

WHY ARE HARVARD GRADS STILL FLOCKING TO WALL STREET?

STUDENTS FROM ELITE COLLEGES MARCH OFF TO JOBS AT THE BIG BANKS AND CONSULTING FIRMS LESS BY CHOICE THAN BECAUSE OF A RIGGED RECRUITING GAME THAT THE SCHOOLS THEMSELVES HAVE HELPED TO CREATE.

By Amy J. Binder

In 2010, Bastian Nichols moved into his freshman dorm at Harvard without much thought of what he would do after graduation. He felt sure that in time he'd find a career that matched his passions (among them, journalism and travel), but while in college he would experiment at becoming "a more interesting person."* His concentration in psychology and comparative literature matched his general philosophy. So did his choice of summer jobs, which ranged from leading a bike trip through Austria and working in a theater in Croatia to doing post-production work in an Italian film company.

Yet, as senior year approached, Nichols began to feel anxious about life after Harvard. He described being "scared because I was like, 'Crap, I've got a year left, and I just don't even know what I could possibly do.'" Feeling he had few choices, in the early weeks of his senior year Nichols began working with Harvard's Office of Career Services to find a job in management consulting. Much to the dismay of peers who thought that at least *he* would be a hold-out, he will begin his job at one of the country's top three consulting firms this fall.

Nichols followed a path that is now well worn by a huge segment of America's "best and brightest." It starts when they arrive as freshmen on elite campuses, full of a sense of idealism and limitless possibility. It quickly leads to a bizarre status game in which they wind up in a frenzied

competition with each other over jobs that they had previously never heard of or thought of as dull and lacking much social purpose.

The most obvious case in point is the huge number of elite university students who wind up working on Wall Street or in a handful of elite management consulting firms such as McKinsey & Company or Bain. In 2007, just before the global financial meltdown, almost 50 percent of Harvard seniors (58 percent of the men, 43 percent of the women) took jobs on Wall Street. That number contracted sharply during the Great Recession, but after 2009 it began rising again. Among this year's graduating class at Harvard, 31 percent took jobs that will channel their energies into derivatives, mergers, and often destructive outsourcing. And many more tried out for such positions. According to a study by the sociologist Lauren Rivera, a full 70 percent of Harvard's senior class submits résumés to Wall Street and consulting firms.

Meanwhile, among Harvard seniors who had secured employment last spring, a mere 3.5 percent were headed to government and politics, 5 percent to health-related fields, and 8.8 percent to any form of public service. Only high-tech fields captured the interest of graduating seniors at anywhere near the level of finance and consulting, and even this seemingly healthy countertrend has problems. (See "Is High Tech the Answer?," page 58.)

* Note: As with all other names in this article, Bastian Nichols is a pseudonym, and small details about students' experiences have been changed in accordance with institutional review board requirements. See Zachary A. Schrag, "You Can't Ask That," page 61.

What explains this skew in how America's top students wind up applying their talents?

With rare exceptions, the explanation does not lie with the values students pick up from their professors, most of whom are horrified that so many of their protégés march off in lockstep to banking and consulting. Bastian Nichols recalled that when he told a faculty member that he had landed a job at McKinsey, the professor's body language said it all. "He was sort of like, 'Oh, there goes another one; we've lost another one to the consulting venue.'"

Nor does the explanation reside in some generational change that has caused huge numbers of bright young Millennials to adopt Michael Milken or Mitt Romney as a role model. In fact, like Nichols, many if not most students who find themselves working on Wall Street tend to have much broader interests that they have set aside. Consequently, as Kevin Roose has written in his new book, *Young Money*, many wind up hating their jobs. Incessant Excel and PowerPoint drudgery, being on call to superiors at all hours of the night, putting in eighty to a hundred hours of work per week, traveling constantly, in the case of consulting, and feeling, overall, like a cog in a meaningless machine—all work against a balanced, productive life. The search for exit strategies becomes a preoccupation of many who take these positions.

Nor is the explanation that it was ever so.

According to Karen Ho, an anthropologist at the University of Minnesota and the author of *Liquidated: An Ethnography of Wall Street*, students interested in corporate America in the mid-twentieth century tended to choose management training in industrial, aerospace, or chemical industries to earn their stripes. Wall Street partners did recruit a handful of Ivy League undergrads through networks of upper-class family and friends and, later, more from MBA programs. But comparatively few undergrads went directly from campus to Wall Street. Indeed, the big draw, especially in the 1970s, was the law and medical schools.

One partial explanation for why career routes have changed is, of course, the money that newly minted graduates from top schools can make on Wall Street or with consulting firms. Entry-level analysts typically make \$70,000 to \$90,000 a year, with the prospect of making much more. But for bright students from elite universities, there are lots of opportunities in many other fast-growing sectors, including energy and health care. Yet comparatively few wind up in such occupations.

Moreover, assuming that people choose careers with

regard only to money is naive, and particularly so when it comes to highly status-conscious and competitive students at top universities. In order for large numbers of elite students to end up working at jobs that most had never heard of when they arrived on campus—and that most will find soul killing—they have to first learn that these jobs exist and come to think of them as prestigious. How does that happen?

To gain insight into this question I, along with two graduate students, Nick Bloom and Daniel Davis, interviewed sixty students and recent alumni at Harvard and Stanford. Although not based on a random sample, our study included students from a variety of backgrounds, majors (called "concentrations" at Harvard), and career plans—or actual first jobs, in the case of alumni. Our research shows that students don't just gravitate auto-

matically to jobs in finance and consulting. Rather, this is in large part a story of universities helping to organizationally manufacture students' aspirations for these positions.

Before students can clamor for jobs in investment banks or consulting firms, they first have to learn what these esoteric professions are. Of our sixty interviewees, only two students said they were familiar with these careers when they entered college, and one of these was the daughter of a Wall Street banker who had attended an elite business school.



Far more typical are students like William, a junior at Harvard who told us that before arriving on campus, he “didn’t know there were consulting firms like McKinsey or Bain. I didn’t know that there were big investment banks like JPMorgan. I didn’t know that those really existed or what they did, and that wasn’t a thing for me, something I aspired to be.”

Most students come to campus with vague plans about their professional lives, along the lines of a Harvard alum named Kevin, who said he planned to “study philosophy and go to law school and have a nice life,” or Olivia, who had chosen Stanford because she dreamed of launching a start-up. Another junior at Harvard laughingly recalled that he “thought careers in finance were like being a bank teller, being an accountant, or something.” Yet despite their utter lack of knowledge of these jobs, all four of these students are currently pursuing or, in the case of the two alums, have already taken their first jobs in finance or consulting firms.

So what happened? The explanation starts with changes in how Wall Street firms and management consulting firms go about filling their ranks. Starting in the 1980s, these firms adopted a recruitment strategy that targeted undergraduate students at a handful of elite colleges in a way that other profitable, fast-growing industries—like the energy, health care, and high-tech sectors—did not.

This wasn’t so much because banks and consulting firms had a greater demand for young brainpower. Rather, these other industries managed to find the talent they needed—to, say, devise new medicines or software or oil exploration techniques—from the broad array of American colleges and universities. While happy to hire Ivy Leaguers, they didn’t inordinately seek them out. Wall Street and the consulting firms, by contrast, developed business models that relied on the appearance of brainpower in order to win clients. This put a premium on recruiting from a handful of universities with the highest worldwide brand equity. Top students from Purdue or UCLA might be just as good, or even better, at putting together spreadsheets. But being able to boast that you have a team of kids from Harvard is important when you are trying to sell high-cost consulting and financial services of uncertain value.

To get to those kids, the nation’s top banks and consulting firms began by competing with each other to become “platinum” members of the career services programs run by the most elite schools. Winners of this pay-for-play competition get the best tables at campus career fairs, access to students’ email in-boxes, entrée to the most impressive banquet rooms for holding information sessions and receptions, bundled delivery of applicants’ résumés, and space and scheduled times to hold one-on-one interviews, among other goods and services known as “recruitment.”

The recruitment process gins up early in the fall term and ends well before the academic year is over. Firms seek to sign up recruits as soon as possible, since it cuts off com-

peting employers by removing fresh talent from the market. At the top of the calendar are firms’ information sessions, which are designed to educate students not only on the nitty-gritty of the application process (résumé-writing workshops, dates for résumé drops) but, more importantly, on what it means personally and socially to work for a high-prestige firm.

Marketing is heavy. Firms seek to make themselves the inevitable choice of students through slick video presentations, excellent food (more than one interviewee mentioned this perk), and a show of raw human talent. Investment banks and consulting firms do not send human resources personnel to work the room; they send teams of professionals to woo the young crowd, including recent graduates of the very schools where recruitment is taking place—an effective strategy for making the jobs relatable.

Most freshmen remain reasonably insulated from recruiters, but once students come back to school as sophomores they find it impossible not to notice their older peers’ “stampede to start applying” for jobs on Wall Street,

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as Nathan, a Harvard alum, put it. Whether observing seniors going through recruitment for the two-year analyst jobs post-graduation, or juniors going through recruitment for coveted summer internships (which with luck and hard work can be converted to an offer for an analyst position the following year), younger students take notice.

Nathan, who successfully landed a junior internship and then a job at a top investment bank, told us how these presentations simultaneously warmed him up for these jobs and also wore him down. “At Harvard,” he said, “you always want to seize every opportunity you can,” which is why he went to the sessions offered by the firms and gathered the “glossy pamphlets,” where everything “sounds so amazing.”

But it wasn’t just excitement that led him to apply; it was also, he said, “inertia.” Portraying himself as “extremely risk averse,” Nathan told us he hadn’t made “a conscious decision to pursue banking. It was more, I guess—I mean, I hate to use the term ‘fear of missing out.’ I didn’t know what I was missing by not applying, so I ended up doing my research and tossing my hat in.” Convinced by the in-

formation sessions that he would miss gaining “marketable skills” if he didn’t bite, he bit hard and prepared his file.

In addition to formal presentations, firms also work with student-run organizations to have an omnipresence on campus. One Stanford student named Sadie revealed that consulting firms “are really good at getting an ‘in’ with various student group leaders and saying ‘Hey, can you forward this information out to your networks?’”

According to another Stanford student, Devon, who is an officer in one of the pre-professional clubs on campus, banks “come and they do presentations for the general population, but then they’ll have sessions with just the finance kids. Things like that really help them get connected and get noticed and already stand out before the process even starts because they have us for approval.”

Highly competitive, status-conscious students go to these firms because of the structured pathway that leads straight to them, even as they rationalize that they are on their way to some more noble end.

This, and the flyers that cover campus during high season and the emails flooding students’ in-boxes, means that “students get to know these recruiters and see them around—a lot,” said Noelle from Harvard. All of this enhances the sense that the jobs are a natural fit, since no other employment sector comes close to this level of visibility. Understating recruitment’s effects, one Harvard grad said drolly, “There’s a lot of pressure in the whole recruiting system: ‘Oh my god, I have to get a job at McKinsey! I have to get a job at Goldman!’”

Six weeks after the presentation phase begins, recruitment momentum shifts to résumé drops. Here, too, career service offices play an essential role. When students at elite universities go through recruitment for finance and consulting jobs, they have a direct path to these firms that students at other universities do not. Harvard résumés are reviewed only against other Harvard résumés, Stanford only against Stanford. Career services sets deadlines for these résumé drops, collects students’ cover letters and transcripts, and bundles the pieces of information together for delivery to the firms. The next few weeks are tense as students wait to hear if they have cleared this hurdle.

The next phase of the process begins when firms send out first-round interview requests to selected applicants and begin their series of meetings with seniors. These meetings, which are held on campus in career services facilities, mark the beginning of the headiest phase of competition (and concomitant anxiety) in the whole process. Students running around in suits prevail on campus; they annoy their professors by skipping weeks of classes in order to make their appointments; they hope for an invitation to do second rounds on campus two weeks later, and pray for an eventual invitation to fly to the corporate offices to seal the deal.

The joke, according to some of our interviewees, is that in September and then again in January and February, students going through recruitment are “part-time students, full-time recruiting.” This is a reflection of the amount of time they spend living in the career services offices doing interview after interview after interview.

Noelle’s description of her own successful navigation of this stage of the process at Harvard mirrors the experience of many:

You do maybe one interview onsite, two interviews onsite, maybe one phone interview, and then they fly you out to New York, and that takes up a lot of time. I mean it’s great. You get airplane miles, you get paid for your hotel, they’re treating you like royalty. You get great meals, you get reimbursed, everything like that. But the thing is that you miss so much class. There are kids who are literally flying down to New York three times a week for three different interviews. It’s nuts. And it’s really stressful. It’s really competitive. I’ve heard stories of roommates who don’t talk to each other because they’re competing against each other for the same jobs.

Why are so many Harvard and Stanford students vulnerable to getting caught up in such competitions? Most are well aware that they are competing for a narrow band of jobs, and that however boring and purposeless those jobs may be, immediate prestige will go to the winners of this highly structured competition.

To say that this creates cognitive dissonance or, at the very least, ambivalence for many students is putting things mildly. They both accept and abhor that being recruited by Wall Street or certain consulting firms has become a measure of how smart and talented they are. Much of this ambivalence comes from the tension between, on the one hand, wanting an ideal job that would take advantage of their individual interests and passions and, on the other, landing a position that accelerates their careers and fits well within the prestige system as it has come to exist on campus.

Both Opal, an engineering student at Stanford, and Kacie, a senior at Harvard with a concentration in the social sciences, expressed such ambivalence. At Stanford, Opal said,

what counts as prestigious is how your job accomplishments look alongside other people's. Her university "is competitive in the sense that you're not measuring yourself against yourself, like the progress you've made over the past four years. You're measuring yourself against others."

Kacie, meanwhile, revealed how high-recognition jobs are used as the sine qua non metric for these assessments. "I feel like most people want to have jobs where other people know where they're working," she said. "They don't want to work for some no-name company that nobody's ever heard of." Even students who try hard to find alternatives to the financial services path discover that competing for such jobs becomes an affirmation of how they rank with respect to their peers.

Bastian Nichols spoke eloquently on this subject, showing how his biography led to his destination in consulting. Since he was two years old, he said, he was told by his parents to "study really hard to get into a good school. Do well in school so that you get a good job." Reflecting on how he has adhered to this advice, he said, "Okay, well, I've done all those things so far," but he wonders how he is supposed to know what a "good job" is.

Looking around at his classmates and what his university promotes as a prestigious choice gave him the answer:

I guess a good job means consulting or finance because, well, look, that's what the Office of Career Services has. When I talk to my peers, that's what my peers are talking about. For someone like me who had very limited professional experience, who didn't really have any baseline for what one could do, it was like, hey, I just see that these are the things that people from Harvard go do.

Of the 31 percent of graduating Harvard seniors going into finance and consulting, only 6.39 percent say that they expect to remain in those sectors (0.68 percent of those going into consulting jobs and 5.71 percent of those heading to financial services).

This mismatch between action and aspiration underscores how influential campus recruiters for Wall Street and consulting firms have become. Highly competitive, status-conscious students go to these firms because of the structured pathway that leads straight to them, even as they rationalize that they are on their way to some more noble end.

But what if institutions of higher learning didn't just passively accept the role that these firms play in acculturating their students and diverting them into unfulfilling careers of limited social value? Opal echoed other students when she told us, "I just think Stanford could do a much better job at cultivating the idea that it's okay not to go into consulting and finance, and to also encourage a more level playing field for smaller nonprofits." At both Harvard and Stanford we heard requests percolating up for more options.

Other students offered promising ideas for how universities might pragmatically alleviate some of these struc-

tural imbalances between consulting and finance firms and other organizations. Sadie, an alum with interests in public policy, suggested, for example, "If you're McKinsey, you [should have to] sponsor two or three of the smaller nonprofit organizations to which we already give a discount so that they can come to the career fair too. Or something that creates ... almost like a progressive taxation system on companies with more resources."

Whether or not this particular idea is practical, Sadie's basic intuition that there must be ways to arrange pathways to alternative careers that undergrads from elite schools might choose is a sound one. Proof of concept comes from Teach for America, the nonprofit founded by Wendy Kopp. As a Princeton undergraduate, Kopp had the profound insight that she could lure elite students into teaching in low-income schools by creating the same kind of high-stakes, tournament-like competition that Wall Street and consult-

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ing firms use. Today, nearly 10 percent of Ivy League undergrads apply to Teach for America. Having originally started with the Ivy League, the organization now recruits at hundreds of other selective but not-so-elite campuses and annually places 10,000 graduates from these colleges and universities in low-performing schools throughout the country.

The experience of Teach for America proves that with the right structure, people who might otherwise wind up at Goldman or Bain can be persuaded to try their hand at careers where they can at least attempt to remedy the country's biggest problems. If Teach for America can do this, what's keeping other organizations from trying—for instance, the federal government? Experts have been warning for years of the coming retirement of hundreds of thousands of the most experienced and competent federal workers, many of whom were inspired by John F. Kennedy

to choose public service. Now there is a severe lack of similarly talented and enthusiastic new recruits to take their place. Fortunately, the Obama administration has taken an important first step toward solving that recruitment problem by creating short-term jobs within federal agencies for young college students and recent graduates—positions not unlike those that Wall Street and consulting firms began offering back in the 1980s. (See Rachel Cohen, “How to Find a Career With Uncle Sam,” page 59.) What’s missing is a coordinated, campus-based federal effort to recruit more top students into applying for those jobs.

But the public sector is hardly the only place where Harvard and Stanford grads might find rewarding careers that contribute to bettering the nation. America would also benefit if more of our most competitive students went into traditional corporate and nonprofit management, or applied their talents to such critical sectors as health care, transportation, agriculture, and energy—anything but careers based on financial wheeling and dealing and the hollowing out of more productive enterprises.

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How these other sectors might be mobilized to recruit more energetically on Ivy League campuses—if only to keep those students away from JPMorgan and Bain—is a difficult question. But if anyone can figure it out, it’s Harvard and Stanford, with their vast endowments and super-well-connected alumni networks to draw on. In doing so they’d be blazing a path that, with luck, other campuses could follow. But the first step is for these elite schools to recognize that their students are flocking to Wall Street and consulting firms less by choice than because of a rigged recruiting game that the schools themselves have helped to create. **WM**

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IS HIGH TECH THE ANSWER?

Not all elite students head off to finance and consulting, of course. In fact, while we were conducting interviews at Stanford and Harvard this past year, “high tech” was the buzzword on a lot of students’ lips. This was true not only of students majoring in engineering fields but also of students in the social sciences, humanities, and physical sciences who wish to work on the business end of things.

Stanford has long had a reputation for offering its students a pipeline to Silicon Valley. But as tech becomes an increasingly cool career choice among high-achieving Millennials, Harvard is scrambling to catch up with its West Coast competitor, bolstering its offerings by building an engineering quad, beefing up its computer science department, and funding tech accelerators and incubators on campus. Computer science is the fastest-growing concentration at the university, and CS 50 (Intro to Computer Science) is the hottest class on campus.

This emerging interest in tech would be great if students were gravitating toward start-ups, where new jobs and innovations are hatched. But at both Harvard and Stanford, most of the interest focuses on established firms, particularly in the social media category, and the way students talk about the value of these jobs sounds disturbingly like students’ valorization of marquee-name, prestige jobs on Wall Street.

Foster, a student pursuing a concentration in computer science at Harvard, noted wryly, “I guess I’d define an ordinary job as anything that’s not working at Google, Facebook, McKinsey, or Boston Consulting Group.” Another student, Imogene, echoed Foster, saying, “It’s really unfortunate the way that Harvard students believe things should be. If you say you spent your summer at Goldman, that’s impressive. You say you spent your summer building a company that’s going to be a big thing, it’s not as impressive because it doesn’t have a name.” She went on, “If you want respect by name on Harvard’s campus, you go to Facebook, Google, and Microsoft.”

The desire to find a job that has high name recognition and an established tournament system remains as strong as ever. Silicon Valley and Bay Area titans are becoming the functional equivalent of elite Wall Street firms and management consultancies in terms of recruiting top students by playing to their sense of competitiveness and status anxieties. Moreover, the day-to-day duties that many bright young recruits perform at these firms is not actually much different than what they would be doing at JPMorgan or Bain, as the big tech firms like Apple and Google become increasingly preoccupied with various forms of rent seeking, from acquiring smaller companies and attacking rivals in court to borrowing money to buy back their own stock and minimizing taxes through the use of offshore banks. —**A.B.**

HOW TO FIND A CAREER WITH UNCLE SAM

Juny Canenguez was just beginning her junior year at Virginia's George Mason University in 2012 when she heard that the Obama administration was offering paid internships in the federal government through a new initiative called the Pathways Programs. Eager for what she calls "real-life experience" and interested in foreign affairs, she went to the State Department's career website and applied for a Pathways internship. She was accepted, and for the next two years she worked two days a week at State while finishing her degree in business management. One of the highlights of her internship, Canenguez says, was getting to meet foreign and civil service officers, hear about their experiences, and take in their advice. Now out of college, she's in the process of being converted to a formal federal employee, thanks to her time as an intern. "It was amazing," says Canenguez. "I'm now being recruited to Civil Service, and my long-term plan will be to join the Foreign Service," which, if she succeeds, will allow her to be posted as a diplomat overseas.

Working for the government can be a great career choice—maybe not as remunerative as a job on Wall Street, but potentially far more rewarding and socially useful. There are federal jobs available for almost every interest and skill, whether that's politics, physics, art, or even event planning. And, contrary to popular conception, 84 percent of federal government jobs are outside of the Washington, D.C., area, so you can tailor your employment opportunities around where you most want to live. (Fifty thousand federal government employees work abroad, in more than 140 foreign countries.)

President Obama signed an executive order in 2010 creating the Pathways Programs with the expressed aim of attracting greater numbers of talented and diverse young adults into government work. The Pathways Programs are comprised of three divisions.

The **Internship Program**, designed for current students, provides paid work opportunities in federal agencies for a limited period of time. Interns can work either on a part-time or full-time basis.

Next there is the **Recent Graduates Program**, which is open to individuals who have completed, within the previous two years, an associate's, bachelor's, master's, professional, doctorate, vocational, or technical degree or certificate from a qualifying educational institution. These recent graduates can work in federal agencies while also taking advantage of substantial career training and mentorship opportunities.

Lastly, the **Presidential Management Fellows Program** is a leadership and career-development program for those with newly minted graduate degrees.

In all three divisions of the Pathways Programs, if you successfully complete the term of service you can receive what is known as "noncompetitive eligibility" when applying for federal jobs. This means that your employer can convert you straight from a Pathways participant into a permanent employee or you can apply for other federal positions without having to go through the standard, and highly competitive, USAJOBS application process.

Channing Martin, a former Pathways intern in the Office of Personnel Management (OPM), was hired immediately after her internship ended into a permanent, full-time position at the OPM; she now works as a program and management analyst. "As a high schooler I was always really interested in diversity and inclusion issues," Channing said, "and when I realized this intern program existed, I was really attracted to that." Channing spent her yearlong internship on a rotation between different departments within the OPM, having the chance to get

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her feet wet in a broad range of governmental duties and responsibilities, experimenting with tasks ranging from understanding the role of performance management to supporting efforts to expand equal pay to learning how to write requirements for database systems. Channing did all this while balancing her time as a full-time student; she spent her second year at Carnegie Mellon's public policy graduate school living in D.C., interning during the day and taking classes by night.

"Interning for the federal government allows you to check out exactly what kind of work they do and decide if it resonates with you," said Tim McManus, vice president for education and outreach at the Partnership for Public Service, a nonprofit that advocates for the reinvigoration of the civil service workforce. "If you go and do an internship at the EPA or the Department of Energy, you'll be exposed to not just the mission but the way the agency works. Is the culture one that is good for you? Is it fast-paced? Is it too slow? You have the ability to see for yourself." ^{WM}

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