

2008 Corporate Recruiters Survey—Texas Regional Outlook

Key Findings

- Participating business schools in TX make use of leverage within the energy sector, the strongest sector in the state economy.
- Employers in TX plan to increase the number of MBA graduates they hire by 16% in 2008. Although TX firms hire fewer employees per company, on average, recent MBA graduates accounted for a quarter (26%) of new hires in 2007.
- Expected compensation for MBA graduates in TX in 2008, including average starting salary and signing bonus, is slightly, but not significantly, lower than that expected in other U.S. regions.
- Companies in TX offer MBA graduates fewer job opportunities in marketing and sales, but more opportunities in operations and logistics than do organizations in other parts of the U.S.
- TX firms that seek MBA talent appear to utilize more on-campus recruitment efforts than do companies in other U.S. regions.
- Employers in TX report slightly higher retention rates for their MBA employees than do employers in other regions.

Employer Profile

Finance and accounting (20%), products and services (19%), consulting (17%), and energy or utilities (16%) are the industries with the most participating employers in TX (Figure 1). Oil exploration, which accounts for only 2% of total nonfarm payroll in TX, continues to grow and outperform other sectors of the economy in the state. Interestingly, business schools appear to have gained from the stable growth in the state's strongest industry—16% of respondents in TX work for companies in the energy or utilities business, a much larger percentage compared to the 3% reported in other parts of the U.S. The distribution of respondents in TX by company size is similar to that of the rest of the U.S. There is only a slightly larger percentage of companies that employ 10,000 or more people (42% versus 38%) in TX compared to the rest of the U.S. (Figure 3).

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

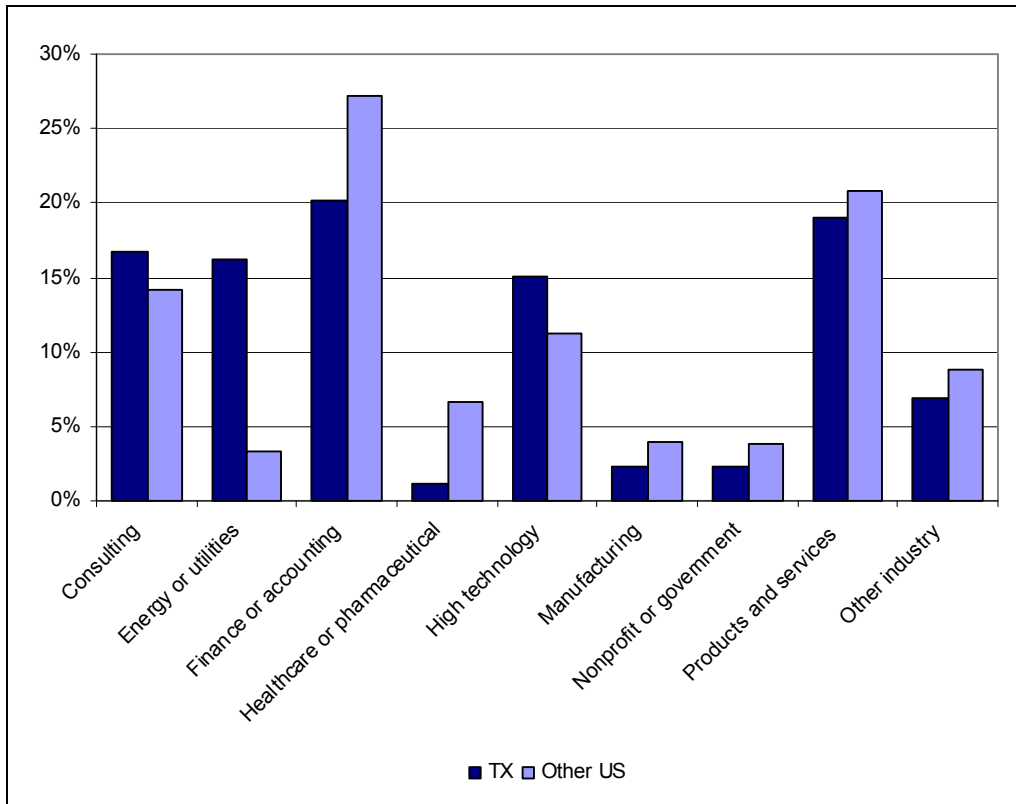
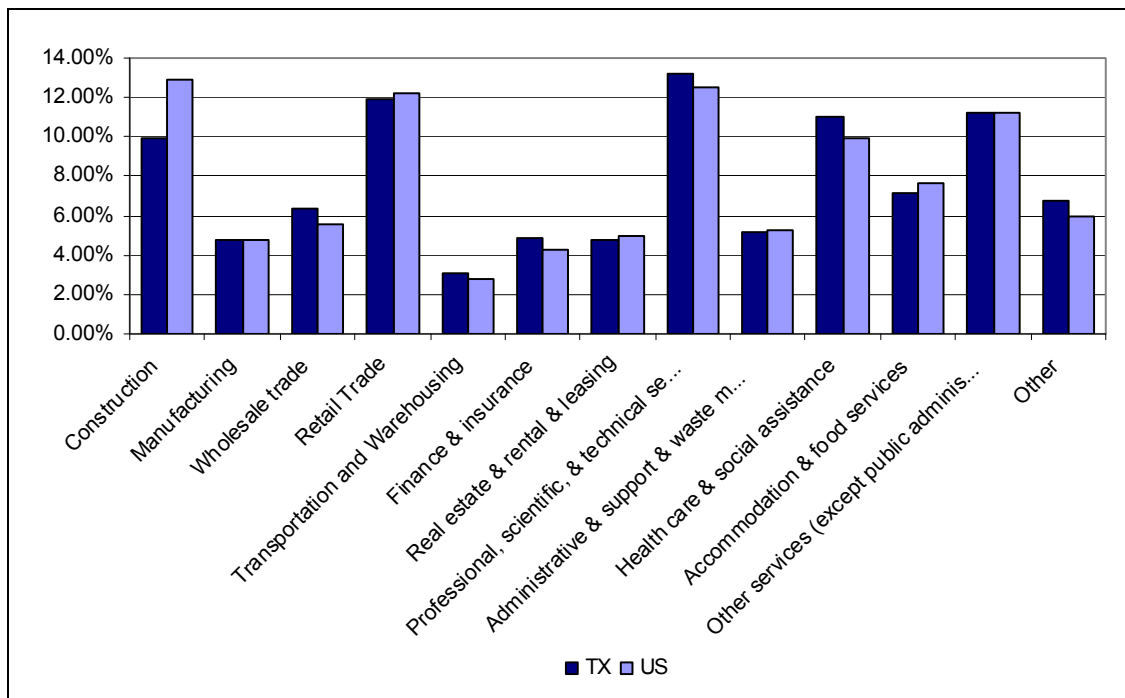
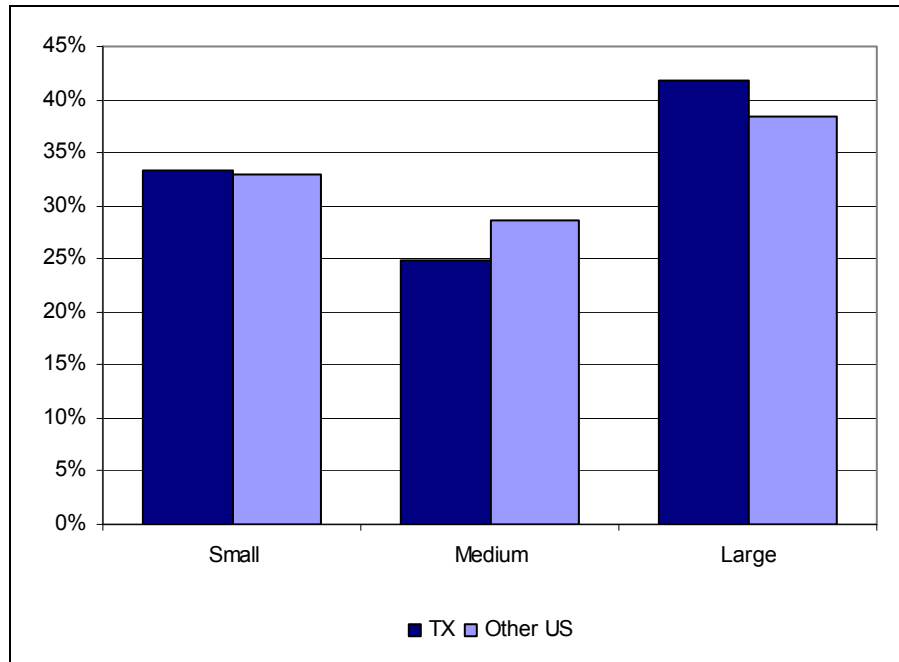


Figure 2: TX and U.S. Industry Profile, Census Bureau



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

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



Recruiting Plans and Compensation

In 2008, the number of companies in TX that hire recent MBA graduates is expected to remain essentially unchanged compared with the number in 2007 (Table 1). However, these companies plan to hire 16% more MBAs in 2008 than they did in 2007.

Table 1. Categories of Candidates Companies Hired in 2007 and Plan to Hire in 2008, by Location

	TX (n = 112)		Other U.S. (n = 1,090)	
	2007	2008	2007	2008
Recent MBA graduates	70%	71%	67%	73%
Average number of hires per company (#) ^a	6.7	7.8	12.9	14.7
Recent MSc in Business or Management graduates	13%	14%	14%	16%
Other specialized Masters in Business graduates	29%	30%	28%	31%
Graduates from disciplines other than business	28%	32%	36%	37%
Recent graduates with a bachelor degree	48%	56%	54%	54%
Experienced direct-from-industry hires	49%	51%	47%	49%
Did not hire or plan to hire any of the above candidates	8%	1%	8%	5%

^a. (TX, 2007-2008) t = -2.626; df = 25; p < .05.

Although TX firms hire fewer MBAs than do organizations in other parts of the U.S. (Table 1), on average, recent MBA graduates made up one-fourth (26%) of all new hires at companies in TX in 2007 (Table 2). The proportion of direct-from-industry hires with MBAs in the hiring mix at TX

companies (16%) was smaller than it was at other U.S. companies (48%). It appears that firms in TX instead rely more on recent MBA graduates when looking to replenish their pool of hires with an MBA degree.

	TX (n = 34)	Other U.S. (n = 306)
Direct-from-industry hires ^a	16%	48%
Hold MBA degree ^b	15%	12%
MBA graduate hires ^c	26%	15%
Required additional legal documents (e.g., visa, work permit, etc.) ^c	16%	15%
Were interns at the hiring company ^c	27%	39%
All 2007 hires with MBA degree	28%	21%

^a t = -2.626; df = 99; p < .05.
^b t = -4.099; df = 88; p < .05.
^c The mean difference between subgroups is not statistically significant.

Expected Compensation for Recent MBA Graduate Hires in 2008

In 2008, total annual compensation for recent MBA graduates in TX, including average starting salary and signing bonus, is expected to be slightly, but not significantly, less than in other U.S. regions (Table 3). Similar to those that reported in other regions, most employers in TX plan to increase the annual base salary offered to MBA graduate hires in 2008 (77%) (Table 4).

	TX (n = 46)	Other U.S. (n = 432)
Total compensation, in U.S. dollars		
Mean (\$)	\$102,315	\$105,676
Median (\$)	\$99,000	\$100,000
Base salary		
Mean (\$)	\$82,739	\$85,889
Median (\$)	\$84,500	\$90,000
Employers offering signing or starting bonus (%)	61%	61%
Mean (\$)	\$13,569	\$15,252
Median (\$)	\$10,000	\$15,000

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

Table 4. Expected Change in the 2008 Annual Base Salary for Recent MBA Graduate Hires Compared with the 2007 Annual Base Salary, by Location

	TX (n = 61)	Other U.S. (n = 584)
Increase above the level of inflation	52%	58%
Increase at the level of inflation	25%	16%
No change	21%	25%
Decrease	2%	1%
Total	100%	100%
Increase	77%	74%
No change	21%	25%
Decrease	2%	1%
Total	100%	100%

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

MBA Jobs

Although the area of marketing or sales is the second-most popular area of employment for MBA graduates in other parts of the U.S. (42%), graduating MBAs have a significantly lower chance of finding such jobs in TX (25%) (Table 5). Furthermore, it appears that there are fewer jobs available for MBAs in business development and investment banking in TX compared with other regions, but more jobs in operations and logistics.

Table 5. Job Areas for which Employers Plan to Hire Recent MBA Graduates in 2008, by Location

	TX (n = 81)	Other U.S. (n = 792)
Accounting	27%	27%
Consulting	25%	24%
Business development	25%	32%
Investment banking	14%	17%
Finance other than investment banking	47%	46%
General management	32%	30%
HR or organization management	14%	15%
Information technology or MIS	15%	17%
Marketing or sales ^a	25%	42%
Operations and logistics	32%	25%
Other job areas	6%	7%

^a. $\chi^2 = 8.940$; df = 1; p < .05.

Compared to employers in other U.S. regions, employers in TX have similar work-experience requirements for freshly minted MBAs (Table 7) and plan to offer positions at similar job levels (Table 6).

Table 6. Job Levels for which Employers Plan to Hire Recent MBA Graduates in 2008, by Location^a		
	TX (n = 81)	Other U.S. (n = 792)
Entry level	58%	51%
Mid-level	64%	68%
Senior level	12%	13%
Executive level	5%	4%
a. The difference between subgroups is not statistically significant.		

Table 7. Years of Work Experience Employers Seek in Recent Graduates, by Location^a		
	TX (n = 90)	Other U.S. (n = 863)
No work experience	13%	9%
1–3 years	41%	41%
4–5 years	42%	45%
More than 5 years	3%	4%
Total	100%	100%
Mean	3.2	3.4
Median	3.0	3.0
a. The difference between subgroups and the mean difference are not statistically significant.		

Companies in TX seem to rely more on 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		
	TX (n = 68)	Other U.S. (n = 594)
On-campus recruitment effort	72%	65%
Off-campus recruitment effort	28%	35%
Total	100%	100%
a. The mean difference is not statistically significant.		

Employers in TX report slightly higher retention rates for MBA hires, especially among those hired in 2003, in comparison to retention rates reported by companies in other parts of the U.S. (Table 9).

Table 9. MBA Retention Status in Early 2008, by Hiring Year and Location						
	2003		2005		2007	
	TX (n = 21)	Other U.S. (n = 168)	TX (n = 36)	Other U.S. (n = 296)	TX (n = 56)	Other U.S. (n = 502)
Retained all MBA hires	33%	17%	22%	29%	71%	66%
Retained some MBA hires	67%	79%	78%	68%	29%	29%
Did not retain MBA hires	—	4%	—	3%	—	3%
Total	100%	100%	100%	100%	100%	100%
Retention rate ^a						
Mean	74%	64%	77%	76%	96%	90%
Median	80%	67%	80%	80%	100%	100%

^a 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.

Companies in TX (30%)—more so than in other U.S. regions (16%)—cited unrealistic expectations for job roles or job levels as their reason for not hiring MBA graduates in 2007.

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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