

## Market Intelligence

# The Value of a Graduate Management Education

Alumni Perspectives Survey 2018



The *Value of Graduate Management Education, Alumni Perspectives Survey 2018* report is a product of the Graduate Management Admission Council (GMAC), a nonprofit organization of 223 leading graduate business schools from around the world actively committed to advancing the art and science of admissions. The Council provides the solutions necessary for business schools and candidates to discover and evaluate one another to ensure that talent never goes undiscovered. GMAC owns and administers the Graduate Management Admission Test® (GMAT®) exam, used by more than 6,900 graduate programs worldwide, as well as the NMAT by GMAC™ exam, used for entrance into graduate management programs in India. The Council is based in Reston, VA. with offices in London, New Delhi, and Hong Kong.

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## Introduction

# 10,882 Alumni from 274 Institutions Responded to the GMAC Alumni Perspectives Survey

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During the fourth quarter of 2017, the Graduate Management Admission Council (GMAC) partnered with 51 institutions to facilitate the Alumni Perspectives Survey. In addition, GMAC surveyed past alumni participants, which increased institutional representation to 274. In total, nearly 11,000 alumni responded and provided detailed information about their graduate management education and employment experiences.

Alumni who responded represent various MBA and business master's program categories, including full-time MBA, professional MBA, executive MBA, quantitative business master's, and non-quantitative business master's programs. Full-time MBA programs include two- and one-year programs. Professional MBA programs include part-time, flexible, and online MBA programs. Quantitative business master's programs include master in accounting, data analytics, and finance programs. Non-quantitative business master's programs include master's in management, international management, marketing, and entrepreneurship.

This report—the first in a series of topical reports based on this year's Alumni Perspectives Survey—presents the findings associated with alumni perceptions of the value proposition business schools offer to students.

### Explore with Interactive and Benchmark Reports

An *Interactive Data Report* and *Benchmark Report* tool accompany the *2018 Alumni Perspectives Survey*, available exclusively to institutions that participated in the survey. The *Interactive Data Report* is an online tool that lets users customize data searches by multiple survey response variables such as overall value, career preparation, employment characteristics, and more. The *Benchmark Report* tool allows schools to benchmark their program's responses against aggregated response from their peers.

### Business School Participation in GMAC Research

The Graduate Management Admission Council offers graduate business schools opportunities to gather data and generate insights about the business school pipeline.

Schools can sign-up to participate in the GMAC Application Trends Survey, Corporate Recruiters Survey, and Alumni Perspectives Survey at <http://www.gmac.com/surveysignup>.

## Introduction

# Demographic Profile of B-School Alumni

Program Type		Respondents	Gender		Median Age At Graduation	Median Years Since Graduation	School Location	
			Male	Female			U.S.	Non-U.S.
<b>Overall</b>		<b>10,882</b>	<b>74%</b>	<b>26%</b>	<b>30</b>	<b>6</b>	<b>74%</b>	<b>26%</b>
Program Categories	Full-time MBA	5,897	77%	23%	29	8	71%	29%
	Professional MBA	2,318	71%	29%	32	6	88%	12%
	Executive MBA	1,102	82%	18%	37	6	75%	25%
	Quantitative Master's	429	62%	38%	25	4	79%	21%
	Non-Quantitative Master's	911	54%	46%	26	3	49%	51%
Specific Program Types	Full-time two-year program (FT2MBA)	4,195	78%	22%	29	9	91%	9%
	Full-time one-year MBA (FT1MBA)	1,664	75%	25%	30	5	22%	78%
	Part-time lockstep MBA (PT Cohort)	1,016	74%	26%	32	5	80%	20%
	Part-time self-paced MBA (PT Self-Paced)	967	70%	30%	32	7	95%	5%
	Master of Accounting (MAcc)	223	53%	47%	24	6	100%	0%
	Master in Finance (MFin)	153	71%	29%	26	3	44%	56%
	Master in Management/Global Management (MiM)	521	56%	44%	25	3	40%	60%

# B-School Alumni Value Their Graduate Management Education and Are Likely to Recommend Their Program

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Graduate management education is a worthwhile investment of time, money, and effort according to nearly 11,000 alumni who responded to the GMAC Alumni Perspectives Survey. Overall, 4 out of 5 alumni consider their graduate management education an outstanding or excellent value. Most alumni also say their graduate management education was a personal, professional, and financially rewarding experience.

While the majority of alumni, regardless of program type, feel their graduate management education was a valuable experience, different programs offer different value. The most commonly cited specific value alumni report receiving from various programs are as follows:

- **Full-time MBA:** increased earnings power
- **Professional MBA:** preparation for leadership positions
- **Executive MBA:** preparation for leadership positions
- **Quantitative Business Master's:** preparation for chosen career
- **Non-Quantitative Business Master's:** preparation to work in culturally diverse organizations.

A professionally rewarding experience in business school is a key driver of overall value ratings, while a financially rewarding experience is a key driver of an alumni's retrospective decision to pursue a graduate management education. Overall, 9 out of 10 business school alumni would still have pursued their graduate management education knowing what they know now. In addition, nearly all alumni would hire a student from their alma mater for a current job opening.

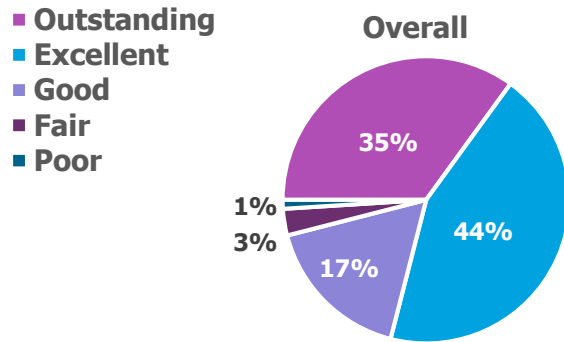
Business school alumni are extremely likely to recommend their alma mater to a friend or colleague. Graduate management education has a Net Promoter Score® (NPS®), a measure of value and a widely used metric for gauging brand or customer loyalty, of 48, which is greater than scores achieved in most sectors of the economy. NPS scores range from 14 for Master in Management to 59 for Executive MBA programs.

In summary, the value proposition for graduate management education remains strong. B-school alumni reap personal, professional, and financial rewards as a result of their graduate management education. They say they would do it all over again knowing what they know now and they would hire someone from their alma mater. In addition, a majority of b-school alumni are active promoters of their graduate management education.

## Overall Value

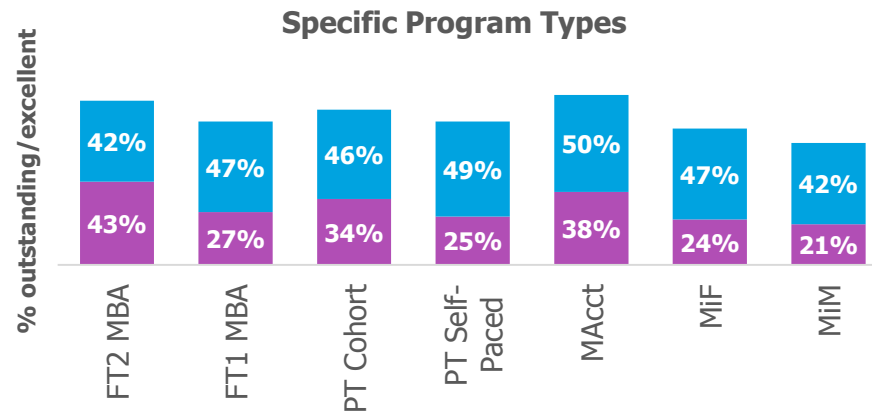
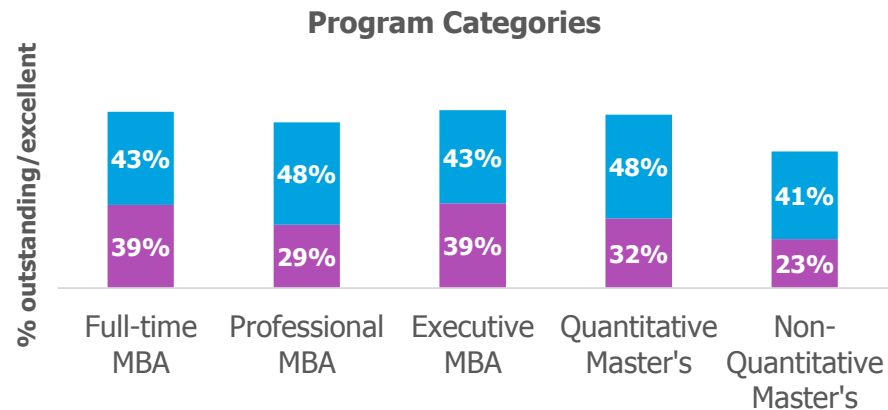
# 4 out of 5 B-School Alumni Rate the Value of Their Graduate Management Education as Outstanding or Excellent

How do you rate the overall value of your graduate management education?



Alumni tend to value their education in relation to their employment status. Employed alumni are more likely than alumni currently seeking employment to rate their graduate management education as outstanding or excellent (80% vs. 61%).

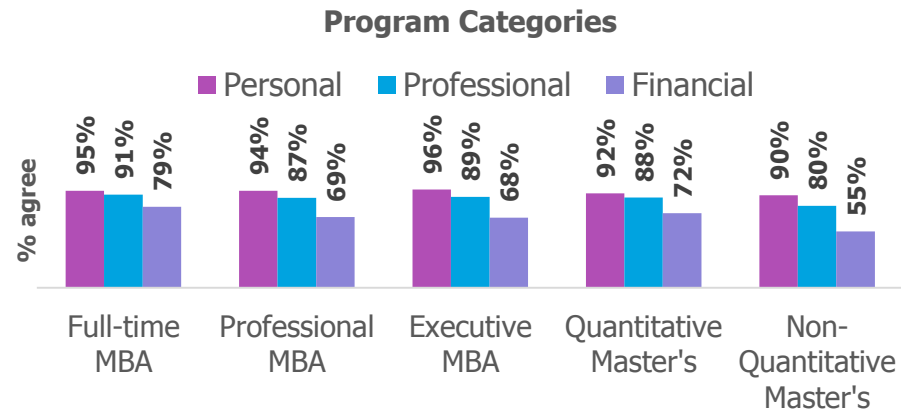
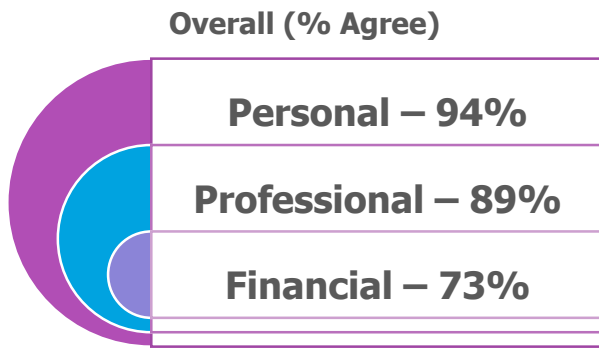
Overall, 89 percent of alumni are employed, 6 percent are not in the workforce, and 5 percent are looking for employment. More detailed employment analysis will be featured in the B-School Alumni Employment Report (expected publication February 2018).





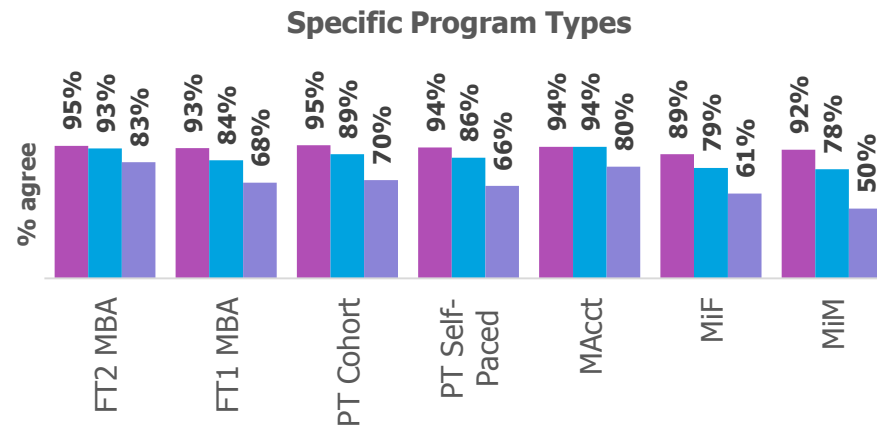
# Most B-School Alumni Agree That Their Graduate Management Education Was Personally, Professionally, and Financially Rewarding

Please indicate whether you agree or disagree with the following statement: “My graduate management education was rewarding personally, professionally, and financially.”



Employment status influences whether alumni consider their graduate management education to be financially and professionally rewarding. Seventy-five percent of employed alumni consider the education financially rewarding compared with 44 percent of alumni currently seeking employment. Ninety percent of employed alumni consider their education professionally rewarding compared with 69 percent of alumni currently seeking employment.

Personal rewards are less affected by an alumnus' employment status. The vast majority of employed alumni consider their graduate management education personally rewarding (95%) compared with 87 percent of alumni seeking employment who consider the education personally rewarding.

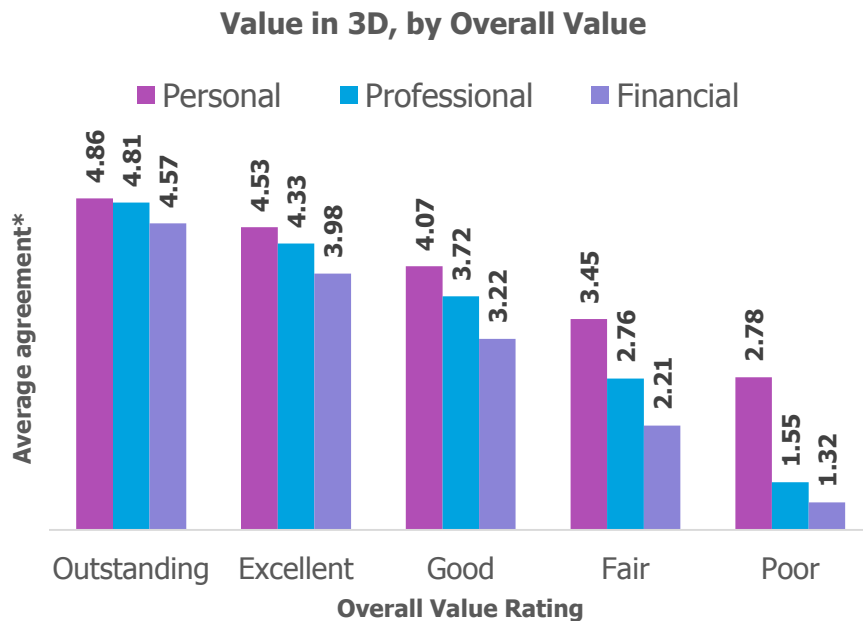




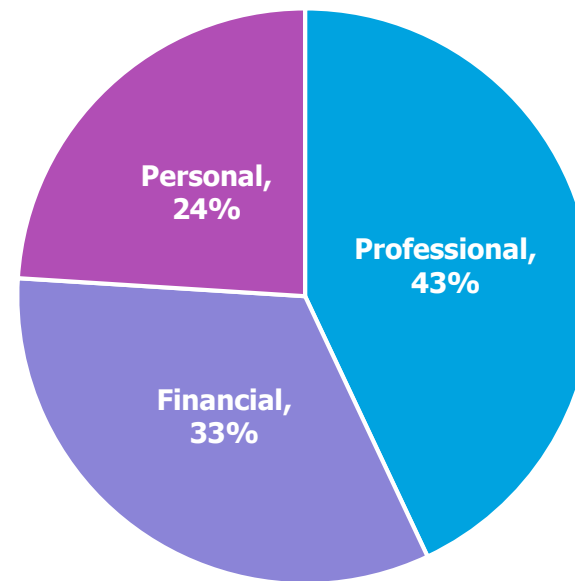
## Value in 3D

# A Professionally Rewarding Experience Is a Key Driver of Overall Value Among B-School Alumni

A professionally rewarding experience is the primary driver of overall value of a graduate management education. Whether the education was financially or personally rewarding also assists in explaining alumni overall value ratings, but to a lesser degree.



**Key Drivers of Overall Value (Pratt Index\*\*)**



\* Scale: 5 = Strongly agree; 4 = Agree; 3 = Neither; 2 = Disagree; 1 = Strongly disagree

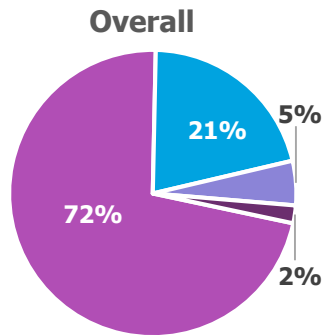
\*\* Pratt Index =  $(\beta^*r)/R^2$ , where  $\beta$  is the standardized regression coefficient,  $r$  is the simple Pearson correlation coefficient, and  $R^2$  is the proportion of the variance explained by the regression model. Model Multiple R = 0.616.

## Retrospective Decision

# 9 out of 10 B-School Alumni Would Still Pursue a Graduate Management Education Knowing What They Know Now

Knowing what you know now, would you still have pursued a graduate management education?

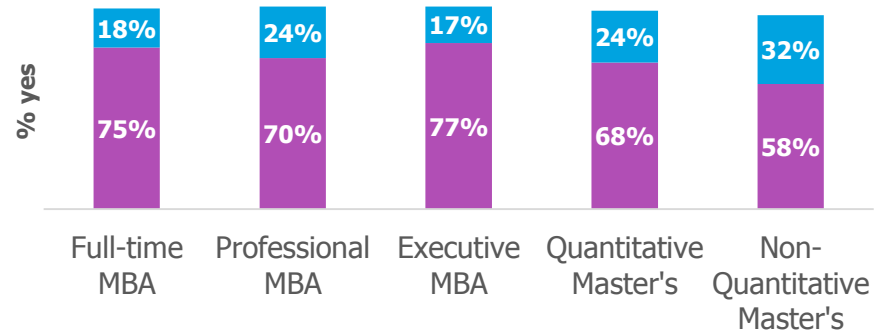
- Definitely yes
- Probably yes
- Probably no
- Definitely no



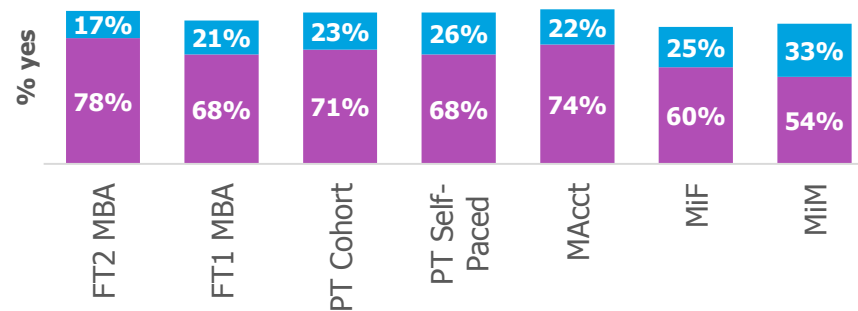
Retrospectively, the vast majority of b-school alumni would still have pursued a graduate management education.

Employment status has some bearing on an alumnus' retrospective analysis, yet 4 out of 5 (80%) alumni seeking employment would still have pursued their graduate management education compared with 94 percent of alumni who are currently employed.

### Program Categories



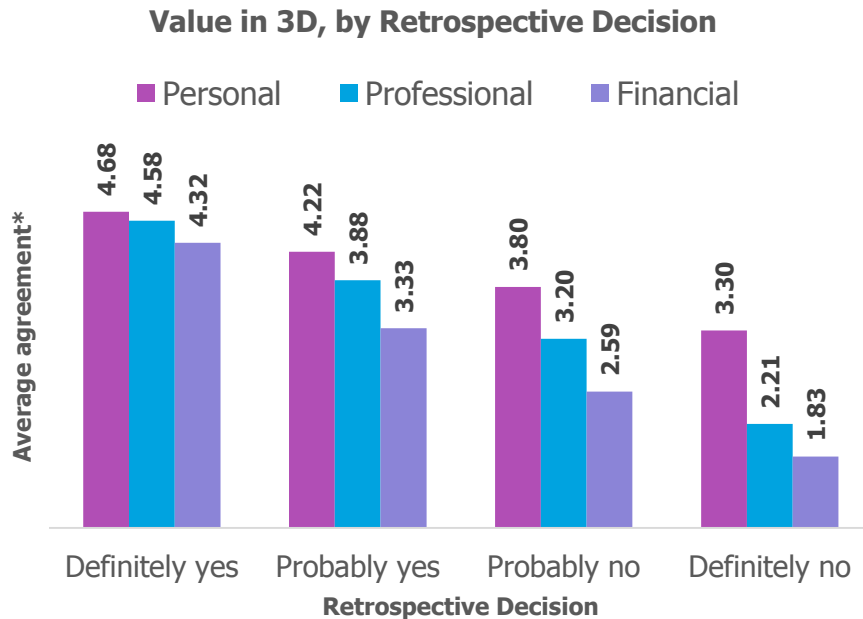
### Specific Program Types



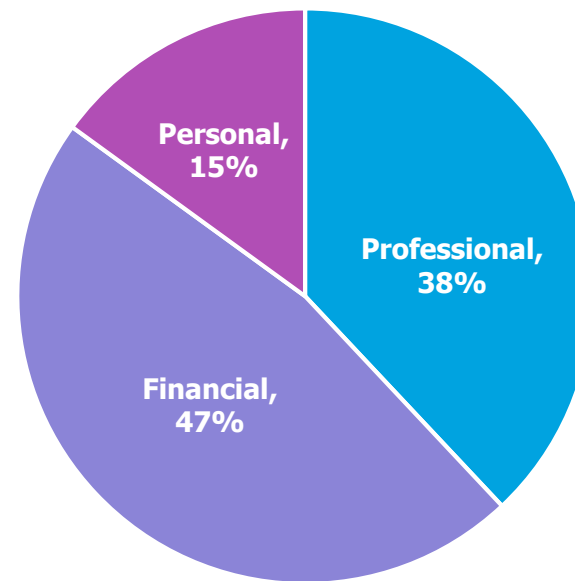
## Retrospective Decision

# A Financially Rewarding Experience Is a Key Driver of B-School Alumni's Retrospective Decision to Pursue Degree Program

A financially rewarding experience is the primary driver of alumni's retrospective decision. Whether the education was financially or personally rewarding also assists in explaining alumni's retrospective decision, but to a lesser degree.



## Key Drivers of Retrospective Decision (Pratt Index\*\*)



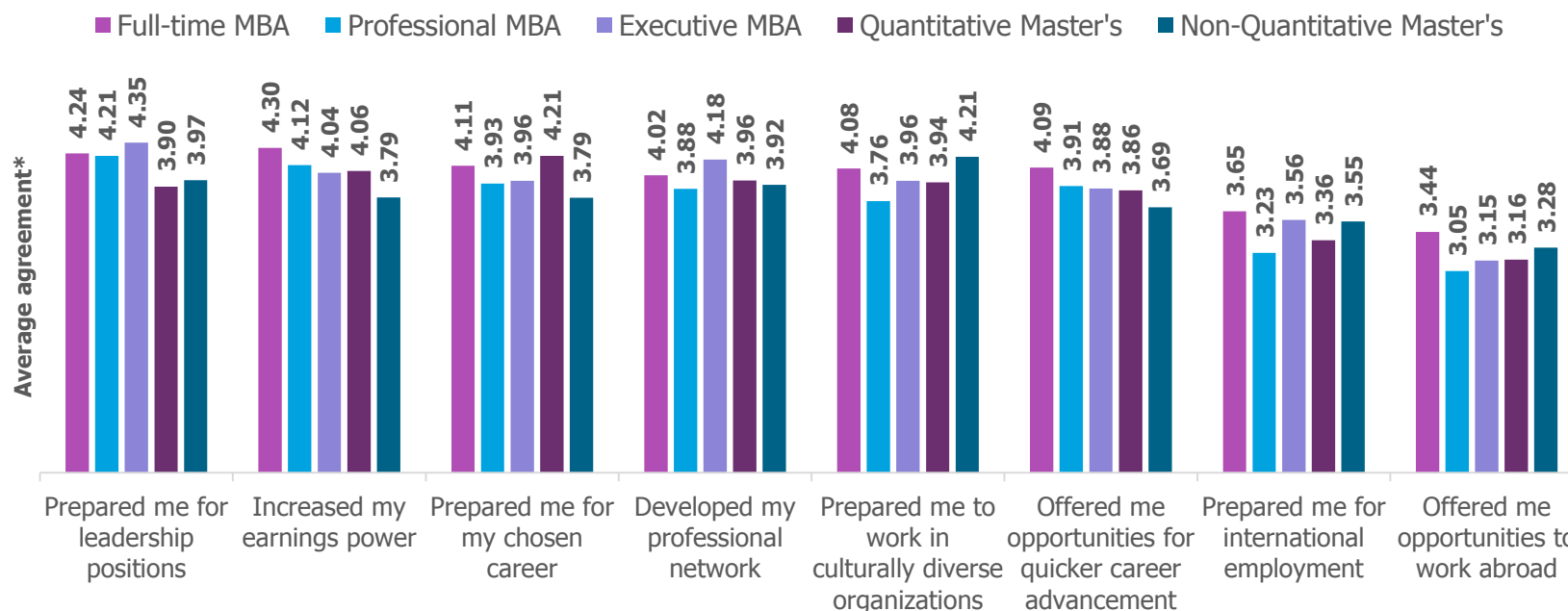
\* Scale: 5 = Strongly agree; 4 = Agree; 3 = Neither; 2 = Disagree; 1 = Strongly disagree

\*\* Pratt Index =  $(\beta \cdot r) / R^2$ , where  $\beta$  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. Model Multiple R = 0.616.

# Various Graduate Business Programs Have Distinct Career Advantages According to B-School Alumni

Alumni rated their graduate management education on a variety of outcomes. The greatest agreement among alumni of full-time MBA programs show that their education increased their earnings power. Professional and Executive MBA alumni agree that their education prepared them for leadership positions. Alumni of quantitative master's programs indicate their education prepared them for their chosen career. Non-quantitative programs show the greatest agreement among alumni for preparation to work in culturally diverse organizations.

Outcomes, by Program Categories



\* Scale: 5 = Strongly agree; 4 = Agree; 3 = Neither; 2 = Disagree; 1 = Strongly disagree

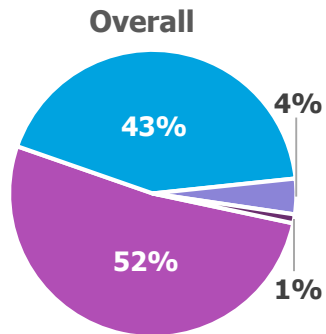


## Hiring Intention

# Nearly All B-School Alumni Say They Would Recruit a Student For a Job From Their Alma Mater

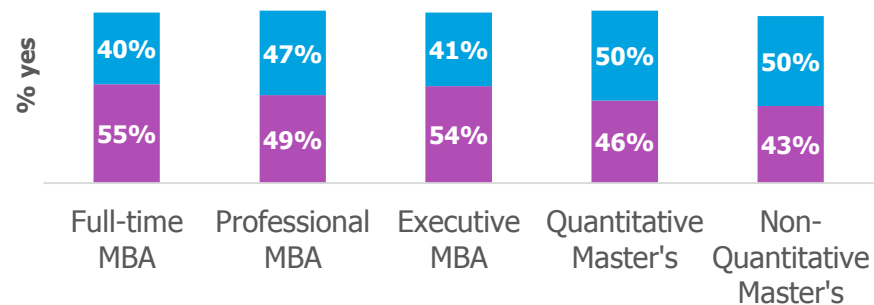
If you were to recruit a graduate management student, would you recruit an alumnus from your program?

- Definitely yes
- Probably yes
- Probably no
- Definitely no

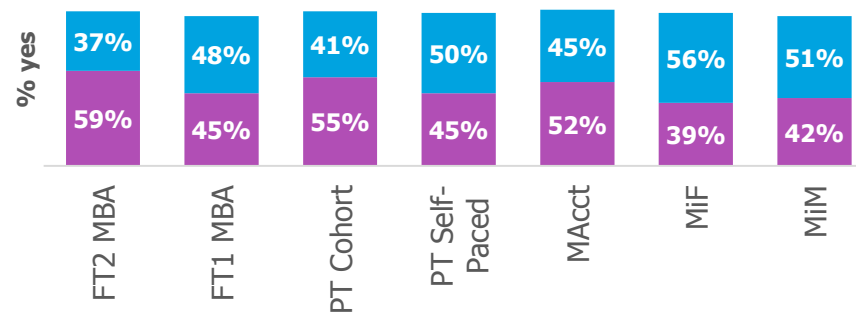


More than 9 out of 10 alumni, regardless of program type, would recruit a student for a job opening from their alma mater. More than half of b-school alumni would definitely recruit a student from their alma mater for a job opening (52%) and 43 percent probably would.

### Program Categories



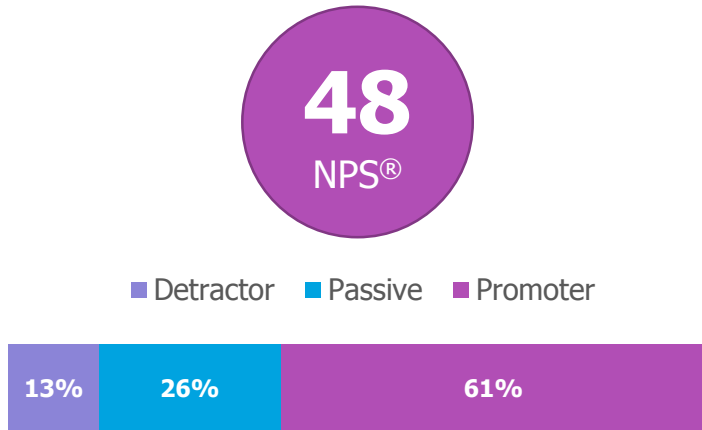
### Specific Program Types



## Recommendation Intention

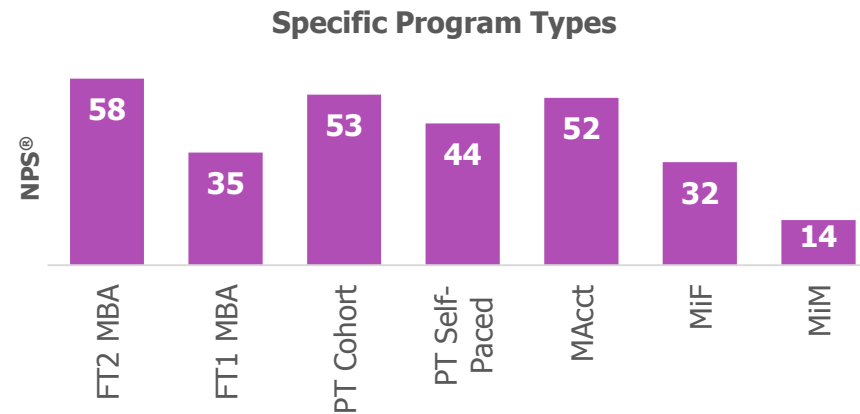
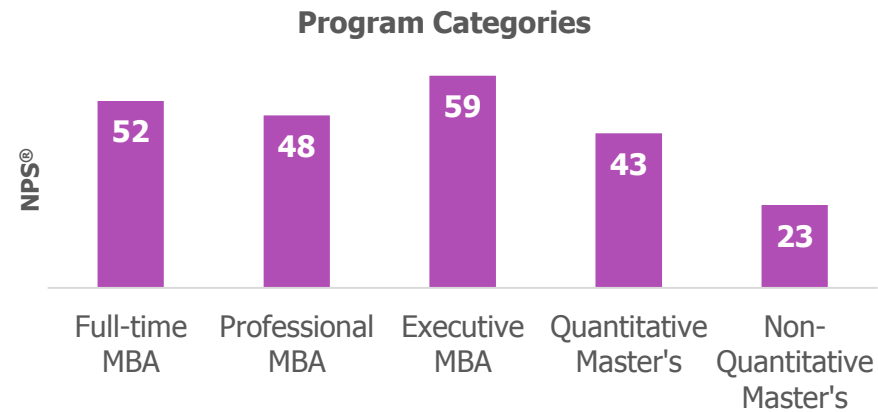
# B-School Alumni Are Extremely Likely to Recommend a Graduate Management Education to Others

How likely is it that you would recommend your graduate business program or school to a friend or colleague?



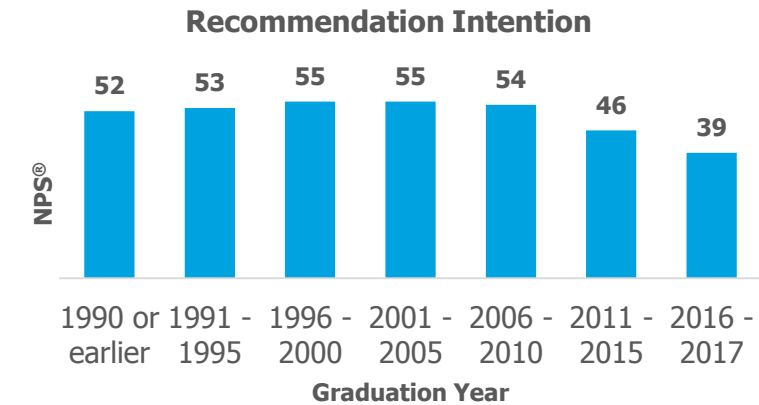
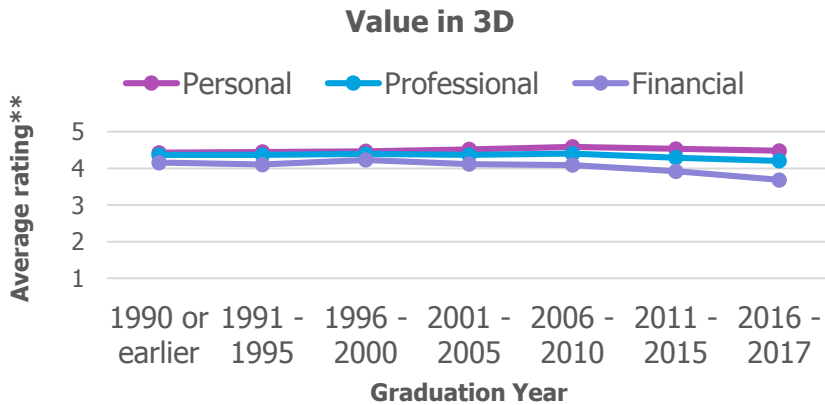
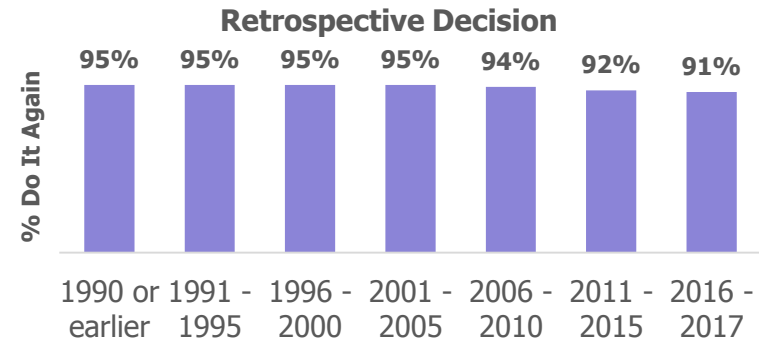
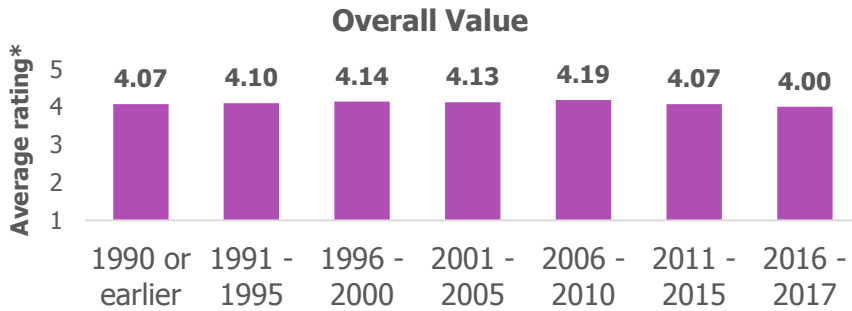
Another measure of value for a graduate management education is the Net Promoter Score (NPS)—a widely used industry metric for gauging consumer brand or customer loyalty—used by alumni to rank their likelihood to recommend their graduate business program or school to others.

Overall, many more alumni are promoters of their b-school rather than detractors and this holds true across the spectrum of program types included in this survey, with Net Promoter Scores ranging from a low of 14 for Master in Management (MiM) alumni to a high of 59 for Executive MBA alumni.



# Graduate Management Education Is Valued by Most B-School Alumni Regardless of Graduation Year

Regardless of graduation year, most alumni value their education and would do it again knowing what they know now. There is also a high level of agreement the education was personally, professionally, and financially rewarding. In addition, there are many more promoters of business school than detractors across the years. Although financial rewards and recommendation intention are lower among more recent graduates, it appears that a graduate management education continues to add value for alumni as the years pass. One could say that “graduate management education matures with age”.



\* Scale: 5 = Outstanding; 4 = Excellent; 3 = Good; 2 = Fair; 1 = Poor  
 \*\* Scale: 5 = Strongly agree; 4 = Agree; 3 = Neither; 2 = Disagree; 1 = Strongly disagree





# Contact Information

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## Contributors

The following individuals from the GMAC Research Department made significant contributions to the publication of this report: **Gregg Schoenfeld**, Director, Management Education Research, questionnaire development and interpretation of data, and drafting of the manuscript for intellectual content; **Matt Hazenbush**, Research Communications Senior Manager, manuscript review; **Rebecca Estrada-Worthington**, Survey Research Manager, questionnaire design, sample development, survey management; **Maryam Bastani**, Research Assistant, sample development, administrative work and report development; **Tacoma Williams**, Research Senior Coordinator, quality assurance.

For questions or comments regarding the study findings, methodology or data, please contact the GMAC Research Department at [research@gmac.com](mailto:research@gmac.com).

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