



## Financial World: Scaring Students with Misinformation

Many think that the finance job market world is looking gloomy these days. There is a general feeling that it is going to get harder to find a finance job. Uncertainties seem to be at large for many who will graduate from various universities and colleges this spring. Students are worried that the finance job market is getting to be so bad with the recent problems on Wall Street that the finance jobs they've been offered or promised upon their graduation aren't going to be waiting for them.

"Many of my students, who interned at banks in New York, expect the worst, that their offers will be rescinded... I've asked them, 'How do you feel about a career in debt restructuring?'" says University of Virginia business professor Susan Chaplinsky. Her corporate finance students typically seek careers in investment banking or private equity.

Doubts and fears about there being just slim and outside chances for many to find finance jobs accompanied with other burning questions have now become commonplace in the halls of financial academia.

"I asked him if he accepted, and he said he was continuing to search for jobs. I told him, 'That's a good idea.' He's trying to be realistic about diminished prospects in the short term," says associate professor at the University of Maryland's Robert H. Smith School of Business Steven Heston, concerning a student of his who has — or had — a hot job prospect with Lehman Bros.

It is however important to realize that what's happening in the finance job market is not necessarily going to make it so very hard to find finance jobs for most hopefuls after all. The media loves hype, and we all know that if there is anything that sells even more than sex it's bad news. People are always looking for the next gloom and doom, the next apocalypse, so that they can feel they are "prepared" or even wise. But negativity is not wise — it is a distortion of reality.

What's going on today is the result of bad banking (lending) practices by some major Wall Street players, and by a couple of hybrids of government and private industry (absolutely never a good idea) called Fannie Mae and Freddie Mac. Perverse government incentives and demands drove lenders into this mess. Some of them, especially the larger institutions, clearly believed that they should turn the distasteful bad lending they were supposed to do, to their financial advantage. This led to what economists know as "creative destruction". In the free market, success is expected

to get the rewards, while failure has punishment delivered upon it.

Things in the finance job market are, in other words, working the way they are supposed to — in spite of the government's even more intensified efforts to impinge and interfere. It is the government that can derail and frustrate those who seek finance jobs.

Economist Joseph Schumpeter wrote in 1942 about the capitalist free market's perpetual "process of industrial mutation — if I may use that biological term — that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one...It is what capitalism consists in, and what every capitalist concern has got to live in."

And, true enough, while the failure of major Wall Street investment banks like Lehman Bros. will cause some hearts to break and cost some university students their immediate future job prospects, it's not as if similar things have never happened before (although the government's Socialist bailout plans are without precedent). And, in a dynamic, robust, capitalist economy, failure in one place means that capital is flowing to where it is better used — again, the principle of creative destruction.

John Owen, Washington regional vice president of Robert Half International, which recruits for financial and accounting firms, said recently that the biggest challenge for nearly 60% of his firm's clients remains finding qualified prospects to hire — not coming up with finance jobs or the funds to finance those jobs.

"There's this perception that a lot of people are getting laid off. And not to minimize what's been going on at Lehman or anywhere else, but there hasn't been a lot of that in financial services," stated Owen.

It is in the sub-set of the finance job market realm — lending, especially [commercial](#) lending — where most of the heavy



## Banking Career Feature

hits are being taken. But that leaves plenty of opportunities for future MBAs of America to find finance jobs in other niches as well as find other business jobs. Plenty of major businesses in the Fortune 500 are still hiring robustly, and mid-sized financial firms have barely been touched by the crisis perpetuated by big government and its private bed partners. And even in the large lender financial sector, there is major distortion thanks to silly rules and regulations like SOX (Sarbanes-Oxley), whose draconian (and unrealistic) accounting rules — with provisions that created, as one might guess, another hybrid governmental-private institution to oversee their implementation — are causing lenders to have to list “write downs” on loans that are still being funded perfectly well. These silly rules choke off one of the most important parts of a free market: the freedom of informed speculation

across market sectors. These give the media sharks another kings vs. dragons tale, but they don’t offer a realistic picture of the financial job market at all.

The government has yet another wicked plan to harm the finance job market and interfere with a talented person’s ability to find finance jobs. According to that paragon of economic wisdom, Congressman Barney Frank, the government, through the SEC, should put salary caps “on every company that benefits in any way whatsoever from the bailout.” If you are such a talented person, yes, you might have to forget about Lehman Bros. for now — but you can find finance jobs in the finance job market of mid-sized firms and non-lender major companies such as 3M and Coca Cola for now.

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