

2008 Corporate Recruiters Survey—California Regional Outlook

Key Findings

- Participating business schools in CA primarily work with high technology and financial firms.
- Employers in CA are as likely to hire graduating MBAs as firms in other U.S. regions are, but CA employers hire fewer new MBA graduates per company, primarily staffing their talent needs with seasoned workers that have an MBA degree.
- In 2008, employers expect compensation for MBA graduates in CA to be similar to that offered in other regions. Yet, MBA graduates hired by CA firms are less likely to receive a signing bonus, and, if offered a signing bonus, are more likely to receive a lesser amount.
- MBA graduates looking for jobs in the financial sector, excluding investment banking, accounting, or consulting, have a better chance of finding such jobs in CA than in other U.S. regions.
- Companies in CA appear to seek the more experienced candidates among MBA graduates, but will likely offer jobs at similar levels as those offered to new MBAs in other regions in 2008.
- CA firms appear to rely less on on-campus recruitment than do companies in other U.S. regions.

Employer Profile

Participating employers in CA mainly represented four major businesses—high technology (20%), finance or accounting (20%), products and services (17%), and consulting (17%) firms (Figure 1). Proportionally more employers participated from the high technology and healthcare and pharmaceutical sectors in CA than in other U.S. regions, which is likely a result of the greater contribution from these industries in the state's economy (Figure 2). However, the fewer participating financial companies may be a reflection of either fierce competition for graduate management talent with high technology and consulting firms or less interest in MBA graduates from the financial sector. CA respondents, similar to respondents from the rest of the U.S., were nearly evenly split among companies of different sizes.

Figure 1: Industries Represented—CA and the Rest of the U.S.

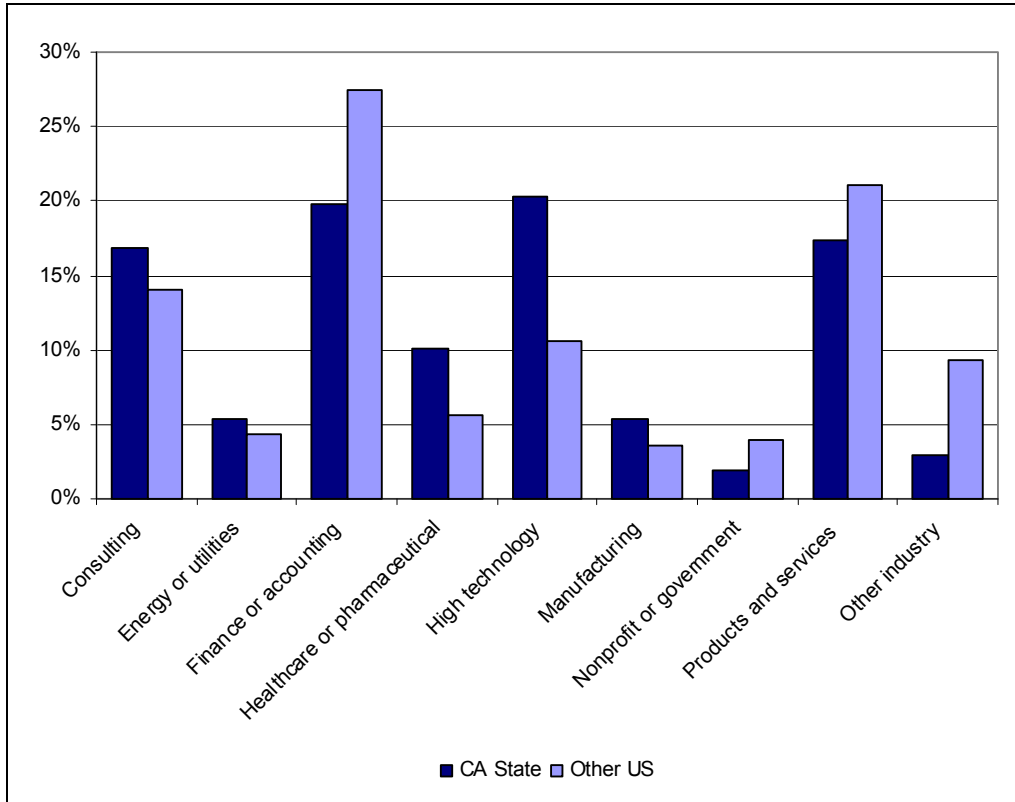
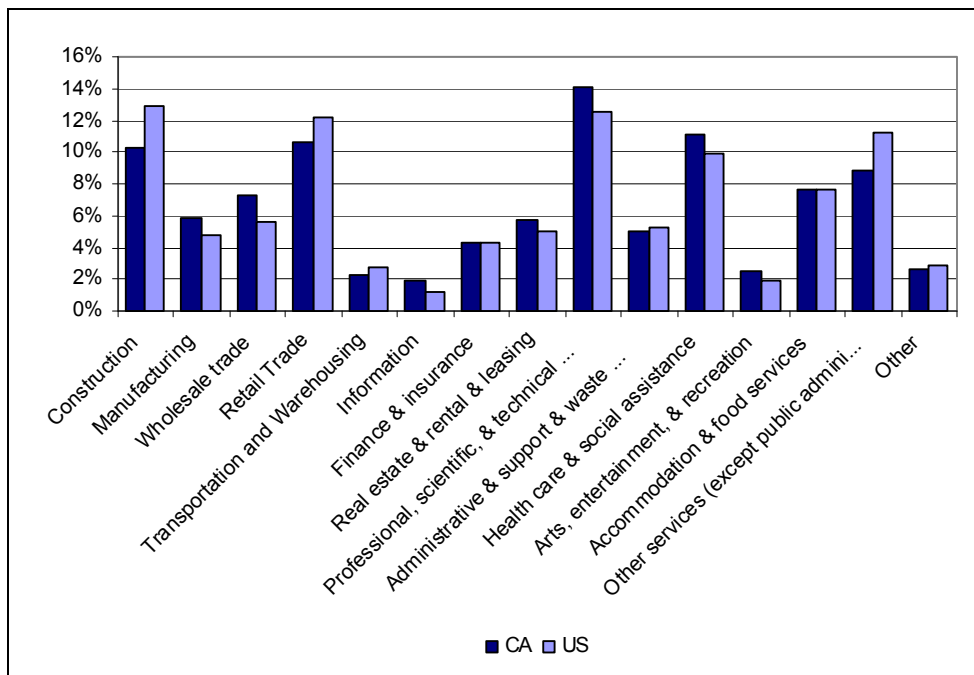
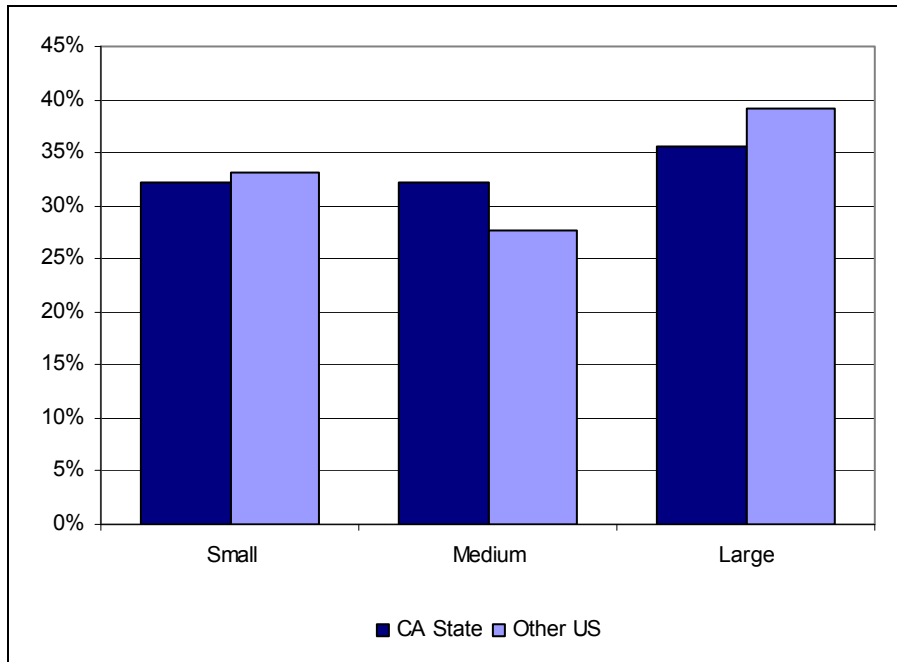


Figure 2: CA and U.S. Industry Profile, Census Bureau



Source: 2005 Statistics of U.S. Businesses, U.S. Census Bureau.

Figure 3: Company Size Represented—CA and the Rest of the U.S.



Recruiting Plans and Compensation

More employers in CA plan to hire MBAs and other graduates in 2008 than in 2007, and these employers plan to increase their individual headcount for new hires as well—the pattern is similar across other parts of the U.S. (Table 1). However, the average company in CA hires fewer MBA graduates in general.

	CA (n = 149)		Other U.S. (n = 1,052)	
	2007	2008	2007	2008
Recent MBA graduates	67%	73%	67%	72%
Average number of hires per company ^a (#)	8.8	9.4	12.7	14.6
Recent MSc in Business or Management graduates	14%	15%	13%	16%
Other specialized Masters in Business graduates	26%	31%	29%	31%
Graduates from disciplines other than business	38%	41%	35%	36%
Recent graduates with a bachelor degree	48%	49%	54%	55%
Experienced direct-from-industry hires	46%	50%	47%	49%
Did not hire or plan to hire any of the above candidates	7%	5%	8%	4%

^a. The mean difference between subgroups is not statistically significant.

Although the proportion of employees with an MBA degree among the hiring mix for CA companies is the same as in other U.S. companies (27%), firms in CA rely far more on MBAs from the experienced direct-from-industry pool than the pool of new MBA graduates (Table 2).

	CA (n = 62)	Other U.S. (n = 483)
Direct-from-industry hires ^a	69%	30%
Hold MBA degree	32%	11%
MBA graduate hires	5%	24%
Required additional legal documents (e.g., visa, work permit, etc.)	11%	17%
Were interns at the hiring company	32%	39%
All 2007 hires with MBA degree	27%	27%
^a t = - 2.783; df = 125; p < .05		

Expected Compensation for Recent MBA Graduate Hires in 2008

In 2008, total annual compensation for recent MBA graduates in CA is expected to be equal to that offered in other U.S. regions (Table 3). However, fewer employers in CA plan to extend a signing bonus to recent MBA graduate hires, and the average bonus amount will likely be less in CA than in other regions.

	CA (n = 52)	Other U.S. (n = 423)
Total compensation, in U.S. dollars		
Mean (#)	\$105,540	\$105,324
Median (#)	\$100,000	\$100,000
Base salary		
Mean (#)	\$87,521	\$85,361
Median (#)	\$85,000	\$90,000
Employers offering signing or starting bonus (%)	56%	62%
Mean (#)	\$11,870	\$15,369
Median (#)	\$10,000	\$15,000
^a The mean difference between subgroups is not statistically significant.		

As with employers in other regions, most employers in CA plan to increase the annual base salary offered to MBA graduate hires (63%) (Table 4). However, only 11% of CA employers, compared with 18% in other regions, will increase their starting salary above the level of inflation. In addition, 5% of CA employers planned to scale down their starting salary offer, whereas only 1% of employers in other regions had such plans. These more pessimistic projections could be a reaction to the higher unemployment rates in CA and other signs of rapid economic slow down.

	CA (n = 76)	Other U.S. (n = 568)
Increase above the level of inflation	11%	18%
Increase at the level of inflation	63%	56%
No change	21%	25%
Decrease	5%	1%
Total	100%	100%
Increase	74%	74%
No change	21%	25%
Decrease	5%	1%
Total	100%	100%

^a. $\chi^2 = 12.159$; df = 3; p < .05.

MBA Jobs

Although proportionally fewer CA financial and accounting firms participated in the survey compared with other regions, finance other than investment banking tops the list of job areas where MBA graduates may be in demand in 2008 among CA firms (Table 5). Furthermore, the proportion of employers that plan to offer finance-related jobs to MBA graduates is higher in CA compared to other parts of the U.S. by 11 percentage points. Recent MBA graduates are also more likely to find a job in accounting or consulting in CA than in other U.S. regions.

	CA (n = 108)	Other U.S. (n = 764)
Accounting ^a	36%	25%
Consulting ^b	34%	22%
Business development	29%	31%
Investment banking	10%	18%
Finance other than investment banking ^c	56%	44%
General management	27%	31%
HR or organization management	14%	15%
Information technology or MIS	20%	16%
Marketing or sales	43%	40%
Operations and logistics	31%	25%
Other job areas	6%	7%

^a. $\chi^2 = 5.402$; df = 1; p < .05.
^b. $\chi^2 = 7.349$; df = 1; p < .05.
^c. $\chi^2 = 4.656$; df = 1; p < .05.

Although employers in CA appear to seek more experienced graduates (Table 7), the position levels for which these employers consider MBAs closely match levels offered in other regions (Table 6).

Table 6. Job Levels for which Employers Plan to Hire Recent MBA Graduates in 2008, by Location^a

	CA (n = 108)	Other U.S. (n = 764)
Entry level	50%	52%
Mid-level	70%	67%
Senior level	15%	13%
Executive level	4%	4%

a. The difference between subgroups is not statistically significant.

Table 7. Years of Work Experience Employers Seek in Recent Graduates, by Location^a

	CA (n = 118)	Other U.S. (n = 952)
No work experience	6%	10%
1–3 years	36%	42%
4–5 years	54%	44%
More than 5 years	4%	4%
Total	100%	100%
Mean	3.7	3.3
Median	4.0	3.0

a. The difference between subgroups and the mean difference are not statistically significant.

Companies in CA appear less dependent upon on-campus recruitment than do firms in other regions (Table 8).

Table 8. Recruitment Effort of Respondents that Recruit On Campus, Percentage of Recruitment, by Location^a

	CA (n = 75)	Other U.S. (n = 587)
On-campus recruitment effort	58%	67%
Off-campus recruitment effort	42%	33%
Total	100%	100%

^a. t = -2.418; df = 89; p < .05.

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.

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