

## **Recession – The Reality for the MBA Recruitment Market**

Article published in *Ambition*, September 2008, by Betty Thayer

*“Applications to business schools are surging, buoyed by a shaky economy and lingering fears over job security, the organization that administers the main business-school admissions exam said Aug. 26.*

*The Graduate Management Admission Council (GMAC) said that 77% of business schools surveyed by the group reported an increase in application volume in 2008, up from 64% in 2007. It's the second-largest year-over-year surge in applications to full-time programs since 2002, and the highest level of increase in five years, GMAC said. And early signs are that the upcoming admissions cycle will continue to be strong.*

*The strong demand for business school did not surprise admissions officers, who note that applications for MBA programs typically go up when the economy slides. A similar upturn was seen following the dot-com crash earlier in this decade.” Business Week 27 August 2008*

House prices falling, cost of petrol rising, cost of food soaring, inflation rocketing. All classic signs of economies in recession. On the 2<sup>nd</sup> of September the OECD said that the UK will fall into recession later this year and reduced growth forecasts significantly. But what is happening in the MBA jobs market? Is it all gloom and doom?

The reality is that no matter how many people lose their jobs during lean times companies continue to hire, particularly at senior levels. This is due to increased expectations of senior staff as well as natural attrition.

Booz Allen's *CEO Succession Report* suggests that between 1995 to 2006, annual CEO turnover has grown 59%; in that same period, performance-related turnover increased by 318%. In 1995, one in eight departing CEOs was forced from office – in 2006, nearly one in three left involuntarily.

According to *Financial Week* finance chiefs of large U.S. public companies now last about as long in their jobs as NFL running backs. According to a study to be released next month by executive recruiter Crist Kolder Associates, roughly half of the CFOs at Fortune 500 and S&P 500 companies stay in their posts for less than three years. The average career of a pro football running back is a tad over three years.

The study found the average tenure for CFOs at all big companies slipped to under five years, about a year less than in 2006. Most CEOs also remain in their jobs for fewer than five years, the same as in 2006.

Finally, CIO tenure spiked to five years in 2006 and 2007, according to *CIO magazines's* annual survey. In 2008 it dropped to 4.4 years.

But are top companies continuing their MBA intakes?

HSBC in Europe are looking to fill over 10,000 vacancies with salaries over £30,000. Many of these posts will require an MBA. Standard Chartered Bank continues to search the world for the best MBAs, particularly increasing its intake from Indian business schools. Middle East companies are heading east to find top students from India, Singapore and Hong Kong. And the major consulting firms such as McKinsey and BCG are advertising for a range of experienced consultants to join practices in the UK, Germany and the US.

According to CoolAvenues, an Indian-based news service, *"the increase in offers [for business school students] from Singapore, Hong Kong and other South East Asian and East Asian markets is proof of the trust placed in talent from Indian B-schools to lead the growth in these sunrise industries and high growth markets."*

And the *Economic Times of India* ran a headline on April 8: "No slowdown impact on B-school placements". Quoting the report findings, Economic Times said, *"There are no signs of global slowdown and a grim stock market situation on the recently concluded B-school placements in India. Instead, a comprehensive post-placement analysis by a management portal MBAUniverse.com highlights interesting trends and attitudinal shift amongst students that could gain momentum in coming years."*

What appears to be clear is that the traditional MBA sectors of financial services and consulting continue to be not only the industries of choice, but also where a critical mass of jobs are being created. However, a quick look at the jobs on MBA-Direct reveals that an interesting array of companies, such as Zubair Corporation Oman (Chief Strategy Officer) and a private-equity backed information services company in New York (CEO), continue to look for MBAs from the top schools.

My top tips for finding the right role in a downturn:

- Prepare a no more than two page, excellent CV. Ensure it emphasizes your achievements, provides measures of success and is perfect – no errors, typos or formatting issues.
- Join face-to-face networking groups in your community. You are likely to meet someone who knows just the right job for you.
- Register on MBA-Direct.com and create a live profile. If you can't be found you won't be found.

Betty Thayer is the Deputy Chair and former CEO of MBA-Direct.com, a division of exec-appointments.com, the world's leading executive jobsite. Following an MBA at The Owen School at Vanderbilt University, she had a long career in strategy consulting. She founded exec-appointments.com in 2002. Global MBA jobs, career advice and resources can be found at [www.mba-direct.com](http://www.mba-direct.com). Exec-appointments.com opens its office in Mumbai in October 2008.