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Job-hopping your way ahead

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Recent college graduates are often disparaged for hopping between jobs and seeming unwilling to work their way up. But new evidence suggests that doing those very things may be in their best interest in the long run, especially if they graduated into a poor job market.

"In the PR and media industry, in order to get the money that you need, you need to jump," says Natalie Maniscalco, a 2001 graduate of Fordham University. "That's the only way you're going to get more money and a better title." Maniscalco found employment as a teacher in Spain and Rockland County, N.Y., before rediscovering the public-relations field she had explored through internships as an undergraduate. Now, at 25, she has worked at three different New York public-relations firms, both big and small, searching for her niche and working her way ahead.

Starting out behind. Recessions lead workers to find their first jobs at companies that are usually smaller and pay less, say Philip Oreopoulos, Till Von Wachter, and Andrew Heisz in a National Bureau of Economic Research working paper. Students graduating into today's growing economy may welcome the news that they are getting higher-paying jobs than their predecessors did. But employees who graduated into low-paying jobs during a recession may find that their lower earnings persist for up to 10 years, found Oreopoulos, who studied Canadian college graduates between 1982 and 1999. "If you come out during a recession, you start out behind the average person who was just like you in a nonrecession," says Paul Oyer, an associate professor of economics at Stanford University's Graduate School of Business. Even if both groups of students work their way up at the same rate, the students who graduated into a recession will be behind.

But graduating into a bad economy doesn't have to predetermine your future earnings. There are some ways to make up for a slow start.

Playing catch-up. If you started working when the job market was less than ideal, it may be in your best interest to look for a new job with a different employer. "I had to go into guerrilla-marketing mode," says John Paasonen, a 2001 graduate of Taylor University in Indiana who had a rough time finding his first job. At one point he waited in the lobby of a company with no job openings listed until someone in the human resources department agreed to meet with him. But

even that did not land him a coveted first job in a recession year. Finally, he found a job at a nonprofit investment bank, hit it off with his boss, and two years later, they left to start their own consulting firm, Excellence in Giving, where they advise clients about charitable gifts. "You have to work harder if you're somebody who graduates in a recession year," Paasonen says. "You have to be willing to take risks." Oyer agrees. "The people who catch up aggressively do it by changing jobs," he says. "People who don't— that will affect their long-term outcome." In fact, job searches can explain about 30 percent of how workers caught up to their counterparts who graduated into better economies, Oreopoulos found.

By switching jobs, Brian Krueger, now the president of collegegrad.com, not only got ahead but got the girl as well. After graduating from Notre Dame into the recession of 1982, he managed to land his first job writing computer programs in Chicago. However, 10 months later, he moved to Milwaukee to pursue a woman who would later become his wife and, at the peak of his second job search, stumbled upon a more lucrative career path—recruiting other computer operatives for a staffing company. "I was earning way more money than most of my peers who graduated at the same time and were still struggling in a down economy," he says. "Sometimes it's simply about making the best of an opportunity when it's offered and stepping through a door when it's opened for you. Not everyone can do that, but it worked well for me."

Oyer also recommends graduate school. "It's a good way to make a transition," says Oyer. "You go back, and you get another fresh start." Paasonen, although he still owns 10 percent of his business, is now entering his second year in an M.B.A. program at Duke University's Fuqua School of Business. He eagerly anticipates a fresh start in today's growing economy. "Now students are actually coming out of school with multiple offers," Paasonen says.