

The global financial crisis made 2009 a challenging year for graduate recruiters. Find out how the economic downturn impacted graduate recruitment in Australia and New Zealand, and what the future holds for graduates.

Snapshot: Graduate Outlook 2009

Graduate Outlook 2009, the most recent edition of Graduate Careers Australia's (GCA) annual report on graduate recruitment practices and trends in Australia and New Zealand, was well-placed to investigate one of the most significant events to impact graduate recruitment in recent times – the global financial crisis (GFC). Opinions about the extent to which the crisis would affect graduate recruitment ranged from those that foresaw no major impact through to those that predicted an economy-wide cull of graduate recruitment programs. Based on the feedback of more than 400 graduate employers across a range of industries, **Graduate Outlook 2009** has attempted to understand the extent of any impact on graduate recruitment in 2009 and whether any such effects are likely to continue into the future.

In addition to investigating the impact of the GFC on graduate recruitment, the newly revamped Graduate Outlook Survey questionnaire permitted a more detailed investigation of other important topics such as graduate recruitment practices, retention of graduate employees and employers' beliefs about the most important challenges facing them now and in the years to come.

This summary report provides an overview of some of the areas addressed in the complete **Graduate Outlook 2009** report as well as some of the key findings.

Graduate Recruitment in 2009

- ❖ In spite of the GFC, the vast majority of surveyed employers (93 per cent) indicated that they **still recruited graduates in 2009**. This suggests that very few employers responded to the GFC by cancelling their graduate recruitment activities outright.
- ❖ There is evidence to suggest, however, that many employers responded to the financial pressures imposed on them by the GFC by **reducing the size** of their graduate intakes.
 - Relative to 2008, fewer employers indicated that they were recruiting more than 20 graduates annually, while more employers indicated that they were recruiting 1-20 graduates.
- ❖ Only 22 per cent of employers indicated that they would have recruited more graduates had more appropriate candidates been available, down from 47 per cent in 2008 and 65 per cent in 2007.
- ❖ Looking forward to 2010, 21 per cent of employers indicated that they **intended to increase the scale of their graduate program** relative to 2009.

Graduate Skills Shortages

- ❖ Around 30 per cent of employers had **trouble sourcing graduates** from a particular discipline area in 2009, down considerably from 54 per cent in 2008 and 62 per cent in 2007.
 - It appears that the GFC may have lessened the impact of the graduate skills shortage – at least temporarily.
- ❖ Resource Engineering/Earth Sciences graduates were again in high demand in 2009. Around 26 per cent of the employers who indicated that they had trouble sourcing graduates from a particular discipline area experienced difficulty sourcing enough of these graduates.

Recruitment of International Graduates

- ❖ The proportion of employers who recruited international graduates fell from 35 per cent in 2008 to only 21 per cent in 2009, bringing to an end four years of continual growth (see Figure 1).

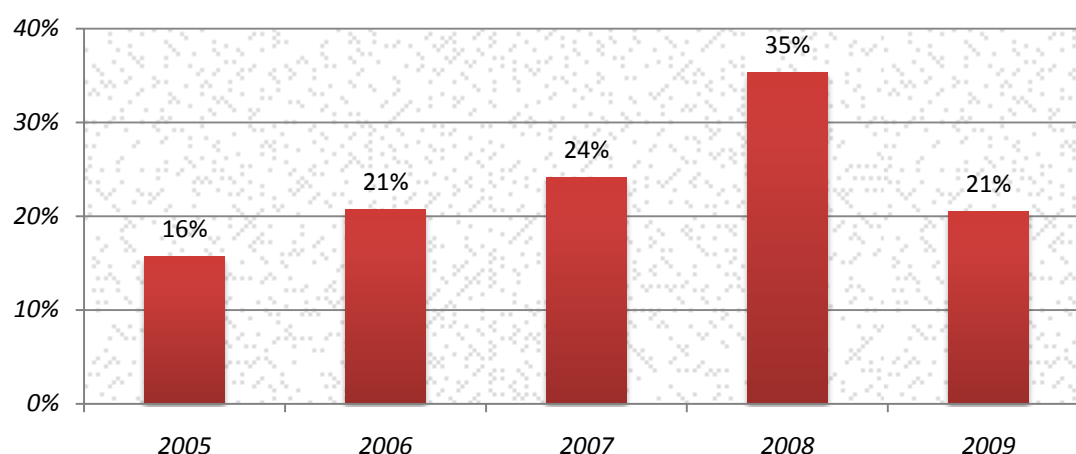


Figure 1: Proportion of employers who recruited international graduates as part of their annual graduate intake, 2005-2009

- ❖ When faced with worsening economic conditions and a much less competitive labour market, it is possible that some employers would not have gone to the additional effort or expense of recruiting international graduates if suitably qualified domestic graduates were available.
- ❖ Although this decline in the recruitment of international graduates was experienced by all industries under examination, the largest decline was observed in regard to employers in the Legal/Professional services industries (a decline of 36 percentage points between 2008 and 2009).

Graduate Recruitment Practices

- ❖ While larger organisations (more than 500 employees) were more likely than their smaller counterparts to use an **undergraduate program** or **employee referral program** as part of their graduate recruitment activities, the smaller organisations who used these programs recruited, on average, a larger proportion of their total graduate intake through them.
- ❖ For the third consecutive year, **interpersonal and communication skills** emerged as the most important selection criterion used in recruiting graduates.
- ❖ **Lack of drive, motivation, enthusiasm and initiative** was considered by the majority of employers to be the least desirable characteristic in a graduate.
- ❖ A graduate's **employment history** was considered by employers to be the single most important aspect of a graduate's curriculum vitae.

Key Issues Facing Graduate Employers

- ❖ Even in a year of reduced graduate recruitment, **recruitment of the 'right' graduates** was identified by employers as the most critical graduate recruitment issue currently (nominated by 87 per cent) and even more so in the future (nominated by 90 per cent).
- ❖ Employers also considered **retention of graduate employees** to be an important issue, both currently (nominated by 84 per cent) and in the future (nominated by 89 per cent).

Retention of Graduate Employees

- ❖ On average, around one in ten graduates will not see out their first year with an employer and, by the end of the fifth year, nearly half of the commencing graduate cohort will have moved on (see Figure 2).

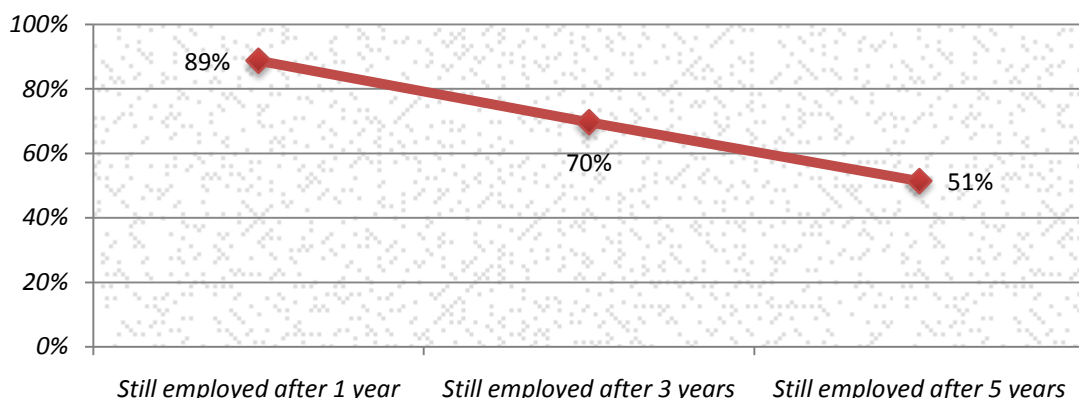


Figure 2: Average proportion of graduate cohort still employed with the organisation at the end of one, three and five years after commencement of employment, 2009

- ❖ A graduate's **relationship with their direct manager/supervisor** was considered by the largest proportion of employers (89 per cent) to be an important influence on the graduate's decision to change employers.
 - Other important influences included organisational culture, seeking greater opportunities for advancement and seeking a greater breadth of work experience.
- ❖ Graduate **training and development activities**, including both internal activities as well as providing support for training and development outside the organisation (e.g. financial support, time off) were considered effective retention strategies by the majority of employers.

The complete *Graduate Outlook 2009* report

This snapshot report has presented a brief overview of some of the insights contained within the complete *Graduate Outlook 2009* report. The complete report addresses each of these areas and more in greater detail, including comparisons based on industry and organisation size, as well as time series charts which examine how key graduate employment trends have changed over recent years.

Graduate Outlook 2009, a must-read for anyone involved in graduate recruitment, is available for purchase from Graduate Careers Australia (GCA). Electronic copies (PDF) of this report may be purchased from GCA's online shop at www.graduatecareers.com.au or by completing the order form below.

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