



Consulting and Financial Services Emerge as Career Choices for IITians



April 14, 2008



Introduction

A recent study conducted by research and analytics firm, Evalueserve, has shown that Indian Institute of Technology (IIT) graduates are expanding their career choices beyond the traditional engineering and technology opportunities. There has been a noticeable shift towards consulting and financial services as well as continued interest in entrepreneurial aspirations. This shift is likely related to the buoyant Indian economy, a surging Indian stock market, and the increased earnings potential in these sectors. Evalueserve's survey of more than 677 IIT graduates (IITians) uncovered the following highlights:

- ▣ There has been a significant increase in the number of IITians who believe careers in consulting and financial services are the most promising.
- ▣ The percentage of graduates moving into academics has been declining, and is likely to decline further.
- ▣ A substantial portion of respondents still believe that an entrepreneurial career offers the most exciting opportunity both today and ten years into the future.

Changing Preferences

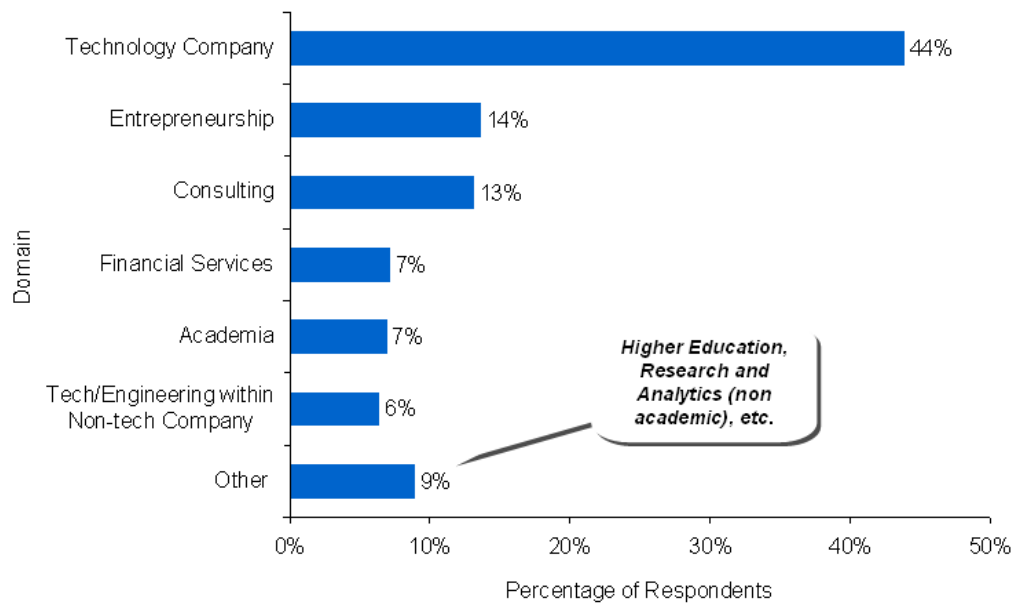
One can see from Figures 1 and 2 below that the percentage of IITians opting for technology and engineering changed dramatically after 2001. Whereas 57% of those graduating before 2002 believed that pursuing traditional technology or engineering specialties would provide them better opportunities (48% technology and 9% engineering), this percentage dropped 13% to 44% for the 2002-2008 graduating classes (40% technology and 4% engineering).

Amongst post 2001 graduates, there has been a shift towards careers in consulting, and financial services. About 19% of the respondents from the graduating classes of 2002–2008 believe that experience in the consulting domain will provide them with better career opportunities in the future as compared to 7% of the respondents from the 1964–2001 classes. Similarly, preferences for the financial services sector increased from 2% for pre-2002 graduating classes to 11% for post-2001 classes. Indeed, the increasing numbers of top-flight consulting and financial services companies offering attractive salary packages while recruiting from IIT campuses, along with the proven success of IIT alumni in these firms are certainly two factors helping to precipitate this change. Other factors include a buoyant Indian economy and a booming Indian stock market.



Figure 1: Domain Preferences of IITians

“When you were about to graduate from IIT, what line of work did you believe held the maximum promise of success for you?”



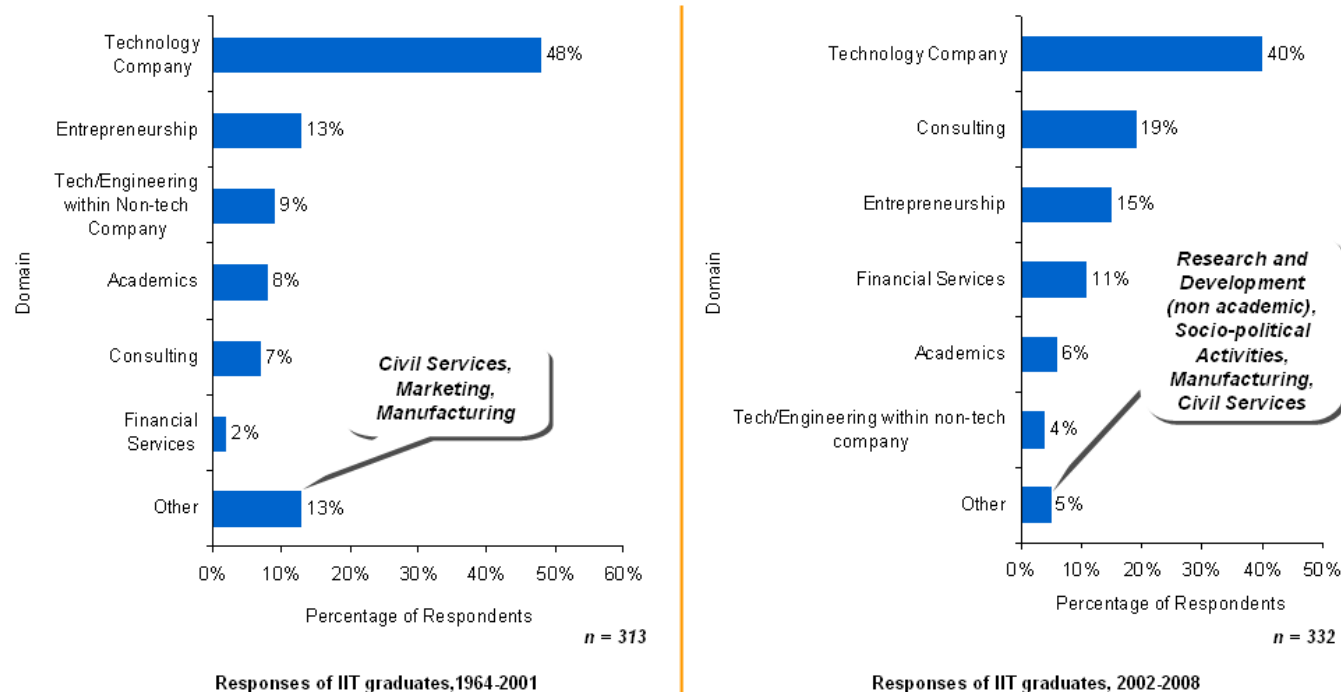
n = 677

Source: Evalueserve Survey



Figure 2: Domain Preference of IITians in the pre-2002 and post-2001 Graduating Classes

“When you were about to graduate from IIT, what line of work did you believe held the maximum promise of success for you?”



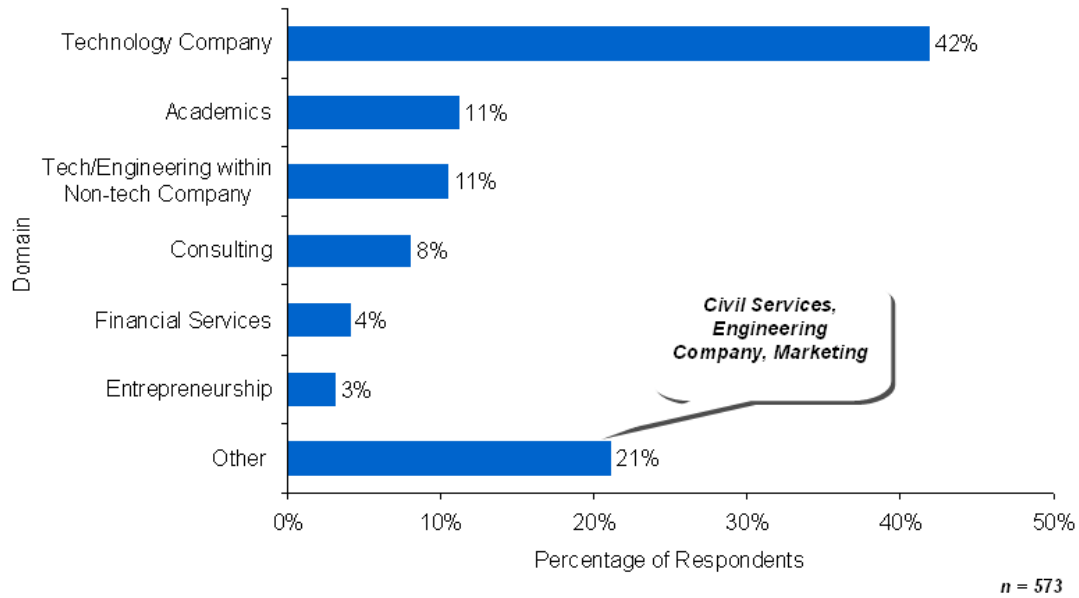
Figures 3 and 4 highlight the career domains that were actually first chosen by the IIT graduates. Interestingly, although technology or engineering choices increased for the graduating classes of 2002-2008 (including those who would graduate during the spring of 2008), in reality the number of graduates who selected technology and engineering as their career of choice has remained constant at 52–53%. On the other hand, this survey does reveal a rise in the percentage of graduates with first jobs in consulting and financial services from 5% (among pre-2002 graduating class respondents) to 10% (among 2002-2008 graduating class respondents). Similarly, those who chose academics as their first career decreased from 15% to 8%. Interestingly, some IITians have also ventured into fields that were by and large unexplored by earlier IIT alumni, including media and entertainment, sports, literature, rural and non-profit sectors.

Our survey also reveals that overall, IITians currently believe that entrepreneurial careers will offer the most exciting opportunities, followed by technology, financial services, and consulting. These four areas are likely to be in favour in the coming decade, and almost half believe that entrepreneurial opportunities will continue to provide the most exciting careers in 2017. It seems the belief in entrepreneurial careers is going through an inflexion point – while only 13% respondents from the 1964-2001 graduating classes believed that an entrepreneurial career provides the best opportunity and 15% respondents from 2002-2008 believed so, 37% of all these respondents believe that entrepreneurial career provides the maximum opportunity currently, with a substantial rise to 48% who believe it will provide the best opportunities by 2017. Some causes for this optimism include a steadily growing Indian economy (that is projected to grow from US\$ 1,030 billion in 2007 to approximately US\$ 5,040 billion in 2020), and a thousand-fold increase in Venture Capital and Private Equity funding during the past 15 years (from US\$ 13 million in total funding in India in 1992 to more than US\$13 billion in corresponding funding in 2007).



Figure 3: Domains Actually Chosen by IITians after Graduation

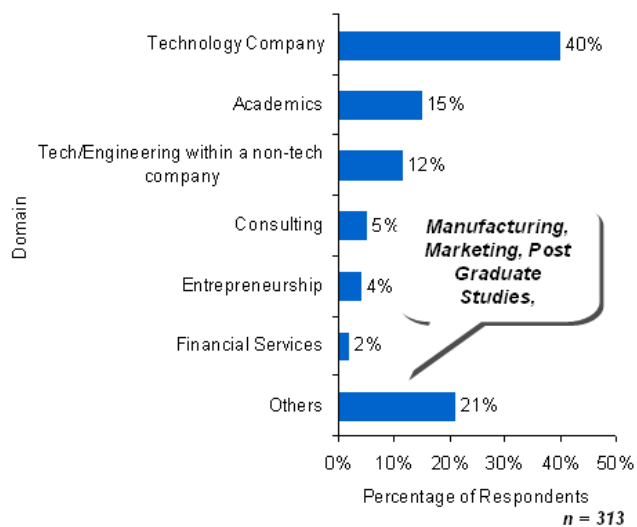
“When you graduated from IIT, which domain did you choose first?”



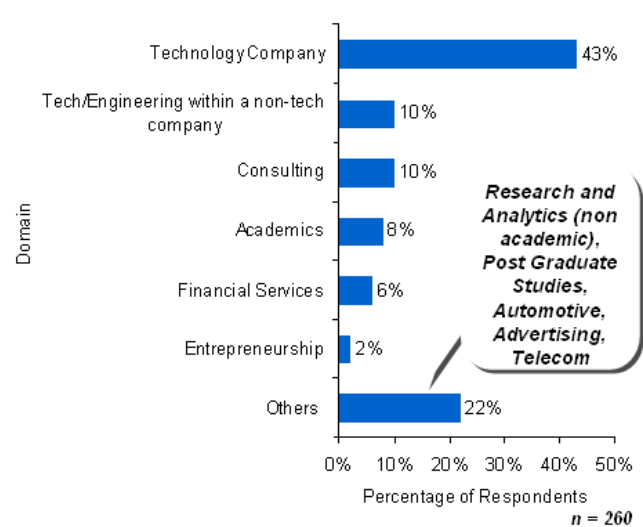
Source: Evalueserve Survey

Figure 4: Domain Preference of IITians in the pre-2002 and post-2001 Graduating Classes

“When you graduated from IIT, which domain did you choose first?”



Responses of IIT graduates, 1964- 2001



Responses of IIT graduates, 2002-2008

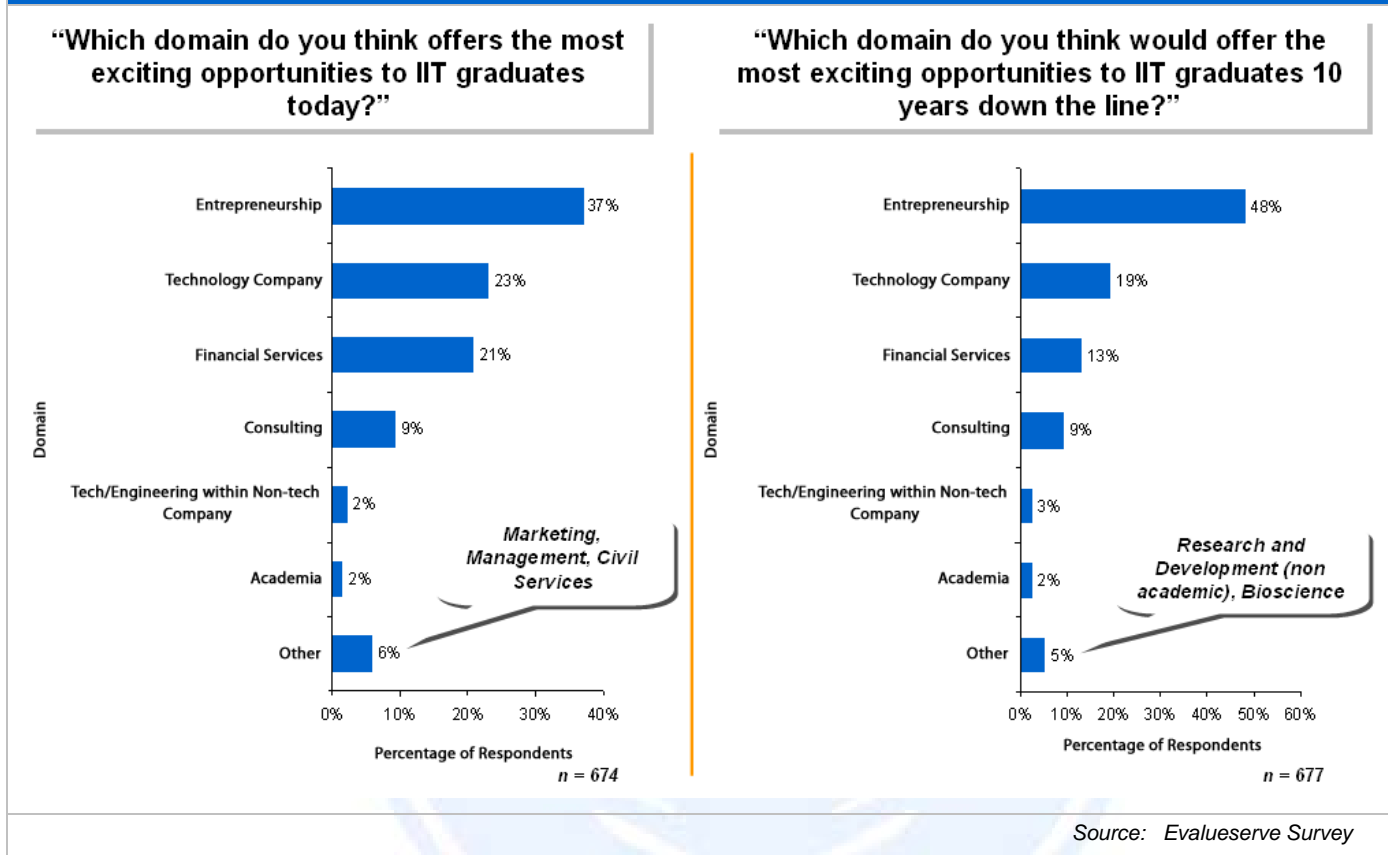
Note: Percentages may not add up to 100 due to rounding

Source: Evalueserve Survey



Indeed, since an increasing number of IITians are staying in India after graduation, such optimism for entrepreneurship bodes well for India, whose economy is growing very rapidly but may be dampened if enough business leaders are not produced during the next ten years.

Figure 5: Responses of IIT Graduates on Domain Offering the Most Exciting Opportunities



25% of IIT respondents who graduated between 1964 and 2001 started their own entrepreneurial ventures. These start-ups have been "founded" across diverse segments including technology, education, consulting, financial services, marketing and manufacturing. However, start-ups in Technology and Telecommunications continue to be the most favourite domain where IITians have felt most comfortable in making their investments. Note that only 6% of those graduated during 2002 and 2008 have founded start-ups, which is not surprising given the lack of experience recent graduates would have gained to date. Given Evalueserve's findings, this number will rise substantially over time.



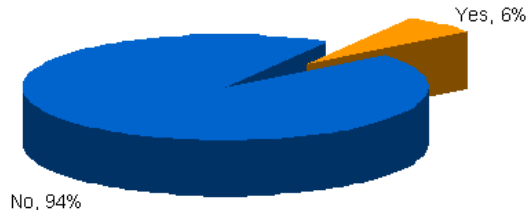
Figure 6: Entrepreneurial Initiatives taken by IIT Graduates

“Have you ‘founded’ any start-up?”



n = 314

Responses of graduates before 2002



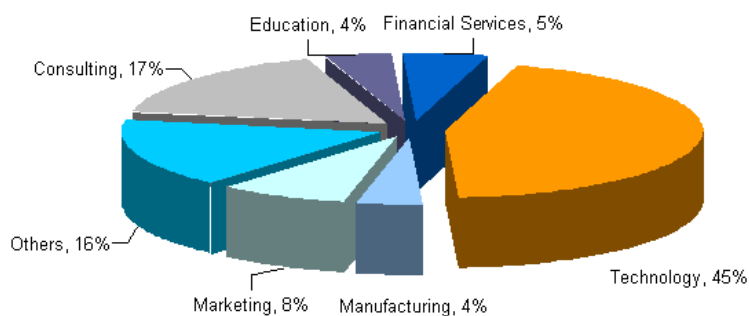
n = 333

Responses of graduates after 2002

Source: Evalueserve Survey

Figure 7: Domain-wise Break-up of Start-ups Founded by IIT Graduates

“Which industry does your start-up belong to?”



n = 98

Break-up of IITian-initiated start-ups by geography

Note: Percentages may not add up to 100 due to rounding

Source: Evalueserve Survey

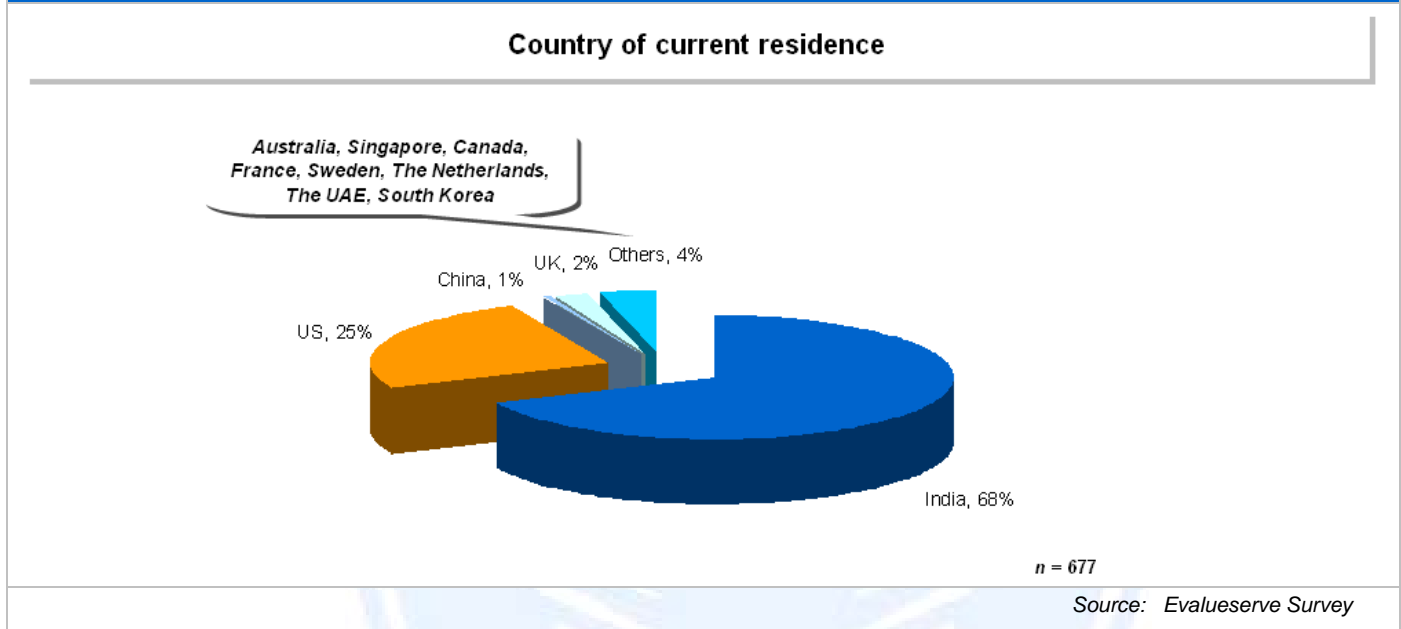
Finally, it seems IITians have been moving away from careers in academics and are likely to move away even further in the future. 8% of respondents graduating pre-2002 believed that academia held the maximum promise as a career, 6% of the respondents graduating during 2002 and 2008 believe the same, but only 2% of the respondents believe that this would be the case going forward (between 2008 and 2017). Unfortunately, this trend could negatively impact doctoral programs in both the United States and India – especially for technical and engineering departments at colleges and universities dependant on PhDs. In particular, most IITs already have a shortage of research and teaching faculty that could certainly exacerbate this shortage, which in turn may jeopardize the ability of the IITs to increase the admission of new students.



Profile of Survey Respondents and Directions for Future Research

Figure 8 provides the break-up of all 677 respondents according to their current country of residence. From a statistical perspective, since the total number of IIT alumni graduating since the inception of IITs in early 1960s is approximately 130,000, Evalueserve's results should be used simply as a trend analysis with a margin of error of $\pm 2\%$ at a confidence level of 90%. It would be worthwhile conducting further research in this area with a substantially larger set of IIT alumni.

Figure 8: Survey Respondents by Location of Present Residence



Note: The number of respondents was surveyed to correlate with the approximate number of IITians living in these countries.



About the Author

Dr. Alok Aggarwal is the Chairman and Founder of Evalueserve. Dr. Aggarwal built IBM's Research Laboratory at IIT Delhi during his 16 years at the IBM Thomas Watson Research Centre. He earned his B. Tech in Electrical Engineering from the Indian Institute of Technology, Delhi, in 1980 and his Ph.D. in Electrical Engineering and Computer Science from Johns Hopkins University in 1984.

About Evalueserve

Evalueserve provides custom research and analytics services to 1,250 clients worldwide in the following areas: Intellectual Property, Market Research, Business Research, Financial/Investment Research, Data Analytics and Modelling. Evalueserve has completed over 14,000 projects. Evalueserve currently has over 2,200 professionals in its research centres in India, China, Chile, and the US; and will open a centre in Romania during the first half of 2008. Additionally, a team of 50 client engagement managers is located globally – from Silicon Valley to Sydney. For more details, please visit us at <http://www.evalueserve.com>

Disclaimer

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