

**MBA.COM REGISTRANTS SURVEY 2003
EXECUTIVE SUMMARY**

**BY
GRADUATE MANAGEMENT ADMISSION COUNCIL®
(GMAC®)**

MBA.COM REGISTRANT SURVEY EXECUTIVE SUMMARY

In October 2003, the Graduate Management Admission Council® (GMAC®) surveyed over 10,000 registrants on the Web site (www.mba.com) that GMAC® created for prospective business school students. Those surveyed were randomly drawn from a group of people who had registered on the site between September 1, 2002, and September 1, 2003. The primary purpose of the survey is to understand the characteristics and behavior of those in different stages of the decision-making process to pursue graduate management education.

This report is intended to help—

- graduate business school professionals to determine characteristics of their target audience, build their messages and brand, and determine resource allocation;
- prospective business school students to better understand their options and develop strategies to increase their chances of being admitted into their school of choice; and
- the Graduate Management Admission Council® to strengthen efforts toward creating access to graduate management education for all.

The executive summary focuses on understanding why prospective students are interested in pursuing graduate management education, which factors contribute to their deciding to initiate the application process, what can cause prospective students to drop out of the process, and how and when schools can best reach and influence prospective students.

Why prospective students consider entering graduate business school is no surprise.

The primary reasons the majority (85% or more) of prospective students consider entering business school include the opportunity to develop their management knowledge and technical skills, to remain marketable (competitive), to achieve a sense of personal satisfaction and achievement, to increase their long-term income and financial stability, to gain the professional credentials they need for advancement, to undertake an exciting challenge, to prepare themselves for getting a good job in the business world, to gain the specific skills they need to do their job and get ahead, and to make the right connections for getting a good job in the short or long term.

From past survey research on MBA graduates (Global MBA® Graduate Surveys 2000, 2001, 2002, and 2003), we know that graduates are satisfied with the MBA for the ability it gives them to increase their career options. But *how* the degree increases career options varies with the individual. Thus, the following reasons prospective students give for pursuing graduate business school vary from person to person. The reasons most cited refer to the ability to change from a current occupational area to a specific new one, to start or manage one's own business, to switch industries, to gain experience before reentering the job market, to prepare for international employment, and to build on a nonbusiness undergraduate degree.

Certain factors help predict the likelihood a prospective student will apply.

What drives a prospective student to actually begin the application process? According to the survey findings, prospective students first consider whether an MBA (or equivalent degree) is right for them and their career goals. Then, they assess their ability to gain admission into graduate business school, to finance their education, to allocate time and energy to their studies, and so on. And, finally, prospective students make their school choices (brand-level decision).

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A stepwise regression analysis¹ identified 11 factors, listed below, that can help predict the likelihood that a prospective student will move toward applying to graduate business school². The respondent—

1. feels it will not be too difficult to be admitted into their graduate business school of choice;
2. majored in business or engineering during undergraduate (or first university);
3. has more than three years of work experience;
4. thinks a graduate management education will provide the specific skills they need to do their job and get ahead;
5. thinks the degree will provide the professional credentials they need for advancement;
6. disagrees with the statement that it will be too expensive in the short-term to be worthwhile;
7. does not think it will require them to take on large financial debts;
8. values wealth;
9. disagrees with the statement that it would require more time than they are willing to invest;
10. feels it will be intimidating; and
11. knows it will severely limit the time they have for people who are important to them.

These factors tell us that people who apply to business school generally believe the following: they have the background and experience to be admitted, a graduate management degree is what they need to achieve their career goals, they are able to finance a degree or feel they will reap a return on their investment, and they are willing to make the personal sacrifices necessary to earn a degree. They are confident, realistic (insofar as they acknowledge the personal sacrifices necessary to get the degree), game for a challenge, and convinced of the long-term value of the MBA with regard to career mobility and monetary gain. These characteristics are true for both men and women, with a few exceptions.

Gender Differences. Women are more likely than men to apply to graduate business school without an undergraduate or first-university degree in engineering; they are also more likely to apply even if they do not have three or more years of work experience. Women are also more likely than men to plan to attend programs that typically offer the most flexibility and are the least expensive: part-time programs and combined on-campus, distance, and online programs. Men are significantly more likely to attend on-campus and full-time programs. The following table shows these results.

Program Characteristics, by Gender³			
		Male	Female
How degree will be pursued	On campus	74%	67%
	Distance	2%	2%
	Online	2%	2%
	Some combination of the above	15%	20%
	Undecided	7%	8%

¹ The complete stepwise regression analysis is located in the methodology section.

² This model has an adjusted R square of 20% for all respondents and 20% for women. The r-square value indicates how much of the variance in the effect (application stage) is explained by the predictors.

³ Based on information provided at the time of mba.com registration

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Program Characteristics, by Gender ³			
		Male	Female
Type of student	Full-time student	59%	52%
	Part-time student	21%	28%
	Executive MBA student	8%	6%
	Undecided	12%	15%

Schools that wish to attract more female candidates would do well to highlight the flexibility and affordability of their programs in their initial contact with prospects. These messages can also be effective with men. A recent U.S. government study of students enrolled in graduate and first-professional degree programs in the United States⁴ revealed that the majority of MBA students (71%), unlike other master’s students, identify themselves as employees who are enrolled in school, rather than as students. Overall, 87% of MBA students work while enrolled in school, 75% of those, work 35 hours a week or more. Even among those enrolled in full-time programs, 61% work full time. Generational studies have shown that lifestyle and work/life balance are becoming increasingly important to young adults, particularly those in the next population “bulge,” and the weak economy represents a potential strain on prospects’ finances. All this would suggest that it is increasingly important for schools’ initial recruiting contacts with prospects to include information that addresses their likely concerns about how they will finance their degree and how it will affect their lifestyles in the near term.

The window of opportunity for schools to reach and influence prospective students is narrow.

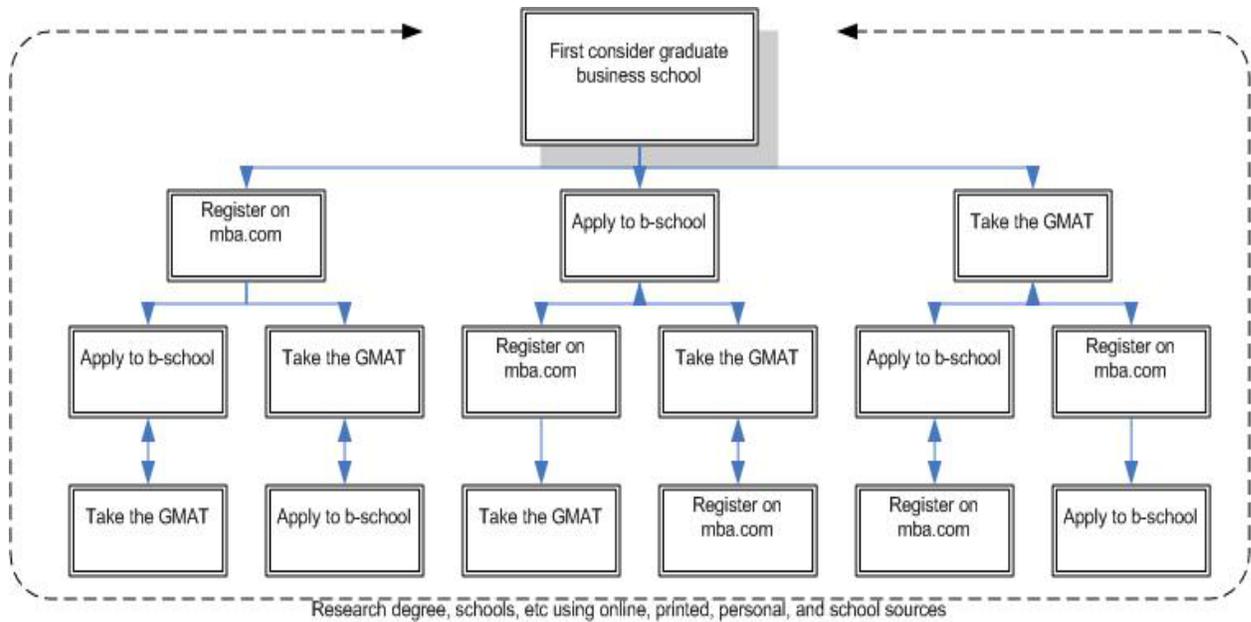
The results of this survey suggest that graduate business schools are not market makers. That is, a school generally cannot convince someone who is not interested in an MBA to pursue one. It is only after prospective students consider themselves candidates and initiate the first application steps that they enter a school’s sphere of influence. And, those entry points vary.

Thirty-eight percent of respondents had applied to graduate business school as of October 2003. In fact, these respondents had applied within three months after registering on mba.com, on average. However, 37% had applied to graduate business school before registering on mba.com; and 26% applied to graduate business school before taking the GMAT[®], with the majority of this group applying less than one year before taking the GMAT[®]. Thirty-four percent of respondents (who took the GMAT[®] once) applied to graduate business school less than one month after taking the GMAT[®].

Fifty percent of respondents planned to apply to graduate business school as of October 2003. These respondents planned to apply, on average, within 10 months after registering on mba.com. Twenty-four percent of these respondents had taken the GMAT[®]. The following diagram illustrates the varied paths a prospective student takes to apply to a graduate business school.

⁴ U.S. Department of Education. National Center for Education Statistics. *Student Financing of Graduate and First-Professional Education, 1999–2000, Profiles of Students in Selected Degree Programs and Their Use of Assistantships*, NCES 2002-166, by Susan P. Choy and Sonya Geis. Washington, D.C.: 2002.

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As prospective students move through the pipeline toward matriculation, they encounter a number of key decision-making points. At each of these points, the prospective student may repeat a step, leave the pipeline, or continue through to the next stage.

Timing

Forty-one percent of the respondents we surveyed said it took them two years or longer to reach the decision to pursue a degree in graduate management education and begin the application process. Once the decision has been made to enter the pipeline, prospective students take an average ten months to navigate through the application process. Once they have initiated an application step, such as taking the GMAT[®], prospective students take three months to complete the application process, on average. At this stage, prospective students typically have a well-defined choice set of schools in which they are interested.

Decision Process

Prospective students are making two types of decisions: categorical and brand. At the categorical level, prospective students ask themselves—Is an MBA right for me? What type of program is right for me? During this time, school influence is indirect (media, MBA-related Web sites and publications, word-of-mouth). At the brand-level, prospective students ask themselves—Which school is right for me? School influence is now direct and considerable effort should be made to become a school the prospective student considers.

Past survey research on GMAT[®] registrants⁵ found that where students send their initial GMAT[®] scores is a very good indication of their final choice sets of schools. Specifically, about seven out of ten registrants had their initial GMAT[®] score sent to the school they later identified as their first-choice school. Further, 81% of matriculants ultimately enrolled in a school that had received one of their initial GMAT[®] score reports. This percentage is even higher for matriculants who planned to enroll part-time; 88% of registrants planning part-time study and 74% of registrants planning full-time study sent score reports to the schools at which they later matriculated.

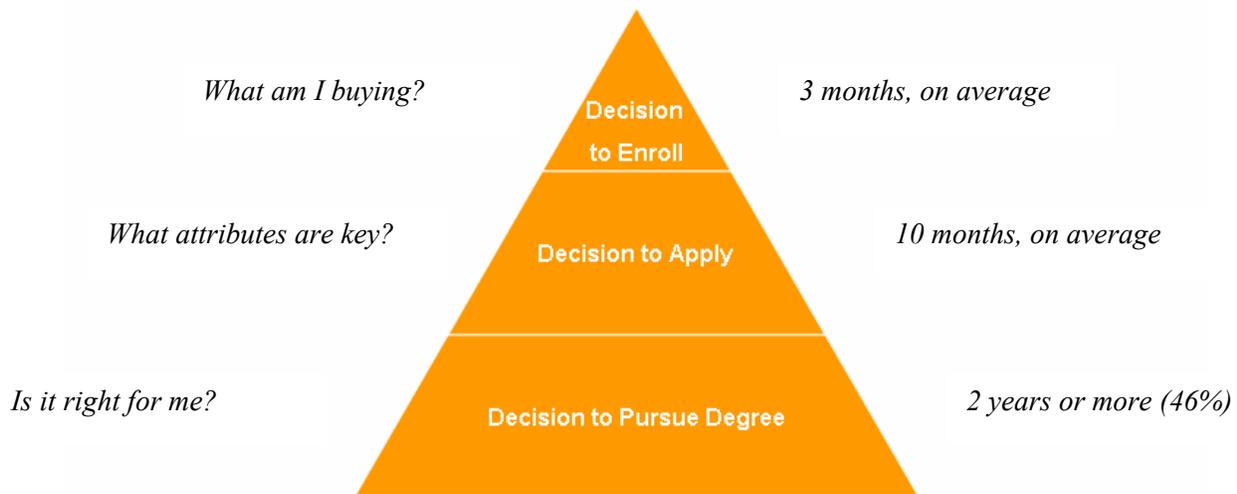
⁵ Highlights of the GMAT Registrant Survey: Lessons Learned from a Decade of Research. Dugan, Mary Kay, Grady, William R., Payne, Betsy, and Johnson, Terry R. *Selections*, Spring 1995.

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Thirty-two percent of the survey respondents who had applied to graduate business school applied to only one school and did not plan to apply to any additional schools. The typical respondent applied or planned to apply to an average total of three schools.

These findings clearly indicate that, from a timing perspective, it is important that a school be included in the set of schools that will receive a registrant's original GMAT[®] score report. Therefore, schools should target prospective students as early as possible. Since prospective students may not have initiated contact with schools by this point, it is important for schools to be well represented in MBA-related publications and Web sites.

Once prospective students have formulated a "short-list" of schools they are considering, they enter a phase in which they determine the school they will ultimately enroll in. They will choose the school that best matches their school selection criteria and the one that they believe will be the most likely to deliver on its promise of return on investment. The following diagram illustrates the three decision phases.



Program Differences

Respondents who planned to enroll in full-time programs were significantly more likely to have applied to more schools than those who planned to enroll in part-time or executive programs or who were undecided. The total average number of actual and planned applications of those who planned to enroll in full-time programs was 4.1; for part-time programs, 2.1; for executive programs, 2.0; for those who were undecided, 2.8. Respondents who planned to enroll in part-time or executive programs were significantly more likely to have already applied to graduate business school than respondents intending to enroll in other types of programs. Respondents who planned to enroll in full-time programs were significantly more likely than others to plan to apply.

In this report, respondents' intended program was reported at the time of mba.com registration. The majority felt they would enroll as full-time students, as the following table shows.

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TYPE OF STUDENT	
	<i>n</i> = 6,100
Full-time student	56%
Part-time student	23%
Undecided	13%
Executive MBA student	7%
Total	100%

However, intentions were not always actualized. According to a special study conducted by the U.S. Department of Education,⁶ 34% of MBA students attend full-time programs and 66% attend part-time or executive programs. This suggests that during the decision-to-apply phase, prospective students are still deciding which product attributes (school selection criteria) are key.

Financial concerns deter many prospective students from applying.

Prospective students' ability (both perceived and actual) to finance their graduate management education is critical to their decision to pursue it. Forty-six percent of the respondents who felt it would be difficult to be admitted into graduate business school cited their financial resources as a potential barrier. Whether or not graduate management education will require them to take on large financial debt influences whether they will apply. It is therefore important to understand prospective students' financial concerns—how much debt they are already carrying, how they plan to finance their graduate education—and learn how these concerns vary according to gender and U.S. subgroup of race/ethnicity.

Overall, 67% of the respondents who had completed previous schooling (undergraduate, first university, or graduate school) reported having no debt. Twelve percent indicated having less than U.S. \$10,000 in debt; 11% indicated having at least U.S. \$10,000 but less than U.S. \$20,000 in debt; and 10% indicated having U.S. \$20,000 or more in debt.

Women in the survey were significantly more likely than men to report having debt from previous educational expenses (41% compared with 29% of men). Blacks/African Americans (71%) and Hispanic Americans (68%) were significantly more likely to report having debt than whites (45%) and Asian Americans (44%).

Respondents who had applied to graduate business school were significantly more likely than those who planned to apply to indicate employer reimbursement or sponsorship as their main source of financing and less likely to indicate loans and financial aid. Respondents who had applied were also significantly more likely to say their employer would pay for most of their educational expenses, whereas those who planned to apply were more likely to not know how much their employer would reimburse them.

⁶ U.S. Department of Education, National Center for Education Statistics, 1999–2000 National Postsecondary Student Aid Study

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ONE MAIN SOURCE FOR FINANCING GRADUATE MANAGEMENT EDUCATION, BY PLANS TO APPLY		
	Applied to any graduate business schools?	
	Yes	No, not yet, but I plan to
	<i>n</i> = 3,771	<i>n</i> = 4,988
Loans	32%	36%
Grants, fellowships, scholarships, or government benefits	14%	20%
Employer reimbursement or sponsorship	19%	13%
Personal savings	13%	11%
Support from parents	11%	9%
Personal earnings	10%	9%
Spouse's (partner's) earnings	2%	1%
Total	100%	100%

AMOUNT OF EMPLOYER REIMBURSEMENT/SPONSORSHIP, BY PLANS TO APPLY			
		Applied to any graduate business schools?	
		Yes	No, not yet, but I plan to
		<i>n</i> = 1,006	<i>n</i> = 1,384
How much of total graduate education expenses employer will pay	Some	30%	26%
	About half	16%	11%
	Most	30%	21%
	All	6%	4%
	Don't know	19%	38%
	Total	100%	100%

Men were significantly more likely than women to indicate their personal savings as their source for financing their education.

PLANNED SOURCES FOR FINANCING GRADUATE MANAGEMENT EDUCATION, BY GENDER		
	Gender	
	Male	Female
	<i>n</i> = 5,314	<i>n</i> = 3,445
Loans	59%	58%
Grants, fellowships, scholarships, or government benefits (not a loan)	50%	51%
Personal earnings	49%	48%
Personal savings	55%	43%
Employer reimbursement or sponsorship	32%	34%
Support from parents	27%	25%
Spouse's (partner's) earnings	10%	14%
Other source	2%	2%

Blacks/African Americans were significantly more likely than other U.S. subgroups to indicate that grants, fellowships, scholarships, or government benefits would be their one main source of financing (26% compared with 15% of Native American Indians, 12% of Hispanic Americans, 8% of whites, and 3% of Asian Americans. Whites and Native Americans were significantly more likely than other U.S. subgroups to indicate employer reimbursement as their main source of funding.

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ONE MAIN SOURCE FOR FINANCING GRADUATE MANAGEMENT EDUCATION, BY U.S. SUBGROUPS					
	Major U.S. Subgroup				
	Native American Indian	Asian American	Black/African American	White	Hispanic
	<i>n</i> = 38	<i>n</i> = 266	<i>n</i> = 505	<i>n</i> = 2,519	<i>n</i> = 261
Loans	37%	50%	46%	42%	49%
Employer reimbursement or sponsorship	26%	16%	16%	26%	20%
Grants, fellowships, scholarships, or government benefits	15%	3%	26%	8%	12%
Personal earnings	11%	9%	9%	10%	9%
Personal savings	11%	9%	1%	7%	4%
Support from parents	0%	11%	2%	6%	4%
Spouse's (partner's) earnings	0%	2%	0%	1%	2%
Total	100%	100%	100%	100%	100%

Asian and blacks/African Americans were significantly more likely not to know how much their employer would reimburse their educational expenses.

AMOUNT OF EMPLOYER REIMBURSEMENT/SPONSORSHIP, BY U.S. SUBGROUPS						
		Major U.S. Subgroup				
		Native American Indian	Asian American	Black/African American	White	Hispanic
		<i>n</i> = 14	<i>n</i> = 78	<i>n</i> = 194	<i>n</i> = 946	<i>n</i> = 98
How much of total graduate education expenses employer will pay	Some	21%	32%	32%	31%	41%
	About half	29%	18%	13%	15%	17%
	Most	21%	22%	21%	34%	21%
	All	7%	1%	6%	5%	4%
	Don't know	21%	27%	27%	16%	16%
	Total	100%	100%	100%	100%	100%

An inability to obtain expected grants may lead to a decision not to pursue graduate management education. The reliance on grants by black/African Americans is especially noteworthy because this is the most uncertain source for financing a graduate management education. From past survey research on MBA graduates (Global MBA[®] Graduate Survey 2003), it was found that the amount of financial aid extended was significantly more important to blacks/African Americans and Hispanic Americans in deciding which school to attend.

Also notable is that the groups most likely to have debt (women and underrepresented minorities) are also heavily relying on loans to finance further education. When considering whether graduate management education would be a good return of investment (enough to take on even more debt), they may decide not to pursue graduate management education.

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Schools should pay attention to who their target audience is and where these prospective students are in their decision-making process and align marketing messages accordingly.

Regardless of age, gender, race/ethnicity, intended program, or citizenship, the quality and reputation of a school is important in a prospective student's decision to enroll because it assures the prospective student a good return on their investment of time and money. How prospective students measure quality and reputation and what influences a prospective student's opinion of a school's quality and reputation differs by age, gender, race/ethnicity, intended program, and citizenship.

Although quality and reputation are important criteria and should underlie all messages from a school, addressing other criteria, such as curriculum offerings, financial aid available, connections to the business community, etc. are also crucial. The comprehensive report details which mediums are most effective at reaching and influencing prospective students of different target groups (age, gender, race/ethnicity, and intended program).

Although the survey findings show the importance of influencing prospective students early in the process, there are several ways to reach out after they have taken the GMAT[®], if they did not send a completed application to a particular school even though they sent a GMAT[®] score report to that school. They could have decided to delay or drop the idea of pursuing a degree because of their background and experience, financial resources, or other personal reasons. They could have already been accepted by another school. But if the reason for not completing an application is among the former reasons, schools can target those candidates with messages to encourage them to apply.

To carefully target their marketing efforts to those students who did not send scores to them originally, schools might want to use such services as the Graduate Management Admission Search Service[®] (GMASS[®]) to help them select only those individuals who possess GMAT[®] scores and work experience that meet their admission standards. Additionally, since location is an important factor in the selection of a school⁷, schools might want to focus their search locally. Schools could consider providing application incentives for these targeted individuals (i.e., special scholarship funds or a waiver of the application fee).

Once prospective students have entered a school's sphere of influence (for instance, by sending a GMAT[®] score report or application), the school should immediately send those prospective students materials and invest in such personal interactions as hosting information sessions, conducting interviews, and encouraging current students and alumni to speak with them.

This executive summary has presented only a selected set of findings from the study. Additional findings can be found in the comprehensive report, which includes analyses by gender, intended program, race/ethnicity, and age. Separate reports for different world regions will be released throughout 2004. In October 2004, GMAC[®] will follow up with the respondents of the 2003 survey to more clearly understand drop-out behavior as well as drivers of matriculation.

For more information, contact Rachel Edgington, manager, applied research, Graduate Management Admission Council[®], at research@gmac.com or 1-703-749-0131.

⁷ For a full discussion on school selection criteria, read findings from the GMAC[®] Global MBA[®] Graduate Survey at www.gmac.com/surveys