College Employment Survey
Career Centers See Campus Recruiting Lagging Economic Recovery

- Today’s Recovery More Likely to Benefit Class of 2011; This Year’s Grads Still Hurting
- Jobs Pipeline Being Refilled with ‘Huge’ Rebound in Internships, Mostly Unpaid
- Salaries Flat to Down with 40.5 Applicants for Each Opening

By Gary Rosenberger

PHOENIX, Ariz. (EconoPlay) May 5 – The class of 2010 is saddled with a modestly improved, but still poor, employment outlook – with on-campus recruiting unlikely to really perk up until next year’s class gets ready to graduate, college career centers report.

The most affirmative indication of a future jobs recovery is in internships, mostly unpaid, where recruiting is intensifying as companies seek to refill a depleted pipeline of workers – even if they’re not ready to commit just yet to full-time hiring.

Manufacturers, financial services, consulting firms, federal government, healthcare, and Teach for America were generally cited as most likely to hire – but nobody is tearing up their grad school acceptance letter because they landed a last-minute job with an investment bank.

Automotive is also once again a presence on campus after disappearing two years ago – but they seem to be all talk and no action.

Also, salaries are flat to down as companies have their pick of more than 40 candidates for each available job.

Robin Meyer, director of campus recruiting at Williams College in Williamstown, Massachusetts, sees this year’s grads being largely overlooked in the ongoing jobs recovery, with better prospects awaiting next year’s class.

“When we looked at numbers last year, in the depths of the economic crisis, they were surprisingly good. We didn’t see a massive drop off in employers recruiting on campus,” she said. “We saw the drop this year. But there’s always a lag between what happens in the wider economy and what we experience.”

The drop hit all sectors, with a particularly heavy impact in financial services and consulting. When she asked recruiters about it, they all blamed the economy.

Now it “feels” like that’s changing. Anecdotal feedback from employers suggests there will be more on-campus hiring, even if her numbers don’t yet support that claim. “Internships are hot, but we’re seeing a huge rate of unpaid internships,” Meyer said.

“People didn’t stop hiring. Every day we have new postings,” she said. “But there’s always a two-year lag between the start of an economic recovery and when recruiting improves on campus. Unfortunately, we’re still in that lull.”
“I think things are definitely more positive,” said Andrea Koncz, employment information manager, for the National Association of Colleges and Employers (NACE).

NACE’s April jobs survey shows hiring is up this spring by 5.3%, but that’s only partway back from last year’s 22% plunge.

Representation from employers was “a bit down” at spring career fairs. “We think that’s because they’re trying to use less expensive ways to recruit, like on-line postings,” Koncz said. “We have our own jobs posting site at NACE. In January it went crazy, and we saw a lot more postings.”

**40.5 Students, One Job**

It’s too early in the survey period to say much about salaries, but she suspects employers are hiring better candidates for what they used to offer to lesser candidates. “Employers might be bargain hunting. I’ve heard that from a few. They can pick and choose, and hire more qualified candidates because there are more of them out there,” she said.

Students are dealing with enormous headwinds. That same NACE survey showed 5,174 positions and 209,852 applicants – or about 40.5 applicants for each opening.

Denise Dwight Smith, director of the University Career Center at the University of North Carolina at Charlotte, observes that the weak job market is taking a psychological toll on students – feeding a perception that things are worse than they really are.

“We’ve seen this for years where, in a recovery, students are not getting a true picture of the economy,” she said. “When the recession first hit, they weren’t really ready, and they seem to be equally unready for the recovery.”

The career center took part in a survey of 30 colleges that showed students to be “really discouraged” about their job prospects. “So I’m worried about a self-fulfilling prophecy effect,” Dwight Smith said.

This is happening despite a 6% increase in the number of companies taking part in the campus’s spring career fair.

She also sees “slight upticks” in demand for science and engineering services, healthcare, consulting, and federal government hiring.

The big bad surprise was the fall in demand for teachers and nurses. “Those were in such high demand and now there’s a serious decline because of state budget cuts,” Dwight Smith said. “Financial services in Charlotte were so devastated during the downturn, and we’re seeing a ripple effect from the loss of high income jobs on state budgets.”

Salaries “have gone down across the board, which is not surprising,” she said, adding that engineering salaries are “somewhat stable,” while business salaries have “flattened.”
“Students are really apprehensive and are looking for post-graduate alternatives like grad school and moving outside of their disciplines somewhat. I still see a lot of discouragement. It’s significantly tied to financial services in Charlotte, which got hammered,” she said.

“It’s such an extreme contrast to what we had before. We had gotten used to being below the national average on unemployment, now we’re above average,” she said.

Automakers Back on Campus

There are incipient signs of automotive reemerging in recruitment circles, said Joe Garcia, director of the MBA Career Services Center at the Eli Broad Graduate School of Management at Michigan State University.

“Ford posted a stellar quarter. GM paid back its government loans. All those things are good signs,” Garcia said.

On the recruiting front, Michigan State is in “greater contact” with Ford, GM and Chrysler. “They’ve all been out to our university and stating they’re on the mend and looking forward to building ties again,” he said. “They’re looking for ways to make themselves more competitive in the marketplace, which means hiring talent.”

So far the hiring is only at the internship stage, a forward indicator of future hiring. “Internship rates are up significantly over last year, 20 percent generally, with some of that attributable to automotive,” Garcia said.

But it will be the class of 2011 that will be the first to benefit from those internships, “which are an extended interview,” he noted.

“Things are much, much better. Everything has picked up in the spring,” said Patricia Rose, director of career services at the University of Pennsylvania.

“We haven’t divided it up yet into internships and perm, but together they’re up 17 percent from a year ago,” she said.

Attendance was up at spring career fairs after being down last fall. “The banks for sure are back in a huge way,” she said. “Consulting firms never went away like the banks did, but they’re coming back as well.”

The salary surveys are just beginning to trickle in, and base salaries for the banks appear to be up. “But I can’t say that total compensation is up. There’s no way to know how year-end bonuses will compare with prior years,” Rose said.

While the economy is better, “it’s not as if students who committed to grad school or Teach for America are suddenly saying, ‘I think I’ll work for an investment bank instead,’” Rose said. “You can’t just change course overnight. You have to build up a head of steam.”
And while Teach for America and Peace Corps did get very popular when the economy was down, youthful idealism is still alive. “They’re not just as an alternative to unemployment,” she said.

**Focusing on Internships**

For MBA students, internships have returned in a big way, but it’s all wait and see on the full-time front.

“At NYU Stern, we've seen the biggest changes on the summer internship front,” said Pamela Mittman, assistant dean, MBA Career Services at the NYU Stern School of Business.

“Our first year full-time MBA students are doing exceptionally well, and we're seeing a pretty healthy increase in the rate of placement compared to this time last year,” she added.

NYU had expected an uptick in summer internships among financial services firms who indicated a year ago that they would be reinvesting in a pipeline of future executives. “Banking, sales, trading, and consulting are the industries leading this growth for us.” Mittman said.

As for full-time employment, “we’re tracking at about the same placement rate as last year at this time – and we weathered the economic storm pretty effectively last cycle,” she said. “We're not seeing any significant industry shifts – and we're holding steady compared to last year.”

But with graduation just a couple of weeks away, the next few weeks are “a key time” for students to update the career center on their employment situation. “It's premature for us to publicly report numbers at this time in light of where we are in our process, but we're optimistic,” she said.

“What I can share is that in addition to a robust on-campus recruiting cycle in the fall, we experienced a 10 percent increase in job postings and a 20 percent increase in companies attending our career fairs this academic year,” she said.

Employers insist that hiring prospects are better than they were last year, but they’re running into a cognitive dissonance problem.

“I agree that sentiment among students has not caught up to the new reality,” said Marie Artim, assistant vice president, recruiting for Enterprise Holdings, which last fall reported plans to hire approximately 8,000 college graduates for its management training program.

“We have not changed our hiring plans since we last talked in the fall. But, as I said at the time, we were already on a projected increase and a little ahead of the curve,” she said.

Artim recently met with recruiters from other companies, and most are fighting the same battle. “They’re still challenged by a lack of engagement and the perception by students that there’s nothing out there,” she said. “Some suggested that maybe students are using the economy
as an excuse to delay entering the job market.”

Even if job prospects improve further, salaries will likely stay the same, she said.

“We try to make sure that we are within the range of the market. We didn’t make changes to our salary structure this year, but certainly we’re not moving backward either,” Artim said. “We will reevaluate our salary offerings in the coming months for the fall. But my sense is that salaries will remain consistent.”

She and other recruiters see “a lot of demand and good salaries” for engineering and technology skills. “But we’re still not seeing signing bonuses at the undergraduate level,” she said.

Her company is also looking to hire top tier students that in other years would have been sopped up by investment banks. In a soft job market, “there are more opportunities for us to get the top talent,” she said.

Artim agrees that much of today’s focus is on internships – and that applies to all industries. “It’s a way for companies to get the pipeline of talent flowing again, even if they’re not ready to commit to full-time hiring quite yet,” she said.

The U.S. Department of Labor is scheduled to release non-farm payrolls data for April on Friday at 8:30 a.m. ET. Please note the above commentary more likely reflects the employment outlook for the summers of 2010 and 2011.

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