

# CORPORATE RECRUITER SURVEY 2002

## OVERALL RESULTS

### MBA SELECTION

#### Recruiting Job Tracks

Finance (52%) is the top job track employers are recruiting. A distant second is marketing (31%), then information technology/MIS (25%), and consulting (24%).

72% of respondents recruit at all of their key schools for all the MBA job tracks they recruit; the other 28% recruit different job tracks at different schools.

Certain recruiting job tracks vary significantly by industry, company revenue, and world region.

#### Selection Criteria in Hiring New MBAs

Employers selected internship and/or functional experience directly related to job requirements most often as an **extremely important** selection criterion in hiring new MBAs (22%). Prior internship or other work experience in their industry was a close second (19%).

Overall, employers felt internship and/or work experience related to job requirements (70%) and/or related to their industry (61%) were important (extremely/very) selection criteria in hiring new MBAs.

Employers also felt the following selection criteria are important (extremely/very):

- History of increased job responsibility (66%),
- MBA functional area/concentration of study (61%),
- Reputation of MBA school (59%),
- History of leading teams (55%), and
- Having a specific number of years of professional work experience (52%).

Certain MBA selection criteria vary significantly by industry, company revenue, and world region.

#### Desire for Specific MBA Training Not Currently Offered by MBA Programs

The majority of the employers do not feel there are any gaps in current MBA training. Only 17% indicated a desire for specific MBA training that is not currently being offered.

### RECRUITING STRATEGIES IN A WEAK ECONOMY

#### Opinion of Current Economic Conditions and Effects on Recruiting

Ninety-nine percent of the employers surveyed feel the economy weak. Sixty-eight percent feel that a weak economy is affecting their recruiting plans.

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A weak economy does not affect employer attitudes about MBAs—48% neither agreed nor disagreed that MBAs are more attractive in the overall hiring mix when the economy is weak. Of those who felt MBAs were more attractive (28%) in a weak economy, 81% felt it was MBAs' versatile skill set (allowing them to take on additional roles) that made them more attractive. About a quarter feel MBAs are more attractive in a weak economy because employers can hire fewer people and still get the job done (26%) and/or MBAs don't need extensive company-sponsored training (24%).

The economy's effect on recruiting significantly varied by industry.

### **Hiring Strategies—When the Economy is Weak**

Employers most **strongly agree** that they are more inclined to make full-time offers to their MBA interns (27%) and not as inclined to negotiate aggressive compensation packages (20%) when the economy is weak.

Overall, employers agree (strongly agree/agree) that they are more inclined to make full-time offers to their MBA interns (74%) and strong performing previous employees (59%). They are not as inclined to negotiate aggressive compensation packages (69%).

They also agree (strongly agree/agree) that they will

- make fewer offers in anticipation of high offer acceptance rates on campuses (53%),
- will hire fewer interns than when the economy is strong (51%), and
- will avoid hiring MBAs who do not have pre-MBA work experience (47%).

In contrast, relatively few agree that they wouldn't hire MBAs unless they have already worked in their industry (29%) or are more inclined to delay start dates of campus hires (25%).

Certain hiring strategies varied significantly by industry, company revenue, and world region.

### **SPONSORSHIP OF MBA PROGRAMS**

#### **Company Sponsorship of Attendance at MBA Programs**

Only 28% of employers do not sponsor attendance at MBA programs. Fifty-nine percent sponsor employees for part-time programs, 43% sponsor for executive MBA programs, and 18% sponsor for full-time programs.

Company sponsorship varies significantly by industry, company revenue, and world region.

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### How Company Sponsors Employees to MBA Programs

The majority of the employers that sponsor MBA programs indicated that students pay for the cost of attendance and are then reimbursed with conditions (69%). The primary condition for reimbursement was that the candidate had to maintain a certain MBA school performance/grade point average (72%). Obligation to work for a certain number of years was a distant second (31%).

How companies sponsor employees to MBA programs and conditions for reimbursement varies significantly by industry and world region.

### When the Economy is Weak

Employer sponsorship does not differ much when the economy is weak—

- 84% disagreed that they were less inclined to reimburse employees to attend part-time programs,
- 75% disagreed that they were less inclined to sponsor attendance to executive programs, and
- 49% neither agreed nor disagreed that they were more inclined to grant a leave of absence to attend an MBA program.

Employers also indicated that they are more inclined to grant employees tuition assistance to attend an MBA program (44% strongly agree/agree).

Attitudes toward sponsorship in a weak economy vary significantly by industry, company revenue, and world region.

## MBA INTERNSHIP STRATEGIES

### Internship Programs

The majority of employers have an internship program for MBA students (67%). This varies significantly by industry, company revenue, and world region.

### Compensation

Almost all employers offered compensation to interns (99%). The most common form of compensation is a pre-determined amount (24% indicated salary and 58% indicated hourly rate).

Compensation for interns varies significantly by industry and world region.

### Managing Interns as Part of the Long-Term Hiring Plan

Of those who have internship programs

- 65% will make offers for full-time hires to strong performing interns before starting the interview process with “new” candidates,
- 33% make the interns go through the same full-time interview process as new candidates, and

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- 24% indicated that most of their full-time hires will come from their internship pool.

### **MBA SALARIES AND BONUSES**

#### **Salary**

The typical MBA in 2002 can expect to receive a base starting salary of US \$75,000 (the median). This compares to that expected for the typical undergraduate of US \$41,000 (median) and for other graduate degrees US \$50,000 (median). So, the MBA degree carries a \$34,000 premium over undergraduate degrees and \$25,000 premium over other graduate degrees.

Eighty-nine percent of respondents expect MBA salaries to stay within +/- 5% of 2001 figures including 53% who expect flat salaries in 2002. An equal percent (6%) feel salaries will change by +/- 10% or more.

Expected change in base salary varies significantly by industry and world region.

#### **Signing Bonus**

Thirty-one percent of the respondents indicated that their company would not be offering signing bonuses in 2002. Of this group, 21% has never offered signing bonuses.

Of those who offer signing bonuses in 2002, 65% expect bonuses to be flat. Twenty-four percent expect signing bonuses to decrease for 2002.

Expected change in signing bonuses varies significantly by industry and world region.

#### **Factors Influencing Expected Change in Base Salaries/Signing Bonuses**

Employers were most likely to indicate that it is a buyer's market (52%)—more supply than demand—as a factor influencing change in salary and/or bonuses. Other factors indicated were economic uncertainty (44%), well-rounded compensation benefits (33%), and dot.com impact gone (27%).

Factors influencing change varies significantly by industry and world region.

### **MBA'S WITHIN THE HIRING MIX**

#### **Number and Sources of New Professional Hires**

The actual hiring mix in 2001 was 31% from MBA programs, 35% from industry direct, 28% from undergraduate programs, and 6% from other graduate programs. The percentage of all hires from MBA programs is expected to drop to 30% in 2002 and increase to 35% in 2003.

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It appears employers are hiring more industry directs in 2001 (35%) and 2002 (36%), but in 2003 increase hiring of those from MBA programs and decrease those from industry direct (29%). The percentage of hiring from undergraduate and other graduate programs remains flat (28% undergrad and 6% other graduate programs).

The typical employer in the sample expects to hire two new MBAs in 2001 (as reflected by the median) down from 3 in 2001. The median number of new hires is expected to rise back to 3 in 2003.

The median number of new undergraduate (2) and other graduate (0) hires is expected to remain level. However, the median number of industry direct hires is expected to drop from 4 (2001) to 2 (2002) and remain there through 2003.

### **Company Actions with New MBA Hires**

Seventy-five percent of the employers indicated that they ***did not*** rescind offers, lay off new MBA hires, delay start dates, nor move new MBA hires into different groups/departments in 2001.

However, 16% did move new MBAs into different groups/departments than originally planned, 9% delayed start dates, 7% laid off new MBAs after their start dates, and 4% rescinded offers before start dates.

#### *Offers Rescinded*

Of the small number who rescinded offers (18 employers), the percentage of offers rescinded was polarized. A third (33%) indicated less than 5% and about a third (28%) indicated more than 33% of their 2001 offers were rescinded.

#### *MBA Layoffs*

Of those who laid off new MBA hires in 2001 (31 employers), the majority (48%) laid off less than 5%. Nineteen percent of this group laid off more than 33% of their new hires.

#### *Delayed Start Dates*

Of those who delayed start dates, 54% did so without compensation.

Company actions with new MBA hires vary significantly by industry and company revenue. How laid-off MBAs were compensated varied by world region. The percent laid off varied by company revenue.

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### TIMING OF CAMPUS INTERVIEWS AND OFFERS

#### Scheduling of MBA Interviews

In 2001, scheduling MBA campus interviews six or more months prior to graduation is the most common (58%). This shifts slightly to 47% in 2002 when the employers were more likely to indicate "Don't Know". The share of employers that scheduled MBA interviews three or more months prior to graduation in 2001 (20%) continues to be the same in 2002.

Scheduling of MBA campus interviews varies significantly by industry, company revenue, and world region.

#### Timing of Offers to MBAs

In 2001, making offers to MBAs three or more months prior to graduation with start dates soon after was the most common timing (48%). This shifts slightly to 39% in 2002 when the employers were more likely to indicate "Don't Know". Twenty-one percent made offers three or more months prior to graduation with state dates spaced apart and 18% plan to continue this in 2002.

Timing of MBA campus offers varies significantly by industry, company revenue, and world region.

### SELECTING MBA SCHOOLS

#### Criteria Employers Consider in Selecting Schools at Which to Recruit

Reputation of the school (23%), existing relationships at the school (23%), and ethnic diversity of the class (11%) are the top criteria that are ***extremely important*** to employers when deciding at which schools to recruit.

When both the *extremely* important and *very* important categories are combined, the most important criteria in selecting schools at which to recruit are:

- reputation of the school (76%),
- existing relationships at the school (76%),
- retention history (50%),
- a sufficiently large candidate pool (50%), and
- academic quantitative admission standards (46%).

Importance of selection criteria varies significantly by industry, company revenue, and world region.

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### **Month in Which List of Schools is Finalized**

The majority of the employers do not finalize their list of schools for any specific month (55%). Twenty-four percent, however, say they finalize their list between May and August.

The month the list is finalized varies significantly by world region.

### **Number of Schools for MBA Recruiting**

In 2001, the median number of schools employers recruited at was 7; this dropped to 6 schools in 2002.

The median number of school for MBA recruiting varies significantly by company revenue and world region.

## **RECRUITING STRUCTURE**

### **Regions of the World in Which New MBAs are Recruited**

Over nine-tenths of recruiters (92%) recruit MBAs at schools in the U.S., and slightly less than one-fourth (23%) recruit at schools located in Europe. Equal shares (12% each) recruit at schools located in Canada and Asia/Australia. While 9% of recruiters overall are located in European offices, 23% recruit in European schools. Likewise, while 3% each are located in Canadian and Asian/Australian offices, 12% each recruit in schools located in these regions.

### **Recruiting Staff**

The size of employers' full-time campus recruiting staff has largely remained the same this year, compared with recent years (55%). However, 40% of the companies indicated a smaller full-time campus recruitment staff. This varies significantly by industry and company revenue.

In 2001, most emphasis was placed on line managers (58%) going to campuses to recruit MBAs and this continues in 2002 (56%). Twenty-six percent of respondents say their company emphasizes experienced recruiters with some campus responsibility, while 16% emphasize full-time campus recruiters. Recruiting emphasis in 2002 varies by industry.

The majority (60%) of the respondents has had 1 year to 5 years experience in recruiting MBAs. Nine percent have ten years or more experience in recruiting MBAs.