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JR: WEALTH MANAGEMENT B

Why Focusing Too Narrowly in College Could Backfire

Students are told learn the subjects that will best land them a job when they graduate. But that could be the worst thing they could do.

By PETER CAPPELLI

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A job after graduation. It's what all parents want for their kids.

So, what's the smartest way to invest tuition dollars to make that happen?

The question is more complicated, and more pressing, than ever. The economy is still shaky, and many graduating students are unable to find jobs that pay well, if they can find jobs at all.

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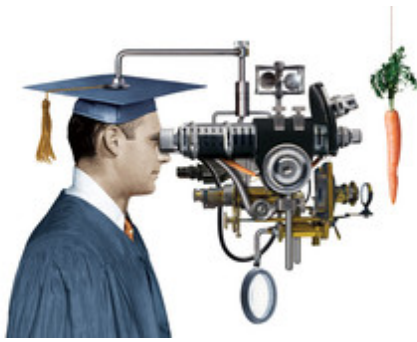
The result is that parents guiding their children through the college-application process—and college itself—have to be something like venture capitalists. They have to think through the potential returns from different paths, and pick the one that has the best chance of paying off.

For many parents and students, the most-lucrative path seems obvious: be practical. The public and private sectors are urging kids to abandon the liberal arts, and study fields where the job market is hot right now.

Schools, in turn, are responding with new, specialized courses that promise to teach skills that students will need on the job. A degree in hospital financing? Casino management? Pharmaceutical marketing?

Little wonder that business majors outnumber liberal-arts majors in the U.S. by two-to-one, and the trend is for even more focused programs targeted to niches in the labor market.

It all makes sense. Except for one thing: It probably won't work. The trouble is that nobody can predict where



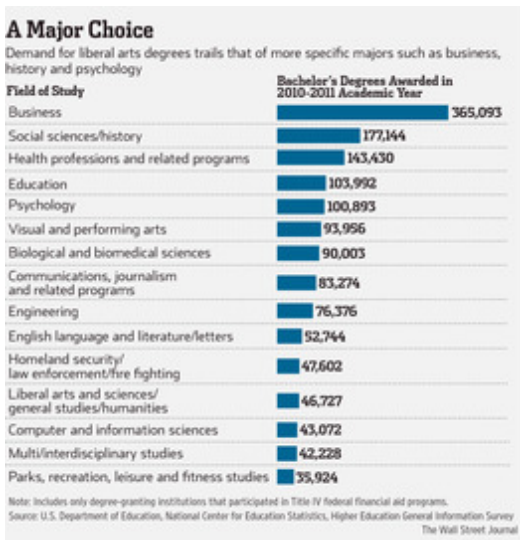
Viktor Koen

government officials who are making such loud calls for vocational training. The economy is simply too fickle to guess way ahead of time, and any number of other changes could roil things as well. Choosing the wrong path could make things worse, not better.

So, how should the venture-capitalist parents proceed? What should they weigh as they decide where to put their limited capital to get the biggest bang? Here are some things to consider.

Does the Product Get Out the Door?

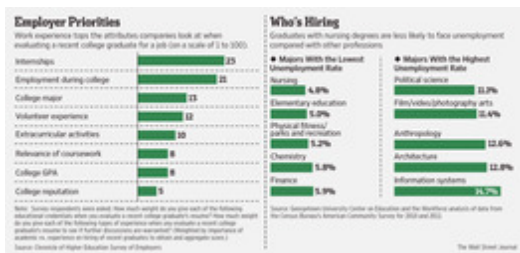
You can pick the perfect school in terms of courses and location and price and ambience. But none of it does a student any good if he or she doesn't end up with a degree. After all, college improves job prospects only if a student graduates. That is why it is crucial to scrutinize the graduation rates at various schools.



What's more, it is also important to look at how long it takes students to graduate. Only about 60% of Division 1 university students graduate in six years, for example.

Many parents and students don't realize that even top schools differ greatly in their ability to get students out the door to graduation on time. Consider the difference between an elite private university like Stanford University and an elite public university like the University of California, Berkeley. My colleague Robert Zemsky found that the private school has a much wider array of support services—counseling, tutoring and so forth—that vastly improve the odds that a student will actually graduate, and will do so in four years. An expensive, private school may end up being cheaper if a student doesn't have to be there as long.

Probably the most important statistics to scrutinize are job-placement rates for graduates, but they are often hard to get and easy to fudge. Are we measuring jobs at graduation, or within a year after? Do internships count as a "job"?



Statistics about starting salaries, to judge the quality of those jobs, can be even more elusive. In the absence of good data, visit the school's career center and see which employers are actually interviewing students and for what jobs.

Parents and students should push to require schools to post graduation rates, job-placement rates and other information on the outcomes for their graduates—especially considering how

many students are now using government-backed loans to pay for their education. It is not in the public interest for students to use public funds for vocational degrees that don't have a good chance of paying off.

Today's Jobs Aren't Necessarily Tomorrow's

The trend toward specialized, vocational degrees is understandable, with an increasing number of companies grumbling that graduates aren't coming out of school qualified to work.

But guessing about what will be hot tomorrow based on what's hot today is often a fool's errand.

The problem is that the job market can change rapidly for unforeseeable reasons. Today, we frequently hear that computers and information technology are and will be the hot fields, but both have gone from boom to bust over time. Students poured into IT programs in the late 1990s, responding to the Silicon Valley boom, only to graduate after 2001 into the tech bust.

Changes in regulations, meanwhile, can rapidly create and kill fields. For instance, the Sarbanes-Oxley Act amped up the demand for accountants. Emerging technologies can be just as disruptive—applicant-tracking software eliminates jobs in recruiting, while cellphones create programming jobs in mobile technology. Developments like these are almost impossible to anticipate.

It gets even more complicated than that. Let's say governments and colleges *could* tell what the demand would be for a particular occupation years out. The problem for someone making an investment in that occupation is that everyone else has the same information. That means students will rush to train in that field, the supply of potential workers goes up, and the jobs are no longer so attractive.

Consider an email that Texas A&M University sent to this year's class of incoming petroleum engineers, the hottest job in the U.S. in terms of starting wages.

The message reminded students that the job market for engineers has always been competitive and cyclical, and warned, "Recent data suggests that some concern about the sustainability of the entry-level job market during a time of explosive growth in the number of students studying petroleum engineering in U.S. universities may be prudent."

Unfortunately, that kind of caution isn't common. Schools want to get as many applicants as possible, and to get the best ones to attend. Showing parents and students all the caveats that go with the impressions they create about future jobs may conflict with those interests.

The Danger of Specialization

Another important caveat that doesn't get discussed much: It may be worse to have the *wrong* career focus in college than having *no* career focus—because skills for one career often can't be used elsewhere.

Let's say a student spends four years learning to market pharmaceuticals. But what can he or she do with that degree if the drug companies aren't hiring? The skills don't transfer easily anyplace else.

That may even be true *within* a field. Anthony Carnevale, of Georgetown's Center on Education and the Workforce, calculates that the unemployment rate among recent IT graduates at the moment is actually twice that of theater majors. Despite the constant complaints from IT employers about skill shortages, only *certain* skills within IT are hot at the moment, such as those associated with mobile communications.

Focusing on a very specific field also means that you miss out on courses that might broaden your abilities. Courses that teach, say, hospitality management or sports medicine may crowd out a logic class that can

skills can help in any field, unlike the narrowly focused ones.

Beyond those concerns, a narrow educational focus forces students to pick a career at age 17, before they know much of anything about their interests and abilities. And if they choose incorrectly, it can be very difficult for them to start over once they're older.

Researchers Eric A. Hanushek, Ludger Woessmann and Lei Zhang find that more vocationally focused education in high school appears to limit adaptability to changing labor markets later in life. The same thing may be true in college.

All that said, practical degrees do have value. But they're not nearly as valuable as boosters say.

Yes, in some fields, like engineering, the only way in is with a specialized degree. Other things being equal, students with one of these degrees will have an easier time getting their first job in the field than students with liberal-arts degrees. After the first job, though, it is not clear how much advantage that practical degree has.

Certainly, some matter in part because they are prestigious—such as a Wharton M.B.A.—but for those that aren't prestigious, and where the degree isn't required or common, a degree may not matter at all.

Also consider that what companies really want hires to have is actual work experience. If they have a choice between hiring someone fresh out of a hospitality-degree program or someone who doesn't have that degree but who has run a restaurant, they will choose the latter.

The Way Forward

So, what are the practical lessons for the venture-investor parent and their child?

Students that go the practical route should delay choosing majors and specialized courses as long as possible, so that there is likely to be a better match between course work and employer interests. Students can rely on real-time information from the career office to gauge demand. Because of the need to adjust, it also helps to be at a school where switching majors is easy. Small programs with limited resources mean that students may have to stay more than four years to get all the courses that are required for a new major.

Naturally, it is good to know the job-placement rates for graduates. But as we've seen, those numbers may not be available. So, beyond visiting the school's career center, they should see what ties the school has to employers and what its reputation is in their child's prospective industry.

If specialized education seems too limited or risky, there is another path to consider, one that often gets short shrift these days: go to college to get a well-rounded education and worry about the job market after graduation.

It may seem impractical, given the state of the economy and the scramble for jobs that many liberal-arts graduates face. But remember that work experience is what really is important to employers—and graduates without vocational training can now get that experience from a number of programs.

Bootcamp Education's DevBootcamp provides an experience that mimics a real job. Participants learn by working on real projects, and the company helps them build leads to employers. General Assembly offers

graduates.

Education providers like Dartmouth's Tuck Business School are also getting into the act. Tuck has a nondegree certificate Business Bridge program aimed at juniors, seniors and recent graduates in a nonbusiness degree of study. The program offers a general management curriculum as well as career development to enter the job market.

More people than parents should pay attention to this shift toward vocational college degrees. A lot of taxpayer money supports these programs, and in states like Texas, the pressure is on to steer even more students toward them. It is an expensive and inefficient way to provide the practical skills that employers want for the first job out of school, though, as well as being a big, risky bet for parents to underwrite.

There should be better alternatives. One might be for employers to rethink whether they could go back to providing some of the initial training and work experience college grads used to get in entry-level jobs a generation ago.

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