

***MBA ALUMNI PERSPECTIVES SURVEY***  
**MARCH 2003**

**BY**  
**Graduate Management Admission Council®**

# **MBA ALUMNI PERSPECTIVE SURVEY MARCH 2003 Overall Report**

The Graduate Management Admission Council® (GMAC®), has released results of its fourth bi-annual survey of MBA alumni—the MBA Alumni Perspectives Survey.

Respondents are MBA alumni who, while they were students, participated in the GMAC® Global MBA® Survey and who were willing to participate in a post-MBA longitudinal study. A total of 2,383 MBA alumni completed the survey, a response rate of 41 percent, based on the size of the invited sample (5,831). (Henceforth, respondents to the survey will be referred to as alumni.) Nineteen percent are from the graduating class of 2000; 41%, from the graduating class of 2001, 36%, from the graduating class of 2002. Four percent had not yet graduated, and their responses are excluded from the findings.

These MBA alumni from around the world told us their opinions on the following topics:

- value of MBA degree
- corporate scandals
- employment status
- job security
- job satisfaction
- feelings about their employer/organization
- change in job responsibilities
- salary
- employer characteristics

Results are reported by their overall findings as well as by alumni graduation year and employing industry group.

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## Job Satisfaction and Likelihood of Turnover

It is currently the tightest job market since July 1994 and MBA alumni are feeling the impact in terms of their job search or satisfaction with their current job. Of the 86 percent who are employed in full-time jobs, a little over a third (36%) of the MBA alumni are very satisfied with their current job, while 45 percent are only somewhat satisfied. By using simple and multiple correlation and regression analysis we found that those that are the most satisfied are more likely to feel:

- their work is interesting,
- glad they chose their particular job,
- they are given a chance to do what they do best,
- there is something to be gained by staying with their organization,
- they have had equal opportunities in promotions and salary,
- proud to tell people who they work for,
- their MBA gives them more job security,
- they would not take a job with another employer with about the same pay and benefits,
- the pay is good,
- they are given increased responsibilities for projects/products,
- their employer really cares about individuals and wants them to succeed, and/or
- glad that their own work had made a contribution to the good of the organization.

MBA Alumni were also asked to write in their primary reasons for staying with their employer regardless of their job satisfaction. The following table shows the tabulated responses.

<b>Reasons for staying with current employer</b>	<b>Count</b>	<b>Percent</b>
Like the work/job (challenging and interesting)	678	25%
Opportunities to grow (professionally and personally)	586	22%
Weak job market/weak economy	408	15%
Competitive salary and compensation	349	13%
Good work environment/company values employees	215	8%
Job security/stability	200	7%
Good management/coworkers	115	4%
Business owner/stake-in-business/self-employed	55	2%
Other	46	2%
Contractual/green card/MBA obligation	34	1%
<b>Total</b>	<b>2686</b>	<b>100%</b>

Interestingly, the primary reasons for staying with their employer closely mirror the primary reasons for accepting employment. Upon graduation, graduates searching for a job were asked which factors are most important in deciding where they will work after graduation. Challenging and/or interesting work, competitive salary, and opportunity for advancement are consistently named as top factors.

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Respondents who cited challenging and interesting work as an important factor in their decision to accept a job offer were asked to identify the characteristics of challenging and interesting work for them. Graduates consistently selected the following characteristics most: developing corporate strategies and/or long-term plans; having primary responsibility for a project, budget, or people; ability to impact results or the bottom line; and identifying new market segments and developing strategies for pursuing them.

***How likely are these MBA alumni going to look for a better job once the economy improves?***

While the majority enjoy contributing to the good of their company, less than half are proud to be able to tell people whom they work for nor do they trust their employer to behave ethically in their business practices. Only a little over a third are extremely glad they chose their employer to work for over others. Only a quarter would not take a job with another employer with about the same pay and benefits they currently have or feel there is not much to be gained by staying with their current employer indefinitely.

<b>FEELINGS ABOUT EMPLOYER</b>		
To know that my own work had made a contribution to the good of the organization would please me.	Strongly agree	69%
I am quite proud to be able to tell people whom I work for.	Strongly agree	47%
I trust my employer to behave ethically in their business practices.	Strongly agree	41%
I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	Strongly agree	37%
I would take a job with another employer with about the same pay and benefits I now have.	Strongly disagree	25%
There's not much to be gained by sticking with this organization indefinitely.	Strongly disagree	23%

**Differences in Job Satisfaction by Industry Groups**

Alumni in the high technology and energy/utilities industries were significantly less satisfied with their jobs compared with alumni working in the healthcare/ pharmaceutical, manufacturing, and finance/accounting industries.

	<b>JOB SATISFACTION BY INDUSTRY GROUP</b>							
	Consulting	Finance/ Accounting	Products/ Services	Manufact- uring	High Tech	Health care	Energy/ Utilities	Non profit/ government
Very satisfied	33%	36%	38%	41%	30%	43%	27%	35%
Somewhat satisfied	47%	47%	44%	42%	45%	41%	51%	43%
Neither satisfied nor dissatisfied	6%	6%	10%	5%	9%	5%	7%	6%
Somewhat dissatisfied	11%	6%	6%	9%	14%	7%	10%	10%
Very dissatisfied	3%	4%	3%	2%	2%	3%	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

What may be causing these different levels of satisfaction? Alumni working in the High Tech and Energy/Utilities industries are significantly less likely to feel:

- their employer cares about individuals and wants them to succeed,
- their chances for promotion are good,
- they have had equal opportunity in promotions and salary, and/or

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- their job security is good.

The following table shows the significant differences in feelings about their employer by industry group.

		TRUTHFULNESS OF STATEMENTS ABOUT EMPLOYER BY INDUSTRY GROUP							
		Consulting	Finance/ Accounting	Products/ Services	Manufact- uring	High Tech	Health care	Energy/ Utilities	Non profit/ government
My employer really cares about individuals and wants them to succeed.	Very true	33%	25%	31%	24%	23%	44%	19%	35%
	Somewhat true	46%	53%	48%	55%	49%	37%	54%	51%
	Not very or at all true	22%	22%	21%	21%	28%	19%	27%	15%
Total		100%	100%	100%	100%	100%	100%	100%	100%
My supervisor is competent in doing his/her job.	Very true	46%	47%	52%	46%	41%	56%	46%	45%
	Somewhat true	42%	39%	33%	42%	42%	30%	32%	44%
	Not very or at all true	12%	15%	16%	13%	16%	14%	22%	12%
Total		100%	100%	100%	100%	100%	100%	100%	100%
My chances for promotion are good.	Very true	35%	30%	36%	35%	21%	38%	21%	24%
	Somewhat true	41%	42%	38%	42%	43%	38%	49%	38%
	Not very or at all true	25%	27%	26%	23%	37%	24%	30%	39%
Total		100%	100%	100%	100%	100%	100%	100%	100%
I am not asked to do excessive amounts of work.	Very true	14%	19%	18%	13%	14%	17%	26%	18%
	Somewhat true	32%	38%	36%	42%	38%	38%	38%	43%
	Not very or at all true	54%	44%	46%	45%	48%	44%	35%	39%
Total		100%	100%	100%	100%	100%	100%	100%	100%
I have had equal opportunity in promotions and salary.	Very true	42%	29%	35%	37%	27%	37%	25%	25%
	Somewhat true	37%	43%	41%	39%	44%	34%	46%	43%
	Not very or at all true	21%	29%	25%	23%	29%	29%	28%	31%
Total		100%	100%	100%	100%	100%	100%	100%	100%
The job security is good.	Very true	15%	25%	35%	29%	21%	46%	19%	44%
	Somewhat true	41%	42%	43%	53%	44%	36%	46%	36%
	Not very or at all true	44%	33%	22%	18%	35%	18%	35%	20%
Total		100%	100%	100%	100%	100%	100%	100%	100%
The pay is good.	Very true	35%	22%	20%	27%	23%	28%	21%	17%
	Somewhat true	43%	52%	49%	52%	49%	46%	55%	37%
	Not very or at all true	22%	26%	31%	21%	28%	26%	24%	46%
Total		100%	100%	100%	100%	100%	100%	100%	100%
The physical surroundings are pleasant.	Very true	31%	26%	35%	26%	30%	35%	25%	45%
	Somewhat true	52%	56%	44%	51%	47%	46%	56%	41%
	Not very or at all true	17%	18%	21%	23%	23%	19%	19%	15%
Total		100%	100%	100%	100%	100%	100%	100%	100%

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## Recommendations for Employers:

Organizations need to prepare for the time when the economy and job market begins to improve if they want to retain their employees. Visibility to upper management, use and recognition of talents, challenging and interesting work, and creating opportunities for career progression are some steps employers can take (regardless of whether or not the employee has an MBA).

## Value of MBA Degree

According to the Global MBA Graduate Survey, the top reason graduates pursue an MBA was to increase their career options. So, alumni were asked to rate the overall value of their MBA degree when comparing total monetary cost of obtaining their degree to the career opportunities they have received as a result of having their MBA degree. Over half of the alumni feel the value of their degree is outstanding or excellent. About a third feels its value is good and 16 percent feel it is fair to poor.

OVERALL VALUE OF THE MBA DEGREE	
Outstanding	20%
Excellent	35%
Good	29%
Fair	10%
Poor	6%
Total	100%

By using simple and multiple correlation and regression analysis we found that those that rate the value of their MBA degree the highest are more likely to:

- feel MBAs have more job security in a weak economy compared to their non-MBA peers,
- indicate that their pay is good or they have a high annual base salary,
- feel their chances for promotion are good,
- be given an increase in the number of special assignments they are responsible for,
- feel quite proud to be able to tell people whom they work for,
- have graduated in 2000, and/or
- be working in the consulting industry.

While 50 percent of the alumni from the class of 2002 rate the overall value of their MBA degree as outstanding or excellent, this is significantly lower than the alumni from the class of 2000 (68%).

OVERALL VALUE OF THE MBA DEGREE GRADUATION YEAR			
	Graduation Year		
	2000	2001	2002
Outstanding	24%	19%	19%
Excellent	44%	36%	31%
Good	24%	28%	33%
Fair	6%	11%	9%
Poor	2%	5%	8%
Total	100%	100%	100%

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Compared to the alumni classes of 2000 and 2002, the alumni class of 2001 is the most dissatisfied with their salary and career progress. Alumni from the graduating class of 2001 were significantly less likely to feel their supervisor is competent in their job, their chances for promotion are good, they have had equal opportunities in promotions and salary, and their pay is good.

TRUTHFULNESS OF STATEMENTS ABOUT EMPLOYER GRADUATION YEAR				
		2000	2001	2002
My supervisor is competent in doing his/her job.	Very true	52%	43%	50%
	Somewhat true	35%	41%	36%
	Not very true	11%	10%	10%
	Not at all true	2%	6%	4%
Total		100%	100%	100%
My chances for promotion are good.	Very true	32%	29%	34%
	Somewhat true	42%	42%	40%
	Not very true	21%	21%	18%
	Not at all true	5%	9%	8%
Total		100%	100%	100%
I have had equal opportunity in promotions and salary.	Very true	36%	30%	34%
	Somewhat true	44%	40%	40%
	Not very true	16%	21%	19%
	Not at all true	5%	9%	7%
Total		100%	100%	100%
The pay is good.	Very true	26%	22%	25%
	Somewhat true	51%	50%	44%
	Not very true	18%	19%	23%
	Not at all true	5%	9%	8%
Total		100%	100%	100%

Satisfaction (or dissatisfaction) is derived when expectations are judged against performance. When the economy along with the job market tanked in 2001, the graduating class of 2001 were unprepared. No one could have foreseen a world-wide weakening of the economy, wide-spread company instability and/or collapse, 9/11, corporate scandals, and War. The graduating class of 2001 had entered their MBA program fully expecting the high compensation packages and multiple job offers the previous class had received and that their school had promised. Reasonable expectations, considering the high immediate return on investment graduating MBAs had been receiving throughout the 90's. Instead, the graduating class of 2001 encountered delayed start dates, rescinded offers, or lay offs soon after their start dates.

There are also significant differences in how alumni rate the value of their MBA degree based on which industry they are currently working. Those in the consulting industry are significantly more likely to rate it as outstanding compared to those in the non profit/government industry group.

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OVERALL VALUE OF THE MBA DEGREE BY INDUSTRY GROUP								
	Consulting	Finance/ Accounting	Products/ Services	Manufactur- ing	High Technology	Health care	Energy/ Utilities	Non profit/ government
Outstanding	31%	23%	17%	27%	17%	24%	24%	11%
Excellent	40%	40%	35%	31%	41%	34%	32%	36%
Good	20%	26%	35%	32%	28%	32%	27%	37%
Fair	6%	7%	10%	7%	9%	6%	12%	11%
Poor	3%	4%	3%	4%	5%	4%	5%	5%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Although alumni in the non profit/government industry are significantly more likely to feel their job security is good, they are significantly less likely to feel it is because they have an MBA.

	JOB SECURITY BY INDUSTRY GROUP							
	Consulting	Finance/ Accounting	Products/ Services	Manufac- turing	High Technology	Health care	Energy/ Utilities	Non profit/ government
Much more	13%	14%	13%	11%	12%	15%	12%	6%
Somewhat more	47%	49%	49%	54%	47%	49%	49%	46%
About the same	31%	30%	31%	29%	34%	30%	29%	30%
Somewhat less	9%	6%	7%	6%	6%	5%	8%	14%
Much less	0%	1%	1%	0%	0%	1%	2%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

They are also significantly less likely to feel their pay is good or report high annual base salaries.

**Recommendations for Prospective Students:**

- Understand industry requirements for experience.
- MBA gets you in the door, but then it's up to you to prove your worth.
- In a tight job market you are less likely to see immediate pay-offs regardless of the school you are attending. Compare quality of education rather than salary potential.

**Corporate Scandals and Business Ethics**

The majority of the MBA alumni surveyed feel the recent corporate scandals are more significant than those experienced in the past.

OPINION OF RECENT CORPORATE SCANDALS		
The recent corporate scandals are...	more significant than those experienced in the past	69%
	no different from those experienced in the past	30%
	less significant than those experienced in the past	0%
Total		100%



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The following table shows how MBA alumni feel corporate scandals have affected business.

<b>EFFECT OF CORPORATE SCANDALS ON BUSINESS</b>	
Created an atmosphere of distrust of corporations	75%
Promoted short- and long-term change in business practices	49%
Caused companies to act more openly	36%
Caused companies to act more ethically	35%
Brought about short-term change, but will not change long-term business practices	28%
Negatively impacted the perceptions by the marketplace of MBAs	20%
Had little or no effect on business practices	8%
Other (please specify)	6%
Elevated the respectability of an MBA education	2%

Alumni from the class of 2000 are significantly more likely to feel the corporate scandals have caused companies to act more openly. Alumni from the class of 2002 are significantly more likely to feel the corporate scandals have negatively impacted the perception of those who hold MBAs.

<b>EFFECT OF CORPORATE SCANDALS ON BUSINESS GRADUATION YEAR</b>			
	2000	2001	2002
Caused companies to act more openly	41%	34%	37%
Negatively impacted the perceptions by those who hold MBAs	17%	19%	23%

So do MBA alumni feel their company is promoting ethical behavior? That opinion varies on which industry the alumni are working.

<b>FEELINGS ABOUT EMPLOYING ORGANIZATION BY INDUSTRY GROUP</b>								
	Consulting	Finance/ Accounting	Products/ Services	Manufactur- -ing	Tech- nology	Health care	Energy/ Utilities	Non profit/ gov
<b>My employer promotes and upholds ethical business practices.</b>								
Very true	50%	43%	45%	48%	40%	54%	37%	54%
Somewhat true	38%	45%	45%	44%	46%	38%	52%	43%
Not very or at all true	12%	12%	10%	7%	14%	8%	11%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%
<b>I trust my employer to behave ethically in their business practices.</b>								
Strongly agree	45%	38%	42%	44%	38%	50%	21%	41%
Somewhat agree	29%	34%	36%	38%	34%	33%	54%	39%
Strongly or somewhat disagree	10%	10%	9%	6%	15%	8%	10%	11%
Neither disagree nor agree	16%	18%	14%	12%	14%	9%	14%	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%