



EMPLOYERS
STILL IN



WITH MBAs

Management education is increasingly valued by companies worldwide, according to the 2013 Corporate Recruiters Survey.
Christophe Lejeune and **Michelle Sparkman Renz** report

There are huge risks to hiring someone without having a good understanding of what they bring to the table in terms of core skills, creativity, tech-savviness, work experience, and preparedness for leadership roles.

Management talent developed by business schools are seen as a 'solid bet' among employers when they search for new hires. Growing salaries and aggressive recruiting strategies indicate that employers find MBAs and specialized business master's talent increasingly valuable, as noted in the in the GMAC 2013 Corporate Recruiters Survey.

This article draws on the hiring trends observed in the study and offers an opportunity to better understand the current job market by sector and region. It also helps business schools and companies gain insights into why (and how) today's employers seek management talent.

With responses from 935 employers in 50 countries, survey findings show a greater proportion of companies plan to hire people with a recent master in management (43% of companies) or an MBA (75% of companies) in 2013 than they did last year. Employers worldwide expect to hire an average of 14.6 new MBAs, up from the 11.4 they hired last year. Similarly, increases in overall hiring demand were seen for master of finance and master of accounting degree-holders. And, unlike the expectations for greater numbers of management hires, employers plan to hire fewer of the bachelors and direct-industry level talent than in 2012.

In short, five years of survey data from employers shows the growing importance of graduating with a management degree that offers the most relevant skills for today's workplace. And although salaries vary substantially by region, data illustrating the value of this talent among employers are seen in the growing pay checks they expect to disburse to graduate management degree holders.



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European specificities

Forecasts about an economic rebound in Europe have so far proved illusory as the region continues to struggle from more than three years of crisis.

Not surprisingly when making comparisons across regional hiring demands, Europe offers a different context of management talent from those of Asia-Pacific and the US. Although hiring plans of job recruiters (as reported by hiring decision makers in March 2013) are generally on the rise for Asia-Pacific and US employers, the report indicates a slight decrease in planned recruitment for most job candidate types in Europe with MBAs as the notable exception.

The influence of a struggling economy in Europe may help explain the overall trend but it seems astonishing that the hiring outlook for MBAs remains stable in Europe compared with last year. We are tempted to observe a trend here: whether in a constrained or in a growing economic marketplace, MBAs continue to be perceived as offering the most relevant skills for corporate recruiters.

One possible reason for the resilience of MBA degree-holders in a constrained hiring marketplace is the skills they offer to help European companies meet their most important goals – to survive and thrive.

In 2013, priorities cited by European firms included improving performance/productivity (cited by 68% of European employers), reducing costs (52%), improving customer service (46%) and expanding the customer base (43%). Several quotes shared by employers in the study as to why they hire recent graduate management degree holders (noted later in the article) suggest that this talent is key to helping firms meet top priorities.

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Sectorial specificities

Of particular interest is the jump in hiring demand for MBAs this year in the energy/utilities and health care/pharmaceuticals sectors.

These two sectors do not typically attract large numbers of MBA talent but the hiring plans suggest opportunities at hand, particularly for engineers and scientists, to maximise their career path by combining technical expertise with an advanced management degree.

At the moment, most employers in the health care/pharmaceuticals sector worldwide are looking for business grads to fill positions taking on business development and finance roles (each selected by 56% of health care/pharmaceuticals firms) and general management roles (54%).

The noteworthy hiring demand occurring in the health care/pharmaceuticals sector in the US and elsewhere, however, also portend new roles for MBAs. Those not yet experienced in the field may face some difficulty in the job market when it comes to the medical expertise essential to understand patient needs or improve health care processes.

More than half of health care employers plan to increase base salaries above inflation (18%) or at the rate of inflation (33%) for MBAs in 2013—a greater share than seen in any other industry.

As for other sectors, survey findings show that hiring projections for MBA talent in 2013 also increased in the consulting and finance/accounting sectors, and holds steady across other industries, except for manufacturing, where it has declined. Demand for business masters candidates remained stable or increased slightly across most industries between 2012 and 2013.

Management skills and job mobility

Survey results show that the skills that most employers want in new hires involve a blend of business knowledge, strategic abilities and integrated reasoning/data analysis expertise plus soft skills to enhance interpersonal relations. In the words of one employer, graduate business degree candidates “bring leadership and strategic skills to the workplace that other candidates typically have not been able to attain just through their previous employment”.

One-third of the employers that plan to hire MBA and business masters graduates in 2013 will place some new graduates in jobs outside of the home region of the recruiter. For example, 98% of US-based recruiters plan to place new hires in the US, and about one in five US recruiters also expects to assign new hires to jobs located in Europe and Asia-Pacific.

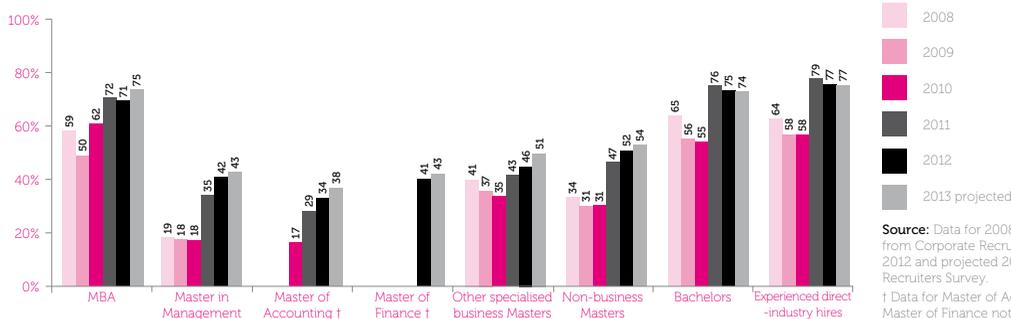
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FIGURE 1: BOOSTING THE LINK WITH LOCAL AUTHORITIES: IDENTIFYING THE LEARNING GAPS



Source: Data for 2008 – 2011 reflect reported actual hiring and are from Corporate Recruiters Surveys from 2009 through 2012. Actual 2012 and projected 2013 hiring data are from the 2013 Corporate Recruiters Survey.
 † Data for Master of Accounting not available prior to 2010; data for Master of Finance not available prior to 2012.

95k

The financial gains demonstrate the importance of what MBAs bring to today's employers. US employers, for example, expect to raise median base salaries from \$90,000 to \$95,000 this year

67%

67% of companies reported plans to visit business school campuses this year, and are also using more creative approaches to engaging business school students long before on-campus interviews may occur

When asked the main reasons their company plans to hire business school graduates, recruiters responded with concepts related to growth and succession for their organisation, as well their overall approach to their work. As one employer wrote: "Our organisation requires individuals who are able to look at complex business problems and break them down in order to solve them. We find that business school graduates are better able to do this than individuals without that education". In addition, employers noted the advantage of having business schools "pre-select" the qualities in candidates for them. An employer adds that "typically graduates are able to analyse problems, identify insights, and develop and present recommendations, which are key aspects of our general management positions".

Financial pay-off

The financial gains demonstrate the importance of what MBAs and specialised business masters degree holders bring to today's employers. US employers, for example, expect to raise median base salaries from \$90,000 to \$95,000 this year from last year.

On average, an extra \$40,000 in annual base salary will be paid to MBAs as an earnings premium compared with the pay checks of bachelors degree holders among US and European employers. In the same way, about \$20,000 extra in annual base salary will be paid by US and European employers for new hires with master in management degrees compared with undergraduate degrees.

Talent acquisition

Sixty-seven per cent of companies report plans to visit business school campuses this year and they are also using more creative approaches to engaging business school students long before on-campus interviews may occur.

Business school graduates may face a less rosy picture in the job search if they are not prepared to make the most of opportunities to engage employers in extracurricular settings such as academic/case competitions – where employers may serve as a judge, sponsor or audience member or partner in community service activities or student club events.

Today, the search for management talent often begins as soon as candidates enter their degree programmes or begin their internship during their studies. Three out of four companies (76%) that had MBA interns last year later hired them as full-time employees. Similarly, more than three out of five (69%) companies that offered internships to masters (non-MBA) talent in 2012 later hired them full-time.

FIGURE 2: DEMAND FOR MANAGEMENT TALENT BY WORLD REGION



Note: 2012 and 2013 data are from the 2013 Corporate Recruiters Survey



ABOUT THE SURVEY:

The GMAC Corporate Recruiters Survey is conducted in conjunction with EFMD and the MBA Career Services & Employer Alliance. Additional information about the Corporate Recruiters Survey and how your business school programme can participate is available at gmac.com/corporaterecruiters

ABOUT THE AUTHORS

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