

Measuring Demand for MBAs and MBA Programs

One measurement of demand for graduate business programs generally and MBA programs in particular is the number of students who sit for the Graduate Management Admissions Test (GMAT) in a given year. The number of students in the United States taking the GMAT exam increased annually through testing year 2009, to a high of 156,613. Since the beginning of the economic recovery, testing has returned to pre-recessionary levels and stabilized.

According to 2011 data from the Graduate Management Admission Council, during TY 2011:¹

- 140,085 American citizens took the GMAT exam and sent, on average, 2.8 score reports per exam
- US schools received 579,581 GMAT score reports from all examinees in TY 2011
- 45 percent of score reports came from non-US citizens, with much of this international pipeline reflecting interest from prospective students in China and India
- Chinese citizens, now the largest source of international students for US schools, sent 100,463 GMAT score reports to the United States in TY 2011, an increase of 176 percent compared with TY 2007. Indian citizens sent 61,620 score reports in 2011. Other countries in top 10 included South Korean, Taiwan, Canada, Japan, Mexico, Brazil, and Thailand

Regional Data

Of the 387,509 score reports sent to graduate business programs by US resident, 20 percent (81,095) were sent by examinees in the Western US and 16,616 exams were taken in California. This is significant, as GMAC data indicate that 69 percent of score reports were directed toward programs within a candidate's region of residence. Among California resident GMAT-takers, 64 percent of scores were sent to schools in California in 2011.

California was the top domestic score-sending destination in TY 2011. In total, 49,354 scores were sent to California graduate programs.

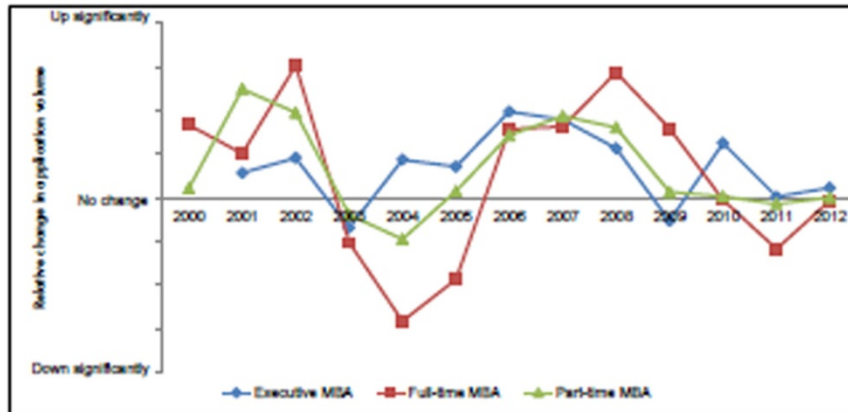
A second measure of demand for MBA programs is application volume over time. Recent data from the Graduate Admission Management Council suggest that applications to graduate programs have remained strong despite the economic recovery:

Last year we noted that MBA application volume historically trends countercyclical to economic conditions, but data collected this year suggest an important change from previous post-recession patterns: MBA programs are experiencing a turnaround from recent downward application cycles even as the economy moves toward recovery. This year's data demonstrate that the application

¹ 2011 North American Geographic Trend Report for GMAT Examinees, Graduate Management Admission Council: <http://www.gmac.com/~media/Files/gmac/Research/Geographic%20Trends/n-america-geo-trend-ty2011.pdf>

downturn for MBA programs was neither as steep nor as deep as the downturn experienced after 2002 (Figure 1).²

Figure 1. Change in Application Volume Trends Over Time for Full-Time, Part-Time, and Executive MBA Programs, 2000-2012



According to the 2012 GMAC study, 51 percent of institutions surveyed noted increased graduate application volumes for their incoming class of 2012–2013 compared with 2011–2012. Looking at MBA programs in particular:

- 54 percent of **full-time 2 year MBA programs** in the US reported increased application volume
- 55 percent of **full-time one-year MBA programs** increased application volume
- 44 percent of **part-time MBA programs** reported increased application volume
- 61 percent of **executive MBA programs** reported steady or increased application volume
- 41 percent of **flexible MBA programs** reported increased volume, with *51% of flexible programs reporting that increased application volume came from foreign citizens*
- 66 percent of **online/distance MBA programs** reported increased application volume, the strongest of any program type.

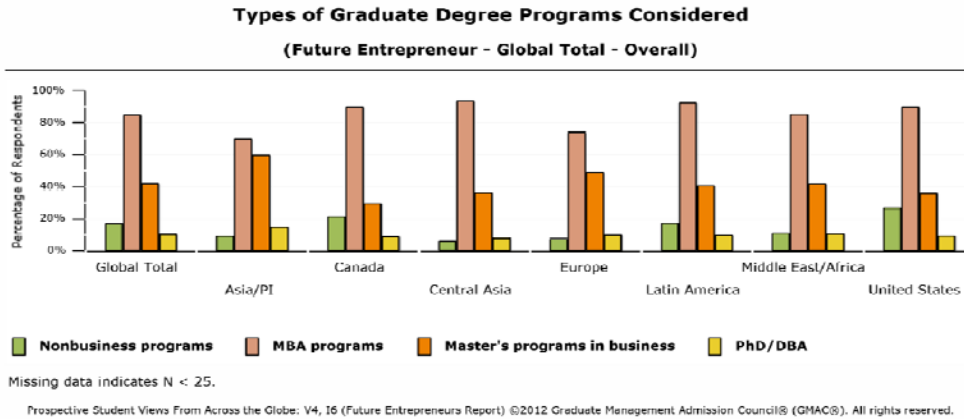
Looking at the western US in particular, 28 percent of institutions in the western region reported increased application volume to full-time MBA programs. About 50 percent of western schools reported increases in applicants to their part-time programs.

Notably, MBA programs in the US South and West saw the greatest increase in applications from **underrepresented populations** in 2012, with 50 percent of programs reporting increases among this demographic group. Application volume from underrepresented populations was greatest for US-based online/distance MBA programs, 70 percent of which reported steady or increased growth in application volume from these candidates.

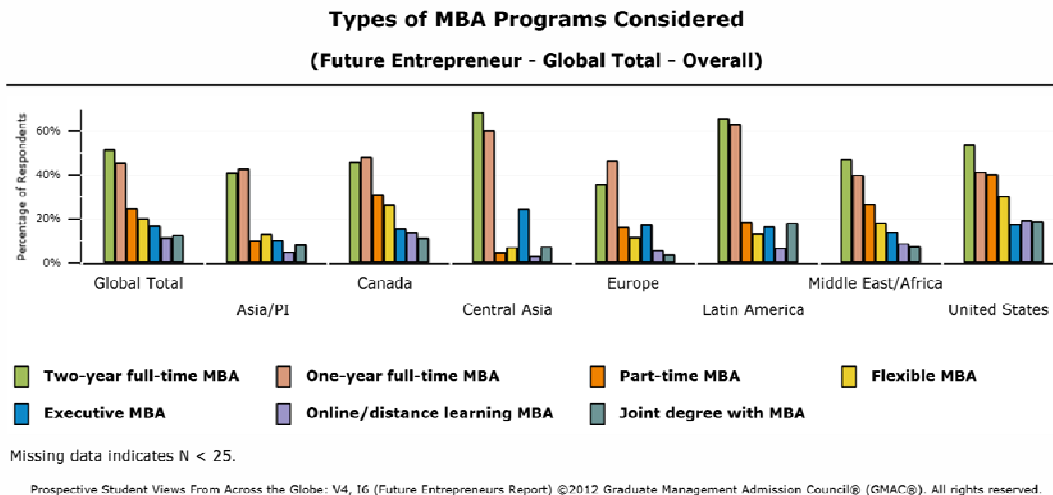
² 2012 Application Trends Survey Report from the Graduate Management Admission Council, <http://www.gmac.com/~media/Files/gmac/Research/admissions-and-application-trends/2012-application-trends-survey-report.pdf>

A third source of demand data can be found in surveys of prospective students. The 2012 MBA.com Prospective Students Survey Report, a survey of 16,000 prospective students registered on the mba.com web site who expressed an interest in pursuing a graduate business degree, indicated that 48 percent of respondents who took the GMAT reported that they hoped to be enrolled in a graduate program within six months; another 33 percent said they hoped to begin a program in the next year.³

Of all types of graduate business programs, demand for the MBA was strongest among prospective applicants globally.⁴



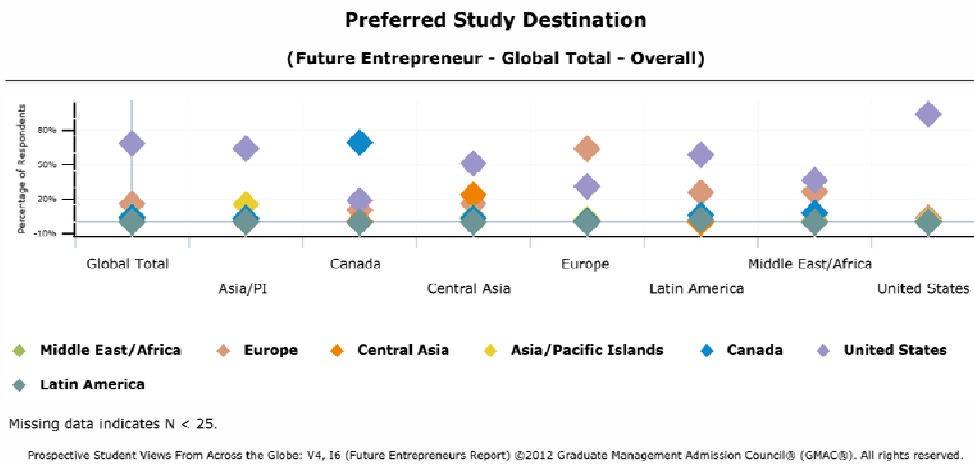
Globally, demand varies by type of MBA program:



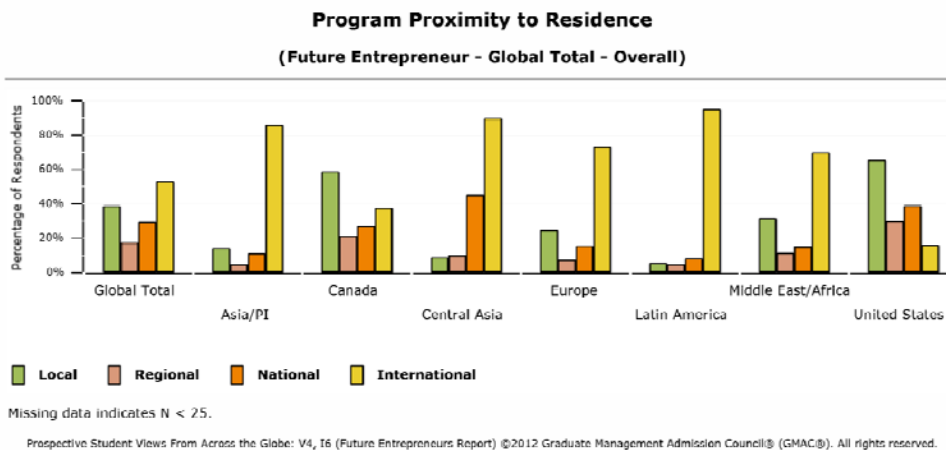
³ 2012 mba.com Prospective Students Survey Report, Graduate Management Admission Council
<http://www.gmac.com/~media/Files/gmac/Research/prospective-student-data/2012prospectivestudentsr.pdf>

⁴ Graphs that follow are from Prospective Student Views From Across the Globe: Volume 4, Issue 6. 2012 Future Entrepreneurs Data Report and the 2012 mba.com Prospective Students Survey Report.

As the survey indicates, the greatest demand from prospective applicants is for MBA programs in the United States.



However, echoing findings cited in the section above, demand among prospective American applicants is overwhelmingly for local programs.



Finally, demand can be considered in terms of employer demand for MBA graduates.

A 2012 GMAC year-end poll of employers indicated that 3 in 4 companies surveyed have plans to hire MBAs in 2013. Survey responses indicate that recent MBA graduates will be the most sought-after candidate type among all business school graduates, with 76 percent of companies reporting that they

plan to hire an MBA candidate this year. This is up seven percent from 2012, when 69 percent of these companies hired MBA graduates.⁵



The survey further indicated that currently-enrolled MBA students can expect to see an abundance of internship opportunities this year: 65 percent of employers say they plan to offer MBA internships in 2013. And student who are finishing their program this year and are on the job market can expect to be offered higher starting salaries: 56 percent of companies that plan to hire new MBA graduates say they expect to offer starting annual base salaries either on pace with the rate of inflation (43 percent) or above it (13 percent).

Globally, MBAs can expect to find work in a variety of job sectors and position types. Although companies across all industry types report that they plan to hire MBAs, the largest growth in hiring is predicted in the Technology, Nonprofit/Government, and Energy/Utilities sectors. Companies in the Asia Pacific region expect to hire MBAs primarily in the areas of marketing and business development, followed by general management, operations and logistics, and consulting. American companies report that they expect their demand for MBA hires to be strongest in the area of finance, followed by marketing and sales, general management, and general business development.⁶

⁵ 2012 Year-End Poll of Employers, Graduate Management Admission Council, <http://www.gmac.com/~media/Files/gmac/Research/Employment%20Outlook/2012year-end-poll-public.pdf>

⁶ 2012 Corporate Recruiters Survey Report, Graduate Management Admission Council, <http://www.gmac.com/~media/Files/gmac/Research/Employment%20Outlook/2012-crs-report-final-participants.pdf>