

MBA STARTING SALARIES

Professor Chris Higgins wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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Every year, MBA programs across the country advertise for prospective students, promoting the academic excellence of their programs, the uniqueness of their offerings, the quality of their faculty and a variety of other factors. In a competitive market, the goal is to attract the brightest and the best.

Many schools claim that graduates of their programs will earn large salaries upon graduation, a point that clearly ranks high on the list of many students' decision-making criteria. In fact, the Financial Times' rating of MBA programs uses graduates' salaries as a large component of its rating system.

Marie Daer, an aspiring MBA applicant, was very interested in the starting salaries of graduating students. Surprisingly, she was able to track down a dataset from a prominent – but anonymous – MBA school.

Daer was able to learn the following about the data. Three months after graduation, the students in the class of 2012 were sent a survey. The survey asked about their satisfaction with the MBA program as well as their starting salary. The survey was not anonymous, and the responses of these students were added to the information already on file about them. These data included the graduates' age, sex, years of work experience, GMAT information, fall and spring MBA average, quartile ranking, and their native language.

Daer was pleased to have located the data. She wondered whether it could answer some important questions that would help her decide whether to enroll in the MBA program at this particular school. In particular, she wondered about starting salaries, whether gender and/or age made a difference, and whether students liked this particular program. She also wondered whether her GMAT score made a difference in marks. Since her native language was not English, Daer had a relatively low GMAT.

Appendix 1**Description of MBA_SALARIES.SAV**

This data set contains the reported starting salaries of MBA's graduating in 2012. It also contains their GMAT scores and some information about how they did in the MBA program.

| Field | Description |
|--------------|---|
| age | age - in years |
| sex | 1=Male; 2=Female |
| gmat_tot | total GMAT score |
| gmat_qpc | quantitative GMAT percentile |
| gmat_vpc | verbal GMAT percentile |
| qmat_tpc | overall GMAT percentile |
| s_avg | spring MBA average |
| f_avg | fall MBA average |
| quarter | quartile ranking (1 st is top, 4 th is bottom) |
| work_yrs | years of work experience |
| frstlang | first language (1=English; 2=other) |
| salary | starting salary |
| satis | degree of satisfaction with MBA program (1= low, 7 = high satisfaction) |

Missing salary and data are coded as follows:

998 = did not answer the survey

999 = answered the survey but did not disclose salary data

Size of data set: 274 records