Marketplace

Bleak Prospects for Jobs Greet This Fall's Business Graduates

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The recruiting forecast for M.B.A. students this fall grows darker by the day.

"Starting last January, I think people realized there was a storm cloud on the horizon," says Stephen Johansson, associate dean for corporate relations at Vanderbilt University's Owen Graduate School of Management in Nashville, Tenn. "At this point, it's still raining steadily."

Business students, barely recovered from their protracted hunts for summer internships, face even bleaker prospects for permanent jobs as classes resume in the coming weeks. Many major corporations that wined and dined M.B.A. candidates last fall intend to curb their campus recruitment efforts this school year.

Consulting giants such as Booz Allen & Hamilton Inc. and A.T. Kearney have already announced such cutbacks. Instead, the firms plan to hire a handful of 2002 M.B.A. graduates from their current pool of summer associates. Now, several business schools report, the gloomy M.B.A. recruitment outlook is starting to spread into finance, high-tech and manufacturing.

Making matters worse, business students finishing school next spring must compete with recent M.B.A. graduates who have yet to find work or became jobless following the dot-com downturn. In addition, many companies "wish that they had not made as many offers as they had made to the 2001 class," says Bruce G. Willison, dean of U.C.L.A.'s Anderson Graduate School of Management, noting that some companies had asked these new hires to defer their start dates.

At the University of Chicago's Graduate School of Business, Glenn Sykes, director of M.B.A. career services, expects the number of recruiting companies, job interviews and offers to drop 20% to 25% this fall. A few employers, especially in the technology-consulting sector, have canceled recruitment visits, he says.

Investment banks say they will be back at Chicago, but with a whimper instead of the bang of years past, Mr. Sykes says. Investment banking is the most popular field among Chicago M.B.A.s: About 42% of the 2001 class took jobs in the industry.

Among the manufacturing companies that plan to lighten their campus interview schedules for business students is Ford Motor Co. The big car maker, which last week announced plans to cut as many as 5,000 jobs, says its on-campus recruiting of prospective M.B.A.s will be "significantly reduced" this fall. "There's not an awful lot of sense to sending a cross-functional team out to a school to bring back one individual," says Rose Mary Farenden, Ford's director of global salaried recruiting.

High-tech companies that recently pruned their staffs also aren't keen to hire as many M.B.A.s. Cisco
Systems Inc., which eliminated 8,500 jobs earlier this year, believes it is inappropriate to make "large additions to head count given the current economic environment," says a spokeswoman for the San Jose, Calif., maker of Internet-switching equipment.

Cisco officials still plan to visit top business schools this fall to recruit interns -- the core of its M.B.A. hiring -- but the company is unlikely to select any new M.B.A.s for full-time employment until the fall of 2003, the spokeswoman says. Before the economic slowdown, Cisco typically hired more than 20 M.B.A.s for permanent jobs each year.

First Union Corp. probably will hire a third fewer M.B.A.s next spring than the 100-plus grads picked this year, says Ed Gagen, director of recruiting programs and operations for the big bank holding company in Charlotte, N.C. Nevertheless, First Union will again visit about 20 business schools this fall. "You don't want to skip a campus for a year or two because you'll get forgotten about," Mr. Gagen says.

Anticipating a difficult recruiting season, many business-school career centers are advising students to forgo shopping around and instead seriously consider any permanent offers that emerge from this summer's internships. Schools also expect that some employers will try to cut recruiting costs by filling jobs as quickly as possible, leaving students little time to decide where they want to work.

One 26-year-old student at Wake Forest University's Babcock Graduate School of Management says he has already received what is known in recruiting circles as an "exploding offer" from a major company he declines to identify. If he accepts after Oct. 15, his signing bonus will shrink to $5,000 from $15,000. If he doesn't take the job by Dec. 31, the offer will expire.

"In a way it's pressure -- in another way it's a relief to have an offer," says the student, who requested anonymity because he is trying to negotiate the deadlines. Offers from most companies recruiting at Babcock won't be made until mid-November, forcing him to choose between keeping the bulk of his signing bonus and holding out for a better offer. "I'm going to have some anxiety as the deadline approaches," he says.

Kevin Bender, executive director of Babcock's Career Management Center, says he has advised the student to accept the position because "it's a great company." Of the 50 to 70 companies that usually recruit at Babcock, 10 have said they won't interview on campus this fall, he says.

Other career-services directors are urging M.B.A. students to seek jobs in expanding industries that aren't typically big campus recruiters -- such as energy, pharmaceuticals and biotechnology.

Meredith Olson, a University of Chicago business student, believes classmates with summer experience at energy companies "don't feel they'll have difficulty getting [full-time] offers." She hopes that her present internship at Dynegy Inc., a Houston energy concern, will lead to a permanent position. Company officials confirm they expect to make her an offer soon.

Dynegy plans to hire between 12 and 15 M.B.A.s graduating next spring, an increase from this year, says Randy Wilson, its director of university relations. He has noticed a significant increase lately in applications from M.B.A. candidates. "I'm not so naive to think that everybody wants to work for Dynegy because we're the greatest company," he says. "I do understand that there's been a change in the economy."

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