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College of Business

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Business Degrees Still Paying A Bonus

URBANA, Ill., February 20, 2004 – June 2004 college graduates may not find themselves in a booming job market, but past experience shows that a college degree, especially a business degree, remains a key credential when seeking employment.

Trying to evaluate how well their students do after graduation, administrators from the College of Business at the University of Illinois at Urbana-Champaign were pleased to find that those earning a baccalaureate degree in 2000, 2001 and 2002 received an average starting salary that exceeded the national average for college graduates by anywhere from 6.4 percent to 9.4 percent.

The Fall 2003 *Salary Survey* done by the National Association of Colleges and Employers reports that many 2003 graduates faced starting salary offers lower than in 2002. However, business disciplines generally fared better. For example, accounting graduates saw their average starting salary offer increase 2.9 percent to \$40,647. Marketing graduates posted a 1 percent increase for an average of \$34,038. On the down side, management information systems graduates saw one of the biggest decreases among business majors. Their salary offers fell 4.6 percent, to \$40,556.

“Entering students typically pay little attention to the average salary they can expect upon graduation. Nor do they think about the time needed to find a full-time job after graduation,” says Avijit Ghosh, dean of the College of Business. “Those considerations shouldn’t dominate a student’s college planning, but they shouldn’t be ignored either.”

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Many students who plan to enter the world of business after graduation choose to major in a non-business subject, said the dean. “However, they often can combine studies in their area of interest with a business degree and improve their post-graduation employment prospects. The added money earned by finding a job sooner and at a higher starting salary can pay off a substantial amount of the loans that many students take out to finance their graduation.”

For example, the average U.S. college graduate in 2000 received a starting salary of \$37,380, while the average College of Business graduate was hired for \$40,093. In addition, it took seven months before 80 percent of 2000 graduates achieved full-time employment. Meanwhile, College of Business baccalaureates achieved that same hiring level in three months. Assuming that a new graduate begins work four months earlier at a starting salary that is \$2,713 more per year, that person will earn an extra \$15,222 during the first year of employment. “This is a significant difference,” noted Dean Ghosh, especially when you consider the cumulative life-time impact on earnings.

“A school’s reputation, its ties to the business community and the kind of career assistance it provides all heavily influence the hiring of its graduates,” says Dean Ghosh. “We’ve found, for example, that the more one-on-one counseling and assistance students receive in support of their job search, the higher the success rate.”

Another way to assess the value of a degree is through periodic surveys of U of I graduates, a task handled by the university’s Office for Planning & Budgeting.

Using that data, which tracks graduates according to the degree they earn, it is possible to compare overall results with those reported by former students of the College of Business.

“What the numbers seem to suggest is that the benefits of earning a business degree at the University of Illinois are evident from graduation onward but become more pronounced as time passes,” said Dean Ghosh.

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The longest-term survey done to date was completed in 2000 and looked at those who graduated from the U of I Urbana-Champaign campus in 1991. Among those who received a baccalaureate, 30 percent were earning \$80,000 or more in 2000, but among graduates of the College of Business, 46 percent were in that category.

A survey of 1997 graduates taken in 2002 showed a less pronounced difference. In this case, 18.3 percent of those with a baccalaureate were earning \$80,000 or more annually in 2002, while among College of Business graduates, 20.6 percent of those with a baccalaureate had annual earnings in the \$80,000+ range.

“It is always a bit risky to draw comparisons between two classes that graduated six years apart because they are going to face differing sets of opportunities,” said Dean Ghosh.

However, he noted, if you look at the experience of the two classes, 1991 and 1997, “it may indicate that while all graduates do relatively well, the advantages of a business degree really come into focus after about five years.”

Why would a business degree be more valuable in the long run? Dean Ghosh acknowledges that the answers aren't entirely clear.

“One theory is that business students, while advancing at about the same speed as other graduates during the early years of their careers, have the tools they need to progress more quickly once they adapt fully to both their industry and company,” he said. “Still, we will need further studies to confirm that hypothesis.”

Nationally recognized as one of the leading business schools, the College of Business at the University of Illinois Urbana-Champaign has outstanding programs in accounting, business administration, and finance. The College enrolls approximately 3,300 undergraduates, 900 MBA and master's students, and 165 doctoral candidates.

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