

Year-End Follow-Up Poll of Employers 2008 Results

The Year-End Follow-Up Poll of Employers is a product of the Graduate Management Admission Council® (GMAC®), a global nonprofit education organization of leading graduate business schools and the owner of the Graduate Management Admission Test® (GMAT®). The GMAT exam is an important part of the admissions process for more than 4,500 graduate management programs around the world. GMAC is dedicated to creating access to and disseminating information about graduate management education; these schools and others rely on the Council as the premier provider of reliable data about the graduate management education industry.

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Introduction

From November 5 to November 19, 2008, the Graduate Management Admission Council® (GMAC®) conducted a year-end follow-up poll of employers who participated in the 2008 Corporate Recruiters Survey in the early part of the year. The year-end poll provides insight into how changes, such as the global economic downturn, have affected companies' hiring and gathers early assessments of 2009 hiring plans for MBAs and other business school graduates. The purpose is to provide participating employers with benchmarking statistics and provide business schools and students with an advance look at 2009 job market prospects.

The results are based on responses from 257 employers representing 220 companies. Of these, 212 are employers from 177 companies in the United States, and 45 are employers from 43 companies outside the United States, mainly in the European Union. This year's employer response rate (40%) exceeded last year's (31%).

Key Findings

- Although more than one-fourth of respondents said their companies were highly (17%) or extremely (10%) affected by the global economic slowdown in 2008, nearly 4 in 10 employers reported that their firms were slightly (32%) or not at all (6%) affected. The downturn had the biggest impact on manufacturing and finance and accounting firms; energy and utility companies, as well as nonprofit and government organizations, were affected the least.
- Employers expect that it will be more difficult to cope with the economic turmoil in 2009. Hard economic consequences faced by the companies in 2008 led to more pessimistic 2009 projections, including their hiring projections for all types of candidates.
- Experienced direct-industry hires (42%), recent graduates with bachelor's degrees (38%), and recent MBA graduates (33%) are the top three groups of candidates that employers said they would definitely hire in 2009.
- Among employers that had planned to hire graduating MBAs in 2008, 31% reported hiring fewer candidates than planned.
- Of the companies that knew their 2009 hiring plans, 69% report that they will or probably will hire new MBAs. This percentage is almost the same as the percentage of companies that actually hired MBAs in 2008.
- Overall, salaries for 2009 MBA graduate hires will very likely remain at the 2008 level. However, most nonprofit and government organizations, as well as energy and utility firms, plan to increase average annual base salaries for new MBAs in 2009.

Impact of the Current Economic Conditions

In recent months, the economy has taken central stage in the life of individuals, organizations, and governments. News from the stock market is competing with government announcements about major economic decisions. To buy or not, to invest or not, to hire or not, to bail out or not—companies and individuals are placing their bets on what will happen in the near future.

Participating employers say their companies managed 2008 relatively well. Although slightly more than a quarter of respondents (27%) said their organizations were highly or extremely affected by the global economic slowdown, 38% reported that they were slightly or not at all affected. The impact was greatest on manufacturing and finance and accounting firms. Energy and utility companies, as well as nonprofit and government organizations, were affected the least (Figure 1).

Overall, employers expect that it will be more difficult to cope with the economic turmoil in 2009. More than one-third of respondents (36%) forecast that their companies will be highly or extremely affected by the economic crisis. All industries except for nonprofit and government organizations shared a more pessimistic view of 2009 compared with 2008. The harder the economic consequences companies faced in 2008, the gloomier their projections were for 2009 (Figure 2).

Figure 1: Economic Barometer: Negative Effect of the Global Economic Slowdown, 2008–2009

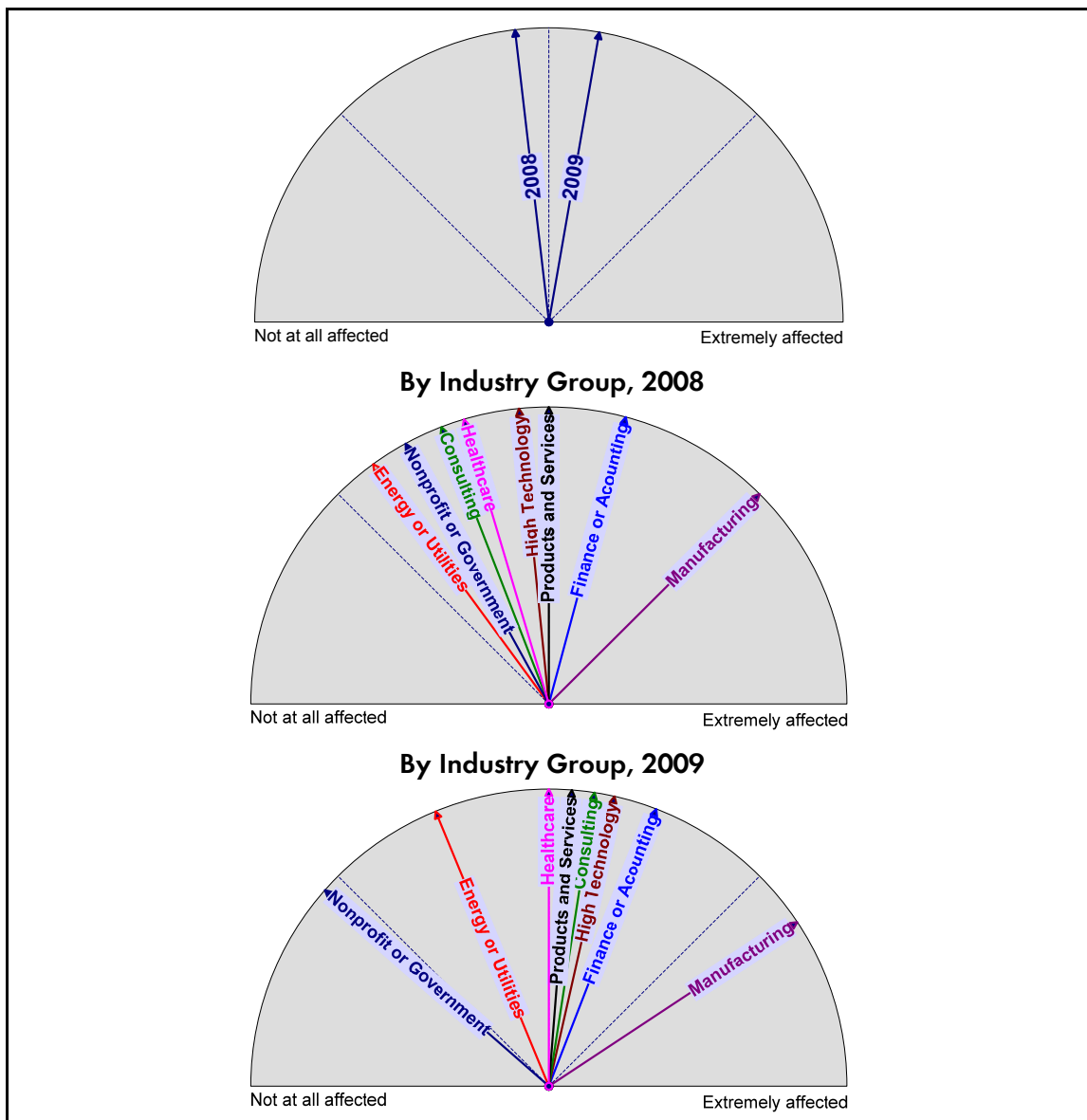
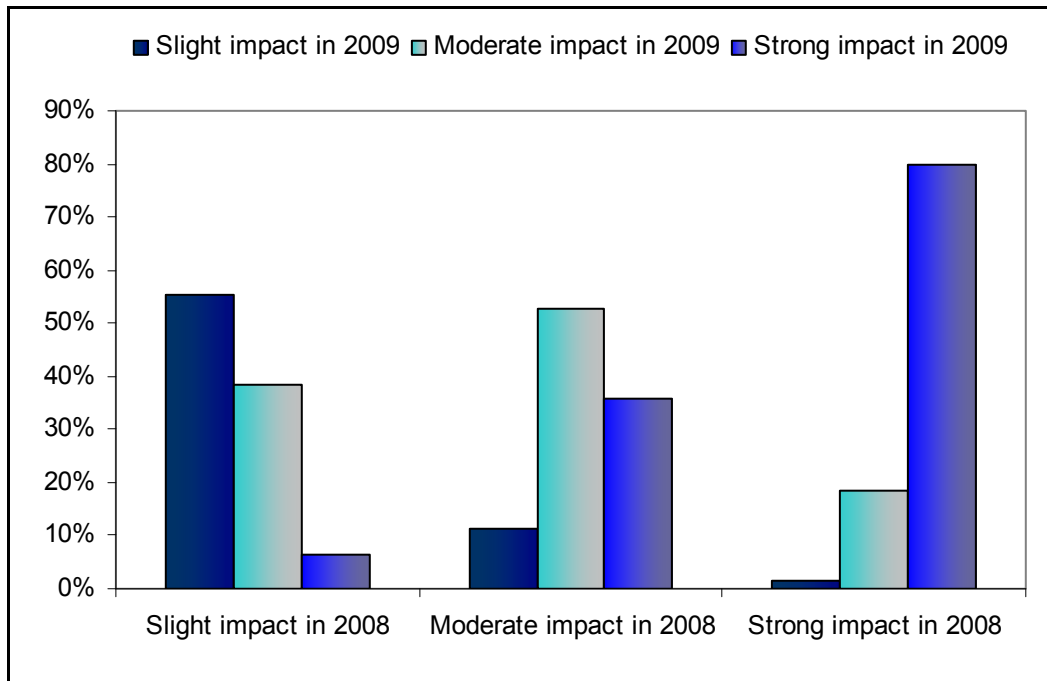
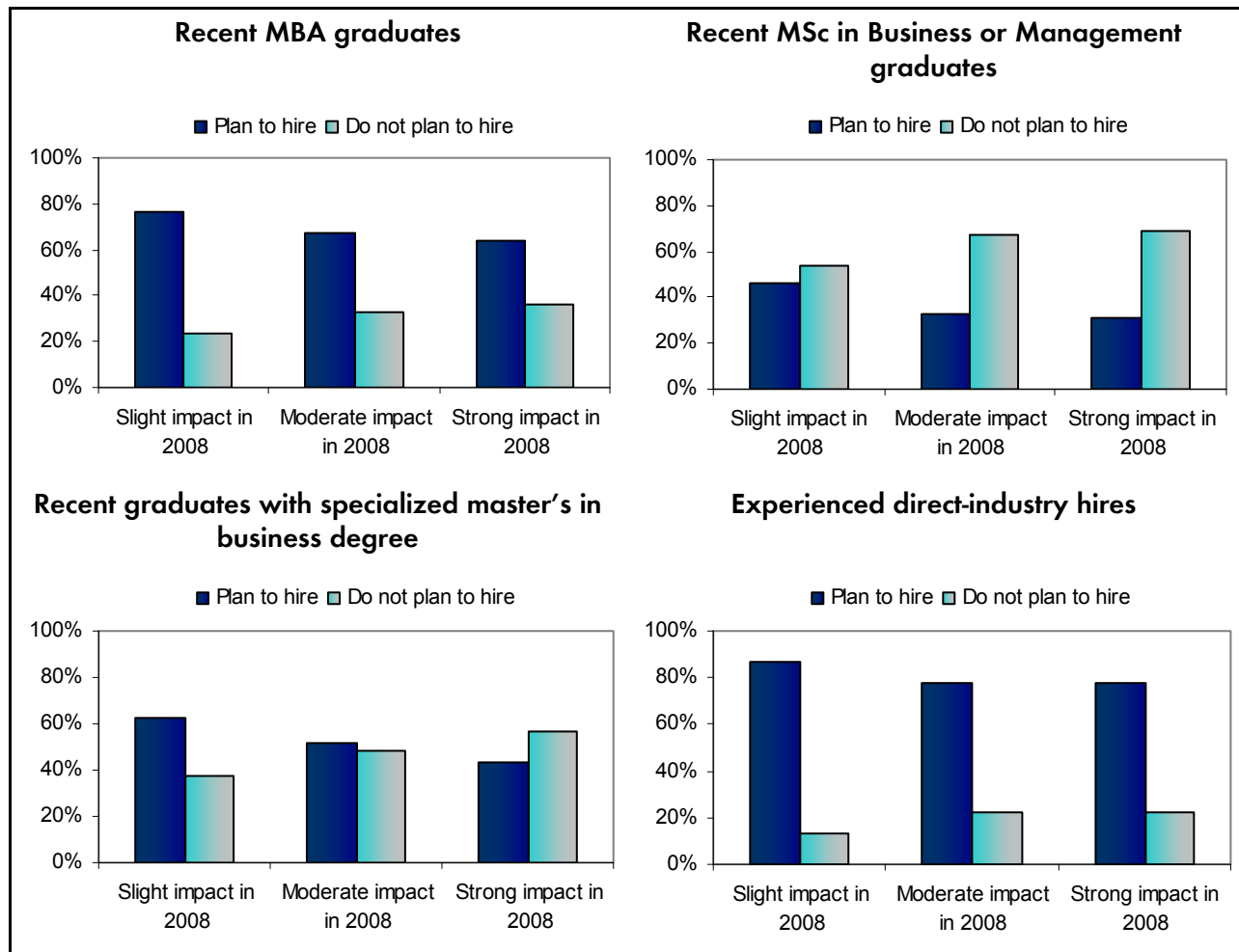


Figure 2: Anticipated Negative Economic Impact in 2009, by Negative Economic Impact in 2008



The survey asked employers about their plans to hire in 2009. As expected, one response to the economic crisis has been to downsize company workforce. The more organizations suffered from the economic crisis in 2008, the less likely they were to expect to hire in 2009, which affects new graduates and experienced hires alike (Figure 3).

Figure 3: 2009 Hiring Plans, by Negative Economic Impact in 2008

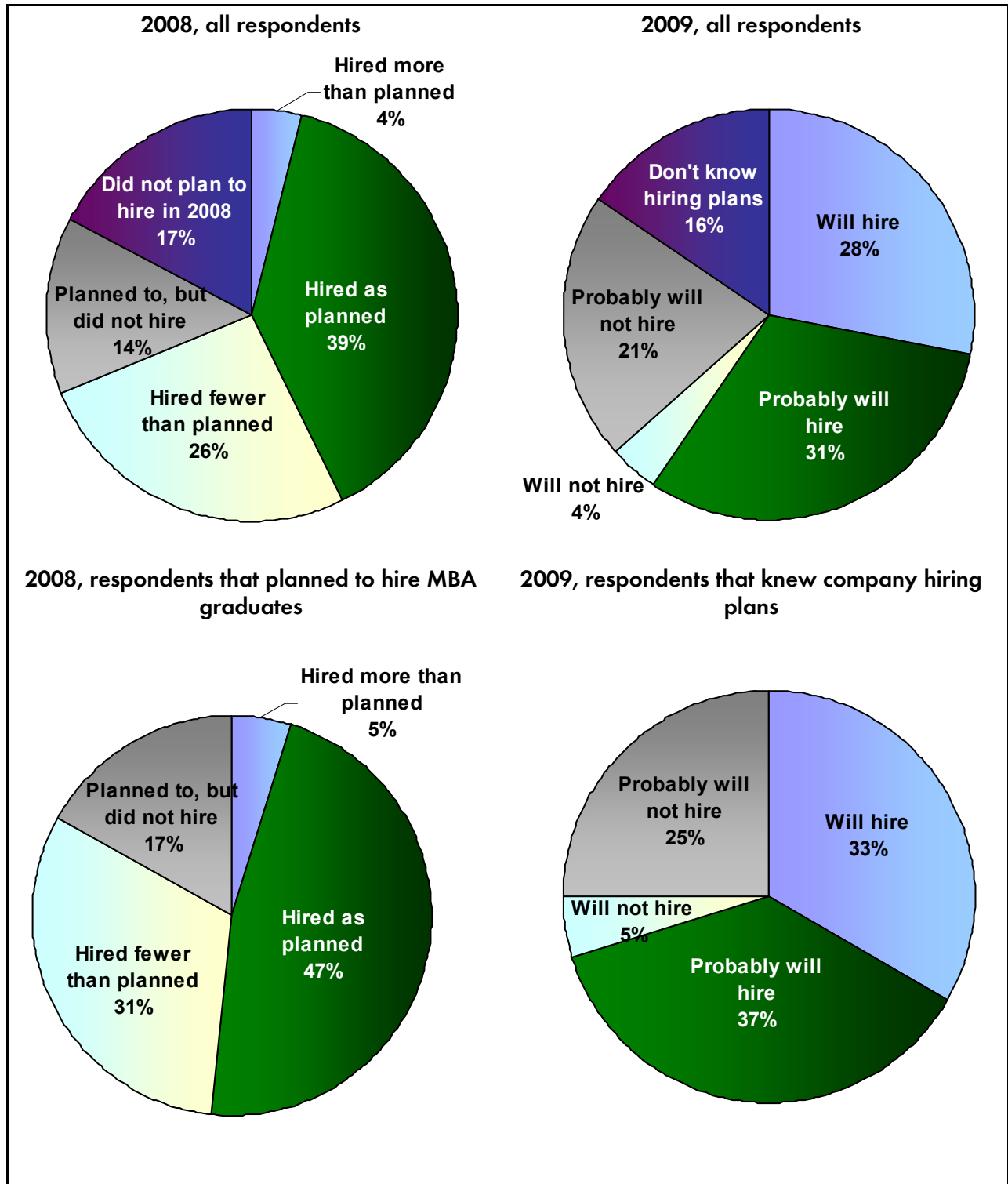


2008 Hiring Outcomes and 2009 Projections for MBA Graduates

At the end of 2008, 69% of respondents hired recent MBA graduates (Figure 4), slightly below the 73% projected by the same individuals in early 2008. The percentage of companies that may hire new MBAs in 2009 is expected to stay at the 2008 level.

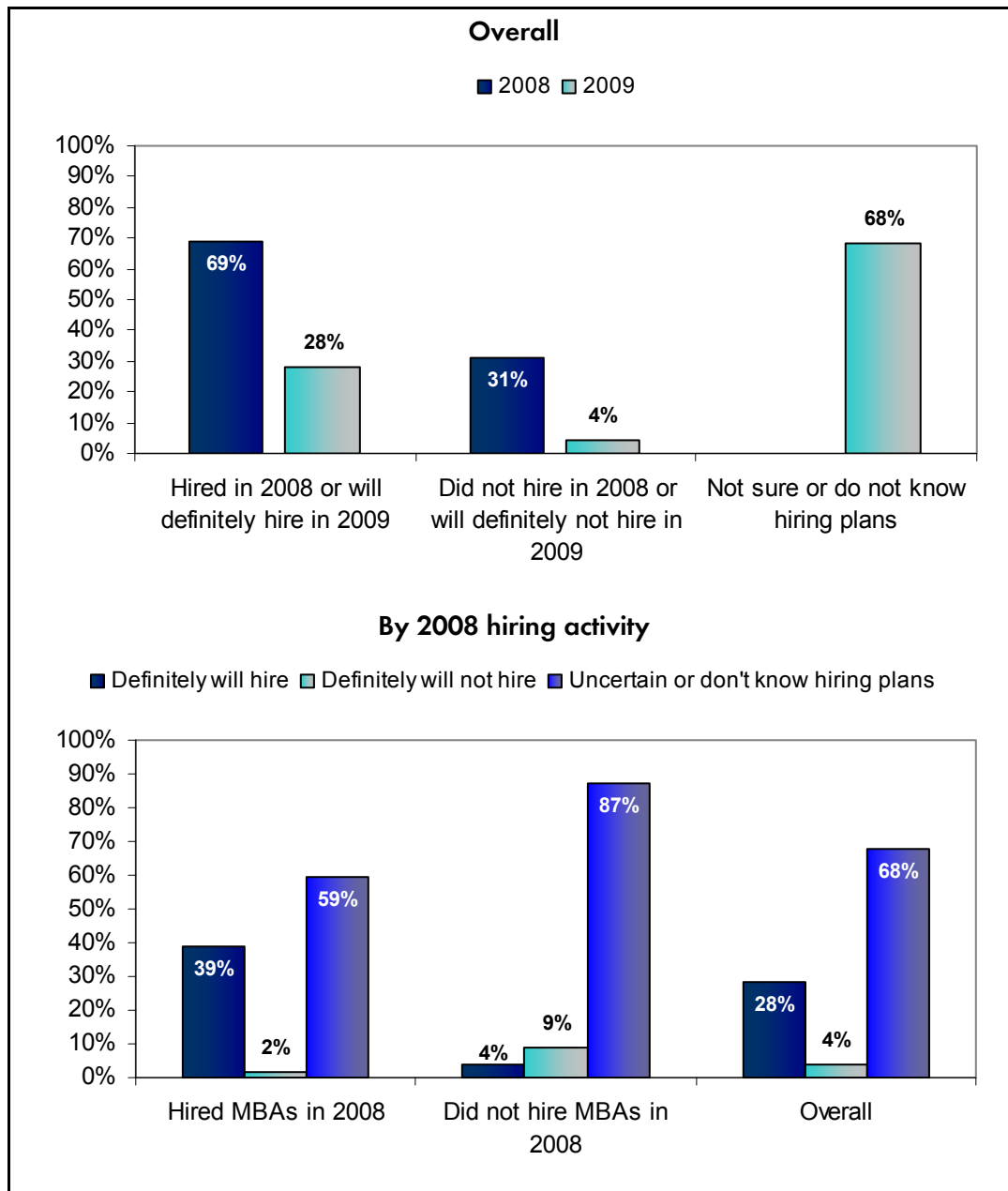
A more detailed look at companies' hiring activity reveals that although half of those who expected to hire graduating MBAs in 2008 hired the number of candidates they planned, or even more (52%), nearly one in three employers (31%) hired fewer MBA graduates, and 17% did not hire any. Of those who knew 2009 hiring plans, only one-third of employers (33%) were certain that they would hire graduating MBAs, while 37% reported that that would probably hire new MBAs.

Figure 4: Actual 2008 and Expected 2009 MBA Graduate Hiring



Combining the data shows the extent to which employers are uncertain about hiring projections. Respondents say recruitment activity and plans are on hold due to the current economic slowdown, but they hope to resume recruitment in the new year.

Figure 5: Uncertainty in 2009 Hiring Plans

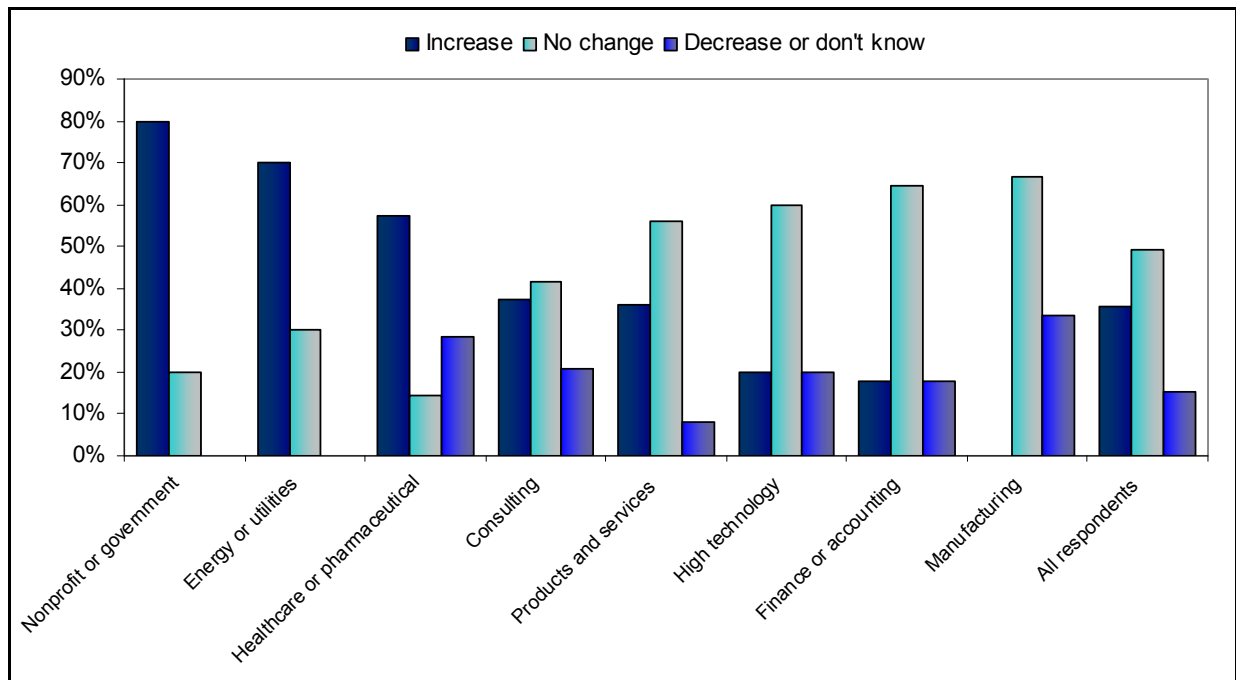


Compensation

When getting a job offer in 2009, MBA graduates should expect that the salary will most likely remain at the 2008 level, as reported by nearly half (49%) of participating employers (Figure 6). The sector with the greatest percentage of employers opting to increase salaries from 2008 to 2009 is

nonprofit and government organizations, followed by energy and utility firms. Manufacturing and finance and accounting companies have the lowest percentage of employers expecting to increase base salaries for MBA graduate hires.

Figure 6: Expected Change in the 2009 Average Annual Base Salary for MBA Graduate Hires

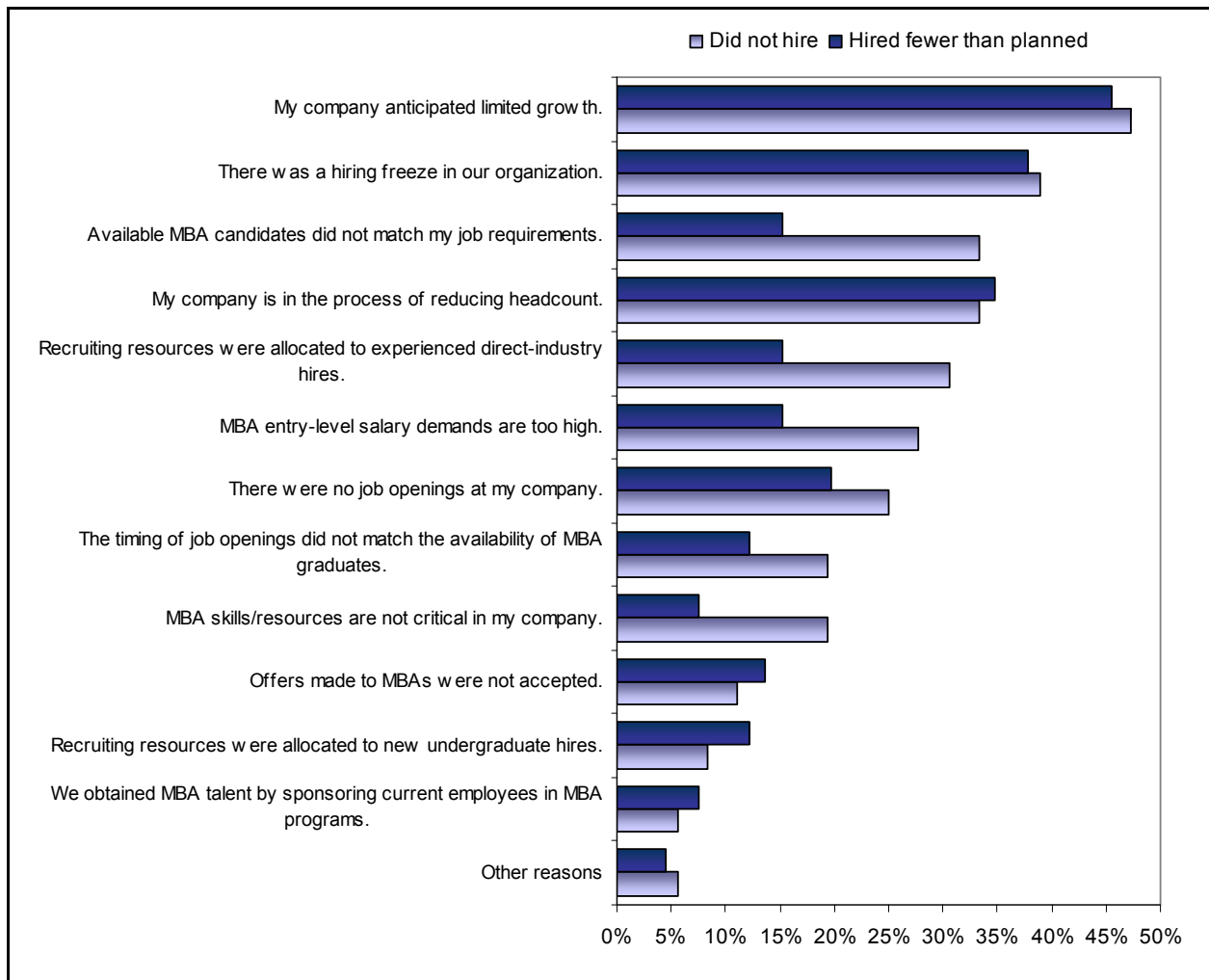


Lessons from 2008

Not surprisingly, anticipation of limited growth was the number one reason why companies either did not hire MBA graduates in 2008 (47%) or hired fewer MBAs than they planned (45%) (Figure 7). Economic factors aside, many employers did not hire MBA graduates in 2008 primarily because available MBA candidates did not match their job requirements (33%) or because recruiting resources were allocated to experienced direct-industry hires (30%). Employers that hired fewer MBAs than initially planned also reported that candidate salary demands were too high (15%).

Respondents were asked to comment on the current job market for graduating business school students. Their comments are available in Appendix B.

Figure 7: Main Reasons Why Companies Did Not Hire or Hired Fewer MBA Graduates in 2008



2008 Hiring Outcomes and 2009 Projections for Other Candidates

Overall, more than half of companies that expected to hire new employees did so or even hired more employees than planned in 2008 (Figure 8). By candidate type, experienced direct-industry hires and recent bachelor’s degree graduates appeared to have had the strongest position in the 2008 job market; 2009 job prospects are also expected to be the best for experienced hires and bachelor’s-degree holders (Figure 9).

Figure 8: 2008 Hiring Efforts, by Candidate Type

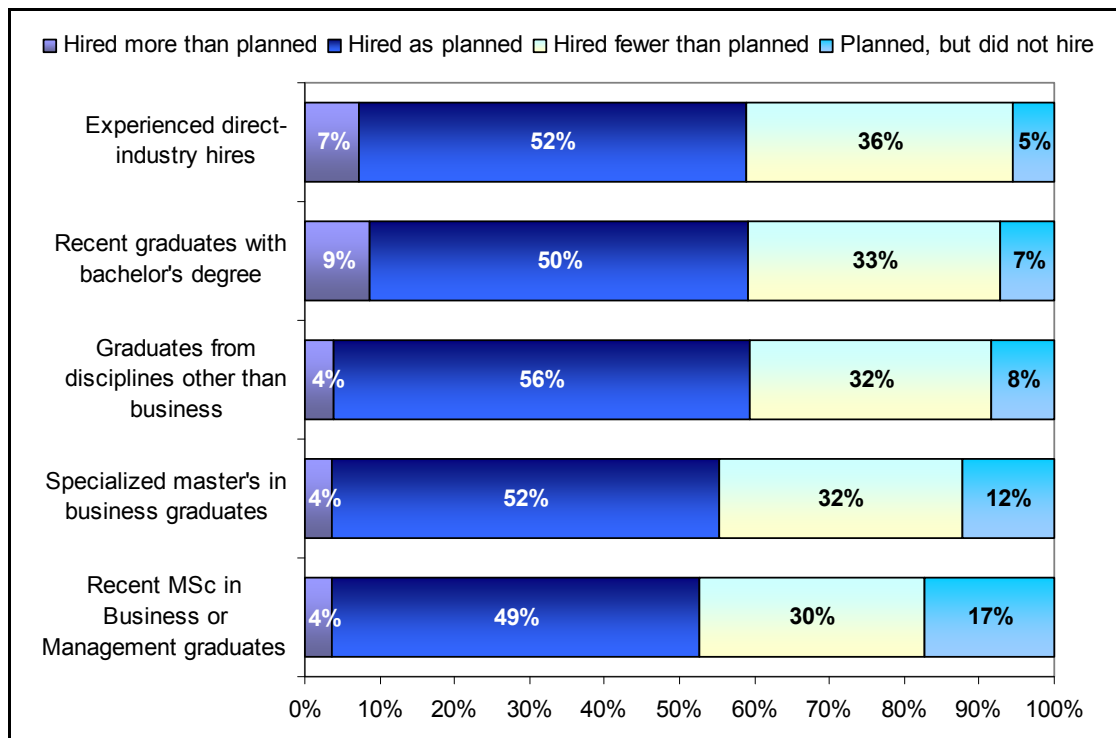
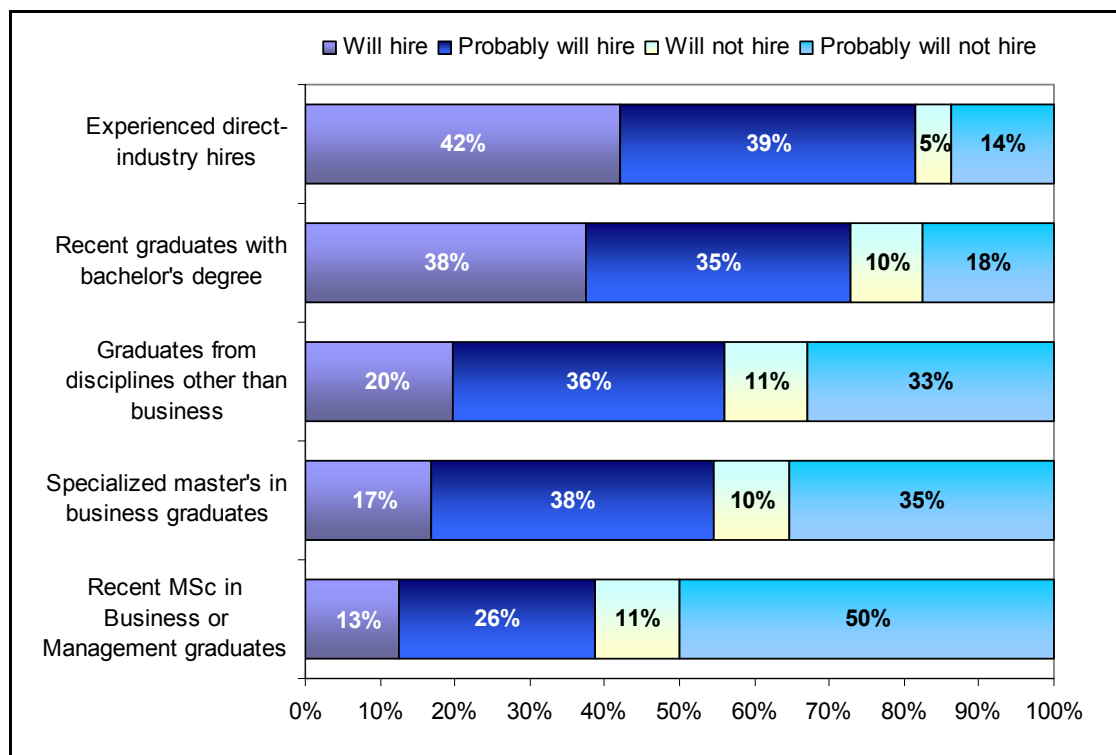


Figure 9: 2009 Hiring Plans, by Candidate Type



Appendix A: List of Participating Companies

3M Company	CapitaLand Limited
A.T. Kearney, Inc.	Ceridian Corporation
ABF Freight System, Inc.	Chatham Financial Corporation
Adobe Rent a Car	Chevron Corporation
Aerojet	Chronim
Aetna	CIGNA Corporation
Air Products & Chemicals, Inc.	Cintas
Ajilon Finance	Citigroup Inc.
Aloha United Way	Citigroup Private Bank
Alvarez & Marsal, LLC	Commodore
Amcor	Constellation Brands, Inc.
American Analyst	Consultoría en Desarrollo Empresarial
American Express Company	Cox Broadcasting
Amstar Group, LLC	CPGjoblist
Anheuser-Busch, Inc.	Credit Suisse Group
Anton Collins Mitchell LLP	Cross-Cultural Solutions
Applied Biosystems	CTA
Artex Aircraft Supplies, Inc.	Cummins, Inc.
AstraZeneca International	Cypress Tree
ATT	Dell Computer Corporation
AXA Group, The	Deloitte Consulting
B.Braun Medikal DIŞ TİC.A.Ş.	Delta Air Lines, Inc.
Bacardi USA, Inc.	Deutsche Bank
Bain & Company	Dial/Henkel of America
Baker & O'Brien	Diamond Management & Technology Consultants, Inc.
Banco Sanntander Central Hispano, S.A.	Discover Financial Services LLC
Barclays Wealth	Dow Chemical / Dow Agro Sciences
Barrier	Dow Chemical Company, The
Batteries Plus 119	DTE Energy Resources
Bayer S.A.	dunnhumbyUSA
BDO Seidman, LLP	E. & J. Gallo Winery
Bechtel Corporation	E.ON AG
BG North America	Eaton Corporation
Blockbuster	ECADE
BLT	EchoStar Communications
BNSF Railway Company	Edward Jones
Booz Allen Hamilton Inc.	EKS&H
Boston Consulting Group, The	Eli Lilly LACMASS
BP	Embarq Corporation
BP America Production Company	ExxonMobil Corporation
Brandes Investment Partners	Experian
Bristol-Myers Squibb	F. Hoffmann-La Roche Ltd
Brown Advisory	Farmers Insurance
BTS USA, Inc. (SMG)	Farmers Insurance Group of Companies
C&S Wholesale Grocers, Inc.	Federal Aviation Administration
Capital Group, The	

Federal Home Loan Bank of San Francisco	Lowe's
Federal-Mogul Corporation	M&T Bank Corporation
FedEx Services	Management Leadership for Tomorrow (MLT)
FGP International	MaPS Credit Union
Fidelity Investments	Marine Corps Scholarship Foundation, Colorado Chapter
Fifth Third Bancorp	marketRx
Fmc Technologies	MarketSphere Consulting LLC
Ford Motor Company	Mars North America
Frances Xavier Warde Schools, The	Martin Investment Management, LLC
Galderma Hellas	McKesson Medical-Surgical
GAO	Medtronic, Inc.
Gartner, Inc.	Mercedes-Benz USA, LLC
GCG Financial	Merrill Lynch
GE Capital	Metlife Inc.
GE Energy Financial Services	Miller Brewing Company
General Electric Company	Minneapolis Financial Group/MassMutual
General Mills	Mittal Steel USA
Georgia-Pacific LLC	Morgan Stanley
Goldberg Properties, Inc.	Murex North America Inc.
Graduate Leverage	National Oilwell Varco
Grant Thornton, LLP	National Ventures
Greenfield Advisors	NCH Europe
HCA-The Healthcare Company	Northwest Airlines, Inc.
Heinz	Northwestern Mutual Financial Network
Heinz North America	Oliver Wyman
Henkel International	Opinion Resources
Hewlett-Packard Company	Outsource Partners International
Hill's Pet Nutrition	P&G
Hitachi Consulting	PA Consulting Group
Homecomings Financial	Pace Global Energy Services
Houston Community College	Partnership For Learning
HSBC	Payless ShoeSource
IBM Corporation	PharmaVox
ICAP Executive Search	Pinnacle VISION – Latin America
IKEA	Piper Jaffray & Co.
Ineum Consulting	Pirelli & C. SpA
Information Gateways Inc.	PPG Industries
Intel Corporation	PRC Group
ISEP	Premier Pacific Vineyards
IVECO SpA	Procter & Gamble Company
J.A. Thomas & Associates	Reliance One, Inc.
JobCentres Hellas SA	Royal Philips Electronics NV
JPMorgan Chase & Co.	Sabre Airline Solutions
Kaiser Permanente	Schlumberger Business Consulting
Kalypso	Sears Holdings Corporation
Kelly Services	Seguros El Roble
Kraft Foods	Shell Oil Company
Lautze & Lautze CPAs & Financial Advisors	Shell Pakistan (Pvt.) Ltd.
Leed's	Siemens
Logan Executive Services	

Smith Travel Research
Sonoco
Southern California Edison
Standish
Sun Life Financial
Sun Microsystems, Inc.
surface guard, inc.
Technica Corporation
Texas Instruments, Inc.
Thomson Corporation
Thrivent Financial for Lutherans
Total PARCO Pakistan Ltd.
U.S. NAVY
UBS AG
Union Pacific
United States Postal Service
Universal Studios
Vanguard
Vanguard Strategy
Verizon Wireless
Vision Enterprise Development Group
Visit, LLC (Визит, ОАО)
Vogrinc & Short
Volcom (Internship)
Wachovia Bank, N.A.
Wagner, Eubank, & Nichols, L.L.P.
Wells Fargo Bank
WSP Civils
Yellow Transportation
YRC Worldwide

Appendix B: Respondents' Verbatim Comments on the Current Job Market for Graduating Business School Students

Table B.1: Employer Comments about the Current Job Market for Graduating Business School Students

This question was optional. Fifty-eight or 22.7% of respondents shared their thoughts.

- 1. Please consider health care administration as an opportunity to utilize your education and the need for this skill set that is only going to increase (which is the business end of running a hospital) 2. Look to the military services to gain the leadership skills and global market place work experience you need to compete in today's civilian job market! Go Navy!!!
- Actual job experience and skills as tested are not up to the job requirement.
- At this time, the future of hiring new employees is dependent on the future state of the economy. At this time, my company is reviewing probable future scenarios and will not have any insight until early 2009.
- Being in the airline industry, we must continue to have top talent coming into our doors. We will plan to continue hiring MBAs regardless of the global economy.
- Challenging. The bar is raised for entry across the board.
- Company is going through a merger.
- Current graduates do not fulfill most of the job criteria, mainly communication and behavior.
- Current graduates' salary expectations are higher than our pay range. In addition, their promotional expectations exceed our ability to promote. Hence, until those expectations are lowered, will not be hiring.
- Due to the economic times and limited openings, often positions are specialized, requiring years of experience in the field. Therefore, we typically hire experience over degree, especially if the differential is just the degree.
- Entering MBA candidates should be bilingual and possess cultural global appreciation.
- Focus on the economics and being ready to run since day one.
- Get real in your expectations; you are not as valuable as you may think. You do not have a lot to offer but a lot to prove.
- Global automotive business is off over 30% compared to 2007. Limited hiring would look for international/foreign language skills and experience or engineering with alternative energy/powertrain background that is in high demand.
- Good luck! If you are good, the jobs are there to be had.
- Good luck.
- Good prospects for those from strong MBA programs and minimum 2–3 years experience.
- Good—we will probably increase the number we hire.
- I am concerned about the broad fundamentals surrounding the U.S. economy. I anticipate that unemployment rates will continue to increase and that graduating students are going to need to be very resourceful and patient in their job searches this year and in 2009.
- I think that the current job market for graduating business school students is less favorable going forward in investments. Not only has the financial markets collapsed but the volatility has gotten to extreme ranges. Until the markets settle down and start functioning again, I see the forecast very bleak for anyone entering this field that is so crowded. I do think there are more attractive fields if one can be IT driven and flexible about what they do.
- I would expect the overall job market for 2009 graduates to be extremely challenging due to the economy.

Table B.1: Employer Comments about the Current Job Market for Graduating Business School Students

- If they are willing to work for a living, they will go far.
- In Panama, Central America, which is a Latin American country, because of the canal expansion, the country will need of a lot of engineering and technical candidates, maybe more than just business-oriented candidates.
- In the financial sector, job prospects are probably as bad as they have been for a long time. Jobs will be difficult to come by, and salary trends are sure to be down over the next year and perhaps longer.
- It is a challenging time but good opportunities still exist. Alternate industries other than banking and financial services are getting more exposure.
- It is a difficult job market. The economy is so fluid right now that there is a premium on experienced hires who may quickly step into a role without a 6- to 18-month ramp-up period. Analytic skills are important, but leadership skills are a paramount. Additionally, with all of the cutbacks going on, massaging the egos of ambitious newly-minted MBAs who want executive decisioning authority straight out of the gates is at the bottom of the priority list... and simply is not realistic.
- It is a very tough job market and we are currently under a hiring freeze.
- It is grim out there.
- It is very uncertain what direction hiring will go over the next 12 months due to uncertain economic conditions. If the economy continues to soften, it is likely that our college hiring will be significantly reduced or even eliminated in 2009.
- Job market does not look promising and the value proposition of new MBA is not good with many experienced candidates available.
- Jobs are there if students/graduates are persistent!
- Market has pretty adversely impacted our ability to grow. While the company is healthy and has excellent cash position to weather the problems, our customer buying patterns are likely to change; thus, we are also impacted by the economy.
- MBA students need to have a reality check on salaries. We have been looking to fill in two entry-level positions and many more experienced people. But nobody wants a job and yet, everyone complains that there are no jobs!
- My company is not the only company that I know of that is filling positions through attrition or not filling positions.
- My Fortune 10 employer is competitive in starting salary but not in opportunities for candidate advancement.
- New hiring of any kind will be very limited through the second quarter of 2009. We will look at business experience that is directly applicable to our business first, then degree.
- Our company is not recruiting this year due to a pending takeover.
- Our company just got purchased by another company; this is probably going to impact our current plans for hiring current college students this coming year.
- Parts of the organization grew, while other parts downsized.
- The collapse of investment banks and the reduction in hiring by consulting companies has made it a very competitive market for new hires and a great one for employers who are hiring.
- The current job market is very unfavorable so focus on what you want to do for living because eventually the market will get better and you need to be the first in line for the job of you dream.
- The expectations about their competencies are higher every day.
- The market for graduating business school students is the worst I have seen since I started looking at the market in 1998.
- The MBA interns we had did not meet our expectations.

Table B.1: Employer Comments about the Current Job Market for Graduating Business School Students

- The Postal Service is experiencing double-digit mail volume declines and a budget reduction of \$5 billion. 200 headquarters staff will be excessed and many field staff positions will be eliminated through attrition, if possible.
- The selection process has increased for the fewer spots available.
- These responses only reflect our company's corporate hiring activity, not the customers or industries we support.
- They must be more flexible from a compensation package standpoint or risk not getting the offers they desire.
- Tough market. I hope it will be better next year.
- Typically, we hire people with industry experience in my function, supply chain. Most direct-from-school candidates require too much training, and we currently do not have the infrastructure to support their transition from school to the workforce.
- We are concerned about maintaining consistently high quality candidates as more people seek MBA during an economic downturn and look to the schools to remain selective.
- We do not typically hire MBAs.
- We have had wonderful success in hiring quality interns and MBA graduates from the business school we work with. Hats off to them for their high standards and rigorous programs!
- We have unfortunately had to put all our recruitment activity on hold due to the current economic slowdown. We hope to resume activity in the new year, but time will tell if and when this happens.
- We stopped to recruit interns and any other candidates of a more senior profile. We only go to the labour market when we have to replace some key position. No other hire planned.
- We work for the national and international oil companies. Our business mirrors theirs, so it looks good for 2009!
- While we have made some changes in the supporting roles, the role of marketing/line management is too critical to our short- and long-term success to risk not investing. We plan to continue to hire as normal into marketing from strong MBA pools and increase pay above inflation to ensure we stay competitive.
- With the recent troubles on Wall Street, my industry (energy/oil and gas) is getting more interest from top-tier candidates. In previous years, they would tend to gravitate towards investment banks and consulting firms.
- Your second year of business school is almost always easier than the first. Unfortunately, for this season's graduating class, they are facing challenges that are beyond their control in the job market. Companies that have a strong presence on campus are not hiring like they have in the past or at all. Most students are accepting their internship offers for full-time work to avoid the uncertainty.

Contact Information

For questions or comments regarding the study findings, methodology, or data, 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 and the drafting/revising of the manuscript for intellectual content:

Marina Murray, Manager, Applied Research, Research and Development, Graduate Management Admission Council (GMAC).

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