

# THE EDUCATED OBSERVER



**Economy Down,  
Enrollment Up!**

BY JILLIAN BLUME, P. 3



## Bursting the Bubble

**The economy is bringing the real world into college campuses**

BY JILLIAN BLUME

When the economy goes down, graduate enrollments historically goes up. For some people who anticipate being laid off or who are already out of work, attending graduate school, in and of itself, is a sign of success—and hiding out for a few years while there's a recession is irresistible. But for graduating students (and parents) who base the value of an education on the return of their investment, internships and jobs are disappearing, and prospects may appear bleak.

Today, most people measure education solely in terms of financial benefit. Universities are ranked on their graduate's positions, and their rankings go up in proportion to the number of higher paying jobs in recognized companies that their graduates land. The days of learning for learning's sake and luxuriating in the safety and stimulating bubble of academia are over. Education is our ticket to higher paying jobs.

"I think there are generational differences for the big motivating trends: what is the purpose of life and why do we go to college," says Linda Barrington, Labor Economist and Research Director at The Conference Board. "These trends change with the generations, and part of those generational cultures are what the world throws at you."

A tumultuous financial market is what the world is throwing at today's students and graduates, Gen Y or the Millennials. There's been a lot written about this generation as they have spilled into the job market with their expectations and their attitudes. Though they believe they can make an immediate impact and demand their own high performance, they are notoriously high-maintenance. They expect their employers to be involved in their development, and they aim to out-achieve their colleagues. They're a generation that never knew a world without cell phones, a generation that grew up being nurtured and pampered with activities and events and classes, with instantaneous

feedback and ubiquitous rewards. They have been shielded from failure.

"Their whole lives have been carefully laid out, from pre-school to the right elementary school to the right prep school to the right college," says Andrea Hershatter, Associate Dean and Director of the BBA Program at Emory College's Goizueta Business School. "Derailment is even more uncomfortable for this group than it would have been for Gen X'ers, who were much more flexible about the ways they got to the goals they may or may not have articulated. Millennials are very clear about articulating long-term goals and paths and very, very concerned with forward progress and momentum." And

get a job. "When you're a kid, you don't really pay attention to the reality of how hard it is to succeed in the world. So while some kids go into this bubble during their educational period and think that everything's going to work out fine for them, because of the economy today and the media, because of the crunch it's putting on their parents, it's really starting to hit home that life may not be as easy as they expect it to be," she says.

There's going to be a more intensive layer of pressure on students to hit the ground running after graduation, whether it's undergrad or graduate, and actually turn whatever it is they've been studying into paying jobs and into real careers. "Because this generation has been so heavily coached, they haven't had to think as independently as other generations," Ms. Kushell said. "So when they're put into a position where they're thrown out into the real world and told 'go live your dream and figure out what you want to do with your life,' a lot of them are getting stymied."

However, in speaking with hundreds of companies, Ms. Kushell is hearing about issues that the Millennials are creating for their organizations. The heads of recruiting for these companies are expressing alarm because so many students who have graduated over the past few years and have taken jobs express a disturbing sense of entitlement.

"They've had very high expectations for what they want from their employers and their workplaces, and you can't have kids walking into the workforce and expecting respect just for showing up," she said. "They're going to get filtered out really quickly." She hopes that the current situation gives recent graduates the sense that having a job is more of a privilege than a right.

### The Rise of Business School Applications

According to The Conference Board, there is historical, quantitative data to suggest

a strong correlation between percentage change in unemployment and percentage change in graduate enrollment across the nation. "People don't rush to get out into the job market when the job market is weak," Ms. Barrington says.

Graduate Student Advisor Stefan Bielski, founder of 2Bschool Admissions Consultancy, believes that people tend to go to school when they're not moving ahead in their field. There's less opportunity when the economy is down, and people don't receive the promotions and bonuses they expect, while a large number of people in the finance industry are either currently unemployed or about to join those ranks. "It tends to be a better time to spend two years in an MBA program where you're not only learning but also networking, and you may have a guaranteed internship, which more times than not leads to an offer. Basically, it's a good way to sit out a recession and come out on the other end," said Mr. Bielski.

And though the downturn is very recent, especially in terms of current graduate school applications, the effects are already being seen. Business is picking up for college advisors, and enrollment in business programs is on the rise. "This fall, we saw an increase in applicants from international students looking to study full time and from students coming from the finance industry," says Karen Boroff, Dean of Seton Hall University's Stillman School of Business, who recently spoke to applicants from Merrill Lynch and Lehman. "We're starting to see students from those companies begin to explore other options because they're being forced to or they realize they have to."

The application process itself can be enlightening, even for students who ultimately decide not to return to school. It affords people a chance to take a good look at what they want out of their lives and allows them to examine their career choices. "Some of the things that people need to do for the process, such as getting recommenders,



Linda Barrington, Labor Economist and Research Director at The Conference Board.

parents of this generation are very savvy consumers of their children's education.

But in today's job market, committing to years of study and shouldering eye-opening amounts of debt is a risky proposition.

Jennifer Kushell, best-selling author and president of ysn.com (Your Success Network), speaks to companies and students all over the globe. She reports that many of these students are in a state of panic trying to figure out what to do, their dreams falling by the wayside because they actually have to

can be used to attract mentors and build a kind of personal board of advisors, which they can have throughout their career," Mr. Bielski said.

#### Concern about the future

Junior and senior students have begun to flood their college career centers. Some students who have been offered internships are afraid those offers will disappear, while others were focused on a career path that is untenable in the current financial climate. With so many top liberal arts students previously targeted for recruitment by big financial institutions, thousands of students have always considered finance careers a backup option, if not a rock solid career path. It was practically a guarantee of early and long-term career success.

"Now, after the recent collapses and mergers, liberal arts students are desperate to find alternative options," Ms. Kushell said. "Many of them will end up in grad school—as grad school has typically been a respite from the real world, rather than a stepping stone to bigger and better opportunities." Graduate school offers people an immediate answer to the question of what they should do with their lives.

According to Associate Dean Hershatter, there have been two career paths for high achieving business students interested in business, which are consulting and investment banking, but it was a matter of compensation and buzz that caused these fields to become the most sought-after and most typical path. The Lehman Brothers and Goldman Sachs of the world targeted students for recruitment, particularly from Ivy League schools, and they would dazzle them with receptions and internships, promising them exorbitantly high pay and moving them to New York.

"One after the other, students were telling me that they thought

their opportunities lay in investment banking, consulting, or some sort of finance position," Ms. Kushell said, "even though they know they can do anything with their lives. For these kids, it's almost obligatory; they go through the motions of investigating these companies, not because they're dying to be in finance or because they love these companies, but because these are very solid institutions, theoretically, and they make their parents very proud."

Now that the finance field and these institutions are in jeopardy, and internships leading to full-time hires are disappearing, will students rethink their priorities? Associate Dean Hershatter is not convinced that it's necessarily a bad thing for graduating students to be forced to step back and reevaluate whether that was really their life calling



Associate Dean Hershatter of Emory's Goizueta Business School.

or whether they had just fallen into it because they could. "What I hope we have," she said, "is a population that will be more willing to get their hands dirty on the ground level of corporations, a population that might consider slightly less conventional paths, such as making meaningful contributions in organizations like non-profits. They will still be very much gathering the skills and the network that will enable



them to pursue their long-term career goals, but they'll be doing it in a way that's more significant and more closely aligned with their passions." That is a positive spin on the very real possibility that far more graduating college students could be unemployed this year than in previous years.

#### Opportunities and Challenges

Choosing a major and narrowing the focus is a long-term decision, and it shouldn't be made because of this year's or next year's job market. Students should take advantage of college counselors and admission advisors like Stefan Bielski, whose job is to help students figure out what they want out of life and then guide them in the process of pitching that to a school. "It has to make sense for them. It has to be reasonable but still ambitious," he said.

A liberal arts degree has value for many different jobs, and the need for quantitative reasoning goes far beyond the finance industry. Students are being advised to gain as many credentials as they can. Dean Boroff points out that while investment banking is a troubled piece of the financial industry, it's not the whole industry. "Opportunities exist in insurance, risk, compliance, and backroom operations," she said. "There are a lot of opportunities out there. They may not be in what was considered one of the most prestigious domains, but they are very good opportunities."

She believes the perfect time to go back to school is when people find themselves out of work, whether it's to get an MBA in business or an advanced degree in another field. "It's an economy that's going to require an increasing demand for more skills, for nimbleness and networking," she said. "If there's any way a person can continue their studies, even part-time, that's going to be a good thing. It's good in terms of skill acquisition, but it's also good in terms of one's mental psyche and the ability to have the personal stamina to get through what is going to be somewhat of a difficult time."



Jennifer Kushell, best-selling author and president of ysn.com (Your Success Network).

the real world."

She predicts that the economy will be a big wakeup call to make students more practical about what they're studying and what they're planning to do when they graduate. And it's not just the economy that's pressuring students to get their act together and focus. "Because of the global workforce crisis, the average age of a vice president of a company is going to change from the 40s to the 30s in the next few years, and these kids are not prepared for these kinds of leadership positions," she said.

Boomer's exiting the workforce have created a serious shortage, so even with the economy tightening, there are many industries struggling to find qualified people. There's a need now to promote new and younger people at a faster rate than ever before to fill those gaps. "There's a tremendous amount of opportunity out there, but it's not going to be as black and white as it has been," Ms. Kushell said. "It's not going to be as easy as going to the career center and getting a laundry list of companies that want students from that school. Students have to begin thinking of what they are really good at and how they can apply their special skills and interests into developing careers."

Paula Lee, Director of Career Development at New York University has been working to get the word out to students to rethink the way they search for internships and for full-time positions. "That might mean beginning their search earlier," she said. "It might mean doubling or tripling the number of organizations that they contact. It might mean attending additional career fairs, using additional resources, and networking. Students will have to work a lot harder now to find a position."

Ms. Kushell strongly recommends that students avoid being myopic by looking at different industries. "Kids have to understand the difference between function and industry," she said. "Every single industry has finance opportunities in it." She also advises her students to expand their job search geographically. "There are going to be so many opportunities internationally, and people will be that much more competitive if they are more globally savvy."

Energy, social entrepreneurship, non-profits, and community service such as food banks and youth organizations are becoming hot topics on college campuses across the country. Who knows? Maybe this brave new world will turn out to be a magnanimous one after all.