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Do MBA programs provide an equitable application process, academic experience and career outcomes? It depends on who you ask, new study shows

MBA gender pay gap overall narrows in recent years, but widens as women progress in their career, Forté Foundation finds

(Austin, TX, September 23, 2021) – Do MBA programs foster diversity, equity and inclusion in the MBA application process and academic experience, and do alumni achieve the same career outcomes? Men are more likely to say so than women, Forté Foundation research reveals.

Key highlights include:

- *The majority of MBAs have a favorable view of equity and inclusiveness in the application process overall, but men are more likely to say so than women.*
- *More than one in five students and alumni – and one-third of minority women surveyed – say their MBA program’s diversity, equity and inclusion efforts did not meet expectations.*
- *Looking at career outcomes post MBA, women earn less, don’t advance to the same level, and have fewer direct reports than men – this is especially true for minority women in terms of salary.*
- *The gender pay gap for MBA alumni has narrowed overall since 2016 but widens as women progress in their careers.*
- *When asked about their ideal job level five years from now, women MBA alumni outpace men in striving for “early leadership categories” such as VP, but trail men in aiming for the C-suite.*

The online survey was conducted in the fall of 2020 by Forté, a non-profit focused on women’s advancement and gender equity in business and business school. Forté polled 3,133 MBA students, prospective students, and alumni at nearly 60 elite MBA programs including its [member schools](#) in the U.S., Europe and Canada, such as The University of Pennsylvania’s Wharton School, London Business School, and the University of Toronto’s Rotman School of Management. Michelle Wieser, Ph.D., Dean, School of Business and Technology at St. Mary’s University of Minnesota, led the research.

The report is a continuation of Forté [research](#) released in 2019 that explored whether an MBA holds the key to help women and minorities increase earning power and equality in the workplace – including the impact on the pay gap. Additional findings from the 2021 research include:

Admissions and MBA Programs

- Forté’s research found that overall, respondents felt favorably about equity and inclusivity in the admissions process. Men had a more favorable impression than women and were more likely to say they “strongly agreed” in these three key areas.
 - “The interviewer treated me with fairness and respect” (women 67%, men 75%).
 - “I believe my MBA application was handled fairly” (women 44%, men 57%).
 - I believe I was treated the same as other MBA applicants (women 32%, men 44%).

While respondents had positive experiences with admissions in terms of diversity, equity and inclusion, they were less likely to say so regarding the MBA program.

- More than one in five MBA students and alumni (22%) surveyed said diversity, equity and inclusion (DEI) efforts within MBA programs did not meet expectations.
- This climbs to about one in four minority men (26%) and non-minority women (24%) – and more than one in three minority women (34%). A mere one in 10 (10%) non-minority men thought that DEI efforts within MBA programs did not meet their expectations.

“MBA programs must play a pivotal role in building leaders who are inclusive and prepared to lead in diverse environments. Employers and students expect it, and their commitment is on the rise in the last year,” said Elissa Sangster, CEO of Forté Foundation. “This mismatch between expectations and what students are actually experiencing, shows that MBA programs still have some work ahead and shines a light on what areas need more focus now, including case studies and course work.”

The research also looked at key areas involving student experience in DEI as part of their MBA education including course materials and faculty and found significant gaps by gender and race.

- **Course Materials** - Participants were asked to assess how well the case studies, course materials, classroom examples, and guest speakers presented in their MBA program covered a wide range of diverse perspectives on business. There was a large demographic divide with more than one in four minority women (27%) who disagreed/strongly disagreed, and one in five (22%) non-minority women, a much higher percentage than minority men (16%) and non-minority men (7%).
- **Faculty** – Do faculty create an academic experience that incorporates diverse perspectives and approaches to business leadership? Women, particularly minority women, were most likely to disagree/strongly disagree (minority women 20%, non-minority women 15%) versus men (minority men 11%, non-minority men 5%).

Career Outcomes

- Forté found in its latest research that in 2020 post-MBA men earn \$177,112 on average, vs. \$147,412 for women, a 20% gender pay gap or \$29,700.
 - There is a 14% difference between men and non-minority women who earned \$155,985.
 - That jumps to 42% for minority women who earned \$124,522 post MBA on average.
- Comparing current compensation for MBA's in 2020 versus previous Forté data, the gender pay gap overall narrowed from 39% in 2016 and 2018 to 20% in 2020. Forté's findings are consistent with recent [Pew Research Center](#) data that revealed the gender pay gap has been shrinking, with the greatest closure among women in high managerial skill jobs.
- However, the latest Forté data shows the gender pay gap in 2020 widens from 9% for those with zero to two years of work experience post MBA, to 35% for those with nine or more years of work experience.
- Women are also less likely to be promoted and have fewer direct reports than men. In contrast to salary, there is not a significant difference between minority and non-minority women.
 - **Level of the Organization:** On average, men have achieved one organizational level higher than women (Men – Director; Women – Senior Manager).
 - **Number of Direct Reports:** Results showed that men average 2.6 direct reports as compared to women with an average of 1.4. There were no significant differences by race.
 - **Number of Post-MBA Promotions:** Men averaged 1.7 post-MBA promotions and women averaged 1.2. There were no significant differences by race.

Career Ambitions

- When asked about their ideal job level 5 years from now, women MBA alumni outpace men in striving for “early leadership categories” such as senior manager, director, and VP (women 63%, men 54%). But women trail men in aiming for the C-suite, including President/CEO (women 12%, men 22%). Relatively equal numbers of women and men want to own a business (8%).
- Similar to women vs. men, non-minority respondents aim more for early leadership levels of senior manager, director and VP (61% non-minority, 55% minority).
- Minority respondents aim for the senior levels of C-level exec and president/CEO (20% vs. 14%) and are more likely to desire to own their business (11% vs. 8%). When combining owner with C-level and president/CEO ambitions, it’s a significant difference (minorities 31%; non-minorities 22%).

“When it comes to career outcomes, women are still lagging behind men, and aren’t aspiring high,” said Sangster. “This research tells us that the focus still needs to be on elevating women overall and specifically, women of color when it comes to salary.”

Sangster added, “Notably, our research found that in five years women MBA alumni seek to be at a level roughly equal to where men are now,” said Sangster. “Men may not be aspiring to bigger leaps in their early career than women because they are already further ahead on the career ladder. This might also play a role in why a larger percentage of men are striving for C-suite roles than women.”

Career Satisfaction, Views on Success

The study looked at more than just the “typical” measures of career success such as advancement and compensation. “Intrinsic factors are as important, if not more, than extrinsic,” Sangster noted.

Gender

- Men showed higher levels of overall “career satisfaction” (men 22.8 and women 21.5 on a 30-point scale) and “self-concept” (men 17.1 and women 16.7 on a 20-point scale).
- Men showed higher levels of career satisfaction across each of 6 variables from “current salary” to “current organization”. On a 5-point scale, the largest difference between men and women was “satisfaction with current level of the organization” (men 3.9, women 3.6).
- However, when looking at “personal assessment of success”, men and women were more equal (men 12.3 and women 12.1 on a 15-point scale).

Race

- When looking at intrinsic career outcomes by race and ethnicity, only “career satisfaction” showed a difference by race (non-minorities 22.2, minorities 21.2 on a 30-point scale).
- There was only one variable where there were significant differences between minority and non-minority respondents – satisfaction with current salary (3.48 non-minorities, 3.23 minorities) on a 5-point scale.
- The other two categories of “self-concept” and “personal assessment of success” were identical for minorities and non-minorities (16.8 on a 20-point scale and 12.2 on a 15-point scale, respectively).

ABOUT FORTÉ FOUNDATION

[Forté Foundation](#) is a non-profit consortium of leading multinational corporations and top universities and business schools. It was called to action by a landmark research study, *Women and the MBA: Gateway to Opportunity*, that looked at why women are underrepresented in top business schools compared with medical or law schools. Forté Foundation was launched in 2001 to address this inequity and its impact on the business landscape and grew to 25 member schools in 2005 in the US. Today it includes 56-member graduate business schools: 41 in the US, four in Canada and 11 in the UK and Europe. For a complete list of Forté’s corporate, non-profit, business school and undergraduate university partners, see this [link](#).