

MBA Alumni Perspectives Survey

SURVEY REPORT

2006-2007



The **MBA Alumni Perspectives Survey** 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 4,000 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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Each April and September, the Graduate Management Admission Council® (GMAC®) conducts the MBA Alumni Perspectives Survey, a survey of graduate business school alumni. The Alumni Perspectives Survey is a longitudinal study of individuals who have responded to previous GMAC® student surveys—specifically, the Global MBA® Graduate Survey. The April 2006 survey data represents individuals who graduated from 2000 through 2005. The September 2006 survey includes those classes and adds the newly graduating class of 2006. This report is based on data from both of the MBA Alumni Perspectives Surveys conducted in 2006.

The research objectives of these studies are to document first and current job characteristics; to track changes in responsibility, promotions, and salary over time; to assess the performance of graduate management education from a retrospective point of view; and to monitor the educational needs of alumni. This report is organized into three sections geared to particular audiences—graduate business schools, MBA alumni, and employers.

Key Findings

- Alumni who are satisfied with their graduate management education are more likely to feel that they made the right decision to pursue the degree and are more likely to participate in alumni activities.
- Managing one's career is the most common skill/ability for which alumni wish they had received additional training, and this is true for alumni from all program types—full-time, part-time, and executive programs.
- The majority of alumni actively maintain a network of contacts, and use of this network is the most common method of obtaining a job among the alumni.
- MBA alumni are more likely to be satisfied with their jobs than the employed U.S. population as a whole.
- The longer a graduate has been out of school, the more likely the respondent is to work for more organizations, but MBA alumni, on average, have only worked for two organizations since graduation. Additionally, alumni who are satisfied with their employer are less likely to indicate a desire to switch employers.
- The key drivers that employees cited to indicate satisfaction with an employer include the opportunity for advancement and the ability to achieve something the employee personally values.

Methodology

In April 2006, the MBA Alumni Perspectives Survey had 2,828 respondents representing a 21% response rate; and in September 2006, there were 3,677 respondents representing a 22% response rate. The survey samples include respondents who agreed to further follow-up in the Global MBA[®] Graduate Survey administered among the graduate management classes of 2000 through 2006. Table I shows the response rates for each of the surveys by graduation year.

A comparison of respondent demographic characteristics shows no statistically significant differences in the composition of the two respondent sets based on gender, world region, or U.S. subgroup. However, there are significantly more respondents who graduated from a part-time program in the September survey compared with the April survey. When excluding the class of 2006 from the September survey, statistically there are no differences in the types of program from which respondents graduated, which indicates that the respondent sample from the class of 2006 is somewhat skewed toward part-time MBA graduates. This is also indicated in the respondent characteristics from the original Global MBA[®] Graduate Surveys (Table 2). For this reason, most data for this report is analyzed by program type.

Graduating Year	April 2006	September 2006
2000	21%	20%
2001	14%	14%
2002	16%	14%
2003	18%	19%
2004	23%	19%
2005	28%	23%
2006	Not surveyed	32%

Source: GMAC[®] MBA Alumni Perspectives Surveys, April 2006 and September 2006

Table 1.
Response Rates, by Graduation Year

Program Type	Graduation Year						
	2000 (n = 2,488)	2001 (n = 4,547)	2002 (n = 4,689)	2003 (n = 4,128)	2004 (n = 3,927)	2005 (n = 5,780)	2006 (n = 6,070)
Full-Time	80%	70%	76%	81%	72%	67%	59%
Part-Time	19%	22%	20%	16%	22%	24%	32%
Executive	2%	8%	4%	3%	6%	9%	9%
Total	100%	100%	100%	100%	100%	100%	100%

*p ≤ .05; Items in bold significantly affect the overall X² statistic of the contingency table.

Source: GMAC[®] Global MBA[®] Graduate Surveys of 2000, 2001, 2002, 2003, 2004, 2005, and 2006.

Table 2.
Program Type, by Graduation Year*

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Overall, MBA alumni maintain a positive attitude with regard to their decision to pursue the MBA degree.
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From the school perspective, MBA alumni views about their programs and careers represent an important outcome of graduate management programs. Measurable and relevant outcomes such as these provide schools with useful and actionable information, which, in turn, can help foster continuous improvement to their programs. This section of the report provides a retrospective review of what MBA alumni think of their education, the activities in which alumni participate, and how alumni value their degree.

The Decision to Pursue the Degree

MBA alumni are asked whether they made the right decision in pursuing the degree (Figure 1). The majority of the respondents each year and within each program type report that they definitely made the right decision in pursuing the degree. The majority of

respondents also indicate that they definitely made the right decision in the type of program in which they enrolled, whether full-time, part-time, or executive. MBA alumni are slightly less certain that they made the right decision about the school they chose to attend and the concentration they pursued, although a near majority of each graduating year and program type report they definitely made the right decision in these areas. Overall, MBA alumni maintain a positive attitude with regard to their decision to pursue the MBA degree.

Considering that more than a third of prospective students consult MBA alumni when making their decision to pursue a graduate management degree¹, it is important for schools to ensure their alumni feel they have made the right decision in attending their institution. How can schools do this? Alumni expectations and education outcomes may provide answers.

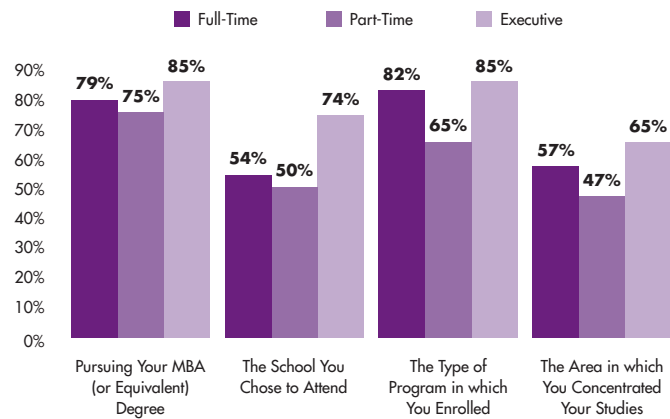


Figure 1.
 Percentage that Definitely Made the Right Decision, by Program Type

Source: GMAC® MBA Alumni Perspectives Survey, September 2006

¹Schoenfeld, G. (2005) mba.com Registrants Survey. Graduate Management Admission Council®. Available at www.gmac.com/registrantsurvey.

MBA alumni are asked to indicate their satisfaction with various educational outcomes. Table 3 shows the percentage of respondents who indicated they are extremely satisfied that their graduate management education has provided them with each of the outcomes listed. Each outcome variable included in Table 3 is significantly correlated with the alumni's retrospective review of their decisions. These correlations indicate that schools can increase the likelihood that alumni will feel they made the right decision by improving satisfaction with these outcomes.

Outcomes	Program Type		
	Full-time	Part-time	Executive
Opportunity to improve personally	42%	37%	55%
Increased career options	40%	24%	40%
Credentials desired	36%	31%	47%
Development of management knowledge/technical skills	30%	20%	42%
Increased earning power	32%	17%	25%
Opportunity to network and form relationships with long-term value	31%	15%	35%
Preparation to get a good job in the business world	30%	13%	35%
Opportunity for quicker advancement	29%	15%	28%
Job security	16%	11%	22%

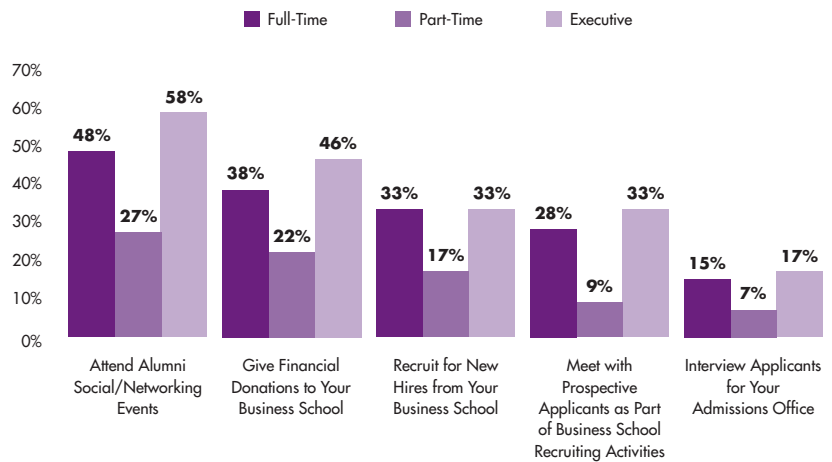
Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Alumni Activities

Alumni who feel they made the right decision to pursue their degree are more likely to participate in alumni activities. In rank order, alumni are likely to participate by: attending alumni social/networking events, giving financial donations to the school, recruiting new hires from the school, meeting with prospective applicants to the school, and interviewing applicants for the admissions office.

There is a positive correlation with alumni participation and the respondents' satisfaction with the outcomes of their graduate management education. However, there are differences in participation rates by program type (Figure 2). Respondents from full-time and executive programs are more likely than respondents from part-time programs to participate in each of the activities listed.

Table 3.
Percentage Who Are Extremely Satisfied with Each Outcome



Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Figure 2.
Percentage Who Frequently or Occasionally Participate in Alumni Activities, by Activity and Program Type

Additional Education/Training Needs

MBA alumni were asked to indicate the areas in which they wish they had received more education during their MBA programs. Table 4 presents the areas alumni identified by program type. Additional education/training in managing one’s career was the most common area that alumni from all program types listed. The next four areas in which full-time program graduates wish they had received additional education

are: recruiting, managing, and maintaining staff; developing a strategic plan; conducting financial analyses and preparing a budget; and networking skills. Among graduates of part-time programs, the next four areas include networking skills, developing a strategic plan, leadership skills, and strategic thinking. Executive MBA graduates wish they had received additional training in networking skills; developing a strategic plan; strategic thinking; and recruiting, managing, and maintaining staff.

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After the dramatic increase in the percentage of graduates unable to find a job upon graduation in 2003, the percentage of full-time graduates who have not been able to find a job after graduation has steadily declined.
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Subject Area	Program Type		
	Full-time	Part-time	Executive
Managing your career	33%	40%	39%
Recruiting, managing, and maintaining staff	28%	29%	25%
Developing a strategic plan	26%	32%	28%
Networking skills	25%	33%	28%
Conducting financial analyses and preparing a budget	26%	29%	21%
Strategic thinking	22%	29%	28%
Leadership skills	22%	31%	20%
Conducting cost/benefit analyses of proposed changes	21%	24%	20%
Managing change	21%	20%	17%
Analyzing, organizing, and interpreting statistical data	20%	20%	20%
Stress management	19%	19%	19%
Oral communication skills	18%	15%	12%
Developing creative problem-solving skills	17%	17%	17%
Designing and conducting market research	15%	16%	17%
Interpersonal skills	16%	13%	11%
Analytical thinking	14%	16%	14%
Technical skills for your specialty	14%	12%	6%
Computer and related technological skills	13%	12%	8%
Integrating information from a wide variety of sources	11%	14%	10%
Written communication skills	11%	8%	11%
None of the above	6%	2%	9%

Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Table 4.
 Educational/Training Needs of Alumni, by Program Type

Alumni's First Job

Prospective MBA students are motivated to pursue a graduate management degree for a variety of reasons. In 2005, 63% of prospective MBA students indicated that they would pursue the degree because it would provide the opportunity for more challenging and interesting work in the future [1]. Among graduating students in 2006, 84% were very or extremely satisfied that the MBA degree would provide this opportunity². In their first survey as alumni, respondents are asked to describe various characteristics of their first job after graduate management school, including when they began their job.

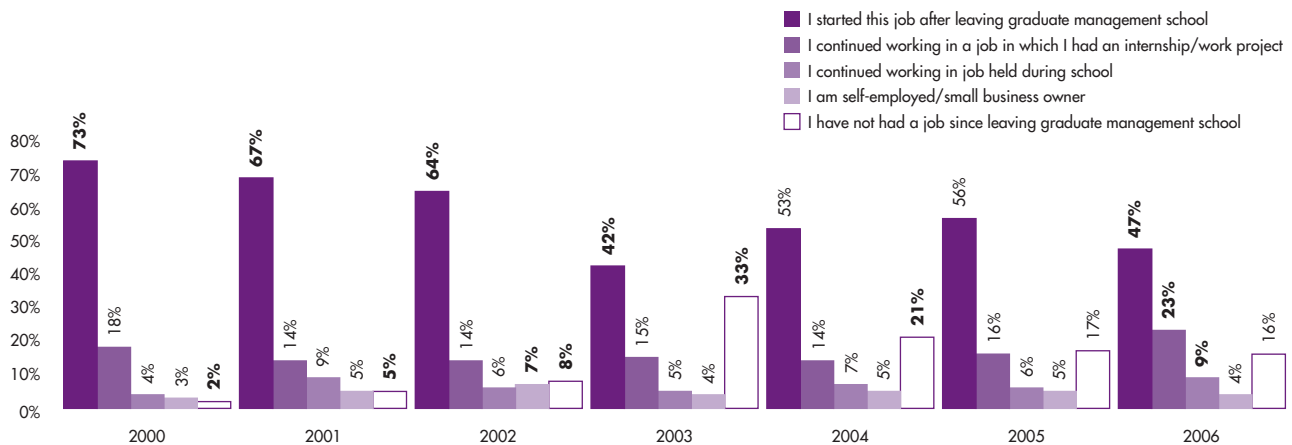
There has been a shift over the years in job placement rates among graduates of full-time graduate business programs (Figure 3). Nearly three-quarters (73%)

of the class of 2000 and two-thirds of the classes of 2001 (67%) and 2002 (64%) began their first job after graduation. Among the most recent graduating class (the class of 2006), less than half (47%) began their first job after graduation. These graduates were more likely compared with previous classes to have continued working for an organization they'd had an internship or work project with while in graduate business school. Additionally, 9% of the class of 2006 continued working for an organization for which they had worked prior to or while they were in graduate business school.

After the dramatic increase in the percentage of graduates unable to find a job after graduation in 2003, there has been a steady decline in the percentage of full-time graduates who have not been able to

find a job after graduation. This trend in declining unemployment rates replicates what employers are saying about the economy—55% of employers in 2003 reported that a weak economy was constraining recruitment plans, and in 2006, only 14% of employers report that a weak economy is constraining recruitment plans³.

Among graduates of part-time programs, there has been relatively stable job placement—about three-quarters of each graduating class continued to work for an organization they had worked for prior to or while in graduate business school. Additionally, only 3% of the part-time graduates in the class of 2006 were unemployed after graduation, which is significantly lower than the percentage in the class of 2003, when 10% could not find a job after graduation.



*p ≤ .05; Items in bold significantly affect the overall X² statistic.
 Source: Data for the classes of 2000, 2001, 2002, 2003, 2004, and 2005 are taken from past GMAC® MBA Alumni Perspectives Surveys. Data for the class of 2006 is from the September 2006 alumni survey.

Figure 3.
 Job Status after Graduation among Graduates of Full-Time Programs, by Graduation Year*

²Schoenfeld, G. (2006) Global MBA® Graduate Survey 2006. Graduate Management Admission Council®. Available at www.gmac.com/globalMBA.
³Schoenfeld, G. (2006) Corporate Recruiters Survey 2006. Graduate Management Admission Council®. Available at www.gmac.com/recruiters.

Importance of a Graduate Management Education in Obtaining the First Job

In order to gauge the impact of a graduate management education on employment outcomes, respondents were asked to indicate their degree of agreement with the following statement, “I could not have obtained this job without my graduate management school training.” Figure 4 shows that there are statistically significant differences in the response to this question for full-time and part-time programs by graduation year.

As shown among full-time graduates, the class of 2002 were the least likely to agree with the statement, which coincides with the troubles they encountered with the global economy. However, among full-time program graduates, more than half of each graduating class, including the class of 2002, reports that they could not have obtained their job without the degree. There is also a positive correlation ($r = 0.338, p \leq .05, N = 3,325$) between the respondents’ agreement with the above statement and their statement that the job they took was the kind of job for which they were looking.

This indicates the usefulness and influence a full-time graduate management education has on obtaining a job, even in a slowing economy.

Among part-time graduates, the classes of 2004 through 2006 are significantly more likely than the classes of 2002 and 2003 to agree that they could not have obtained their job without the degree. For classes that graduated prior to 2004, two-fifths and fewer (29%–40%) agree with the statement, and nearly three-fourths of the part-time respondents among the classes of 2004 through 2006 indicate they agree with the statement. Explanations for this change in perception include improvements in the economy that have leveraged the part-time degree in the marketplace, and/or part-time programs increasing responsiveness to students who are searching for jobs. The second explanation, that of increased responsiveness, has a basis in data collected during the Global MBA® Graduate Surveys where, among part-time graduates, the graduating class of 2006 was significantly more likely than the class of 2003 to indicate that the quality of the career services office was outstanding [2].

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 Since 2000, a majority of full-time MBA graduates has consistently maintained that they could not have obtained their first job after graduation without their MBA education.
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* $p \leq .05$
 Source: Data for the classes of 2000, 2001, 2002, 2003, 2004, and 2005 are taken from past GMAC® MBA Alumni Perspectives Surveys. Data for the class of 2006 is from the September 2006 alumni survey.

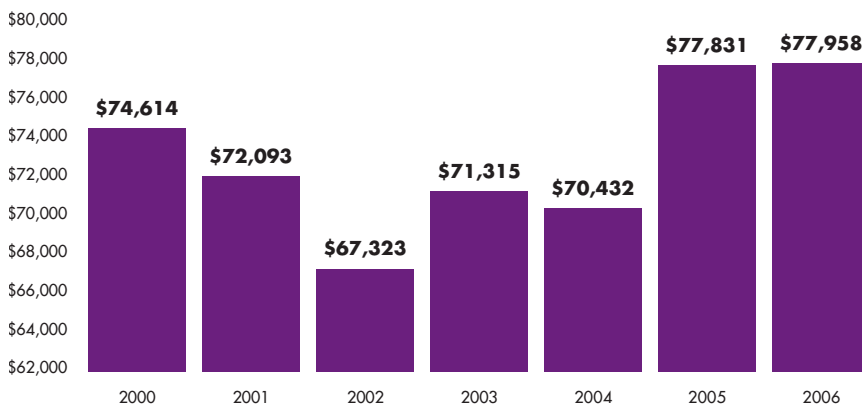
Figure 4. Percentage Who Agree that They Could Not Have Obtained Their First Job after Graduation without Their Graduate Management Education, by Graduation Year and Program Type*

Starting Salary on First Job

Figure 5 shows the starting annual salary among full-time graduates who began a new job or were hired by an employer with which they previously had an internship or work project. The graduating classes of 2005 and 2006 had significantly higher starting annual salaries compared with the class of 2002. Accounting for inflation⁴, the starting annual salary in 2002 is still lower than the start-

ing annual salary in 2005 and 2006—the salary in 2002 is equivalent to \$73,086 in 2005 dollars and \$76,304 in 2006 dollars.

There are no statistically significant differences in starting annual salary among part-time and executive graduates who began a new job or continued an internship/work project by graduation year. On average, part-time graduates earned \$73,660 and executive graduates earned \$97,775 in their first job after graduation.



*p ≤ .05

Source: Data for the classes of 2000, 2001, 2002, 2003, 2004, and 2005 are taken from past GMAC® MBA Alumni Perspectives Surveys. Data for the class of 2006 is from the September 2006 alumni survey. All salaries are in U.S. dollars.

Figure 5.

Starting Annual Salary in First Job, by Graduation Year
(Full-time Graduates Who Began a New Job or Continued with an Internship/Work Project)*

•••••
On average,
full-time graduates earned \$77,958,
part-time graduates earned \$73,660,
and executive graduates earned
\$97,775 in their
first job after graduation.
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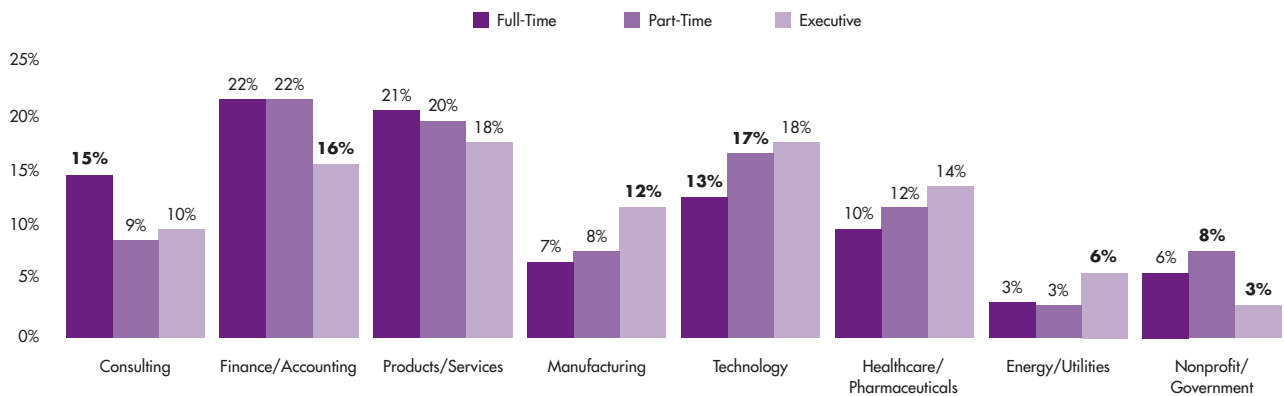
⁴Inflation calculated using the online calculator available at www.bls.gov/cpi/.

The vast majority of the MBA alumni who responded in September were employed—93% of full-time graduates, 97% of part-time graduates, and 96% of executive graduates. Among the respondents who were employed, graduates from executive programs (12%) were twice as likely as graduates from full-time programs (6%) and three times as likely as graduates from part-time programs (4%) to be self-employed. This section of the report explores the careers of graduate management alumni with a special section on self-employed respondents.

Industry of Employment

What industries hired these alumni? The most common industries for which graduates from full-time programs are employed include finance/accounting, products/services, and consulting (Figure 6). Among part-time program graduates, the top three industries are finance/accounting, products/services, and technology, and the top three industries among graduates of executive programs are technology, products/services, and finance/accounting. Statistically significant differences were noted in the industries of employment by the type of program from which alumni graduated. These differences include:

- Full-time graduates are more likely than part-time graduates to work in the consulting industry.
- Graduates of executive programs are the least likely to work in finance/accounting, but are the most likely to work in the manufacturing and energy/utility industries.
- Full-time graduates are the least likely to work in technology.
- Part-time graduates are more likely than executive graduates to work in the nonprofit/government industry.



*p ≤ .05; Items in bold significantly affect the overall X² statistic.
Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Figure 6.
Industry of Employment, by Program Type*

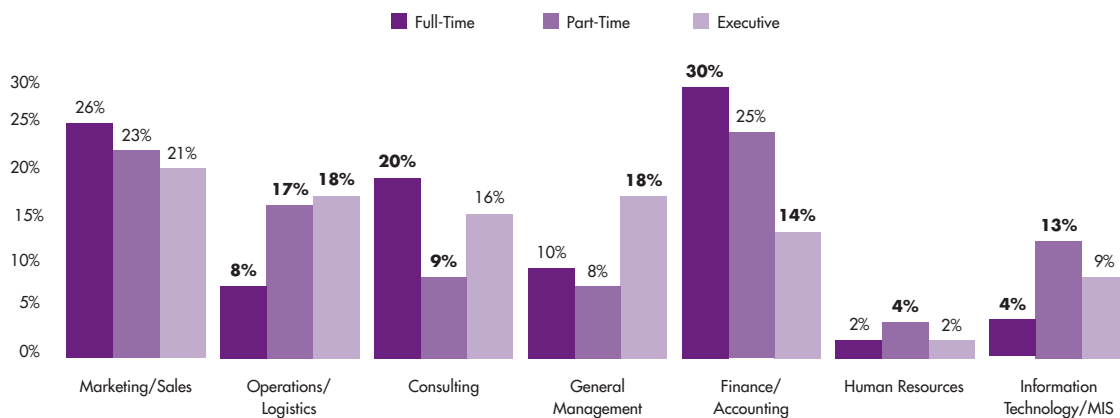
Job Function

What type of work do MBA alumni perform on the job? Figure 7 shows the distribution of job functions by program type. The most common job functions that full-time program graduates perform include finance/accounting, marketing/sales, and consulting. Among part-time program graduates, the top three job functions are finance/accounting, marketing/sales, and operations/logistics, and the top three job functions among graduates of executive programs are marketing/sales, operations/logistics, and general management. Statistically significant differences in job functions were also noted by the type of program from which alumni graduated.

These differences include:

- More than twice as many part-time and executive program graduates, as compared with full-time program graduates, work in operations/logistics.
- One in five full-time program graduates works in a consulting position, which is more than twice the number from part-time programs.
- Graduates of executive programs are the most likely to hold general management positions.
- Graduates of full-time programs are more likely than graduates of executive programs to work in finance/accounting.
- Part-time program graduates are more likely to have human resources and information technology/MIS positions.

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Among employed respondents, graduates from executive programs (12%) were twice as likely as graduates from full-time programs (6%) and three times as likely as graduates from part-time programs (4%) to be self-employed.
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*p ≤ .05; Items in bold significantly affect the overall X² statistic.
 Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Figure 7.
 Job Function, by Program Type*

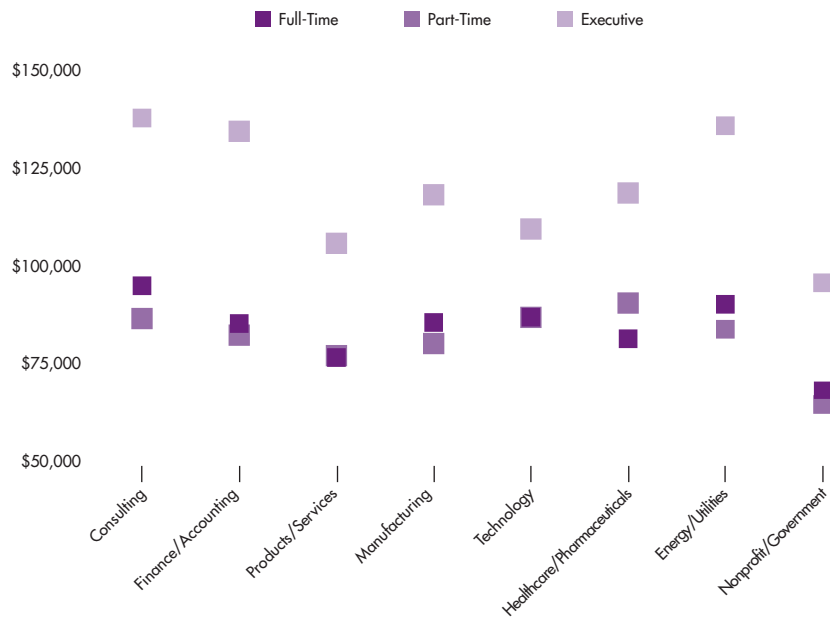
Current Salary

What are graduate management alumni currently earning on the job? Figure 8 presents the average annual base salary of these alumni by industry of employment and program type.⁵ Graduates of executive programs earn significantly more than graduates of other programs across all industries. This finding complements findings from the 2006 Global MBA[®] Graduate Survey, which found graduates of executive programs are significantly more likely than other graduates to be older and to have six or more years work experience prior to entering a graduate management

education program [2]. Considering the greater amount of work experience, it is reasonable to expect graduates of executive programs to earn more in their jobs than others with less work experience.

For all industries except consulting and healthcare/pharmaceuticals, graduates of full-time and part-time programs earn, statistically, the same annual salary. However, those who graduate from full-time programs earn significantly more than graduates of part-time programs in the consulting industry, and graduates of part-time programs earn significantly more than graduates of full-time programs in the healthcare/pharmaceutical industry.

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For all industries except consulting and healthcare/pharmaceuticals, graduates of full-time and part-time programs earn, statistically, the same annual salary.



*p ≤ .05
 Source: GMAC[®] MBA Alumni Perspectives Survey, September 2006

Figure 8.
 Current Annual Base Salary, by Industry and Program Type*

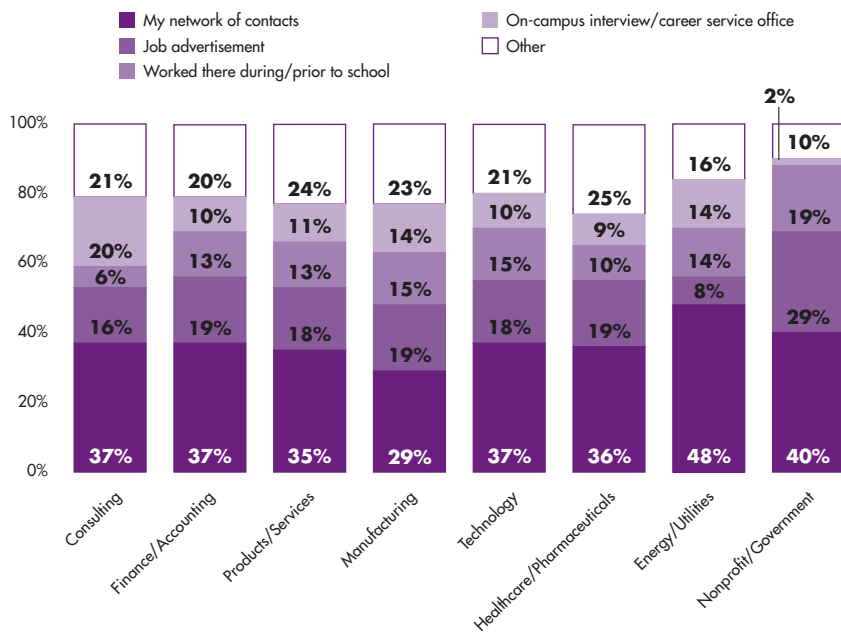
⁵For more information about MBA salaries over time, refer to MBA Salary (RR-06-13), available as part of the GMAC[®] Research Report Series at www.gmac.com/researchreports.

Networking

How do MBA alumni obtain their jobs? More than a third of employed respondents report they found their most recent job through the use of their network of contacts, which was the most common method of finding a job in each industry (Figure 9).

Overall, four-fifths (80%) of alumni report they actively maintain a network of contacts that they use to access jobs and the hidden job market and/or to stay current in their field. Respondents who graduated from a part-time program (72%) are less likely than respondents who graduated from a full-time program (82%) or executive program (88%) to maintain a network of contacts. When those who do not maintain a network of contacts were asked why not, they stated that they are too busy and lack the time required to actively maintain such a network.

•••••
 Four-fifths (80%) of alumni report that they actively maintain a network of contacts they use to access the hidden job market and/or stay current in their field. This network of contacts is also the greatest source for new jobs among alumni.



Source : GMAC® MBA Alumni Perspectives Survey, September 2006

Figure 9.
 Method of Finding Most Recent Job

®Edgington, R. (2003). mba.com Registrants Survey Comprehensive Data Report. Graduate Management Admission Council®.

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Self-employed alumni are mostly working in the products/services and consulting industries. However, businesses run by self-employed alumni in the products/services and manufacturing industries employ the greatest number of people per business.

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The MBA Entrepreneur

Six percent of the MBA alumni respondents in April 2006 were self-employed. Table 5 presents some statistics about the businesses in which self-employed alumni are engaged, including industry type, annual revenues, and average number of individuals employed. As shown, more than a third (32%) of those self-employed are in the products/services industry with 13 employees on average. About half of the products/services industries have annual revenue of less than \$500,000, but more than a quarter

have greater than \$1 million in revenues. The second most popular industry for self-employed alumni is consulting—29% of those self-employed are in the consulting industry. More than three-quarters of the consulting businesses have less than \$500,000 in revenue and employ eight employees on average. Additionally, about one in 10 self-employed alumni are in the technology and healthcare/pharmaceutical industries.

Nearly three-quarters (74%) of self-employed alumni feel that the MBA (or equivalent) degree was extremely or very

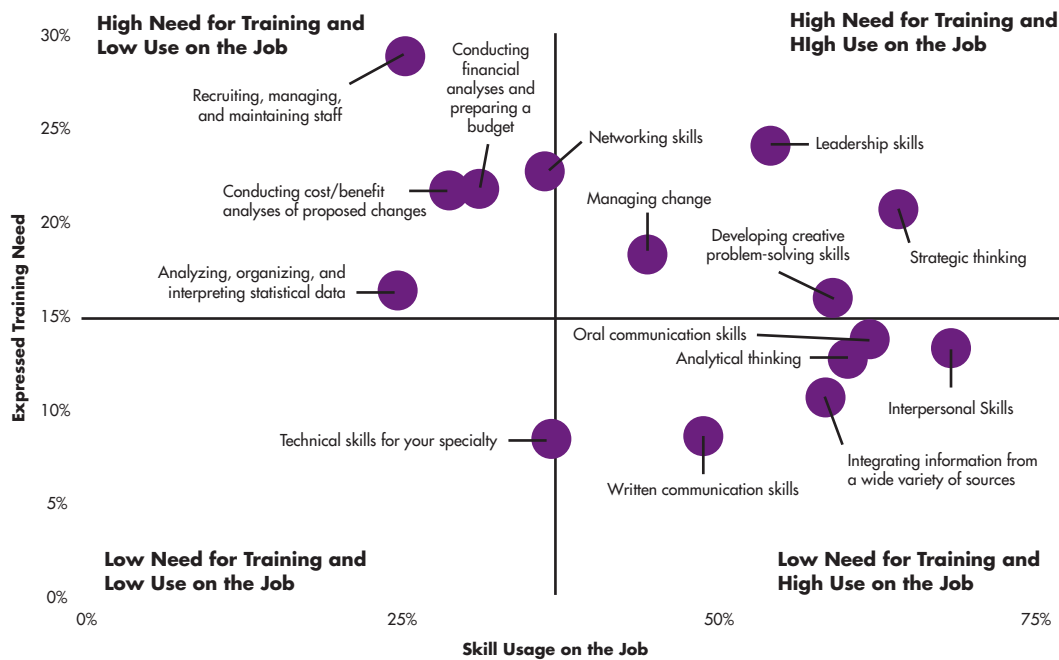
Industry	Percentage Employed in Industry	Annual Revenue			Prefer Not to Say	Average Number of Employees
		Less than \$500,000	\$500,000 to \$999,999	More than \$1,000,000		
Products/Services	35%	52%	6%	29%	13%	13
Consulting	29%	79%	7%	5%	9%	8
Technology	11%	71%	0%	18%	12%	8
Finance/Accounting	11%	69%	0%	25%	6%	1
Healthcare/Pharmaceuticals	5%	63%	13%	13%	13%	8
Manufacturing	4%	67%	17%	17%	0%	13
Nonprofit/Government	3%	80%	20%	0%	0%	2
Energy/Utilities	2%	0%	0%	33%	67%	3
Total	100%	62%	7%	20%	12%	8

Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Table 5.
Self-Employment Statistics

helpful to them in starting their own businesses. Figure 10 compares the skills and abilities self-employed respondents use in their businesses against those in which they wish they had received additional education/training during their MBA program. The bottom axis of the chart represents the level of usage reported, and the left axis represents the expressed need for training. As such, items that appear in the top right quadrant represent skills/abilities that respondents use a great deal in their businesses but for which they wish they had received additional training/education. These skills include strategic thinking, leadership skills, developing creative problem-solving skills, and managing change.

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 Nearly three-quarters of self-employed alumni feel that the MBA (or equivalent) degree was extremely or very helpful to them in starting their own businesses.
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Source: GMAC® MBA Alumni Perspectives Survey, September 2006

Figure 10.
 Training Gap Analysis (Self-Employed Respondents)

Are MBA alumni satisfied with their employers and motivated by their employment? What is the likelihood that alumni will switch organizations in the future? These questions among others were posed to alumni during the April 2006 MBA Alumni Perspectives Survey.

Satisfaction with Employer

Overall, three-fifths (60%) of employed respondents are extremely or very satisfied with the organizations by which they are employed. Although not directly comparable, this is much higher satisfaction than the typical employed American. A survey of 5,000 U.S. households conducted by The Conference Board, Inc., in 2005 showed that “only 14% [of all Americans] say they are ‘very satisfied,’⁶ with their job. This is good news for MBA employers, considering that a study by West and Patterson (1998) found that, “satisfaction of the workforce is such an important predictor of future productivity (p. 29).⁷”

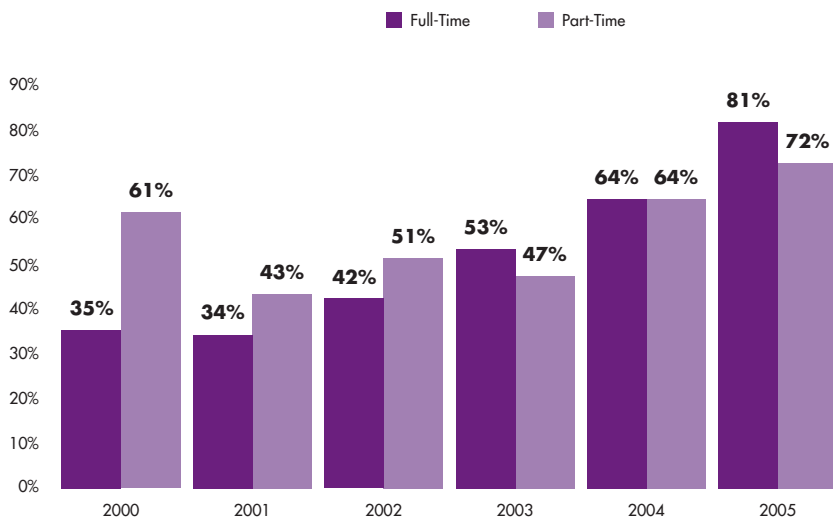
Job Switching

Do MBA graduates jump from one job to another excessively, as some seem to think? The expensive and time-consuming event of employee turn-over, which is sometimes associated with MBAs, is also explored in the survey. Since earning a graduate management degree, graduates of full-time programs have worked for two organizations, on average, and graduates from part-time and executive programs have worked for one organization, on average. Figure II shows the percentage of employed respondents who have held the same job since graduation. Although the longer a graduate has been out of school, the more likely the respondent is to have worked for more organizations, the number of times alumni switch jobs does not seem excessive. The MBA graduates surveyed average two employers since graduation, and these two include the first job after graduation and one job switch since.

To further evaluate the probability that MBA graduates will switch organizations,

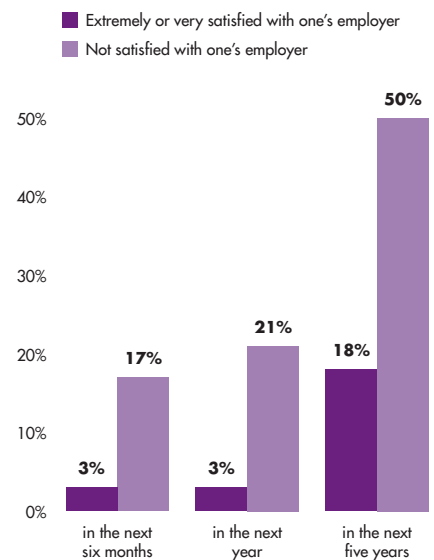
respondents were asked to indicate the likelihood that they will switch organizations at various intervals. Among the employed alumni, 8% report they are extremely likely to switch organizations sometime in the next six months, 10% are extremely likely to switch within the next year, and 31% are extremely likely to switch in the next five years.

Employee satisfaction is a significant determinant of employee retention. Figure 12 shows the percentage of graduates who are extremely likely to switch organizations by their satisfaction with their current employer. Respondents who are not extremely or very satisfied with their employer are 566 times more likely to report being extremely likely to switch organizations in the next six months compared with respondents who are extremely or very satisfied with their employer. Less satisfied respondents are also 700 times more likely to consider switching organizations in the next year and 278 times more likely to consider switching in the next five years.



Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Figure 11.
Percentage of Employed Alumni Who Have Been in the Same Job since Graduation, by Graduation Year and Program Type



Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Figure 12.
Percentage of Employed Alumni Who Are Extremely Likely to Switch Organizations at Various Time Periods, by Satisfaction with Current Employer

⁶The Conference Board, Inc. (2005) U.S. Job Satisfaction Keeps Falling, The Conference Board Reports Today, The Conference Board, Inc., February 28, 2005. Retrieved on February 2, 2006, from www.conference-board.org/utilities/pressDetail.cfm?press_ID=2582.

⁷West, M., & Patterson, M. (1998). Profitable Personnel. *People Management*, Vol. 4, Iss. 1, pp. 28-31.

Job Motivation

Overall, 14% of alumni report that their career is one of the most important things in their lives, and four-fifths (80%) indicate that their career has greater than “medium importance in their life” (Figure 13). Who are these alumni who feel that their career is one of the most important things in their life? About a quarter of respondents from Asia (24%) and a fifth of respondents from Latin America (20%) fall into this category, significantly higher percentages than respondents from the United States (10%).

What motivates MBA alumni at work? The self-determination theory of work motivation distinguishes between amotivation, extrinsic motivation, and intrinsic motivation⁸. Amotivation is defined as an absence of motivation. Extrinsic motivation is based on an individual desire to attain or avoid a desired consequence, and intrinsic

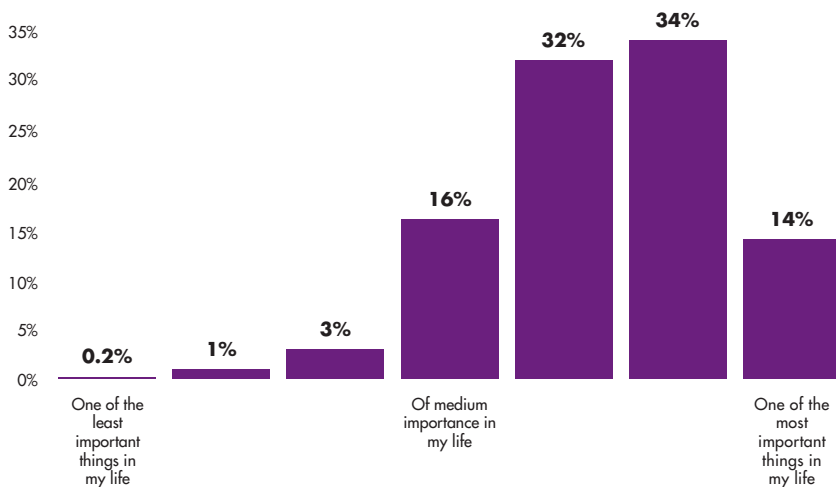
motivation is rooted in the individual’s interest in the activity. Extrinsic motivation is partitioned into various levels based on the degree of autonomy, whereas intrinsic motivation is inherently autonomous. These levels of motivation were adapted and included as questions in the April 2006 MBA Alumni Perspectives Survey. Respondents were asked to distribute 100 points among the six statements listed below in terms of how important each is to their personal motivation at work.

- I am not motivated by work. (amotivation)
- The possibility of pay raises and promotions. (extrinsic motivation)
- My performance and evaluation at work. (extrinsic motivation)
- The perceived importance of my work. (extrinsic motivation)
- The work I perform is integral to my personal goals. (extrinsic motivation)
- My work is interesting and enjoyable. (intrinsic motivation)

• • • • •

Respondents who are not extremely or very satisfied with their employer are 566 times more likely to report being extremely likely to switch organizations in the next six months compared with respondents who are extremely or very satisfied with their employer.

• • • • •



Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Figure 13.
Importance of Career in Life

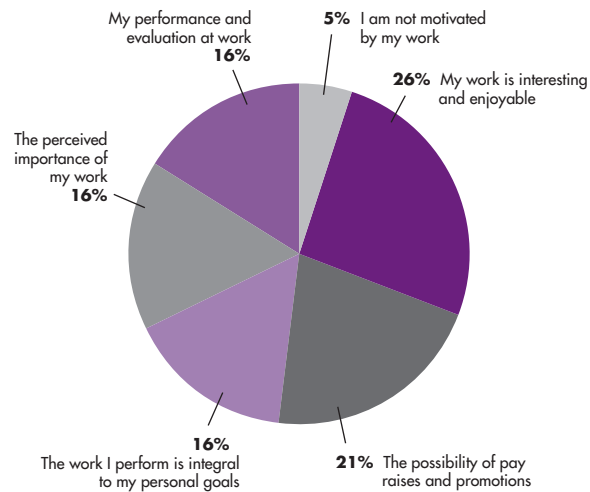
⁸Gagne, M., & Deci, E.L. (2005). Self-determination theory and work motivation. *Journal of Organizational Behavior*, 26, 331-362.

Figure I4 shows the average number of points assigned to each statement.

Among respondents, the greatest number of points was assigned to the statement representing intrinsic motivation, which has been shown to have a positive relationship with the performance of complex tasks. Controlled motivation—represented by the statement, “The possibility of pay raises and promotions”—leads to better performance on mundane tasks [8], but self-determination research suggests that “autonomous [intrinsic] motivation is preferable in organizations (p. 347).” It ap-

pears that the MBA alumni who assigned the greatest number of points to intrinsic motivation are more likely to experience greater performance and job satisfaction while their employers enjoy increased retention.

Not surprisingly, respondents who are less satisfied with their job and employer distribute a higher number of points to the statement, “I am not motivated by my work,” compared with respondents who are more satisfied. Respondents who place less importance on their career in their lives are also more likely to be amotivated.



Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Figure 14.
Relative Importance of Work Motivators
for MBA Alumni

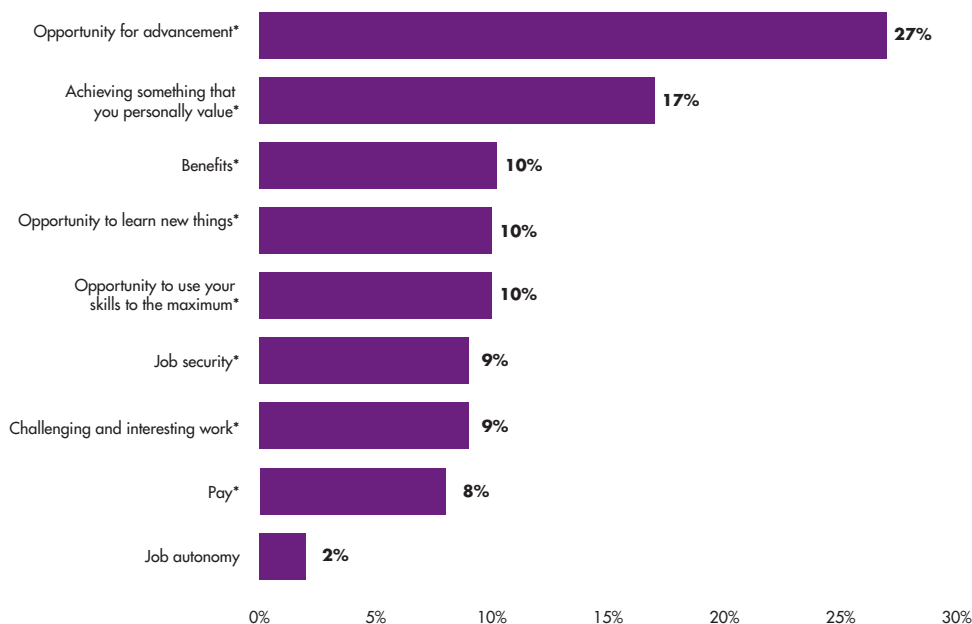
• • • • •
69% of alumni are motivated by the outcomes of their work, 26% are motivated by the work itself, and only 5% of alumni are not motivated by their work at all.
 • • • • •

Key Drivers in Retaining Employees

Knowing the key drivers of employer satisfaction, employers can strengthen the probability that an employee will remain with the organization. A Pratt Index score was calculated from the results of a linear regression model and a correlation analysis, where overall satisfaction with the employer is the dependent variable and satisfaction indicators with one's job are the independent variables (Figure 15). The Pratt Index yields a relative importance score for each of the independent variables in relation to the dependent variable by partitioning the percentage of variance explained by the overall model. The model explains 45% of the variance in satisfaction.

The key drivers of employer satisfaction include the opportunity for advancement and the ability to achieve something the employee personally values. These are followed by benefits, the opportunity to learn new things, and the opportunity to use one's skills to the maximum. As shown, job security and pay are relatively low on the priorities MBA graduates place on their satisfaction with their employer.

•••••
 The key drivers of employer satisfaction include the opportunity for advancement and the ability to achieve something the employee personally values.
 •••••



*indicates a statistically significant contribution to model. $R^2 = .45$
 Source: GMAC® MBA Alumni Perspectives Survey, April 2006

Figure 15.
 Key Drivers of Employer Satisfaction (Pratt Index[†])

[†] Pratt Index = $(\beta^2)/R^2$, where β is the standardized regression coefficient, r is the simple Pearson correlation coefficient, and R^2 is the proportion of the variance explained by the regression model.

For questions or comments regarding 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 drafting/ revising of the manuscript for intellectual content: Gregg Schoenfeld, Manager, Applied Research, GMAC®.

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Three-fifths (60%) of employed respondents are extremely or very satisfied with the organization by which they are employed.



The **MBA Alumni Perspectives Survey** is one in a series of five annual or biannual 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 reports 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 reports are available on the Web (www.gmac.com/surveys). Print copies (while 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.

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