

Career ahead?

May 6th 2009

From Economist.com

Where will business students find work?

With politicians, the media and public opinion gunning for them, now is no time to be a banker. Which may be some rare good news for MBA graduates just out of business school; few, if any, will become one.

The financial sector, only a short time ago the mainstay of MBA recruitment, is abandoning business school campuses across the world. Figures vary, but on-campus visits by investment bankers and the like are down between 10% and 20%—and actual recruitment is virtually zero.

A survey by the MBA Career Services Council (CSC) of business schools in America, Canada and Europe carried out earlier this year found that almost 75% of respondents reported significantly less recruitment in the investment banking, brokerage, investment management and commercial banking sectors. This is a big blow for business schools. In 2008, for example, investment banking and financial services took nearly 35% of MBA graduates from Dartmouth's Tuck School of Business; at London Business School it was 44%.

So, with traditional sources of employment drying up, where will business-school graduates find jobs? Two main areas are emerging: the government and the not-for-profit sector. Rebecca Joffrey, Tuck's career development co-ordinator, says the question for them is how to tap into new markets for students who wish to build on the financial skills learned on an MBA programme. One option, she says, is within the federal government: "MBA students can play important roles dealing with financial fraud, the workout of all the toxic assets on the balance sheets of the banks, regulatory policy, risk management."

Government agencies, such as the FBI and the Troubled Asset Relief Programme (TARP), however, are simply not set up to deal with wide-scale MBA recruiting, meaning that careers officers are having to work harder to build relationships. But students themselves are becoming receptive. In the past, lower salaries meant that the public sector was a tough sell. Nowadays they cannot afford to be so choosy.

Furthermore, while some graduates will be fighting harder for fewer positions in traditional MBA recruitment sectors, others are using the recession as an opportunity to explore ways of using their degree to make a positive contribution to social and environmental causes. Thus, charities and other non-profit outfits are becoming popular choices. CSC's report,

for example, found that 27% of schools were seeing increased full-time hiring by non-profits. And where organisations lack the experience—or the funds—to hire an MBA, others are there to help the process. Accenture, a consulting firm, for example, has been screening London Business School students on behalf of its charity and NGO clients.

There are also other routes to employment. Small businesses, never particularly attractive to MBA graduates in the past because of lower salaries, are starting to fill the void left by their bigger brothers. Many are for the first time making campus visits and posting jobs on business school and university websites. And, furthermore, not all of the traditional employers are hibernating. QS TopMBA, a British firm which organises MBA fairs, says that management consulting, for example, has not suffered the same decline as the financial sector, predicting that the number of MBAs hired into consulting this year will have trebled since 2003.

Still, this will not be enough to satisfy demand, so business schools must use all of the tools at their disposal. A key lever in their toolbox has been their own alumni. Business school deans, particularly in America, have been assiduously e-mailing alumni around the world in search of help in finding jobs for their students. Most business schools have also increased training sessions for students with the emphasis on coping with a difficult job market. But no matter how successful this proves, it remains a buyers' market for employers. Students have to be at the top of their game if they are to find any job.

Nevertheless, career management officers are worried that students remain passive rather than proactive in their approach to finding a job. Monica Wilson, associate director of employer relations at Dartmouth College, believes that passivity may be a symptom of shell shock. Students, she says, are still trying to figure out what to do. "They can't quite believe it yet. This is a generation that has had a lot of doors opened for them. If anything I would say their mood is bewildered."

(text: 720 words; summary: 240 words)