBA graduates in Asia in 2008 (Table 5). Results indicate that graduates who look for a job in operations and logistics or HR and organizational management will likely have more opportunities in Asia than in the EU or United States.

<b>Table 5. Job Areas for Which Employers Plan to Hire Recent MBA Graduates in 2008, by Location</b>			
	Asia (n = 41)	EU (n = 86)	U.S. (n = 872)
Accounting <sup>a</sup>	22%	10%	27%
Consulting <sup>b</sup>	22%	37%	24%
Business development	24%	37%	31%
Investment banking	20%	21%	17%
Finance other than investment banking <sup>c</sup>	29%	26%	46%
General management	27%	21%	30%
HR or organization management <sup>d</sup>	20%	6%	15%
Information technology or MIS <sup>e</sup>	17%	6%	16%
Marketing or sales	39%	37%	40%
Operations and logistics	29%	20%	26%
Other job areas	2%	3%	7%
<sup>a.</sup> $\chi^2 = 11.364$ ; df = 2; p < .05. <sup>b.</sup> $\chi^2 = 7.664$ ; df = 2; p < .05. <sup>c.</sup> $\chi^2 = 16.613$ ; df = 2; p < .05. <sup>d.</sup> $\chi^2 = 6.161$ ; df = 2; p < .05. <sup>e.</sup> $\chi^2 = 6.770$ ; df = 2; p < .05.			

Three in four participating employers in Asia (76%) plan to hire graduating MBAs for mid-level positions (Table 6). One in ten (10%) expected to offer jobs at the highest level of their organization to new MBAs.

<b>Table 6. Job Levels for Which Employers Plan to Hire Recent MBA Graduates in 2008, by Location</b>			
	Asia (n = 41)	EU (n = 86)	U.S. (n = 872)
Entry level <sup>a</sup>	44%	33%	52%
Mid-level <sup>b</sup>	76%	67%	67%
Senior level <sup>c</sup>	22%	27%	13%
Executive level <sup>d</sup>	10%	9%	4%
<sup>a.</sup> $\chi^2 = 12.240$ ; df = 2; p < .05. <sup>b.</sup> The difference between subgroups is not statistically significant. <sup>c.</sup> $\chi^2 = 13.568$ ; df = 2; p < .05. <sup>d.</sup> $\chi^2 = 6.453$ ; df = 2; p < .05.			

Among employers in Asia, the median response for expected work experience was four years for MBA graduates—a year more than for U.S. and EU employers (Table 7).

	Asia (n = 45)	EU (n = 98)	U.S. (n = 952)
No work experience	13%	16%	10%
1–3 years	36%	37%	41%
4–5 years	38%	33%	45%
More than 5 years	13%	14%	4%
Total	100%	100%	100%
Mean <sup>b</sup>	3.4	3.4	3.4
Median	4.0	3.0	3.0

<sup>a</sup>  $\chi^2 = 29.096$ ; df = 6; p < .05.  
<sup>b</sup> The mean difference is not statistically significant.

Participating employers in Asia were similar to those in the EU and United States in their approach towards hiring candidates from various MBA programs—about one in four (38%) would consider only candidates from full-time MBA programs (Table 8).

	Asia (n = 45)	EU (n = 98)	U.S. (n = 952)
Part-time	40%	39%	45%
Executive	47%	47%	39%
Online	11%	18%	12%
None of the above (full-time only)	38%	39%	43%

<sup>a</sup> The difference between subgroups is not statistically significant.

Among those who hire MBAs in any of the three regions, the proportion of employers in Asia that actively seek MBA talent was the largest (73%) (Table 9).

	Asia (n = 45)	EU (n = 96)	U.S. (n = 943)
We actively recruit MBAs	73%	42%	69%
We recruit MBAs on an informal, as-needed basis	20%	50%	23%
We consider graduating MBAs, but do not actively recruit them	7%	8%	8%
Total	100%	100%	100%

<sup>a</sup>  $\chi^2 = 37.386$ ; df = 4; p < .05.

Unlike employers in the EU and United States, whose primary reason for hiring MBA graduates was for their business management knowledge, three-fourths of respondents in Asia (76%) emphasized the MBA graduate’s ability to apply business discipline to any job or function (Table 10).

	Asia (n = 45)	EU (n = 98)	U.S. (n = 952)
Ability to apply business discipline to any job or function <sup>a</sup>	76%	49%	62%
Business management knowledge <sup>b</sup>	69%	77%	79%
Technical or quantitative skills <sup>c</sup>	62%	43%	65%
Communication skills <sup>d</sup>	60%	46%	71%

<sup>a</sup>  $\chi^2 = 10.253$ ; df = 2; p < .05.  
<sup>b</sup> The mean difference is not statistically significant.  
<sup>c</sup>  $\chi^2 = 19.528$ ; df = 2; p < .05.  
<sup>d</sup>  $\chi^2 = 27.336$ ; df = 2; p < .05.

MBA retention rates at Asian companies—particularly for long-term retention—appear to be lower than at European or American firms (Table 10). According to the 2006 Hewitt’s study on Attrition and Retention in Asia<sup>2</sup>, the highest attrition level was among professionals, supervisors, and technical personnel; and the primary reason for the growing attrition was low compensation. Thus, the lower average compensation for MBA graduates reported by participating Asian employers may have contributed to the lower MBA retention rates in the region.

	2003			2005			2007		
	Asia	EU	U.S.	Asia	EU	U.S.	Asia	EU	U.S.
Retained all MBA hires	11%	24%	19%	—	28%	29%	46%	63%	69%
Retained some MBA hires	78%	76%	77%	94%	59%	69%	54%	35%	29%
Did not retain MBA hires	11%	—	4%	6%	13%	3%	—	2%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Retention rate <sup>a</sup>									
Mean	42%	64%	66%	61%	67%	76%	85%	90%	87%
Median	45%	65%	70%	60%	75%	80%	97%	100%	100%

<sup>a</sup> Retention rate is calculated as the number of MBAs hired in 2003, 2005, or 2007 that continue working for the company, divided by the total number of MBAs hired that year.

Findings presented in this paper are based on analysis of the 2008 GMAC Corporate Recruiters Survey data. For questions or comments regarding the study findings, methodology, or data, please contact the GMAC Research and Development department at [research@gmac.com](mailto:research@gmac.com).

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<sup>2</sup> Attrition and Retention Asia Pacific Study 2006, Hewitt Associates.