

Return on Investment for MTSU Master's Education in I/O Psychology

A total of 103 MTSU I/O alumni completed a survey in 2011, yielding a response rate of 88% when adjusted for undeliverable surveys and unqualified respondents.

Salary Results

Descriptive statistics revealed the inflation-adjusted mean and median salaries of master's I-O psychology graduates for their first job out of graduate school ($M = \$49,352$; $SD = 15,781$; $Mdn = \$47,730$) and most current job ($M = \$91,319$; $SD = 58,905$, $Mdn = \$75,000$).

In addition, a median salary from the age-earnings profile of MTSU graduates was constructed using regression, which estimated the salary 19 years after graduation to be \$122,506. For men, his figure falls between the 75th (\$105,757) and 90th (\$151,233) percentile of salaries for master's I/O men nationally, and for women approaches the 90th (\$125,767) percentile of I/O master's women nationally, as reported in the 2009 Society for Industrial and Organizational Psychology (SIOP) salary survey (Khanna & Medsker, 2009). This 19-year median age-earnings profile of MTSU I/O master's graduates is also comparable to the median salary of *doctoral* level SIOP members typical to that age range (\$123,207).

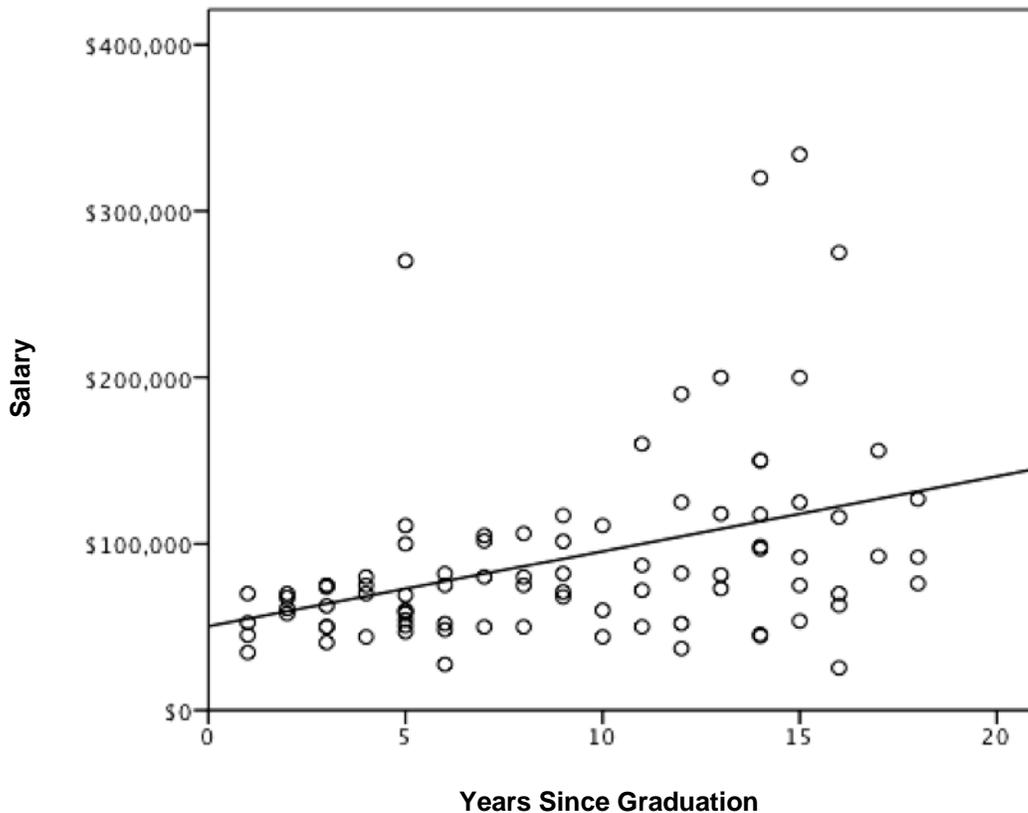


Figure 1. Regression equation depicted on a scatterplot of salary by years since graduation.

Return on Investment Results

The financial returns to an MTSU graduate education in I-O psychology are large and positive for all levels of GA support. Internal rate of return (IRR) estimates age-earnings profiles based on regression models utilizing individual-level data (Psacharopoulos, 1981). Additionally, return on investment (ROI) tells us, for each dollar invested, how much return is received after the costs of the program have been recovered (Phillips, 1997). Overall, financial calculations reveal IRRs ranging from 19.14% to 38.32%, ROIs from 786% to 2226%, and payback periods from 5.89 to 15.52 years (depending on the level of GA support while at MTSU). The payback period represents how long it will take graduates to recover the initial cost of their investment in education by earning a higher salary.

One logical benchmark would be the returns on another advanced professional degree that leads to similar professional occupations—an MBA. Researchers employed by the Graduate Management Admission Council surveyed thousands of graduates over the course of 5 years and found that the 10-year annualized average ROI for full-time MBA graduates was 15% (Holtom & Inderrieden, 2007). The comparable analysis of MTSU I/O graduates reveals a 10-year annualized average ROI ranging from 20% to 219% for no GA support and maximum GA support, respectively. Thus, the IRR and ROI figures show that an MTSU master's degree in I/O psychology has comparatively stronger returns.