



Corporate Recruiters Survey

The **Corporate Recruiters Survey** is a product of the Graduate Management Admission Council® (GMAC®), a global not-for-profit education organization of leading graduate business schools. The Council is dedicated to creating access to and disseminating information about graduate management education. The organization sponsors the Graduate Management Admission Test® (GMAT®), used as part of the admissions process by some 1,800 graduate management programs around the world. These schools and others also rely on GMAC® for professional development programs, comprehensive research studies, and other information resources and products.

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The job market for MBAs is strengthening rapidly after several sluggish years and is set for improvement during 2005, according to the most recent survey of employers conducted by the Graduate Management Admission Council® (GMAC®). The annual GMAC® Corporate Recruiters Survey found that recruiting and hiring activity will increase sharply this year, reflecting a widespread sense among hiring managers and executives that the economy is in better shape than it has been in any year since the survey was first conducted during the 2001–02 hiring season.

The objectives of the annual survey are to gather information that graduate business school professionals, MBA students, and prospective students can use to gauge the job market and better understand MBA employers' expectations; to gather information MBA employers can use to develop recruiting and hiring plans; and to provide comprehensive data business school professionals and employers can use to benchmark their MBA recruiting practices against.

Key findings of the survey include—

- **Recruiters are planning to visit more campuses this year than they did last year, raising the chances for students to land jobs before graduation.**
- **Companies are planning to hire more MBA graduates in 2005 than they did in 2004.**
- **Small and large firms alike are prepared to offer equally strong compensation packages, although smaller companies are more likely to tie a bigger chunk of pay to performance.**
- **The number of companies who reported that hiring restrictions prevented them from hiring new MBA graduates fell by a significant margin in 2004, a sign that the economy is on an upward trajectory.**
- **MBA graduates that participate in an internship have a better chance of getting jobs, especially in certain industries, such as health care.**

Economic Conditions and Their Effects on Recruiting Plans

Over the past few years, the percent of respondents stating that the economy is weak slowly declined, from a high of 99% in the 2001–02 survey to 82% in the 2003–04 survey—a statistically significant decrease. This year’s survey shows a dramatic decline in the percent of respondents stating that the economy is weak. Slightly more than half of the respondents (55%) stated that the economy is weak—a 33% decrease from the previous year. Although last year’s survey indicated a change in recruiters’ opinions, this year represents a significant turnaround in the perception of recruiters, from a feeling that the economy is weak to a sense that it has greatly improved.

In addition to the decline in the percent of respondents stating that the economy is weak, there is a drop in the percent who state that the economy is constraining their recruiting plans (Figure 1). In 2001–02, 69% of respondents who stated that the economy is weak also stated that the economy constrained their recruiting plans, compared with only 30% this year. As the data indicate, MBA recruiters’ assessment of the economy has noticeably improved over the past few years, in terms of the overall economy and its effect on recruiting plans.

The economic conditions are having differing effects on the various industry groups. Respondents in the high-tech (68%) and health care (72%) industries are significantly more likely than respondents in the finance industry to state that the economy is weak. Furthermore, over half of respondents (52%) in the high-tech industry feel that the economy is constraining their recruitment efforts. This is significantly higher than in the finance and consulting industries, where 21% and 18% of the respondents, respectively, feel that the economy is holding back their recruitment activities.

Corporate Recruiting Plans

Overall, about four-fifths (82%) of the companies surveyed have plans to visit school campuses to recruit new MBA graduates in 2005. Large companies (96%) are significantly more likely than small companies (63%) to have plans to visit school campuses to recruit new MBA graduates in 2005. On the whole, companies plan to visit more school campuses in 2005 (9.3 on average) than in 2004 (8.5 on average)—a statistically significant increase in recruiting activity (Figure 2). Additionally, the respondents say they will personally visit more school campuses in 2005 than in 2004—3.2

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There is a widespread sense among hiring managers and executives, especially in the finance and consulting sectors, that the economy is in better shape now than it has been in since 2001.
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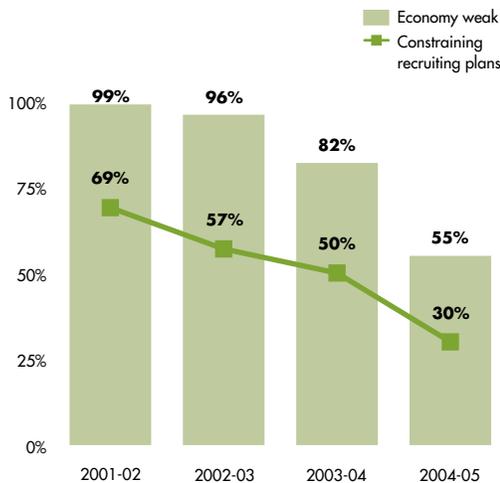


Figure 1: Opinion of Economy and its Effect on Recruiting Plans

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**Demand for new MBAs is up,
 across industry type,
 world region and company size.
 Recruiters plan to visit
 more campuses this year.**
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campuses in 2005, on average, compared with 2.6 campuses in 2004.

Interestingly, the increase in the number of school visits planned for 2005 is consistent across all types of industries, all regions of the world, and all sizes of companies. This is an exciting time for graduate business schools and their graduating students. Following a few years of a sour economy, it is readily apparent from the responses that the economy is sweetening. This improvement should be noticeable in the coming year. Schools that have seen a decline in the number of companies visiting their campuses over the past few years should see an improvement this year compared with last year. To increase further the number of recruiters visiting their campuses, graduate business schools can reach out to recruiters who have not visited their campus in the past few years but who previously paid a visit. Some additional outreach on the part of career services to companies that have not visited their schools in a while can bear fruitful results, according to the survey data.

For graduating students, this year is a turn-around from previous years, where a soured economy constrained recruitment plans at a majority of companies. Three years ago, more than two-thirds (69%) of companies stated that the economy was constraining their recruitment plans compared to less than one-third (30%) this year. This means that graduating students this year should have the opportunity to meet and interview with more companies on their campuses than graduating students of the past few years.

New MBA Graduate Hires

The increased confidence in the economy also appears to be having a positive effect on the number of new hires among the companies represented by the respondents (Figure 3). At most levels of the companies—department level, local offices, regional offices, and national offices—the respondents report an increase in the planned number

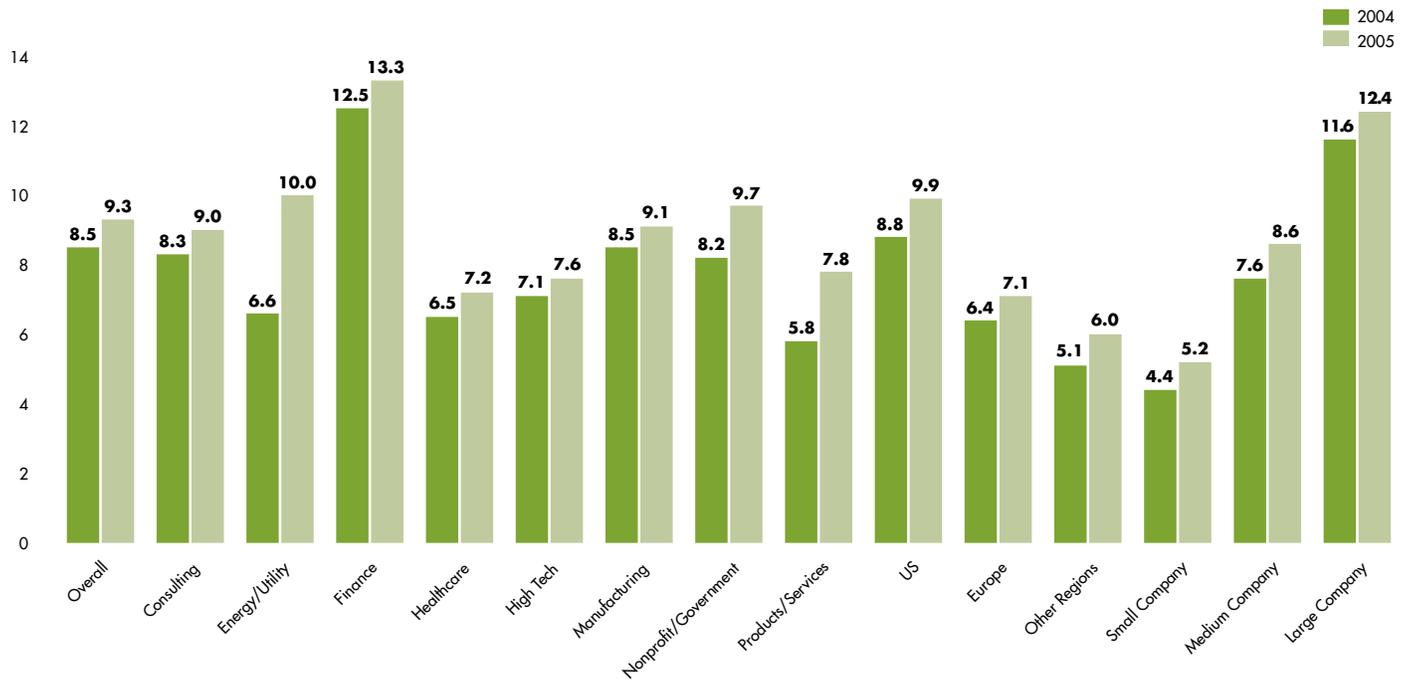


Figure 2: Average Number of Schools Companies Plan to Visit

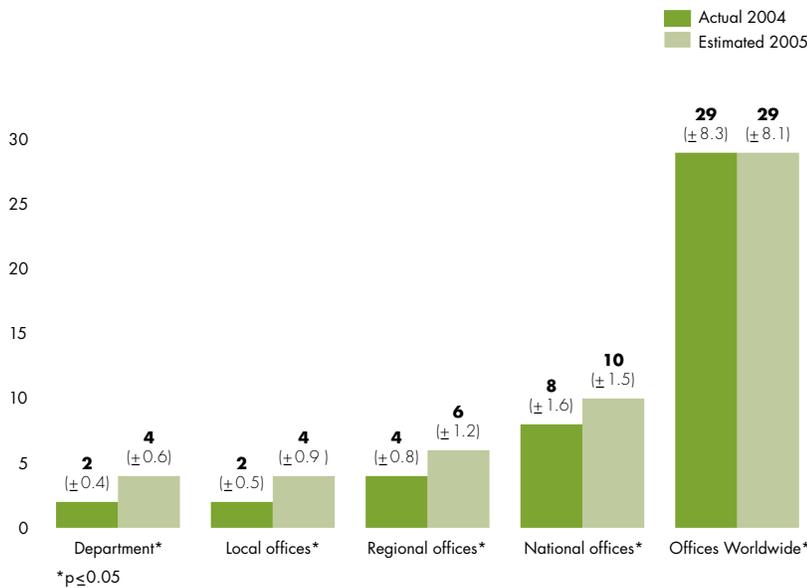


Figure 3: Average Number of New MBA Graduate Hires (with 95% confidence interval)

of new MBA graduate hires for 2005 compared with 2004. These increases in the estimated number of new MBA graduate hires are statistically significant; the employment prospects for new MBA graduates seeking new positions in 2005 are better than in previous years.

Hiring Mix

The hiring mix¹ estimated for 2005 is slightly different compared with the actual hiring mix in 2004 (Figure 4). Who are the winners and casualties? Direct-from-industry hires are the sole casualty in the 2005 estimated hiring mix. In 2004, direct-from-industry hires accounted for 45% of all new hires, but in the 2005 estimate, the figure is only 39%—a 13% decrease that is statistically significant. The winners include MBA graduates, other graduates, and undergraduates. MBA graduates increased their percent in the hiring mix by 16%—a significant increase at the 92% confidence interval—from 19% to 22% of all new hires.

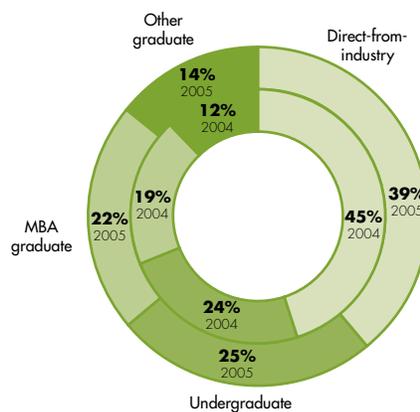


Figure 4: Hiring Mix: Comparison of Actual 2004 and Estimated 2005

The decrease in the number of direct-from-industry hires is reflective of the change in the economic assessments of the recruiters. Companies tend to hire more from this category and fewer from the recent graduate category when they perceive a down economy—and reduce their entry- and mid-level managerial hiring.

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MBA graduates represent a 16% larger share of the hiring mix in the 2005 survey – growing from 19% to 22% of all new hires. Companies project more openings for MBAs, and fewer for direct-from-industry hires.

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¹In order to calculate the hiring mix for each company, the number of hires was summed across the four sources for each respondent providing complete data at a particular level. Then the percent contribution of each source was calculated for each respondent. These percentages were averaged across respondents to determine the overall hiring mix. This process has the effect of equally weighting mix data from companies that are of different sizes.

Job Area	Company Level				
	Department (n=161)	Local Office (n=131)	Regional Office (n=101)	National Office (n=239)	Offices Worldwide (n=101)
Accounting*	12%	19%	22%	25%	37%
Consulting	19%	33%	27%	22%	27%
Entrepreneurship	4%	5%	3%	4%	6%
Finance*	41%	44%	46%	58%	67%
General Management*	12%	13%	23%	23%	36%
HR/Organization Management*	4%	10%	9%	11%	23%
Information Technology/MIS*	11%	15%	12%	13%	37%
Marketing*	36%	21%	22%	46%	40%
Operations and Logistics*	17%	13%	16%	21%	34%

Responses may add to more than 100% due to multiple selections
*p ≤ 0.05

Table 1: Job Areas Company Hired New MBA Graduates in 2004, by Company Level

Job Areas Filled in 2004

Companies that reported hiring MBA graduates (Table 1) for offices worldwide were significantly more likely than respondents reporting just for their department to hire accounting positions and HR/organization management in 2004. Additionally, respondents reporting for offices worldwide hired for finance, information technology, and operations/logistics positions more than all other company levels. Nearly twice as many respondents in offices worldwide hire for general management positions compared with respondents at the department or local office level. Hiring for marketing positions is significantly more likely among national offices than local or regional offices.

Impact of Internships on the Hiring of MBA Graduates

Overall, almost a third (31%) of MBA graduates hired in 2004 served as interns at the companies where they landed permanent jobs. The industries where this trend was particularly strong include—

- the healthcare industry (48% of MBA graduates hired in 2004 were interns);
- the manufacturing industry (37% of MBA graduates hired in 2004 were interns); and
- the finance industry (34% of MBA graduates hired in 2004 were interns).

The consulting industry was significantly less likely than other industries to have hired MBA graduates who were interns; only 19% of the MBA graduates hired in this sector were interns at companies where they were accepted jobs.

Small companies, with fewer than 500 employees, were significantly less likely than mid-sized companies (500-9,999 employees) and large companies (10,000+ employees) to have hired MBA graduates that were interns (24%, 37%, and 32% of the new MBA graduate hires, respectively).

Graduating students who have not participated in an internship face limitations when searching for a job, given that in 2004 one in three positions were filled by new MBA graduates who were interns with the company where they accepted jobs. This suggests that MBA students who plan to seek new positions after graduation should participate in an internship—the internship provides a greater chance of obtaining a job, as the data imply. New MBA graduates who did not participate in an internship have fewer employment options—they are limited to two-thirds of the hiring field. This is even more pronounced in the healthcare industry, where almost half of all positions were filled with new MBA graduates who interned at the same company where they landed a job. These findings suggest that the impact of internships on employment after graduation is considerable and advantageous to the new MBA graduate.

For companies, internships act as a prolonged courtship. By placing an individual in the work environment before offering them a permanent position, companies reduce their risk of hiring ineffective and inefficient employees. The prolonged courtship period of an internship allows companies to gather first-hand information about the work habits, knowledge, skills, and abilities potential employees bring to the table.

The positive impact of internships on employment opportunities is reiterated in many of the respondents' comments. Examples of these comments follow.

- “We are always looking for eager students to intern each semester and eventually hire”
- “Please encourage MBAs to get internships and ‘real-world’ work related experience. It is easier to pay the salaries they command with some experience on their resumés”

- “We place a high emphasis on recruits with internships or actual valuable experience”
- “For full-time MBA students, the summer internship is critical as it provides a mechanism to ‘test drive’ the MBA candidate prior to extending an offer”
- “MBAs need to have internships in the field they wish to work post-graduation. Networking is essential for landing jobs.”

Starting Annual Salary

Overall, the estimated starting annual salary for MBA graduates for 2005 is \$78,040 (Figure 5). The range of estimated salaries for 2005 runs from a low of \$25,000 to a high of \$150,000. While the differences between salaries for adjacent years are not statistically significant, the differences between starting annual salaries for alternate years are significantly different.

Overall, the estimated total compensation package for a new MBA graduate hire in 2005 is \$96,657, which includes annual salary and additional compensation. A majority of companies offer a benefits package (84%)

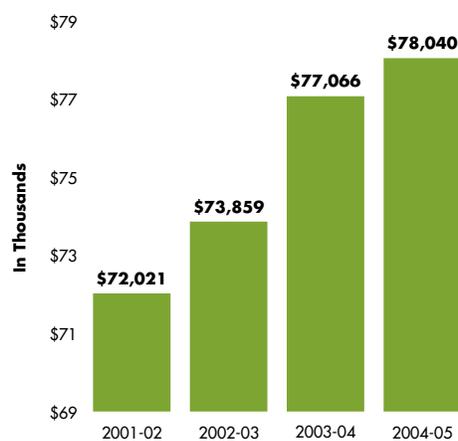


Figure 5:
Estimated Starting Annual Salary
for MBA Graduates

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Almost a third of MBA graduates hired in 2004 had served as interns at the companies where they landed permanent jobs, a trend that was especially strong in healthcare, manufacturing, and finance.
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 There's no significant difference
 in total compensation
 by company size,
 though smaller companies
 tend to tie reward to results.
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Figure 6: Starting Total Annual Compensation, by Company Size

as a part of their additional compensation. Additionally, more than half of the companies offer a moving allowance (61%) and a performance-based bonus (56%).

The estimated starting annual salary for MBA graduates in 2005 is significantly lower among small companies (\$73,191) compared with mid-sized companies (\$79,546) and large companies (\$80,499). Although small companies plan to offer lower starting salaries than other companies to new MBA hires in 2005, when additional compensation is accounted for, there are no significant differences in the total annual compensation of new MBA graduate by company size (Figure 6).

Why are small companies, in terms of total compensation, paying more than other companies are? Each individual's potential impact on the bottom line is magnified at smaller companies because these firms have fewer employees. By tying a larger portion of compensation to results, small companies provide an incentive to employees to place particular emphasis on the company's success—if a company's results are weak, employee earnings are diminished. The data show that small companies are significantly more likely than other companies to offer their new MBA graduate hires commissions and year-end bonuses, meaning they offer larger additional compensation packages compared with larger firms.

Reasons for Not Hiring MBA Graduates in 2004

About one in five respondents (21%) report that their company did not hire new MBA graduates in 2004, which is not significantly different than the percent that did not hire new MBA graduates in 2003 (23%). There is a significant change in the reasons why companies did not hire new MBA graduates in 2004 compared to the reasons given in 2003. The greatest change in the reasons for not hiring occurred for items that classify as hiring restrictions (Figure 7). Although some companies still had hiring restriction, companies were significantly less likely in 2004 compared with 2003 to state that the company is in the process of reducing headcount, that there is a hiring freeze in the company, and that they anticipated limited company growth. These data are consistent with the dramatic increase in the respondents' positive assessment of the economy.

The most-cited reason for not hiring new MBA graduates in 2004 is that recruiting resources were allocated to experienced hires direct from industry (34%). On the plus side for individuals with MBAs, 38% of new direct-from-industry hires in 2004 had MBAs.

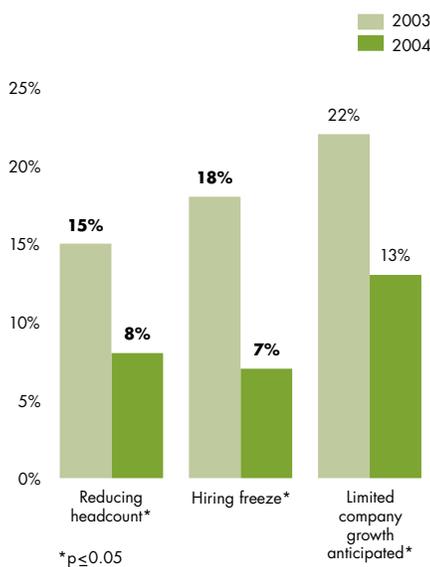


Figure 7: Reasons for Not Hiring MBA Graduates in 2004

Underlying Reasons for Not Hiring

A statistical factor analysis was conducted to determine the association of items to each other. This helps provide a better understanding of the underlying reasons companies had for not hiring new MBA graduates in 2004. Six factors were derived from this analysis, including—

- Companies had hiring restrictions in place, including a company-wide hiring freeze and a reduction in the current headcount
- Companies obtained MBA talent by sponsoring their current employees in MBA programs
- MBA entry-level salary demands are too high, and companies allocated their recruiting resources to hiring undergraduates
- Companies state that they can not find the appropriate MBA candidate to fill the positions available, even though the recruiting resources were not diverted to direct-from-industry-hires, as was the case for 34% of companies
- The timing of openings did not match the availability of the MBA graduates, even though MBA skills are critical to company
- Companies made offers to MBA graduates that were not accepted

One item that is disadvantageous to graduating MBAs searching for jobs is among companies that state they did not hire new MBA graduates because they obtain their MBA talent through the sponsorship of current employees in MBA programs. However, this is a positive indicator for graduate business schools. Data from the 2004 mba.com Registrants Survey conducted by GMAC® provides additional insight for graduate business schools; it reveals that the most powerful contributor to matriculating in an executive MBA programs is the planned financing of a student's education through corporate reimbursement and sponsorship programs.

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In 2004, fewer companies cited hiring restrictions as a barrier to MBA employment. About one-third of companies allocated recruiting resources to experienced hires direct from the industry, many of whom already have MBAs.

Among companies that did not hire new MBA graduates, the manufacturing industry (15%) had the highest number of respondents who stated that their company obtains MBA talent through corporate sponsorship programs, followed by the products/services (8%), nonprofit/government (7%), high-tech (6%), and finance (6%) industries.

MBA graduates can overcome some of the reasons respondents said they did not hire MBA graduates in 2004. For instance, some companies did not hire MBA graduates because they had unrealistic entry-level salary demands. One respondent stated that “schools are telling soon-to-matriculate and recent graduates [that] their MBAs are worth an exceedingly high first year salary.” Another respondent stated, “U.S. MBA graduates need to better understand what their potential earnings are—especially as they start out their careers,” and another respondent stated that “students who complete their MBAs expected a high raise in income for positions they have no experience in.”

Among the companies that did hire new MBA graduates, 48% hired for entry-level management positions and 63% hired for mid-level management positions. Only a small percent of companies that hired MBA graduates in 2004 hired for senior-level (12%) and executive positions (5%). Armed with this data, graduate business schools can help realign the salary demands of MBA graduates by making sure their students have realistic expectations—especially considering that the majority of positions filled are entry- and mid-level management slots.

Additionally, some companies could not find appropriate MBA candidates to fill the available positions. Although these companies are seeking MBA graduates to fill positions in their companies, they did not hire in 2004 because, presumably, the applicants did not have the appropriate skills for the open positions. Business schools can help alleviate this barrier to employment by developing curricula that encourages students to develop hands-on experience. For example, one respondent said, “Tell the schools that increasing opportunities for their students to actually learn to apply what they are taught before they graduate is the most beneficial educational effort [schools] can make...reality-based project requirements, mandatory internships.” Other respondents state that schools should better tailor their curriculum to fit the needs of the specific industries.



Realistic expectations are important. Among companies hiring new MBA graduates, 48% hired for entry-level positions, 63% for mid-level positions, 12% for senior-level positions and only 5% for executive positions.



The Skills Companies Seek in MBA Graduates

When hiring new MBA graduates, companies seek candidates with specific skills and a certain level of proficiency with those skills. In the 2003–2004 Corporate Recruiters Survey, recruiters were asked the skills companies find attractive and the skills that companies feel MBA graduates need to strengthen. This year’s survey provides general guidance as to the level of proficiency sought by companies for these skills (Figure 8). Each recruiter who hired MBA graduates in 2004 was asked to rate the level of proficiency sought on a scale that included basic level (1), intermediate level (2), advanced level (3), and expert level (4).

Graduate business schools are succeeding in teaching students the “hard” skills needed to be successful in business. For instance, companies find that the MBA graduates hired excel in analytical thinking, quantitative skills, and the ability to integrate information—as reported in the 2003-2004 Corporate Recruiter Survey. However, the “soft” skills, including oral and written communication, interpersonal skills, and the ability to adapt, are areas where MBA hires require additional development. Companies are seeking MBA graduates that have attained an advanced level of proficiency in these “soft” skills. It is therefore imperative that graduate business schools enhance their curriculum to ensure that students reach a higher level of proficiency in these areas.

Companies seek employees with an advanced ability to think strategically, a skill that companies find highly attractive but feel that MBA graduates need additional development. Graduate business schools are succeeding in improving their student’s ability to think strategically, according to a self-assessment among graduating MBA students. However, MBA alumni feel that they need further strengthening in their ability to develop a strategic plan. There appears to

be a gap between the knowledge of creating a strategic plan and its implementation. Therefore, graduate business schools should augment their instruction with additional practical exercises in the development and, specifically, the implementation of strategic thinking and planning.

This data, if shared with program directors and faculty, can help schools align their MBA curricula with the needs of the industries employing MBA graduates. By ensuring that MBA students master the knowledge, skills, and abilities companies are seeking, graduate business schools ensure that they provide their students an education that will support them in their future employment. In addition, students can use this information to help focus their studies to address their weaknesses and build upon their strengths—and better align their educational experience with the needs of hiring companies.

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**Employers value “soft” skills—
 communication,
 interpersonal skills,
 adaptability—
 and find that new MBAs
 often require development
 in those areas.**
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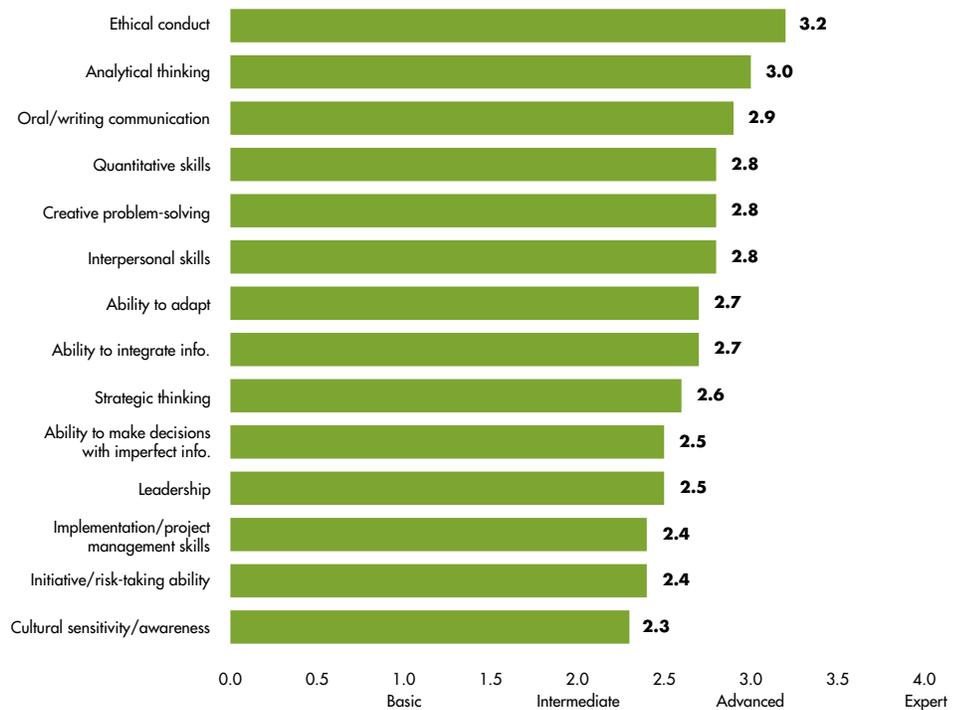


Figure 8: Level of Proficiency Sought in New MBA Graduate Hires For Each Core Competency

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A knowledge of the differing skill sets sought by eight industries represented in the survey can help school staff guide students as they tailor job searches and resumé to showcase their strengths.
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Industry-Specific Skills

The following information can be useful to career services as a tool for counseling students about the basic requirements sought by various industries. For instance, the information can be used to help students tailor their job searches to match their strengths with the requirements of the industry, as well as help spotlight relevant knowledge, skills, and abilities in their cover letters and resumé.

A factor analysis², which produces a composite of items, was conducted for each of the industries represented among the companies (consulting, energy/utilities, finance, healthcare, high tech, manufacturing, nonprofit/government, and products/services). Each industry has a unique set of skills that are required of MBA graduate hires. Some common requirements among the industries include a composite of analytical thinking and quantitative skills; ethical conduct; and people skills.

Consulting

Three factors are derived from the list of skill proficiency levels sought by companies in the consulting industry; the first two factors can be defined as components of consulting skills. The first factor is the ability to integrate information and implement the results in the context of a specific project. The second factor requires the use of quantitative skills in the creative problem-solving process. The third factor is ethical conduct of the MBA graduate hire.

Energy/Utilities

The factor analysis converged on 5 skill components. The first factor is a complex blend of analytical and quantitative skills with communication skills and ethical conduct, meaning that an MBA graduate hire is required to communicate analytic and quantitative information using the highest ethical considerations in determining the information used in analysis. The second factor is defined as teamwork: an MBA graduate hire needs to be aware of and sensitive to diverse cultures in order to lead and manage projects with diverse team members. Third, the ability to think strategically about the integration of imperfect information in the decision-making process is required in the energy/utilities industry. The fourth factor is the ability to solve problems creatively in changing situations—the ability to adapt. The final factor is interpersonal skills.

² See Corporate Recruiters Survey: Comprehensive Report 2005, Methodology for a complete discussion of the statistical technique.

Finance

Only two factors are derived for the finance industry. First, a complex combination of analytical thinking and quantitative skills and the ability to integrate information is needed to creatively solve problems in this industry. The second factor is the ability to lead with an awareness of and sensitivity to diverse cultures.

Healthcare

The factor analysis for the healthcare industry extracts three individual skills that are necessary in this industry. The three skills that are exposed include the ability to make decisions with imperfect information, quantitative skills, and interpersonal skills.

High Tech

Four factors are derived from the analysis for the high tech industry. First, the ability to creatively solve problems and make decisions with imperfect information is necessary. The next factor is a single skill, ethical conduct. Third, communication and interpersonal skills are required for employment in the high tech industry. Finally, the fourth factor is analytical thinking and quantitative skills.

Manufacturing

The analysis for the manufacturing industry produced four factors. First, strategic thinking and risk-taking is needed in implementation and project management. Ethical conduct is the second factor. The third factor is a composite of analytical thinking and quantitative skills. The fourth factor is communication and interpersonal skills.

Nonprofit/Government

Four factors are extracted for the nonprofit/government industry. The first factor is similar to the communication and interpersonal skills uncovered for the manufacturing industry, except that for the nonprofit/government industry cultural sensitivity and awareness is added to the factor. Second, a composite of analytical thinking and quantitative skills is needed in this industry. The third factor is management skills, which include leadership and project management. The fourth factor is the ability to adapt and change to new situation within an ethical framework.

Products/Services

There are three factors for the products/services industry. The first factor is people skills, including interpersonal skills and cultural sensitivity and awareness. The second factor is an ability to think strategically. Finally, the third factor is a composite of analytical thinking and quantitative skills.

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**Analytical thinking
 and quantitative skills,
 ethical conduct,
 and people skills are
 common requirements among
 the industries surveyed.**

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Return on the Investment in New MBA Graduate Hires

The return on investment (ROI) calculation is a measurement of success. The ROI calculation includes two elements, namely the return and the investment. Recruiters whose company has an ROI process were asked to select from a list of elements that they include in each part of this equation (Return ÷ Investment = Measurement of Success (ROI)).

What value does an MBA graduate deliver to employers? The value of a MBA graduate is determined by the elements companies use in calculating return. The following list includes items cited by more than half of the companies participating in the survey—the dividends employers expect to reap:

- the quality of the employee’s work (80%);
- the productivity of the employee (73%);
- the promotability of the employee (64%);
- the leadership skills displayed by the employee (61%);
- the retention of the employee for a specific length of time (55%);
- the satisfaction of the employee’s clients and customers (54%);
- the management skills displayed by the employee (52%); and
- the technical skills displayed by the employee (51%).

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When determining the value of the MBA graduate, companies cite most often the employee’s quality of work (80%), productivity (73%), promotability (64%) and leadership skills (61%).

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Slightly less than one-third (30%) of the respondents say that their company includes the amount of new business generated in its calculation of the return, one of the only items that is easily quantifiable with a dollar figure.

The other half of the ROI equation is the investment—the amount companies are willing to spend to obtain the value an MBA graduate brings to the workplace. A majority of companies (85%) include the salary of the new employee in the calculation of their investment—\$78,040 on average. Two out of three (67%) companies include the recruiting costs, which average \$12,073. Additional compensation (63%) and signing and other one-time bonuses (57%) are also incorporated in the calculation of the company’s investment—\$18,882 on average.

The total cost of a company’s investment in hiring a new MBA graduate is calculated using the information gathered about the average salary of new MBA hires, the average spent in additional compensation, and the average recruiting costs respondents provided in the survey. Each of these items is used only if the respondent stated that their company included these costs in their calculation of their investment in hiring a new MBA graduate. Due to the difficulty in calculating the dollar value for managerial/supervisor time related to the start-up/training period for a new employee and the decreased productivity during start-up, these items are not included in the total cost.

On average, the amount spent to hire a new MBA graduate is \$92,133 plus the managerial time and the decreased productivity during start-up. Two-thirds of the cost of investment (67%) is derived from the annual starting salary, 17% from the additional compensation and bonuses, and 16% from the recruitment costs.

Bottom Line for Schools (New MBAs)

Knowing what the boss is looking for alleviates anxiety in employees. Additionally, graduate business schools, armed with the knowledge of what employers want, can guide their admissions processes to identify candidates who are likely to meet these requirements. A student who will make an effective employee can be expected to exhibit the following traits.

Four out of five recruiters who measure ROI state that the quality of an employee's work is measured. Companies seek employees who will add value to their business. Similarly, graduate business schools seek quality students who will add value to their reputation. Additionally, companies that are pleased with the quality of the graduates they hire can be expected to return for more of the same in the future, helping to cement a school's relationship with hiring companies.

Furthermore, the 2004 mba.com Registrants Follow-Up Survey conducted by GMAC® shows that schools benefit from enrolling high-quality students because prospective students consider the quality of a school's student body in choosing whether to apply to or attend a particular institution.

The appropriate use of resumé banks will help companies invest their resources most efficiently. By understanding the wants and needs of hiring companies, ca-

reer service centers can provide recruiters the opportunity to conduct initial phone interviews of candidates who have been prescreened by the school. Through prescreening of candidates, companies can narrow their selections and bring in for further consideration only those candidates who have a high probability of being hired. Career services professionals should therefore not only seek to expand their on-campus recruitment activities, but also work with companies to develop off-campus recruitment opportunities.

Career service centers should develop relationships with headhunters who specialize in various fields of business—45% of companies include headhunter costs in calculating the cost of recruiting a new hire. This will provide graduating students with additional options when searching for a position, specifically in those industries most likely to use headhunters—human resource/organizational management (58%), accounting (55%), operations/logistics (52%), general management (52%), and marketing (49%).

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To provide graduating MBA students with additional options, career service centers should develop relationships with headhunters who specialize in various fields of business.

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Corporate Reimbursement and Sponsorship Programs

Corporate reimbursement and sponsorship programs often are a company's way of developing MBA talent from within the organization. The corporate programs are a benefit for employees as well as an asset for companies that offer them. The survey examines the rate of corporate reimbursement and sponsorship programs, in addition to investigating how companies measure their ROI. The investment side of the ROI equation is essentially the employee benefit while the return side of the equation amounts to the company's benefit.

As shown in Figure 9, among all companies, 38% reimburse or sponsor employees for full-time MBA programs, 63% support employees for part-time MBA programs, and 53% support employees for executive MBA programs. The rate of reimbursement and sponsorship for each of these types of programs is significantly different. Companies are most likely to reimburse or sponsor employees for part-time MBA programs, and they do this at a significantly higher rate than for executive MBA programs.

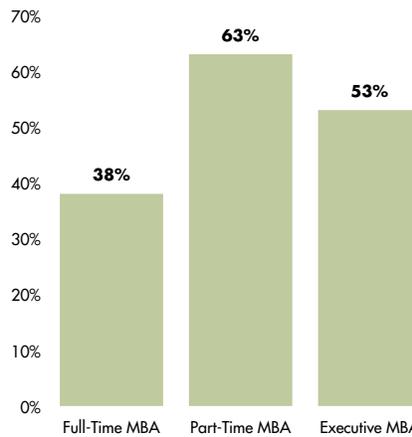


Figure 9:
Percent of Companies with Corporate Reimbursement and Sponsorship Programs, by MBA Program Type



Among the various industries, companies in the manufacturing sector are most likely to reimburse or sponsor employees in all types of MBA programs, including full-time (48%), part-time (84%) and executive (33%) programs.



Figure 10 presents the combined distribution of corporate reimbursement and sponsorship programs. Overall, only 29% of recruiters say that their company does not reimburse or sponsor employees in any type of MBA program—meaning that 71% do reimburse or sponsor employees in MBA programs.

Among the various industries, companies in the manufacturing sector are most likely, by a significant margin, to reimburse or sponsor employees in all types of MBA programs, including full-time (48%), part-time (84%), and executive (73%). The consulting industry is the least likely, also by a significant margin, to reimburse or sponsor employees in part-time (39%) and executive (33%) MBA programs.

ROI of Corporate Reimbursement and Sponsorship Programs

Overall, about a quarter of companies that have reimbursement or sponsorship programs measure their return on investment for MBA programs (25% for full-time, 24% for part-time, and 26% for executive MBA programs). Interestingly, although the consulting industry is the least likely to reimburse or sponsor employees for MBA programs, companies in this industry are the most likely to measure ROI for each of the MBA program types.

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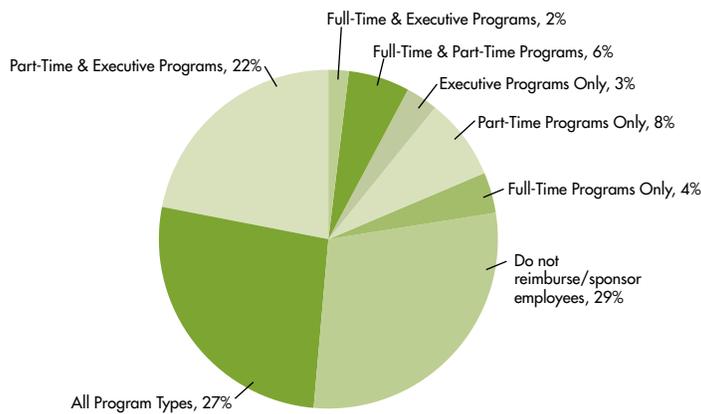


Figure 10: Corporate Reimbursement and Sponsorship by Program

**The Return (Reimbursement/
Sponsorship Programs)**

When companies reimburse or sponsor employees for MBA programs, many are looking to derive a benefit from their investment in the employee's education. The elements that are included in the return part of the ROI are shown in Figure 11.

More than four out of five companies that measure ROI are expecting their employees to improve their leadership skills (84%) and management skills (83%). Three-quarters (75%) of the companies see the increased promotability of their employees who complete an MBA degree as a benefit; these companies wish to develop their employees. Improved work quality is cited as an element in calculating their return by 70% of companies that measure ROI. By providing employees education resources, specifically

the pursuit of an MBA degree, companies are looking to improve the retention of these employees; 68% of companies include this element in their calculation of the return. Additionally, 63% of companies are looking for increased productivity by their employees, and 54% are interested in improved technical skills.

**The Investment (Reimbursement/
Sponsorship Programs)**

Overall, approximately four out of five recruiters say that their company includes the amount of reimbursement in their calculation of the investment. On average, the amount of reimbursement/sponsorship provided for full-time MBA programs is \$17,671 per year per employee, \$9,869 for part-time MBA programs, and \$19,915 for executive MBA programs.

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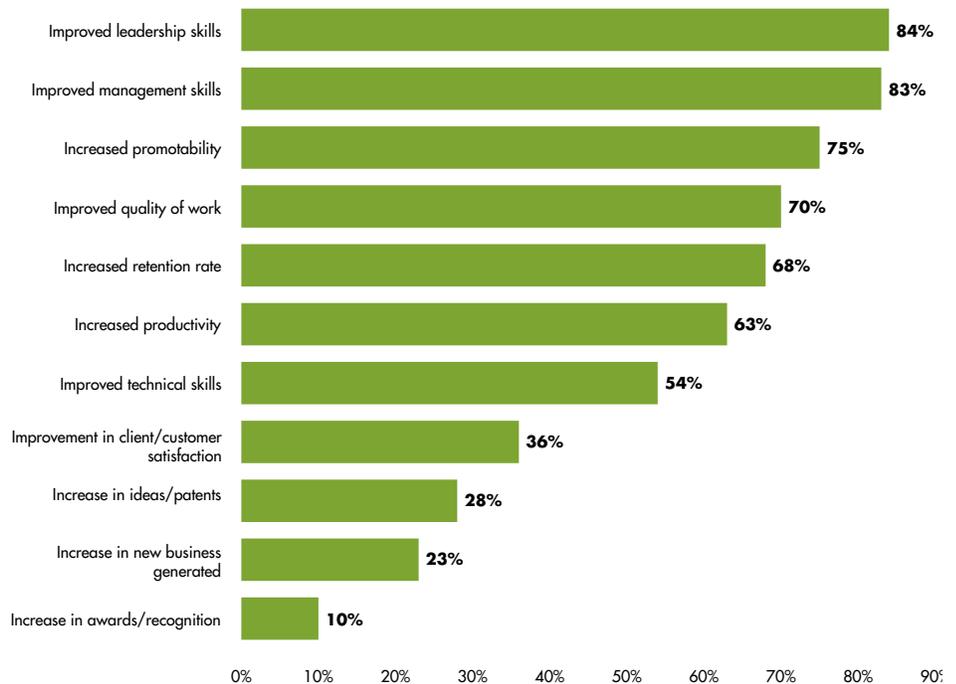


Figure 11: Elements in the Calculation of the Return

**Bottom Line for Schools
(Reimbursement/Sponsorship Programs)**

Seven out of 10 companies sponsor employees in MBA programs—a large majority. It is therefore imperative for graduate business schools to develop ways to attract companies to their programs. For example, information sessions to demonstrate how the school’s curriculum matches the needs of a particular company can be useful in conveying the value of the MBA. First, however, understanding the skill set sought by the industry—as shown previously—and the outcomes companies use to measure their return can assist schools in aligning their programs to the needs of the business world.

For sponsorship programs, leadership and management skills top the list of outcomes companies are measuring. Innovative ways to instill these skills are necessary to compete for the scarce resources companies have available to spend on their sponsorship programs.

Graduate business schools can also work with companies to develop suitable class schedules, especially for small companies that sponsor employees. More than half of small companies calculate the time out of the office in their investment calculation. By working with sponsoring companies to develop schedules that minimize time away from the office—including evening and weekend classes—graduate business schools can develop a mutually beneficial relationship with companies.

It is important for schools to convey the value MBA graduates can bring to companies. Inviting companies to information sessions, campus visits, and speaker sessions, for example, can jump-start the company–school relationship. The symbiotic relationship requires that schools work within the demands of companies that sponsor employees, and develop curriculum and class schedules that meet their requirements. Companies, on the other hand, need only supply qualified MBA

candidates to the schools. Developing life-long learning opportunities for employees can further fortify the relationship between schools and companies.

Employers have different expectations of the MBAs on their staffs depending on how they received their degrees. Employees who participate in a reimbursement/sponsorship MBA program and earn their MBA while on the job are essentially a known quantity—their skills and abilities have been observed and reviewed. New MBA graduate hires, on the contrary, are more of an unknown quantity—their skills and abilities are only known through cover letters, resumés, and brief interviews. The following table (Table 2) shows the differences in how companies calculate their return for each of type of MBA graduate, whether a new hires or a sponsored employee.

New MBA hires, because they are essentially unknown, are evaluated more often than sponsored employees on the quality of work they produce, their productivity, and the amount of new business they generate. Employees who participated in a company sponsorship program, who were often seen as high-potential employees to begin with, are evaluated on the premise

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Item	New MBA Hires	Reimbursement/ Sponsorship
Quality of work from employee*	80%	70%
Productivity of employee*	73%	63%
Promotability of employee*	64%	75%
Leadership skills displayed by employee*	61%	84%
Retention of employee for a specific length of time*	55%	68%
Satisfaction of employee’s clients/customers*	54%	36%
Management skills displayed by employee*	52%	83%
Technical skills displayed by employee	51%	54%
Amount of new business generated*	30%	23%
Number of new ideas or patents*	12%	28%
Number of awards—or recognition received*	5%	10%

*p ≤ 0.05

Table 2: Comparison of the Elements Used in the Calculation of the Return Between New MBA Graduate Hires and Reimbursement/Sponsorship Programs

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**Employers value quality
of work and productivity
for new MBA hires;
from employees who
participate in an
MBA sponsorship/reimbursement
program, they expect
enhanced leadership
and management skills.**
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that their MBA degree will increase the probability that they can be promoted, and instill improved leadership and management skills. Using sponsorship programs as an employee incentive shows employees that their employer is interested in their personal development, increasing the employer's chances of retaining the employee.

Methodology

To develop the survey sample, all GMAC® member schools and a number of non-member schools were invited to participate by providing the names and e-mail addresses of active recruiters for their MBA graduates over the past recruiting year. Eighty-four schools participated, representing a 29.0% response rate among schools. A total of 1,691 recruiters completed the questionnaire, representing an 11.0% response rate. Data received were analyzed using SPSS (Statistical Package for Social Sciences, version 12). Frequency distributions were examined for both topical and classification questions and response categories for some questions were collapsed to make final analysis more robust.

Contact Information

For questions or additional information regarding the study, please contact the GMAC® Research and Development department at research@gmac.com.

Authorship

The following individual(s) made significant contributions to the concept and design or analysis and interpretation of data, drafting/revising of the manuscript for intellectual content, and final approval of the manuscript to be published:

Rachel Edgington, Director, Market Research and Analysis, GMAC®; Gregg Schoenfeld, Project Manager, Applied Research, GMAC®.

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George Bobinski and Diane Badame, Executive MBA Council, survey questionnaire development; Grady Bruce, Consultant/Professor Emeritus, California State University, Fullerton, survey questionnaire development and analysis; Sam Silverstein, Editor, Publications and Editorial Services, GMAC®, writing and editorial services; Zehno Cross Media Communications, document design and production.

The **Corporate Recruiters Survey** is one in a series of five annual or bi-annual surveys produced by the Graduate Management Admission Council®. The surveys are designed to explore relevant issues, offering data at various depths, depending on the desire of the user and the participation of the school. Survey summaries provide an overview of the data in addition to giving context for and implications of the research. They are frequently used to help drive strategic decision making processes in graduate business schools. All survey executive summaries are available on the Web (www.gmac.com/surveys). Print copies (as long as supplies last) are free upon request from the GMAC® Research and Development department at research@gmac.com.

Other surveys include—

MBA.com Registrants Survey

Who is in the pipeline for a degree? What makes them decide to apply now or wait? Launched in 2003, this annual survey tells who prospective students are (including detailed profiles), how and why they move through the pipeline, and what motivates them and gets their attention.

Application Trends Survey

How does a school's application volume compare with that of other schools? Since 1999, this annual survey has gathered comparative application data for the current and previous year from business school programs worldwide.

Global MBA® Graduate Survey

What do students think about the MBA experience as they prepare to graduate? Launched in 2000, this annual survey is conducted every February to provide a comprehensive picture of who MBAs are and where they are headed after they graduate, as well as how they chose their schools and how satisfied they are with their MBA education.

MBA Alumni Perspectives Survey

What happens to MBAs after they graduate and begin to evaluate the value of their degrees? Launched in 2001, these twice-yearly surveys follow MBA graduates long-term to understand their career progression, their expectations, their attitudes about work, their assessment of their education, and general market trends.



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