

MBA Alumni Perspectives Survey 2003

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 MB® 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 percent from the graduating class of 2001, 36 percent 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

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

To download a summary of the results of the MBA Perspectives Alumni Survey (March, 2003), go to www.gmac.com/surveys.

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2003 MBA ALUMNI PERSPECTIVES SURVEY

Value of the MBA Degree

According to the Graduate Management Admission Council's Global MBA® Graduate Survey, the foremost reason students pursue an MBA is to increase their career options. In its fourth year, the MBA Alumni Perspectives Survey asks the same students who responded to the Global MBA Graduate Survey their opinions about the value of the MBA now that they have received the degree and re-entered the workforce.

This year, 2,383 MBA alumni responded, affording a response rate of 41 percent. Of these respondents, 19 percent graduated in 2000, 41 percent graduated in 2001, and 36 percent graduated in 2002. (Four percent had not graduated, so their responses are excluded from the findings.)

GMAC asked all of these alumni to rate the overall value of their MBA when comparing the total monetary cost of obtaining it with the career opportunities that have resulted from having it. Over half of the alumni believe the value of their degree is outstanding or excellent. About one-third believe it is good, and 16 percent feel it is fair to poor.

Value of the MBA Overall	
Outstanding	20%
Excellent	35%
Good	29%
Fair	10%
Poor	6%
Total	100%

Broken down by graduation year, alumni rate the value differently. Even though 68 percent of the alumni from the class of 2000 rate the value as outstanding or excellent, only 50 percent from the class of 2002 rate it as outstanding or excellent.

Value of the MBA, by 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%

In this survey, GMAC also delineated alumni responses according to the industry in which they are currently working. Those in the consulting industry are significantly more likely to rate it as outstanding compared with those in the nonprofit/government industry group.

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Value of the MBA, by Industry Group								
	Consulting	Finance/ Accounting	Products/ Services	Manufac- turing	High Technology	Health- care	Energy/ Utilities	Nonprofit/ 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%

Job Satisfaction

Satisfaction (or dissatisfaction) with the MBA degree results when students' expectations are measured against outcomes. When the economy and job market tanked in 2001, the graduating class of 2001 was unprepared. No one could have foreseen 9/11, a worldwide weakening of the economy, corporate scandals and widespread company instability or collapse, 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 those were reasonable expectations, considering the high immediate return on investment that graduating MBAs had been getting throughout the 90's. Instead, the graduating class of 2001 encountered delayed start dates, rescinded offers, and lay-offs. That class is also the most dissatisfied with their salary and career progress.

By using simple and multiple correlation and regression analysis, GMAC found that those who rate the value of their MBA degree the highest are more likely to—

- believe MBAs have more job security in a weak economy compared with their nonMBA peers;
- indicate that their pay is good or that they have a high annual base salary;
- believe their chances for promotion are good;
- receive an increase in the number of special assignments they are responsible for; and
- feel proud to be able to tell people whom they work for.

Nature of the Job

Upon graduation, GMAC asked alumni searching for a job which factors they deem most important in deciding where they will work. They consistently name challenging or interesting work, a competitive salary, and the opportunity for advancement as the top factors.

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

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

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their current job, while 45 percent are only somewhat satisfied. By using simple and multiple correlation and regression analyses, we found that those who are the most satisfied with their jobs are more likely to feel the following:

- Their work is interesting.
- They are 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.
- They are 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 them as individuals and wants them to succeed.
- They are glad that their own work has made a contribution to the good of the organization.

Alumni from the graduating class of 2001 were significantly less likely to believe that their supervisor is competent, their chances for promotion are good, they have had equal opportunities in promotions and salary, and that their pay is good.

Industry Groups

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

	Job Satisfaction, by Industry Group							
	Consulting	Finance/ Accounting	Products/ Services	Manufac- turing	High Tech	Health- care	Energy/ Utilities	Nonprofit/ 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%
Total	100%	100%	100%	100%	100%	100%	100%	100%

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
- their job security is good.

Job Security and the Economy

GMAC asked the alumni to write in their primary reasons for staying with their employer regardless of their job satisfaction. The following table shows the tabulated responses.

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Reasons for Staying with Current Employer	
Like the work/job (challenging and interesting)	25%
Opportunities to grow (professionally and personally)	22%
Weak job market/weak economy	15%
Competitive salary and compensation	13%
Good work environment/company values employees	8%
Job security/stability	7%
Good management/coworkers	4%
Business owner/stake-in-business/self-employed	2%
Other	2%
Contractual/green card/MBA obligation	1%
Total	100%

Although alumni in the nonprofit/government industry are significantly more likely to believe that their job security is good, they are significantly less likely to believe that that is due to having an MBA.

	Job Security, by Industry Group							
	Consulting	Finance/ Accounting	Products/ Services	Manufac- turing	High Technology	Health- care	Energy/ Utilities	Nonprofit/ 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%

Alumni working in the nonprofit/government industry are also significantly less likely to report high annual base salaries or believe their pay is high.

Employers

Even though the majority of alumni enjoy contributing to the good of their company, less than half are proud to be able to tell people whom they work for. Further, only 47 percent staunchly 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. And only a quarter would not take a job with another employer with about the same pay and benefits they currently have.

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Feelings about Employers		
Strongly Agree		
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 his or her 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%
Strongly Disagree		
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%

The following tables show the significant differences in the way alumni feel about their employer according to graduation year and industry group respectively.

Statements about Employers, by 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%

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		Statements about Employers, by Industry Group							
		Consulting	Finance/ Accounting	Products/ Services	Manufac- turing	High Tech	Health- care	Energy/ Utilities	Nonprofit/ 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 not 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 not 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 not 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 not 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 not 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 not 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 not 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 not at all true	17%	18%	21%	23%	23%	19%	19%	15%
Total		100%	100%	100%	100%	100%	100%	100%	100%

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Salary

The alumni class of 2000 makes a significantly higher salary than the class of 2001 and 2002. The alumni class of 2001 makes a significantly higher salary than the class of 2002.

ANNUAL BASE SALARY GRADUATION YEAR		
Graduation Year	Mean	Median
2000	\$84,005	\$81,000
2001	\$78,827	\$78,000
2002	\$71,065	\$72,000

Alumni working in the consulting industry report significantly higher salaries compared to those working in other industries.

ANNUAL BASE SALARY BY INDUSTRY GROUP		
	Mean	Median
Consulting	\$88,026	\$88,130
Finance/Accounting	\$79,981	\$80,000
Products/Services	\$70,158	\$70,000
Manufacturing	\$78,916	\$80,000
High Technology	\$74,930	\$75,000
Healthcare/Pharmaceutical	\$81,007	\$78,500
Energy/Utilities	\$83,679	\$80,000
Non profit/government	\$57,898	\$50,000

Increase in Job Responsibility

The alumni class of 2000 were significantly more likely to indicate an increase in all areas of job responsibilities.

INCREASE IN JOB RESPONSIBILITIES GRADUATION YEAR				
		2000	2001	2002
Number of people managed	Decreased	7%	13%	20%
	Stayed the same	51%	57%	55%
	Increased	42%	29%	24%
Total		100%	100%	100%
Budget responsibility	Decreased	6%	10%	12%
	Stayed the same	51%	50%	53%
	Increased	43%	39%	35%
Total		100%	100%	100%
Project/product responsibility	Decreased	3%	7%	9%
	Stayed the same	19%	26%	30%
	Increased	78%	67%	61%
Total		100%	100%	100%
Number of special assignments	Decreased	2%	5%	8%
	Stayed the same	22%	29%	31%
	Increased	75%	66%	61%
Total		100%	100%	100%

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Corporate Scandals and Business Ethics

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

Employer Ethics, by Industry Group								
	Consulting	Finance/ Accounting	Products/ Services	Manufac- -turing	High Tech- -nology	Health- -care	Energy/ -Utilities	Nonprofit/ -Government
My employer promotes and upholds ethical business practices.								
Very true	50%	43%	45%	48%	40%	54%	37%	54%
Somewhat true	38%	45%	45%	44%	46%	38%	52%	43%
Not very or not at all true	12%	12%	10%	7%	14%	8%	11%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%
I trust my employer to behave ethically in their business practices.								
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%

The majority of the MBA alumni surveyed believe 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%

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

Effects of Corporate Scandals on Business	
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	6%
Elevated the respectability of an MBA education	2%

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Alumni from the class of 2000 are significantly more likely to believe 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.

Effects of Corporate Scandals on Business, by Graduation Year			
	2000	2001	2002
Caused companies to act more openly	41%	34%	37%
Negatively impacted the perceptions by those who hold MBAs	17%	19%	23%