

THE MBA LABOUR MARKET: A NOTE ON THE GLOBAL PERSPECTIVES FOR GRADUATES IN 2015

Wim Heijman

Abstract: What are the labour market perspectives for MBA graduates in 2015? Each year the GMAC carries out a year-end poll to find out the hiring plans of the employers with respect to graduates in business studies. This short notes presents the most important results for MBA graduates.

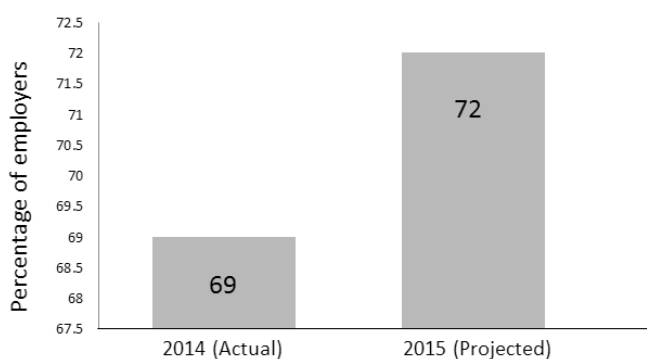
Introduction

This note is based on the 2014 Year-End Poll of Employers carried out by the GMAC. As such the results may also apply to the graduates of the AGRIMBA graduates. “The 2014 Year-End Poll of Employers is a product of the Graduate Management Admission Council (GMAC), a global non-profit education organization of leading graduate business schools and the owner of the Graduate Management Admission Test® (GMAT®)”. (GMAC, 2014). This note provides the main outcomes of the global 2014 end of the year poll carried out under employers by the GMAC. See the appendix for detailed information about the poll.

Hiring and Pay

Figure 1 provides information on the hiring plans of the employers. It appears that 72% of the respondents plan to hire MBA graduates in 2015 compared to 69% of the employers that actually hired an MBA graduate in 2014.

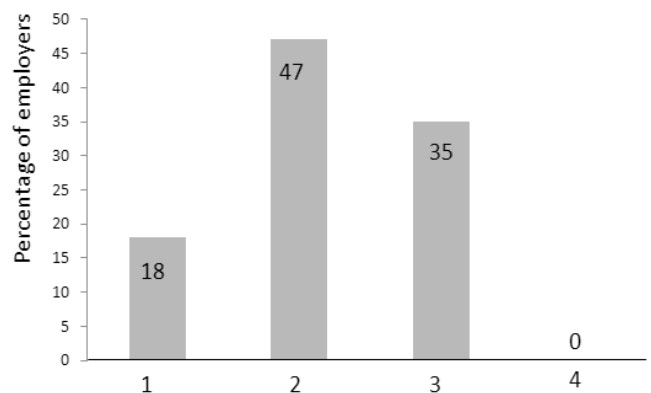
Figure 1: 2015 Hiring Plans and 2014 outcomes



Source: GMAC, 2014.

It appears that 72% of the respondents plan to hire MBA graduates compared to 69% of the respondents that actually hired an MBA graduate in 2014.

Figure 2: Expected change in 2015 average annual salaries compared to 2014.



- 1: Increase above the rate of inflation
- 2: Increase at the same rate as inflation
- 3: Stay the same as 2014
- 4: Decrease compared to 2014

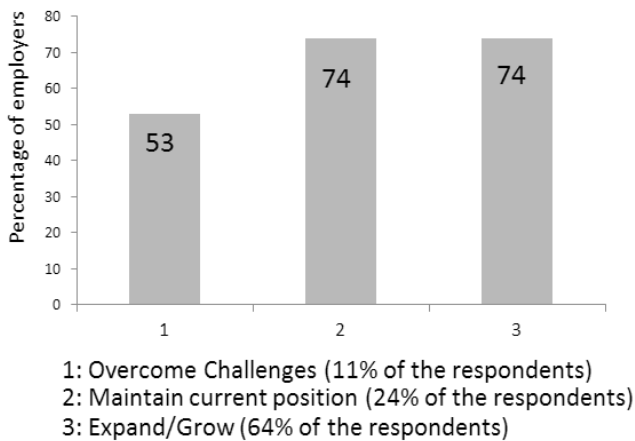
Source: GMAC, 2014.

Figure 2 shows that getting a substantial raise in pay (Category 1) is available for 18% of the MBA graduates, while a nominal decrease in pay (Category 4) is not foreseen.

Strategic Goals of the employers

GMAC distinguishes three types of strategic goals for employers: 1. Overcome challenges (11% of all respondents), 2. Maintain current position (24%) and 3. Expand/Grow (64%). It appears that the employers hiring policy with respect to MBA graduates depends highly on this policy (Figure 3).

Figure 3: Goals of the company and hiring plans.



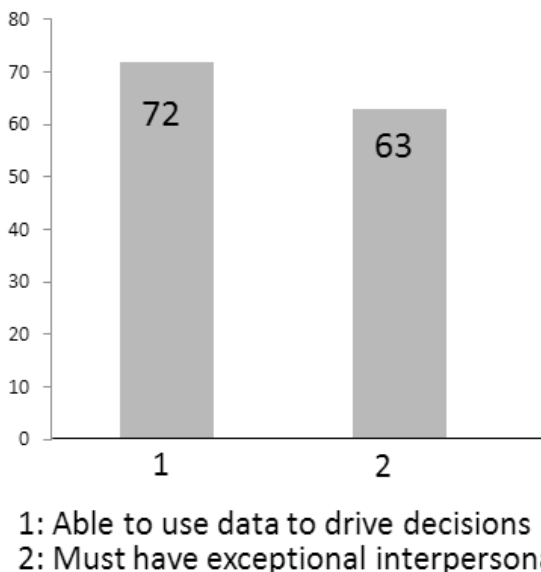
Source: GMAC, 2014.

Figure 3 shows that especially growing companies and companies that aim at maintaining their current position are keen on hiring business school graduates. This contributes to the favourable outlook of 2015, because these types of companies represent the far majority of the respondents (88% in total).

Employers' expectations

Finally, what do the employers expect from their freshly hired MBA graduate (Figure 4).

Figure 4: Employers' expectations of MBA graduates.



It appears that two types of skills are said to be very important: the ability to use data to support decision making and interpersonal skills. In the 2013 GMAC Survey respondents said that the most important skills they expect from newly hired personnel with an MBA are oral and written communication. Employers complained that business schools pay too little attention to these 'soft skills'. In 2013, for employers, graduates' managerial skills like 'decision making' and 'leading innovation' were least important (Korn, 2014).

Results

On the basis of the outcomes of GMAC's 2014 Year-End Poll of Employers it can be stated for MBA students the global labour market looks favourable:

1. 72% of the responding employers is planning to hire an MBA graduate in 2015 where only 69% did so in 2014.

2. No decrease in pay for the MBA graduates base salary is to be expected; 18 percent of the responding companies were even indicating that they would provide for an increase of the base salary above the rate of inflation.

3. Especially the companies that are planning for expansion/growth or maintain the current position that are planning to hire MBA graduates in 2015. Because this is by far the majority of the responding companies, this contributes to the favourable outlook at the labour market.

4. Employers are especially interested in two types of skills: Able to work with data in order to support decision making and interpersonal communication skills.

Conclusion

The GMAC's report shows that for MBA graduates the global labour market is favourable and that a decrease in pay is not foreseen. Combined with the results of GMAC's 2014 Alumni Perspectives Survey carried out among 21,000 business school alumni around the world, showing that, even in times of recession, at least 95% of all the graduates rate the value of their degree as good to outstanding, it means that an MBA degree still is to be considered a valuable asset (Schoenfeld, 2014). This does not mean that MBA programs should not change. Probably, it would be worthwhile for MBA programs to pay more attention to 'soft skills'.

Appendix

The latest GMAC annual year-end poll of employers consisting of 17 questions was carried out from October 27th till November 16, 2014. It was sent to 5,754 employers worldwide. The response rate was 2.9%. The outcomes of the poll are not representative for all employers of business schools graduates. Companies from the following regions/countries responded to the poll: Asia-Pacific: Australia, China, Hong Kong (SAR of China), India, Kazakhstan, Pakistan, Singapore, Thailand, and Vietnam; Canada; Europe: Bosnia and Herzegovina, Denmark, Finland, France, Germany, Greece, Italy, Norway, Portugal, Republic of Moldova, Slovenia, Spain, Switzerland, and United Kingdom of Great Britain and Northern Ireland; Latin America: Brazil, Costa Rica, Mexico, Peru, and Venezuela; Middle East and Africa: Morocco, South Africa, Turkey, and United Arab Emirates; United States: United States of America and its territories (GMAC, 2015).

References

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Korn M., 2014. MBA job market on the upswing, even in Europe. *The Wall Street Journal*, May 18th.

Schoenfeld G., 2014. An MBA holds its perceived value, even in lean times. *Harvard Business Review*, March 25.