

Snapshot: Graduate Outlook 2007

A summary of the Graduate Outlook Survey

Welcome to *Snapshot: Graduate Outlook 2007*, Graduate Careers Australia's (GCA) summary report on the 2007 Graduate Outlook Survey of graduate recruiters' current practices and perceptions, and future trends in graduate recruitment in Australia and New Zealand. The annual Graduate Outlook Survey is undertaken with the aim of conducting a focussed and meaningful review of current practices in graduate recruitment, as well as to gain an indication of the future outlook for graduate recruitment in Australia and New Zealand. The 2007 survey is the third in the current format of the series.

The Graduate Outlook 2007 reports are based on a survey of the opinions of 271 graduate employers from various industries across Australia and New Zealand. The full report, *Graduate Outlook 2007*, is available for purchase from GCA's online shop at www.graduatecareers.com.au.

Snapshot: Graduate Outlook 2007 reports on feedback from graduate employers about the state of the graduate market, the success of their recruitment campaigns and, for the first time this year, some of their perceptions of graduates' wishes and expectations. For this year's report, some preliminary results from the University and Beyond (U&B) survey of over 32,000 university students in Australia have also been included. The link to this important new survey has allowed for some new insights into the gaps between employer and student perceptions. Further, more detailed comparisons between the two surveys will be provided later in the year in the upcoming University and Beyond report.

Communication and interpersonal skills still rank highly as key selection criteria used to recruit today's graduates, but in terms of the calibre of their 2007 candidate pool, graduate applicants were rated highest by employers on their academic results (see Table 1). At the time of the 2007 Graduate Outlook Survey:

TABLE 1: Most important selection criteria for recruiting graduates, 2007

Key Selection Criteria	%
Interpersonal & Communication Skills (written and oral)	54.2%
Critical Reasoning & Analytical Skills/Problem Solving/Lateral Thinking/Technical Skills	40.6%
Passion/Knowledge of Industry/Drive/Commitment/Attitude	39.9%
Cultural Alignment/Values Fit	30.3%
Academic Qualifications	28.2%
Teamwork Skills	23.6%
Emotional Intelligence (including self-awareness, strength of character, confidence, motivation)	18.1%
Work Experience	11.8%
Activities - includes both intra and extra curricular	9.2%
Leadership Skills	8.9%

- The top three key selection criteria used for recruiting graduates were a graduate's Interpersonal and Communication Skills (54.2 per cent of respondents), Critical Reasoning & Analytical Skills/ Problem Solving/ Lateral Thinking/ Technical Skills (40.6 per cent), and Passion/ Knowledge of Industry/ Drive/ Commitment/ Attitude (39.9 per cent).

TABLE 2: Least desirable characteristics when recruiting graduates, 2007

Least Desirable Characteristics	%
Poor Attitude/Lack of Work Ethic/Approach to Work	47.2%
Lack of Interpersonal & Communication Skills (written, oral, listening), Lack of Leadership Skills	43.9%
Lack of Drive, Motivation, Enthusiasm and Initiative	41.7%
Arrogance/Selfishness/Aggression/Dominating	33.6%
Lack of Commitment/High Absenteeism/Lack of Loyalty	24.0%
Inflexibility/Inability to Accept Direction, Challenges or Change	23.2%
Poor or Inappropriate Academic Qualifications or Results	21.8%
Poor Teamwork Skills	16.6%
Lack of Emotional Intelligence, Self-awareness or Self-confidence	10.0%
Other	0.0%

- When asked about the characteristics that were **least desirable** in their applicant pool, 47.2 per cent of graduate employers listed a Poor Attitude/ Lack of Work Ethic/ Approach to Work, followed by a Lack of Communication and Interpersonal Skills (43.9 per cent) and a Lack of Drive, Motivation, Enthusiasm and Initiative (41.7 per cent – see Table 2).

When graduate recruiters were asked to **rank their 2007 graduate applicants** on a variety of characteristics, academic results rated highest (with 82.9 per cent of respondents ranking this characteristic as good or excellent), followed by communication skills (76.3 per cent) and the level of extra-curricular activities (73.0 per cent as good or excellent). Graduates were rated lowest on their knowledge of the recruiter’s organisation, with 45.4 per cent ranking this characteristic as fair or poor. However, when considering these figures, it should be noted that some graduate recruiters may have based their comments only on the candidates reaching the final stages of selection, and these candidates may have already been ‘positively selected’ for these characteristics at an earlier stage of the selection process.

The survey results indicate that employers have recruited a higher number of graduates in 2007 than in 2006, and the number of graduates to be recruited in 2008 is anticipated to be higher again. The proportion of employers recruiting more than 20 graduates increased from 34.2 per cent in 2006 to 37.1 per cent in 2007, and is expected to be 42.5 per cent in 2008. There is also an increase in the number of employers recruiting more than 50 graduates of 7.2 percentage points (18.0 per cent in 2006 to 25.2 per cent in 2008).

- A total of 64.5 per cent of graduate employers stated that they would have recruited more graduates in 2007 had a greater number of appropriate candidates been available – this is an increase from 42.5 per cent in 2006, and 33.3 per cent in 2005.
- 62.4 per cent of graduate employers said they had trouble recruiting graduates from **particular disciplines** – up from 56.5 per cent in 2006 and 49.3 per cent in 2005 (see Table 3). Of this group:
 - 45.8 per cent had trouble sourcing engineering graduates, including 81.6 per cent of Construction/Mining/Engineering organisations
 - 23.5 per cent had trouble sourcing accounting/economics graduates, including 63.2 per cent of Accounting/Finance organisations and 41.9 per cent and 41.2 per cent of Government and Defence, and Legal and Professional services organisations respectively.
 - 18.1 per cent had trouble sourcing IT graduates, including 35.7 per cent of Communication/ Information Technology organisations
 - 12.0 per cent had trouble sourcing mathematics/statistics/science graduates

Table 3: Proportion of Employers who had trouble sourcing graduates, by discipline of graduates and organisation industry, 2007

	Government and Defence	Construction / Mining / Engineering	Accounting / Finance	Communication / Technology	Legal and Professional services	Manufacturing	All industries
Information Technology	20.9%	2.0%	15.8%	35.7%	29.4%	20.0%	18.1%
Accounting/Finance	41.9%	2.0%	63.2%	0.0%	41.2%	10.0%	23.5%
Engineering	25.6%	81.6%	5.3%	42.9%	29.4%	70.0%	45.8%
Mathematics/ Statistics/Sciences	16.3%	14.3%	0.0%	7.1%	17.6%	10.0%	12.0%
Other	23.3%	14.3%	21.1%	17.9%	35.3%	30.0%	21.1%

Note that Column percentages will not add to 100% as employers were able to give multiple disciplines

There were, however, indications that recruiters feel more positive about recruitment trends, with 59.8 per cent of employers feeling that recruitment prospects will be about the same next year as this year (compared with 54.3 per cent in 2006). In 2007, fewer recruiters feel negative about the future than in past years, with 29.9 per cent of graduate employers surveyed stating they feel it will be **more difficult to meet recruitment targets** in 2008 than in 2007, down from 40.9 percent in 2006

- The proportion of employers who have recruited international graduates (those whose permanent residence is pending or are under some kind of sponsored work arrangement) has increased over the past 3 years from 15.7 per cent in 2005 to 24.1 per cent in 2007. Nearly 40 per cent of employers from the Construction/Mining/Engineering industries are currently employing international graduates, with 40.4 per cent of *all* employers planning to recruit international graduates within the next two years. Of those recruiters currently not employing International graduates, 23.6 per cent plan to in the next two years.
- Overall, there has been a slight decrease in the percentage of employers recruiting more than 50.0 per cent of their intake through undergraduate programs (work experience, internships, vacation work etc) - from 45.8 percent in 2006, to 41.0 per cent in 2007.

The comparison between the findings of the Graduate Outlook Survey data and the University and Beyond student survey revealed that employers perceive today's graduates as much more confident in their job search than graduates actually feel.

- Graduate employers were asked to rate the **confidence of today's graduates** on finding *any* employment, employment *in their field* and employment in their *ideal job*. In the University and Beyond survey, students were similarly asked to rank their employment confidence at the same levels, post graduation. When compared, the figures showed that employers' feel today's graduates are much more confident of finding *any* employment, employment *in their field* and their *ideal job* than today's students actually feel.

When asked to rate the attributes of employment they felt were **important to a new graduate** in their working life, opportunities for advancement were rated by most employers as important (98.2 per cent), A good training program ranked second for employers (97.8 per cent), followed by interesting and challenging work (96.0 per cent).

- Job security ranked the lowest with over 40 per cent of employers feeling this that this was not important to a new graduate.
- Only 41.7 per cent of employers felt that graduates are prepared to work unpaid hours in order to progress their career (with around a quarter feeling that graduates were not prepared to do this).

When looking at the most attractive non-salary benefits that could be offered to a new graduate and the benefits that they could most realistically offer to a new graduate, employers responded that:

- company paid training and development ranked as the most attractive and the most realistic non-salary benefit that could be offered to a graduate (74.9 per cent and 77.5 per cent respectively).
- 53.9 per cent of employers felt they could realistically offer a new graduate superannuation, but only 14.4 per cent felt this was an attractive benefit to offer a graduate.

The most **crucial issues** *currently* facing graduate recruiters (see Table 4) were found to be:

- Recruitment of the 'right' graduates in a competitive market, with 79.3 per cent of respondents selecting this issue
- Retention of the 'right' graduates in a competitive market – 70.7 per cent
- Branding their organisation to campuses, including student organisations, administrators and faculty – 61.7 per cent.

TABLE 4: Issues important to graduate recruitment both currently and in the future, 2007

	Currently	In the future
Recruitment of the 'right' graduates in a competitive market.	79.3%	75.3%
Retention of the 'right' graduates in a competitive market.	70.7%	79.7%
Branding your organisation to campuses, including student organisations, administrators and faculty.	61.7%	49.5%
Identifying talent early through 'pipeline' programs such as internships and co-ops.	52.1%	61.5%
Integrating graduate recruitment and retention into overall work force planning.	51.1%	45.1%
Demonstrating and validating the value of the graduate recruitment function to your organisation.	35.1%	31.3%
Measuring the results of your graduate recruitment program.	34.0%	28.0%
Balancing high-tech and high-touch methods in recruiting and hiring graduates.	28.2%	31.9%
Other	4.3%	4.4%

Two of these three issues were also identified as the most crucial issues that recruiters will face in the future, with:

- Retention of the 'right' graduates in a competitive market seen as the most crucial issue in the future (79.7 per cent); followed by:
- Recruitment of the 'right' graduates in a competitive market – 75.3 per cent
- The third most crucial issue in the future was “identifying talent early through 'pipeline' programs such as internships and co-ops”, with 61.5 per cent indicating this to be an important issue in their future.

In examining retention of graduates, a graduate’s relationship with their direct manager/supervisor, their desire for greater professional development and organisational culture were deemed by employers to be the most important factors impacting on a graduate’s decision to change employers (95.3 per cent, 87.9 per cent and 87.4 per cent respectively). Lack of loyalty and commitment, and seeking experience in a different sector were deemed to be the least important, with 63.6 per cent and 54.5 per cent respectively of recruiters ranking these issues as not important.

An examination of the information in the snapshot and the full report should provide graduate recruiters with details of the current and future state of the graduate recruitment industry, and of the areas that may impact on their success in both recruiting and retaining graduates.

For further information, the full report of the 2007 Graduate Outlook Survey, *Graduate Outlook 2007*, can be purchased from the online shop at www.graduatecareers.com.au.



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