



GCA Executive Director Cindy Tilbrook and *Grapevine* editor Jesse Gerner catch up on the impact of a slumping economy on graduate employment.

GRADUATE RECRUITMENT IN TIMES OF ECONOMIC DOWNTURN

The last few years have seen an unprecedented boom in graduate recruitment in Australia, with new recruiters entering the marketplace, increased competition for the top graduates, and an upturn in on-campus activities designed to attract and recruit available candidates.

But this was before the financial crisis which hit world economies in the latter half of 2008. It is therefore appropriate to now assess what impact this crisis may have on graduate recruitment in Australia, and what strategies careers advisors, graduate recruiters and students may adopt to help them through this time. The *Grapevine's* editor, Jesse Gerner, discussed these matters with Cindy Tilbrook, GCA's Executive Director, in early March 2009.

Jesse: *Cindy, will the economic downturn have an impact on graduate recruitment in this country?*

Cindy: There is no doubt that the downturn will have some impact, and evidence of this is already being seen in organisations and campuses across the country, in anecdotal stories appearing in the press, and in a recent small survey undertaken by GCA. To understand what that impact might be, it is vital to assess what factors play a part in determining the level of graduate recruitment activity in any given period. Broadly speaking, there are four major factors that are important. These are:

- The overall state of the economy: at the simplest level, when economic times are positive, employers actively recruit new candidates and the graduate 'marketplace' is very active. However when the economy turns down the level of economic activity slows, employers are more reluctant to take on new employees, and their graduate and undergraduate programs may be reduced or, in some cases, cancelled entirely.
- What we broadly call 'unexpected happenings': these are events such as 9/11 in the USA or the Asian financial crisis in the late 1990s. Such events can cause an immediate impact in the economic market place which does not bear any direct relationship to the underlying economic forces in operation at the time.
- Then there are industry cycles, which may also operate quite independently of overall economic cycles. These industry cycles can be caused by factors such as the introduction of new technology into a particular industry, changes in demand for a specific product or service, or industry-specific factors. In the latter case, the impact of a drought on the agricultural industry

is one example, as was the impact of Y2K on the computer industry at the start of the century. In more recent times we have seen a boom in the resources industry, fuelled by the rapid infrastructure development taking place in China.

- Finally, there are underlying demographic and workforce factors that can impact the levels of graduate recruitment. Australia's workforce is 'ageing', with an increasing proportion of the workforce reaching the stage of contemplating retirement. Companies therefore need to ensure that they are recruiting enough new employees into their organisations to replace those who will retire over the coming decade.

We have also seen areas of real skill shortages over the last few years in some discipline areas, and projections from the Department of Education, Employment and Workplace Relations indicate that these are likely to continue (www.jobsearch.gov.au/joboutlook).

Jesse: *It sounds like it therefore isn't a simple matter to assess what impact the economic downturn may have, as this is only one factor to be taken into account.*

Cindy: That's right, Jesse. Whilst Australia is undoubtedly heading into some difficult economic times in the coming year, some of the other factors mentioned above that caused the boom in graduate recruitment in recent years are still at work in the Australian economy. For example, a 2005 DEEWR publication (*Workforce Tomorrow – adapting to a more diverse Australian labour market*, DEEWR, 2005) indicated that almost two out of every five workers are aged 45 and older. It also found that while the working age population grew by around 175,000 people every year from 2000 to 2005, this will fall to 138,000 by 2010 and an average of 57,000 a year in the period 2020 to 2030. This makes it imperative for organisations to analyse their own workforce demographics, and ensure that they are actively recruiting now to meet their needs for the future.

Though the economic downturn has seen a slowing in the resources boom, it is likely that the demand for Australia's natural resources will surge again once the economic position becomes more positive.

These factors therefore suggest that, whilst the current downturn will have some short-term effect on graduate recruitment activity, the impact may not be as negative or as long-lived as has occurred in earlier times of economic downturn.

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Jesse: What is this short-term effect likely to be? Will graduates still get jobs?

Cindy: The findings of the Australian Graduate Survey, which has been conducted for many years now, indicates that graduates are still likely to obtain employment even in times of downturn.

If we consider graduates who are seeking full-time employment after graduation, the figure for those who have obtained employment within four months after graduation has stayed relatively constant between 79.6 per cent in 1998 and the high of 85.2 per cent in the most recent figures. Whilst these figures don't indicate whether graduates are obtaining employment in the area in which they graduated, they do indicate that the overall employment prospects for graduates are still good.

Australian Bureau of Statistics figures also indicate that the longer term prospects for those with higher education qualifications are significantly more positive than for those without such qualifications (*ABS Education and Work 2007*. Cat. No 6227.0).

Students nearing the end of their degrees may, however, wish to consider options other than full-time employment during times of downturn. Many will consider going on to undertake further studies, with a view to improving their qualifications. Others may decide to seek part-time or casual work whilst waiting for their preferred job to become available, and still others may decide to travel or undertake voluntary or community work until market prospects appear more positive.

What we do try to impress upon students is that, even if they are working part-time, or in an area of employment they may not have previously

considered, they will still be gaining important work experience and acquiring many generic workplace skills that will be of value to them when seeking their preferred job. We recommend that students keep a record of such skills so that they have them available when writing future job applications – for example, they are developing leadership skills if they are put in charge of supervising others, or teamwork skills if they work on a voluntary community project with other people.

Jesse: Will we see a change in the types of jobs that students seek, or in the way they look for work?

Cindy: I suspect we will. With the global financial crisis, some of the 'glamour' financial positions of the past few years may not seem as attractive to students. We will also probably see an increase in students' desire for positions with job security, although our University & Beyond research indicates that job security was important to students even prior to the downturn.

Students should also use all possible avenues to find appropriate employment. Whilst internet searching, employer websites and university careers services will still be of significant value, students should also approach any family members, friends, work acquaintances or others within their networks who may be able to assist in their job search activities.

For some students this may be an ideal time to consider self-employment, even on a part-time or limited capacity. There are a variety of government organisations and websites that can provide assistance to those considering some kind of self-employment.

And, as mentioned above, many students may consider

undertaking further study, working part-time or casually, or even travelling overseas.

Jesse: From the employer's perspective, will the downturn also have an impact on their recruitment activities?

Cindy: Yes, there are already signs that some employers will be reducing the size of their graduate or undergraduate programs and, in some instances, cancelling these programs altogether (*Graduate Outlook 2008*, GCA). There are also indications that the level of marketing activity undertaken by employers will reduce, and that employers may seek a variety of ways on campus to reach students in a cost-effective manner.

However given the underlying demographic and labour force characteristics of the Australian workforce, we would strongly recommend that employers maintain an active presence in the graduate marketplace. In fact, some employers are seeing the downturn as the ideal time to maintain or even increase their level of graduate recruitment activity, as with less competition for the top graduates, they can bring these candidates into their organisations now and have them trained and reaching peak performance by the time the economy starts to recover – thus putting them in a very strong competitive position.

It is also important for employers to maintain a strong image on campus, even in times of less graduate recruitment activity, so that their brand remains a preferred one in the eyes of candidates.

From the employer's perspective, if there are fewer graduate recruiters on campus there may be a larger pool of candidates from which to choose. This may see a different approach from employers;

for example, they may not offer the level of 'sign-on' bonuses that we have been hearing about in recent years. On the positive side for employers, students may be less reluctant to seek alternate employment, and so the rate of turnover of their graduate recruits may decrease.

Jesse: Finally, what strategies can careers services be adopting during these times?

Cindy: Career services may find that the demand from students for their services continues for a longer period post-graduation, so they may wish to extend the time period during which graduates can access their services. They may wish to conduct additional sessions on job search strategies, and may find a greater demand from students for suggestions on how to cope with disappointing application outcomes, or on what to do if a graduate job offer is later rescinded. Students may also want additional information on voluntary or charitable work, or on further study opportunities, so careers services should endeavour to have these resources ready and available.

Employers may also want some new, lower-cost strategies for reaching graduates, so career services should develop a range of these options if they haven't already done so. There will probably be value in strengthening ties with faculties, and it will be increasingly important to maintain and strengthen ties with employers, even those who may not be active on campus during the time of downturn. If resources permit, career services may also wish to broaden their ties with smaller and medium-sized employers, or employers in their local areas, to ensure that all possible job openings are made available to students.

SO WHAT'S NEW?

"On 1st January 1990 few could have predicted the speed with which the recession was going to affect the UK economy. In the event a major economic downturn and a crisis of business confidence gave the decade an inauspicious start.

The labour market was characterised by retrenchment, restructuring and redundancy and the buoyant outlook for graduate jobs evaporated. How will this affect the job market for the highly qualified?"

Source: *Graduate Opportunities*, 1992 UK edition, The Newpoint Publishing Company Limited, West Sussex, UK, pp.15.