

# MBA recruitment and salaries stronger than expected

Despite the global meltdown, MBAs have continued to attract the attention of employers globally. Their emoluments have only gone up, notes **Nunzio Quacquarell**.

**M**auro Guillen, dean of the Lauder Institute at the Wharton School, observes: "MBAs today understand that multiple job offers are not theirs by right. Our MBAs are securing great jobs, perhaps as good as ever, but they don't have the choice they once had."

Graduating MBAs have fared remarkably well despite the turbulent job market of 2009, benefiting from the global and sector flexibility afforded by the MBA qualification. MBA recruitment and salaries seem to be holding firm, but the geographic mix of jobs has changed as more MBAs head out to emerging markets.

Paul Danos, dean of Tuck at Dartmouth College, explains: "The reason for the enduring appeal of the MBA is simple – demand for MBA graduates by the great businesses of the world keeps increasing. As businesses grow in complexity and scope, companies need more and more skilled and well-educated leaders."

In the US, MBAs struggling to find work have been those with little or no work experience, those looking for a major career change or international students who cannot find a corporate sponsor. Although Boston University feared that only 50 per cent of graduates would be in employment three months after graduation last year, over 85 per cent found employment in 2009, says Hayden Estrada, associate dean.

Perhaps the big change has been the proportion of international students at US schools who are actively looking to return home or develop careers in emerging markets. A few years ago, an international MBA was a route to a new life in the US or Canada. In 2010, an international MBA is as much about learning international business practices and creating a

network, which can be a powerful career advantage for MBAs seeking to exploit the rapid growth of China, Southeast Asia, Latin America and other emerging economies. Guillen points out: "A higher percentage, perhaps as many as two out of every three, are returning to work in their home countries or in emerging markets, rather than staying in the US."

MBA hiring in Europe was certainly affected by the recession in 2009. William DeVilla of IE Business School confirms: "Weakness in demand in financial services affected MBA placement figures in 2009."

But Goldman Sachs currently plans to hire about 100 full-time MBAs in 2010, slightly less than in 2007 or 2008.

However, the situation is volatile, and the numbers planned to be recruited by banks in early 2010 could still increase if economies around the world continue to recover. Guillen predicts a change in the profile of MBA hiring in finance.

"I think financial services and consulting will continue to be major employers of MBAs. However, the big investment banks will not be as important. Boutique banks, corporate development departments and private equity will likely become more important," he says.

Non-financial recruiting is strong, though, and many companies are taking advantage of the banking cutbacks to hire top talent. Philipa Hain of London Business School says: "MBAs are having to be more flexible and look beyond finance. Our career service is playing a crucial role in re-directing MBAs towards realistic career opportunities. Coca Cola, Rolls Royce and Amazon are amongst those companies that increased their MBA hiring in 2009."

In parts of Asia and the Middle East, the picture is positively rosy. Sandra Schwarzer, director of career services

at Insead, reports an increase of up to 30 per cent in job opportunities in parts of Asia and the Middle East. Demand for MBAs in China and India are at record levels. The demand is so strong that the Municipality of Shanghai has funded the launch of its own local business school, Shanghai Advanced Centre for Finance, to compete with other local schools like CEIBS and Cheung Kong Business School. Employers in China could not find enough Chinese MBAs returning from US and European business schools, spurring the local government into action.

And it's not just China where demand is hot. Edward Hain of American Express in Korea reports strong demand for international MBA hiring to meet pipeline leadership needs throughout the Asia region. He comments: "MBAs bring the maturity, business and cultural awareness, as well as the leadership skills, to take our company forward. Even during difficult economic conditions, we remain committed to our MBA hiring program – not just in Asia, but around the world."





In 2009 compared to 2008, Shwarzer reports the biggest increases in job opportunities in Africa with a 78 per cent increase and South America (especially Brazil) with a 69 per cent rise. Jose Antonio Cruzado, regional director for QS TopMBA.com in Latin America, says: "Brazil is experiencing dynamic economic growth and growing demand for MBAs. Brazil is also the engine of Latin America at present, with connected economies, especially Peru, booming from the regional growth in demand."

Another factor in the region is China's quest for raw materials, resulting in a growing demand for Chinese-speaking MBAs across Latin America.

As a result of this sustained demand for MBAs, salary figures remain remarkably robust. The average MBA salary reported

by the TOPMBA.com international recruiter survey was US\$91,500 compared to US\$93,000 in 2008 – a fall of just two per cent. The latest graduating class from IMD achieved an average salary of GBP78,000 (compared to GBP76,000 in 2008), plus an average sign-on bonus of GBP17,000. Luke Li of Duke University's Fuqua School reported an average salary of GBP60,000 for the 2009 class, unchanged from 2008, with a bonus of GBP14,000. Ashridge Business School, a one-year MBA near London, reported an average salary of GBP135,000 in 2009, compared with GBP124,000 in 2008, for MBAs who average 10 years of work experience.

MBAs from regional business schools generally achieve lower salaries than those educated at well-respected

international business schools. Though employers are recruiting from a wider base of schools than ever before, they still prefer international experience. Edward Hain of American Express explains: "We need people who understand international cultures, are internationally mobile and can quickly assimilate the requirements of working in a local market with very specific needs whilst demonstrating an ability to lead a diverse group of people. It is the highly selective entry standards, combined with readiness for leadership, that really makes an internationally-educated MBA essential for many roles at Amex, and we are competing with many companies that take the same view." www

**The author is the editor of TopMBA.com and director of the QS World MBA Tour.**

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