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Harvard Business Review



JUNE 2016
REPRINT F1606B

DEFEND YOUR RESEARCH

Generalists Get Better Job Offers Than Specialists

An Interview with Jennifer Merluzzi by Nicole Torres

DEFEND YOUR RESEARCH GENERALISTS GET BETTER JOB OFFERS THAN SPECIALISTS

The research: Jennifer Merluzzi, an assistant professor at Tulane, teamed up with Damon Phillips, a professor at Columbia Business School, to study the records of nearly 400 students who graduated from top U.S. MBA programs in 2008 and 2009 and then went into investment banking. The two researchers constructed a detailed profile of each person, including grades and work history before, during, and after business school. Their analysis revealed that students who had specialized in investment banking throughout were less likely to receive multiple job offers than students who had broader backgrounds and experiences.

The challenge: Does the labor market really value specialists less than generalists? Are we better off being jacks-of-all-trades? **Professor Merluzzi, defend your research.**

Merluzzi: Specialists were definitely penalized by the market. Not only were they less likely to receive multiple offers, but they were offered smaller signing bonuses. In some cases the specialists earned up to \$48,000 less than their generalist peers.

HBR: How did you define specialists and generalists? We looked at whether activities and experiences were consistently focused both before and during the MBA program and internship period. Someone who'd worked at an investment bank before school, concentrated in finance at school, and did an investment-banking internship would be a specialist. Someone who'd worked in a different industry—say, advertising—before the program, concentrated in finance,

interned at a consulting firm, and then went into investment banking after graduation would be a generalist. Once we categorized people, we could compare job offers and compensation. And as we expected, the specialists fared less well.

Why did you suspect it would be a drawback to be a specialist? First, in labor markets with strong institutional screening mechanisms, specialization won't be as valuable. In the absence of other information, it's an important indicator of skill, but graduation from a top MBA program is a strong signal to the market that someone is qualified. In that scenario demonstrating consistency is no longer advantageous. Second, employers may

discount experiences that incrementally extend previous efforts.

The conventional career advice is to find a specialty, a niche. So that's wrong?

Among MBAs, there's now a strong emphasis on building a consistent profile as a finance person or a marketing person. You end up with many similar people in the market. Specialization becomes commodified, giving you less bargaining power, because you're easily substitutable. Plus, when the firm is used to hiring a lot of people like you, it's easier to calculate your value compared with someone with diverse accomplishments.

When did the push for specialization among MBAs begin?

In the past five to 10 years. A lot of things could be fueling it: the shock of the recession, for instance. I think specialization helps students feel as if they understand the value they're getting out of a program. The proliferation of one-year master's degrees may also be a factor. Those focused programs allow you to get a master's of finance in less time and for much less money than an MBA. But the core value of the MBA is still general business training, and the market recognizes that.

What if focused people simply aren't as accomplished?

We actually found that focused people were usually higher-quality job candidates. They were more likely to have additional graduate degrees, higher undergraduate GPAs, and higher salaries before business school.

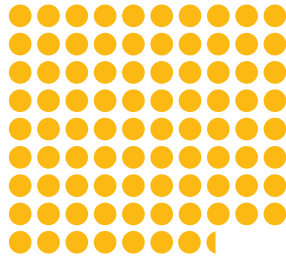
Could personality differences matter here?

It could be that the focused candidates are more risk-averse. We weren't able to design our experiment to test this, but it would be interesting to explore. We did control for aspects related to personality, such as whether candidates had leadership positions in extracurricular activities, and our results remained the same. We also controlled for age, citizenship, ethnicity, and gender.

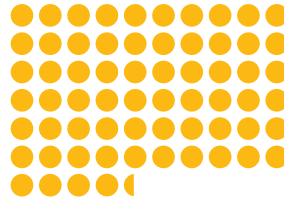
WHICH HIRES DID INVESTMENT BANKS VALUE MORE?

When the researchers compared MBAs with like backgrounds, they found that graduates who'd specialized in investment banking received signing bonuses 36% smaller than those of graduates who had not.

Generalists \$87,402



Specialists \$64,438



● \$1K

Did you find gender differences? Yes, though that wasn't the purpose of our analysis. In our sample, married women earned lower bonuses and were less likely to receive multiple job offers than married men.

What about employers? Did you get them to weigh in? Yes. Experienced hiring managers said they preferred people who had a diverse range of skills. They said things like "Someone who has accomplished a lot of things is better than a one-trick-pony who just keeps doing the same thing and isn't taking advantage of what the MBA has to offer." People who've demonstrated talent across different areas seem to have an edge.

Do your findings apply to the debate over the value of liberal arts degrees? I think so. The pressure to specialize early has really increased. I have eight-year-old twins, and as soon as they showed an aptitude for sports, I heard that they had to dedicate four days a week to baseball, join a travel team, and so on. They're eight! But exposure to many things has real value. At the undergraduate level and in other professional programs, diverse skills are probably better than a specialized focus.

Where else might this apply? Some research found that basketball players who specialized in three-point shooting made less money and had less fan appeal than players who could do other things well, too. Now, the person you want on your team may not be someone who can play

every single position but be someone who has redeployable skills. I can use him in a variety of strategies and situations. This player is much harder to find than someone who does the same thing over and over.

Some kinds of workers must benefit from specialization? There are many areas where it's obviously advantageous. If you needed surgery for a life-threatening condition, you'd want a specialist who has done it a hundred times. If you had to replace the wiring in your house, you'd want an electrician, not a handyman. When you're good at something, you tend to continue getting better at it. But at business schools, the shift to specialization is not as beneficial.

What are other advantages of generalization? There is some literature on this, and we've heard it informally: Leaders tend to be generalists. They can shift course and manage multiple areas. They're more flexible.

Should I find ways to show my boss that I'm a generalist? It's unclear that there's a penalty for specialization once you're inside an organization. Even within consulting firms, which are generalist in nature, there's a need to specialize in, say, health care. It will be interesting to see how this plays out within firms. My prediction is that generalists continue to do better, because they are more unusual, have diverse skills, are redeployable, and are more likely to be tapped as leaders. ♥

Interview by **Nicole Torres**
HBR Reprint F1606B

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