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Is an MBA an economic mobility engine for women and minorities?

- ***Forté Foundation study shows income climbs over 63% or more for underserved post MBA***
- ***Pay gap widens for women vs. men, but narrows for minorities vs. non-minorities overall in first post-MBA job***
- ***However, in present position minority women make 52% less than non-minority men***

Austin, TX/Jan. 17, 2019 – Does an MBA hold the key to helping women and minorities boost their earning power and increase equality in the workplace? Part one of a new research series from the Forté Foundation, a non-profit focused on women’s advancement, reveals mixed results.

The online survey of 900 male and female MBA alumni who graduated between 2005-2017, was conducted by Forté Foundation and led by Michelle Wieser, Interim Dean, School of Business, St. Catherine University. Key highlights include:

- Women earn less than men in their last pre-MBA job – and the pay gap does not improve post MBA.
- The pay gap narrows for minority women and men (defined as Black or African American, Hispanic or Latin American, or Native American) in their first post-MBA job and beyond, compared with non-minority peers -- yet they still earn less than non-minorities from pre-MBA to their present position.
- Despite the gender pay gap, the data show a positive return on investment from the MBA with an over 63% salary bump, or higher, for both minority and non-minority women and men.
- Women with an MBA don’t advance to the same level as men, have fewer direct reports, and less job satisfaction. And, overall, minority MBA graduates had lower career satisfaction than non-minorities in two areas -- their current salary and career progression since obtaining an MBA.
- Around 40% of respondents, primarily women, say they’ve experienced a gender pay gap. How do they combat it? The top responses were: “I have not taken action and do not intend to” and “I left the company.”

“It’s encouraging to see an MBA provides greater economic mobility for women and minorities and narrows the pay gap for minorities in their first job post MBA,” said Elissa Sangster, CEO, Forté Foundation, “but the whopping gender pay gap and income disparity for women and minorities needs to be addressed, and soon.”

“While some salary disparity can be explained by the job functions women choose, there is likely unconscious bias and other factors at play,” Sangster added. “When we asked women MBAs how they intend to address the gender pay gap they’ve experienced, it’s more common for them to leave the company rather than speak about it with their manager, human resources or company leadership. This is a wake-up call -- companies need to take proactive steps to lessen the pay gap, or risk losing highly-skilled women employees.”

Additional research insights and data include:

Gender Pay Gap

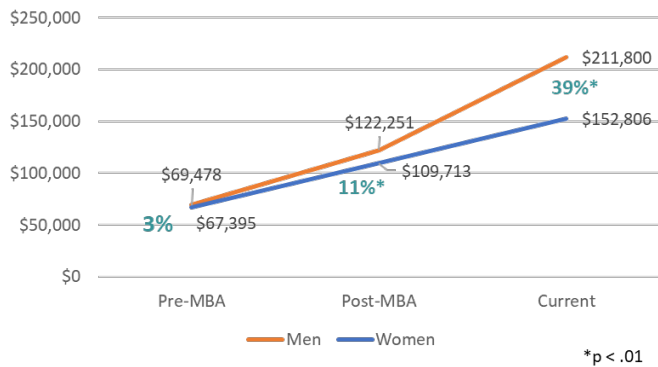
Is there a gender pay gap? Overall 55% of respondents believe that a gender pay gap “probably or definitely” exists.

- Only 1 in 3 men think there’s a gender pay gap versus 2 in 3 women (Men 34%, Women 65%)
- A greater percentage of minorities believe that a gender pay gap “probably” or “definitely” exists (Women: 68% minority; 63% non-minority; Men: 44% minority, 33% non-minority).
- Respondents estimate the gap to be around 24%, with men earning 24% more than women. The actual gender pay gap reported in this study was 39% (adjusted for years of experience), representing over \$58,994 in annual compensation.

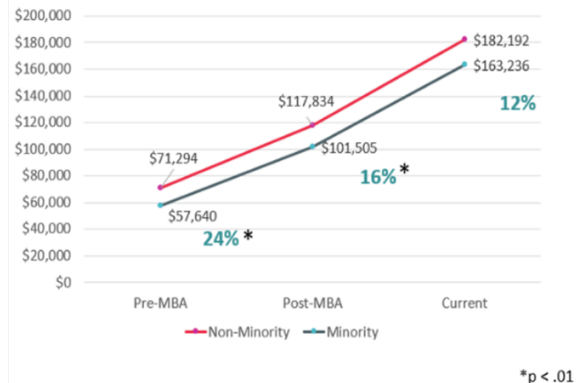
Compensation - Gender

- When examining overall compensation for men and women in their last pre-MBA position, first post-MBA job, and their current role, men earned more than women at each juncture.
- The gender pay gap widened between women and men post MBA. On average, women earned 3% less than their male counterparts pre-MBA, the gap widens to 11% for first post-MBA position, and 39% for current compensation, adjusted for years of experience.
- The research data also showed a positive return on investment from the MBA with a 63% salary bump for women and 76% for men from the last pre-MBA job to the first post-MBA role.

Compensation by Gender



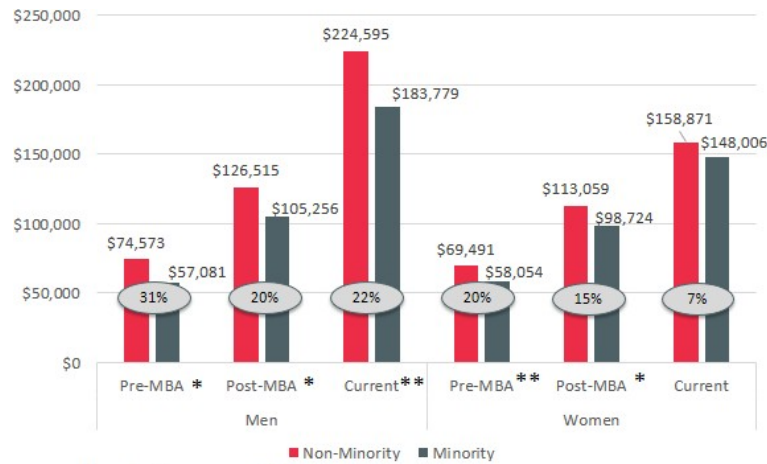
Compensation by Race



Compensation – Race

- For minority women and men, the return on investment is even greater than non-minorities in their first post-MBA job in terms of a salary bump: Women (minority 70%, non-minority 63%); Men (minority 84%, non-minority 70%).
- And the pay gap narrows post MBA between minorities and non-minorities. (24% pre-MBA, 16% first post-MBA job, 12% current role)
- Yet minorities still earn less than their non-minority peers at every juncture from pre-MBA to their current job. The most notable pay gap is between non-minority men and minority women in their current position, a difference of 52% or \$76,589.

Compensation: US Minority Versus Non-Minority (Women Vs. Men)



Note: Outliers removed in the analysis

*p < .01

**p < .05

Job functions and gender pay gap

Participants in this study were asked to provide their current job function which allows a deeper dive into what might be driving the gender pay gap with current compensation.

- The job functions shown to contribute the most to the gap are Finance (60% gap) and Operations (48% gap). Marketing is the only function where women were shown to earn more than men (2%).
- Interestingly, women significantly outnumber men in Marketing and Human Resources, while men outnumber women in Finance, General Management, Consulting, and IT.

Career Advancement and Opportunity

In addition to compensation, this study examined other typical measures of career progression including number of promotions and direct reports plus level-title, since the first post-MBA position.

- The outcomes revealed that, on average, men have received 2.3 promotions since completing their MBA program, while women have only received 1.8.
- Men have an average of 3.3 individuals reporting to them, women only have an average of 1.8.
- Men have achieved, on average, the equivalent of the Director level within their organizations; women trail behind one rung on the career ladder with an average level of Senior Manager.
- There were no statistically significant differences for minorities versus non-minorities.

Career Satisfaction

The research examined six elements of career satisfaction including: current role, company, their level within the organization, number of direct reports, current compensation, and career progression to date. Men have achieved higher levels of career satisfaction than women across all six elements.

- The number of direct reports women have, and their current compensation, are the biggest sources of career dissatisfaction for women.
- Overall minority MBA graduates had lower career satisfaction than non-minorities in two areas -- their current salary and career progression since obtaining an MBA.

METHODOLOGY

The online survey of 900 MBA graduates from the years 2005 through 2017 was conducted in March and April 2018. It was distributed through the Consortium for Graduate Study in Management, Forté Foundation sponsor schools and the Forté Foundation database of alumni. Additional respondent characteristics are included in the full research findings in [this link](#).

ABOUT FORTÉ FOUNDATION

Forté Foundation is a non-profit consortium of leading multinational corporations, top business schools in the US and abroad, and the Graduate Management Admission Council. Its mission is to launch women into fulfilling, significant careers through access to business education, opportunities and a community of successful women. Forté is the leading organization that provides a national infrastructure for women at all stages of the career continuum to access the information, scholarship support and networking connections they need to succeed in business careers. Additional information about the Forté Foundation is available online at www.fortefoundation.org.

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