

Graduate Outlook 2011

The report of the Graduate Outlook Survey

Acknowledgements

Jessica Arnott (Research Associate, Graduate Careers Australia) was the principal author of this report. Graeme Bryant (Business and Development Manager, Graduate Careers Australia) was the project director of the 2011 Graduate Outlook Survey.

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PO Box 12103, A'Beckett Street, VIC 8006
Level 10, 313 La Trobe Street, Melbourne VIC 3000

Telephone: (03) 9605 3700

Facsimile: (03) 9670 5752

Email: info@graduatecareers.com.au

Web: www.graduatecareers.com.au

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Introduction

The Graduate Outlook Survey (GOS) is conducted annually by Graduate Careers Australia and examines graduate recruitment practices and trends from the perspective of graduate employers in Australasia. In 2011, a more concise report containing only the most popular content from previous years has been produced. This report will reference tables and figures available in the supplementary document that can be accessed via hyperlinks provided throughout the report.

For the first time in 2011, six industry reports have also been produced focussing on specific data for Government, Defence and Health; Construction, Mining and Engineering; Accounting and Finance; Legal and Professional services; Manufacturing; and Communication, Technology and Utilities. The industry reports will include key findings on graduate recruitment trends, graduate skill shortages, graduate program promotion methods used, the effectiveness of social media and factors influencing graduate attrition and retention.

The 2011 GOS was launched in late August and ran for a total of eight weeks, with a record 518 employers responding to the survey. In 2011 several new questions focussing on international graduates, mature age graduates and postgraduates were added to the survey.

Graduate Recruitment Trends

This section of *Graduate Outlook 2011* explores how various aspects of graduate recruitment in Australasia have changed over time. Some aspects are new to *Graduate Outlook 2011*, while other aspects have been probed in each Graduate Outlook Survey (GOS) since its inception in 2005. This has resulted in a rich and detailed seven-year time series.

Graduate Recruitment in 2011

In 2011, Australasian recruitment into graduate programs dropped by 3.4 percentage points when compared to the previous year. Employers are anticipating that their 2012 graduate intake will be similar to the recruitment figures for 2011 (see Figure 1).

Although graduate program intakes are lower in 2011 than 2010, the percentage of employers recruiting more than 20 graduates increased slightly.

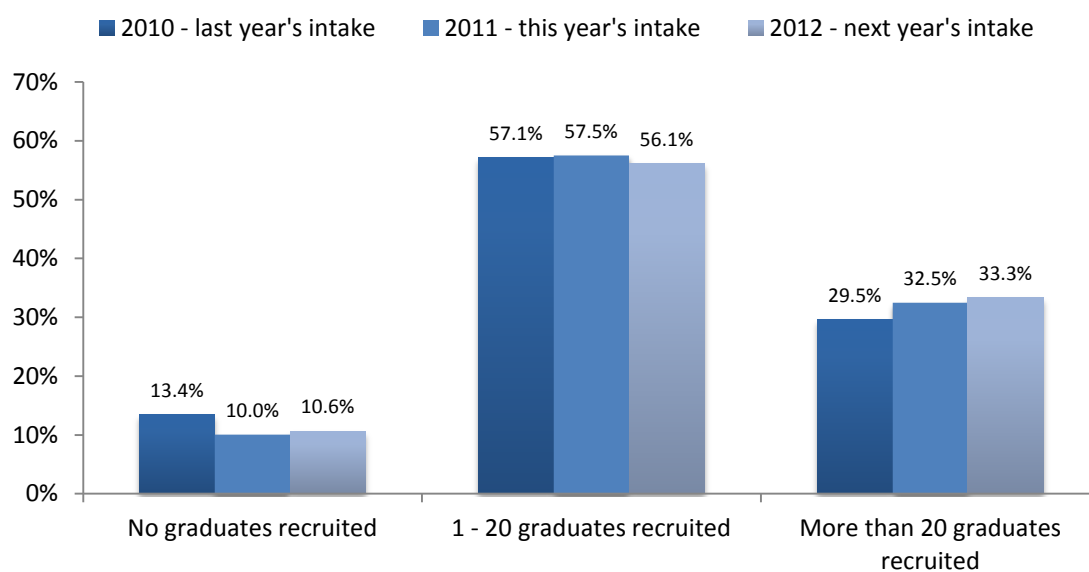


Figure 1: Actual and expected graduate intake for 2010-12 (%)

In 2011, the percentage of employers who would have recruited more graduates if a higher number of appropriate candidates had been available was 27.6 per cent (see Figure 2). The overall demand for graduates has not recovered to the levels seen prior to the Global Financial Crisis (GFC) in 2009. This is not expected to rise in 2012, with employers indicating their graduate intake in 2012 will not increase significantly (see Figure 1).

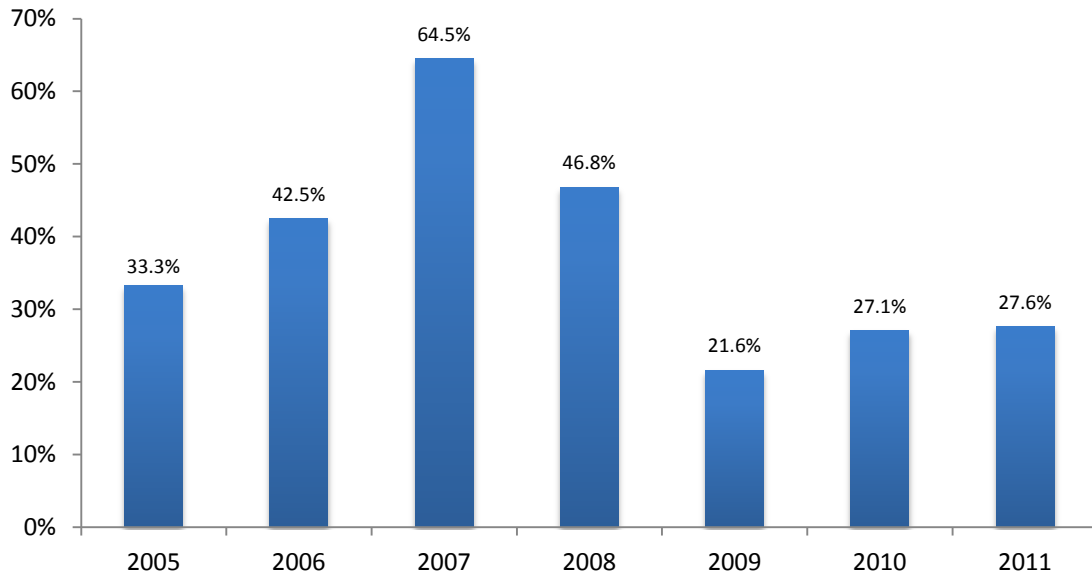


Figure 2: Proportion of employers who would have recruited more graduates if a higher number of appropriate candidates had been available, 2005-11 (%)

When examining the proportion of employers who would have recruited more graduates if a higher number of appropriate candidates had been available by industry, Communication, Technology and Utilities saw the largest demand. Half of the Communication, Technology and Utilities employers would have recruited more graduates if a higher number of appropriate candidates had been available. This was the industry group which was most likely to have hired more graduates when 41.2 per cent of employers indicated that they would have recruited more graduates (refer to Figure 3). This industry group has consistently had the highest proportion of employers, who would have recruited more graduates if a higher number of appropriate candidates had been available, over the past three years.

The industry that has had least trouble recruiting appropriate graduates is Construction, Mining and Engineering, with between 10 and 15 per cent of employers over the last 3 years.

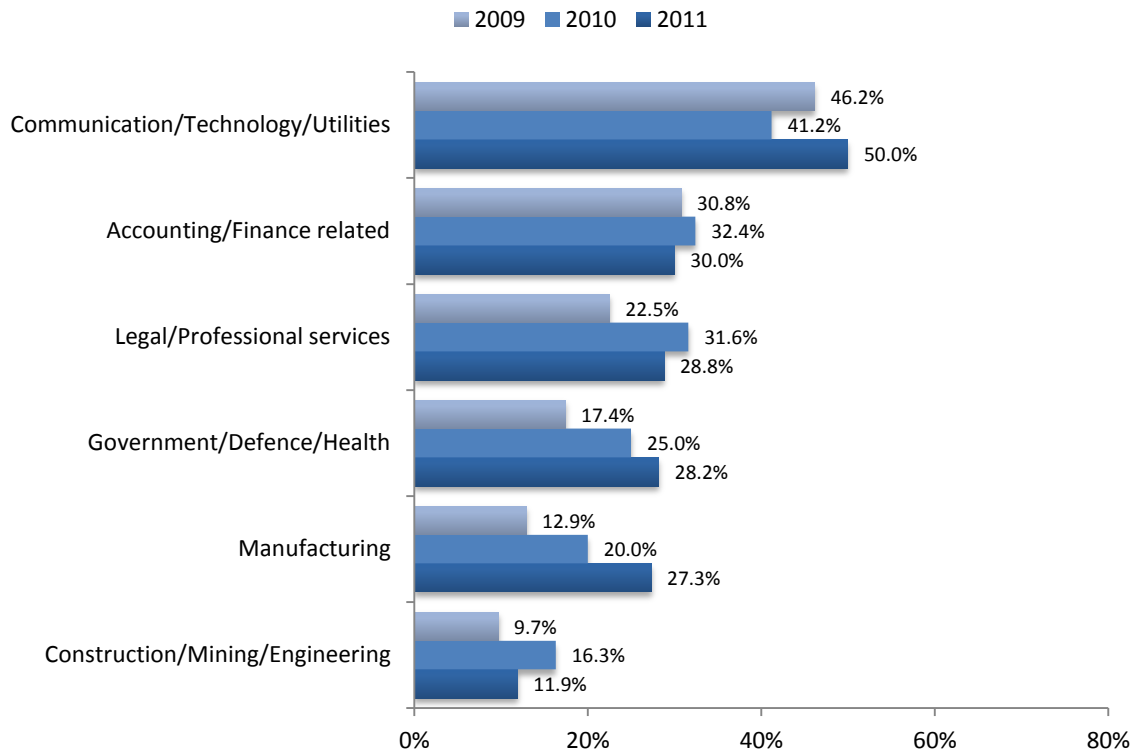


Figure 3: Proportion of employers who would have recruited more graduates had a higher number of appropriate candidates been available, by industry, 2009-11 (%)

Graduate Skills Shortages

Employers were asked if they had some difficulty sourcing or recruiting candidates from any particular discipline areas in their 2011 graduate recruitment campaign. Just over two in five employers indicated that they had. While there have been gradual increases in these figures since the initial impact of the GFC in 2009, they have not recovered to the levels seen pre-GFC (see Figure 4).

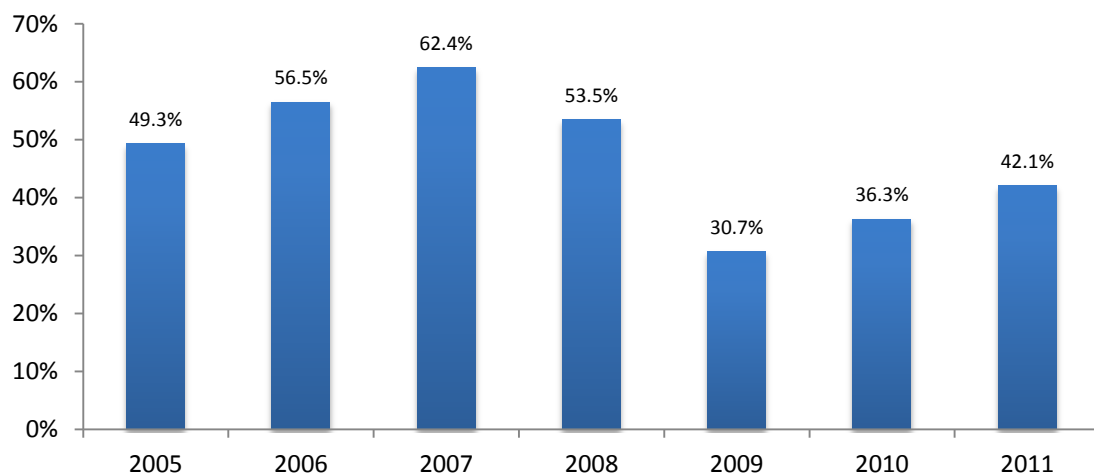


Figure 4: Proportion of employers who had difficulty sourcing graduates, 2005-11 (%)

Employers who indicated that they had difficulty sourcing graduates were also asked to identify the particular discipline area(s) of concern (see Figure 5).

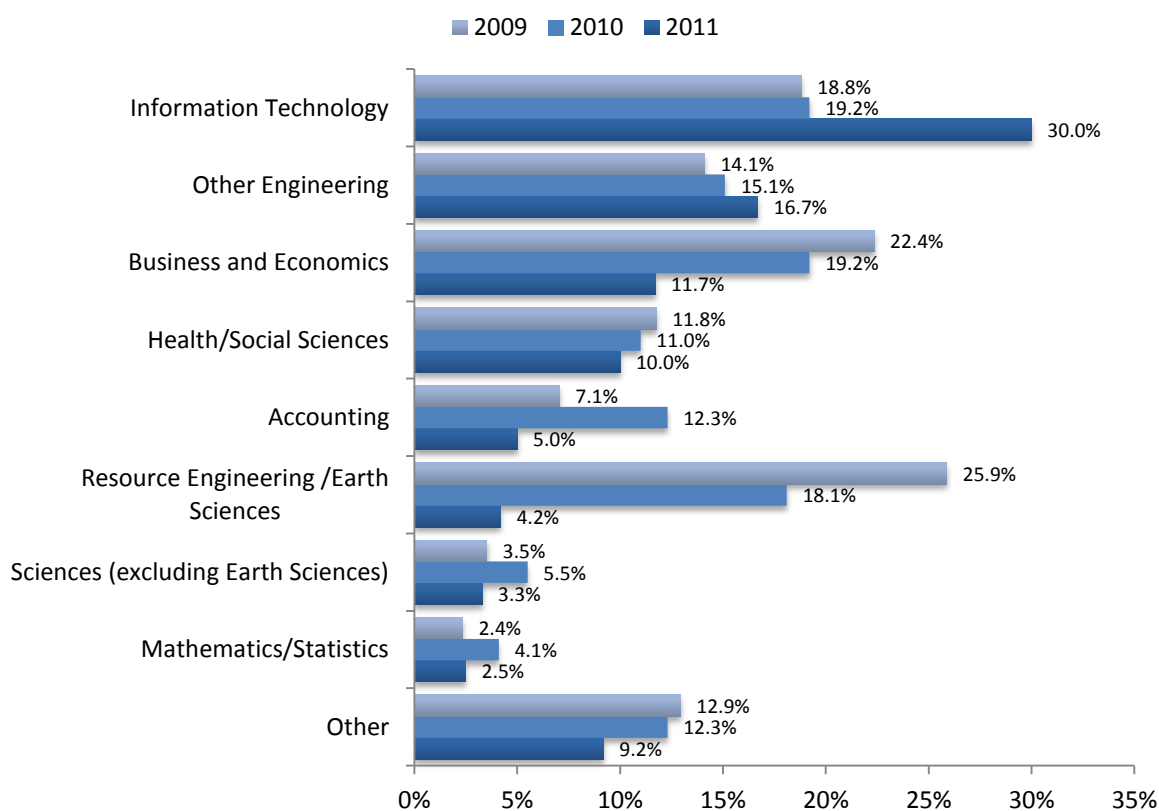


Figure 5: Proportion of employers who had difficulty sourcing graduates, by discipline area, 2009-11 (%)

Of employers that had difficulty sourcing graduates, Information Technology and Other Engineering were the only discipline areas where shortages increased from the previous year, and the increase in Other Engineering was only marginal.

Within this group, the sharpest decline in demand for graduates in the last two years was for the discipline area of Resource Engineering and Earth Sciences graduates with a decrease of 13.9 percentage points since 2010.

Recruitment of International Graduates

The proportion of employers who recruited international graduates rose from 15.7 per cent in 2005 to a peak of 35.3 per cent in 2008. This peak in 2008 corresponds with changes to the Australian Government's General Skilled Migration program. However, as the impact of the GFC was felt, the percentage of employers recruiting international graduates dropped by approximately 15 percentage points in 2009 and stayed flat in 2010.

In 2011, the proportion of employers recruiting international graduates increased by almost 12 percentage points to be just 4.5 per cent below the 2008 level (see Figure 6).

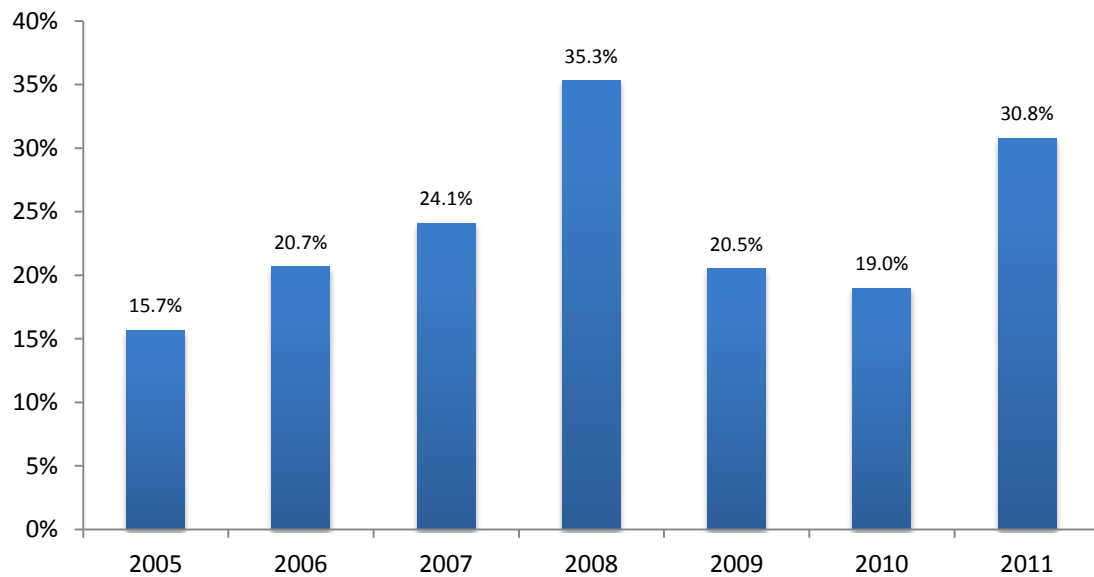


Figure 6: Proportion of employers who recruited international graduates, 2005-11 (%)

At the industry level (see Figure 7) there was a large increase in the proportion of employers in the Communication, Technology and Utilities industry who recruited international graduates. The increase in demand for Information Technology graduates may have influenced the employment rate for international graduates in this area (see Figure 5).

Other strong growth areas in 2011 for employers hiring international graduates were Accounting and Finance; Manufacturing; and Construction, Mining and Engineering.

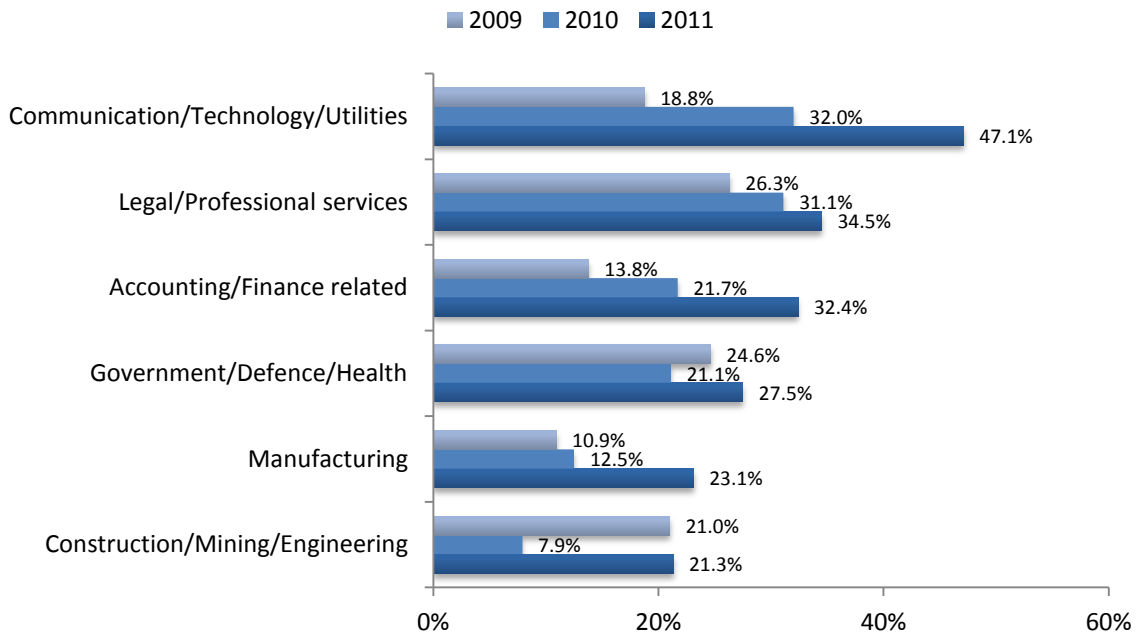


Figure 7: Proportion of employers who recruited international graduates, by industry, 2009-11 (%)

Figure 8 shows the proportion of employers, by employer size, who recruited international graduates. Nearly half of the employers that recruited international graduates had more than 500 employees. Large employers are twice as likely to hire international graduates than employers with fewer than 500 employees.



Figure 8: Proportion of employers who recruited international graduates, by employer size (%)

Why Organisations Choose Not to Recruit International Graduates

In 2011, employers who recruited only domestic graduates were asked why they did not recruit international graduates. When examined, the responses from these employers could be classified into five main broad categories (see Table 1).

Table 1: Why employers did not recruit international graduates by industry¹, 2011 (%)

Reasons why employer did not recruit international graduates	G/D/H	C/M/E	A/F	L/PS	M	C/T/U
Must be an Australia citizen or permanent resident	74.5%	29.6%	40.0%	26.1%	0.0%	16.7%
Visa/cost requirements prohibitive	2.1%	25.9%	26.7%	26.1%	42.9%	25.0%
Had enough suitable local candidates	4.3%	22.2%	13.3%	4.3%	28.6%	8.3%
Retention concerns	12.8%	18.5%	20.0%	39.1%	28.6%	33.3%
No applications received	6.4%	3.7%	0.0%	4.3%	0.0%	16.7%
Total	100%	100%	100%	100%	100%	100%

Three quarters of Government, Defence and Health employers indicated that one of the main reasons they did not employ international graduates in Australia was that it is a requirement that an employee must be a citizen or permanent resident of Australia. This was also the most common reason given by employers from Communication, Mining and Engineering, and Accounting and Finance industries as to why they did not recruit international graduates.

Legal and Professional Services and Communication, Technology and Utilities employers cited concerns about the retention of international graduates as the most common reason. Concern that graduates will take the skills, knowledge and experience they gain from a graduate program to another employer, was on average a concern for a quarter of employers who responded to this question.

Recruitment of Mature Age and Postgraduate Degree Graduates

The 2011 GOS asked employers if they recruited any mature age graduates (25 years or older) and/or postgraduate degree graduates into their graduate programs in 2011.

Mature age graduates may have gone onto higher education study to gain a qualification, change career direction, gain an employment promotion or to further their knowledge in a field of interest. Mature age graduates can offer employers work and life experience coupled with a recent university qualification which can be an asset to an employer.

¹ G/D/H = Government/Defence/Health, C/M/E = Construction/Mining/Engineering, A/F = Accounting/Finance, L/PS = Legal/Professional Services, M = Manufacturing, C/T/U = Communication/Technology/Utilities.

There are five main postgraduate award levels; postgraduate diploma, post graduate certificate, coursework masters, research masters and PhD. Postgraduates with one or more of these qualifications can command a greater salary, with the *Postgraduate Destinations 2010* report (GCA, 2010a) showing the median full-time postgraduate salary of \$70,000. This is compared to the median full-time starting salary of \$49,000 (GCA, 2010b) for bachelor degree graduates.

In 2011, the average proportion of an employer’s graduate intake constituted by mature age and postgraduate degree graduates is displayed by employer size in Figure 9.

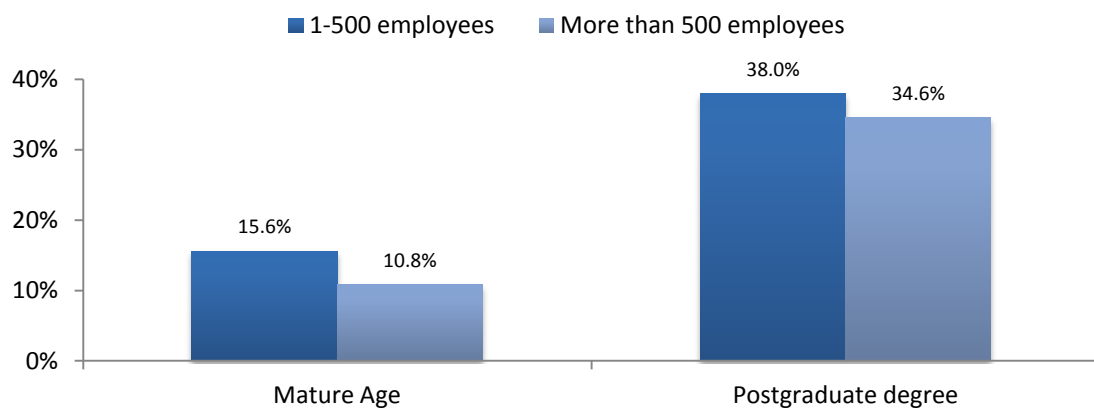


Figure 9: Average proportion of graduate intake constituted by mature age and postgraduate degree graduates, by employer size, 2011 (%)

Smaller employers (less than 500 employees) were more likely to recruit mature age and postgraduate degree graduates into their graduate recruitment programs than larger employers (more than 500 employees).

Table 2 outlines the reasons why employers did not recruit mature age graduates into their program.

Table 2: Why employers did not recruit mature age graduates, 2011 (%)

Why did not recruit mature age	%
No suitable candidate	55.6%
No applications received	27.8%
Too experienced for graduate position	7.4%
Other	9.3%

Just over half of employers who received applications from mature age graduates for their graduate program found those applications were not suitable for the graduate program on offer. Interestingly, more than a quarter of employers did not recruit mature age graduates as no applications were received.

Those employers who did not recruit postgraduates cited the top two reasons being that they only recruited undergraduates or no suitable candidates for the position were received. For the majority of responses, either postgraduates were viewed as over-qualified or their application was unsuccessful.

Reasons why employers did not recruit postgraduate degree graduates are displayed in Table 3.

Table 3: Why employers did not recruit postgraduates, 2011 (%)

Why did not recruit postgraduates	%
Only recruited undergraduates	41.3%
No suitable candidates	41.3%
No applications received	8.7%
Other	8.7%

Graduate Recruitment Practices

This section of *Graduate Outlook 2011* examines the graduate recruitment practices of surveyed employers, ranging from the promotion of their graduate programs through to the final selection of their candidates.

Promotion of Graduate Programs

When asked about the methods used to promote their graduate programs in 2010 and 2011 (see Figure 10) the vast majority of employers indicated that they promoted their graduate program through their organisations website.

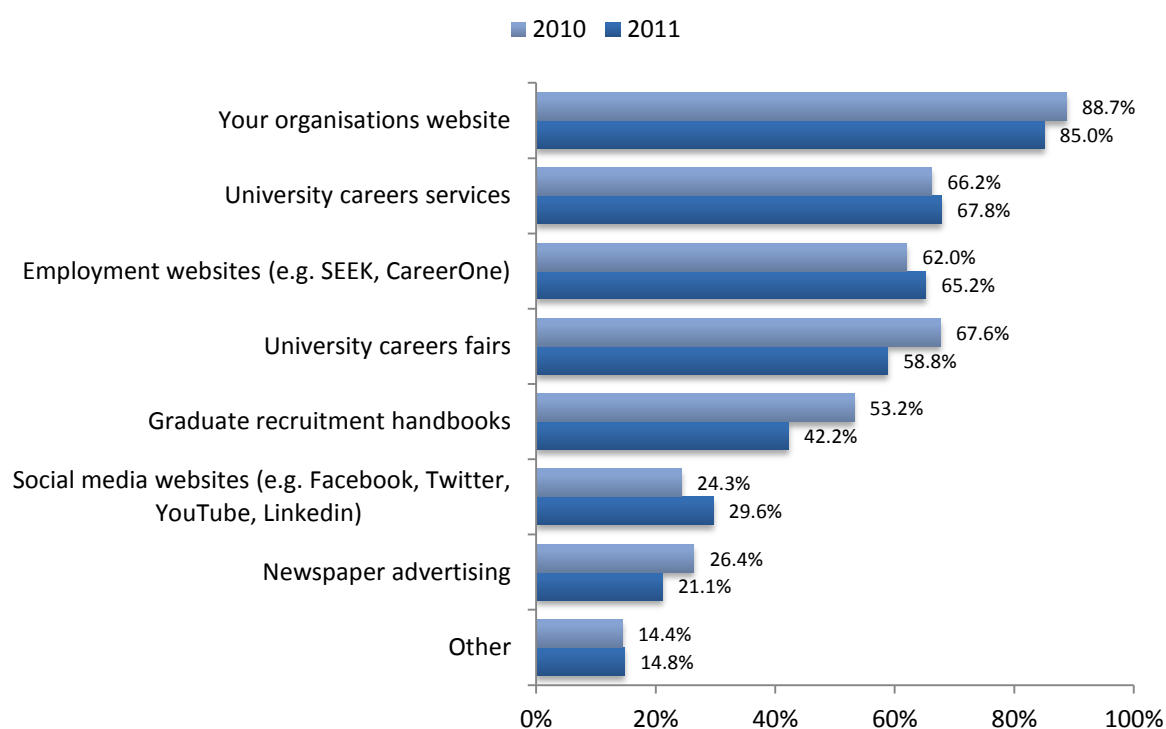


Figure 10: Methods used to promote graduate program, 2010 – 2011 (%)

In 2011, there has been an increase in the proportion of employers using on-campus university careers services, employment websites and social media websites to promote their graduate program relative to 2010. Of the three growth areas, the largest increase was for usage of social media websites (5.3 percentage points).

When promotional methods are examined by the size of the organisation (see Figure 11) a number of notable differences emerge. Generally, larger employers (those with more than 500 employees) tend to (be more likely to) have larger graduate intakes and are typically better resourced than their smaller counterparts to more actively promote their graduate programs. This is likely due to the fact that they are typically better resourced and have larger graduate intakes.

Large employers (more than 500 employees) were also much more likely than small employers (those with 500 or fewer employees) to promote their graduate programs using graduate recruitment handbooks (38.7 percentage point difference). Graduate recruitment programs advertised in graduate handbooks can reach a large target audience, with printed handbooks generally supplied directly to students and graduates through on-campus university careers services and at university careers fairs.



Figure 11: Methods used to promote graduate program, by organisation size, 2011 (%)

With social media sites such as Facebook and LinkedIn becoming more widely used to promote graduate recruitment programs, growth in the usage of social media sites between 2010 and 2011 (see *Graduate Outlook 2010*, GCA 2011) shows larger employers (more than 500 employees) increased their usage by 8.2 percentage points compared to 3.6 percentage points by small employers (less than 500 employees).

When employers were asked about the effectiveness of social media sites, Facebook emerged as the most effective in terms of promoting a graduate recruitment program (see Table 4).

Table 4: Effectiveness of social media sites, 2011 (%)

Effectiveness of social media sites	Somewhat/Quite/Very effective	Quite/Very effective
Facebook	81.1%	41.1%
YouTube	77.8%	29.6%
LinkedIn	74.4%	28.2%
Twitter	66.7%	18.5%

Facebook, a social networking communication tool, can effectively use ‘word-of-mouth’. When a graduate becomes a fan of an employer, this relationship is communicated to a graduate’s own friends who may also be looking for similar graduate recruitment programs. A graduate becoming a fan of an employer is also a personal endorsement to their peers, which can increase the number of ‘likes’ for an organisation looking to advertise their graduate recruitment program.

When looking at the number of employers who found LinkedIn ‘quite/very effective’, 28.2 per cent of employers found this an effective source. LinkedIn can be used for professional business networking, and many graduates are starting to establish themselves in a professional career capacity by creating a professional profile to use for graduate recruitment.

Undergraduate and Employee Referral Programs

Undergraduate programs (including work experience placements, internships, vacation work, etc.) are a valuable way for recruiters to foster and develop graduate talent, and can be used by employers as a tool to assess candidates prior to the commencement of their formal graduate recruitment campaigns. Employee referral programs, whereby employees are encouraged to consider family members and friends who may be qualified for a role within the organisation, also became increasingly popular in recent years as employers attempted to address the aforementioned graduate skills shortage. The proportion of participating employers who recruited graduates in 2011 through undergraduate and employee referral programs are presented in Figure 12 by organisation size.

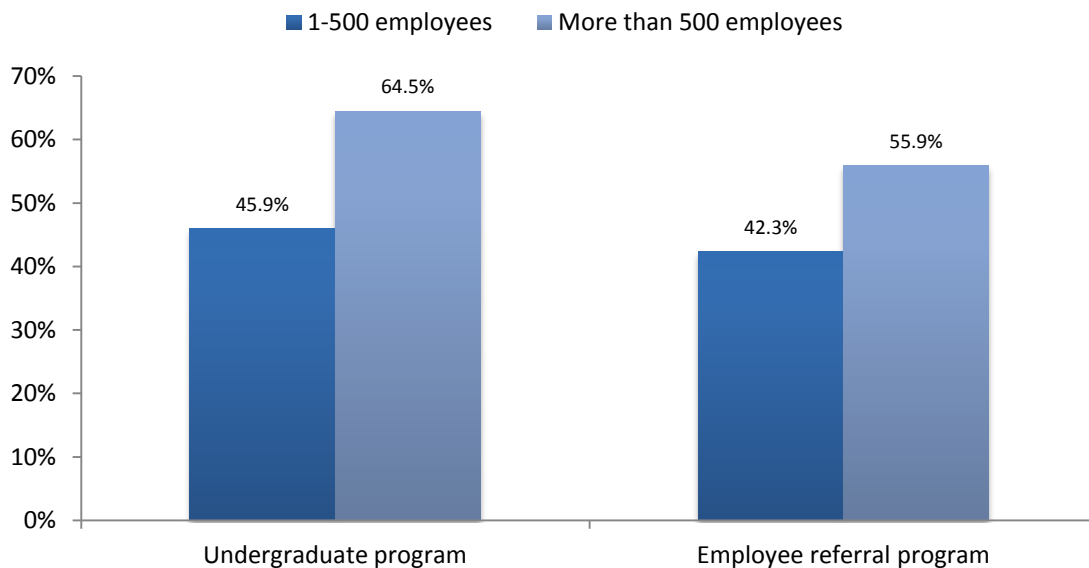


Figure 12: Proportion of graduate employers who recruited graduates using an undergraduate and employee referral programs, by organisation size, 2011 (%)

The usage of these programs varies considerably by organisational size, with large employers (more than 500 employees) more likely to use an undergraduate program and employee referral program, as part of their graduate recruitment activities, than smaller employers (1 – 500 employees).

When examining the average proportion of an organisation’s total graduate intake constituted by each of these programs, an interesting picture emerges (see Figure 13).

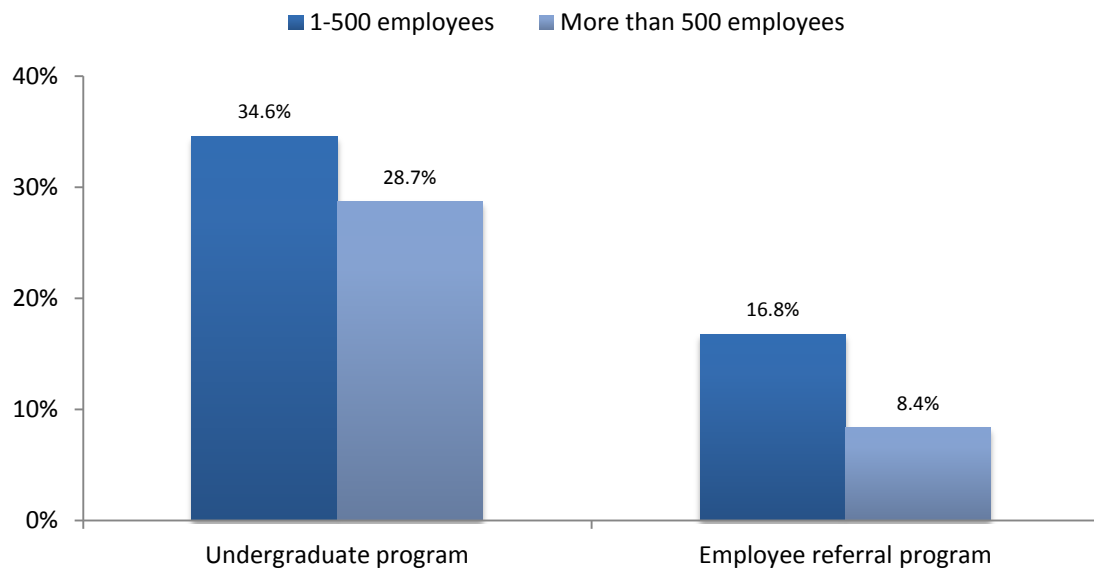


Figure 13: Average proportion of total graduate intake constituted by undergraduate and employee referral programs, by organisational size, 2011 (%)

Interestingly, smaller organisations who used these programs recruited, on average, a larger proportion of their total graduate intake through them.

Key Selection Criteria

Employers were asked to rate which three selection criteria, aside from relevant qualifications, they considered to be most important when evaluating applicants. These findings are presented in Table 5, ranked from most to least nominated.

Table 5: Most important selection criteria when recruiting graduates, 2009-11 (Rank)

Selection Criteria	2009	2010	2011
Interpersonal and communication skills (written and oral)	1	1	1
Passion/Knowledge of industry/Drive/Commitment/Attitude	2	2	2
Critical reasoning and analytical skills/Problem solving/Lateral thinking/Technical skills	3	3	3
Calibre of academic results	4	4	4
Work experience	6	6	5
Cultural alignment / Values fit	7	5	6
Teamwork skills	5	7	7
Emotional intelligence (incl. self-awareness, strength of character, confidence, motivation)	8	8	8
Leadership skills	9	9	9
Activities (incl. intra and extra curricular)	10	10	10

‘Interpersonal and communication skills’ was ranked as the most important selection criterion in 2011, which is consistent with the findings from previous years of this survey. Numerous other studies have reached similar conclusions regarding the importance of ‘interpersonal and communication skills to students’ careers (e.g. Johnson & Johnson, 1995; VUW, 2006). It is also noteworthy that the top four selection criteria have remained unchanged over the past three years.

When the rankings of these key selection criteria are examined by employer industry, ‘interpersonal and communication skills’ remained the single most important selection criterion for all of the industries under examination, with Manufacturing employers ranking ‘passion and knowledge’ of an industry as equally important, see [Table A](#).

Least Desirable Graduate Characteristics

In addition to their three most important selection criteria, participating employers were asked to indicate what they believed to be the three least desirable characteristics (from a list of nine characteristics) they would like to see in their 2011 candidate pool. These undesirable characteristics are presented in Table 6, ranked from most to least nominated in 2011.

‘Poor attitude/Lack of work ethic/Approach to work’ was identified the least desirable characteristic in a graduate candidate followed by ‘lack of interpersonal and communication skills’ for 2011 see Table 6. These findings were reasonably consistent across all industry groups.

Table 6: Least desirable characteristics when recruiting graduates, by industry¹, 2011 (Rank)

Least Desirable Characteristics	G/D/H	C/M/E	A/F	L/PS	M	C/T/U	All
Poor attitude / Lack of work ethic / Approach to work	2	1	3	1	5	1	1
Lack of interpersonal and communication skills (etc.)	1	4	1	2	1	1	2
Lack of drive, motivation, enthusiasm and initiative	4	2	2	4	3	3	3
Arrogance/Selfishness/Aggression/Dominating	3	3	4	3	2	4	4
Inflexibility/Inability to accept direction (etc.)	6	5	6	5	7	8	5
Poor teamwork skills	5	7	7	8	4	5	6
Poor or inappropriate academic qualifications or results	7	6	5	7	7	5	7
Lack of commitment / High absenteeism / Lack of loyalty	8	8	8	5	6	5	8
Lack of emotional intelligence, self-awareness (etc.)	9	9	9	9	9	9	9

Important Aspects of a Curriculum Vitae

Employers were asked to indicate which three aspects of a graduate’s curriculum vitae (CV) they considered to be the most important (aside from personal details and references). When examined by industry, the most important aspect of a graduate’s CV found across all industry groups was ‘employment history’. Accounting and finance ranked ‘academic results’ as of equal importance.

¹ G/D/H = Government/Defence/Health, C/M/E = Construction/Mining/Engineering, A/F = Accounting/Finance, L/PS = Legal/Professional Services, M = Manufacturing, C/T/U = Communication/Technology/Utilities.

Table 7: Important aspects of a graduate's curriculum vitae, by industry¹, 2011 (Rank)

Aspect of Curriculum Vitae	G/D/H	C/M/E	A/F	L/PS	M	C/T/U	All
Employment history	1	1	1	1	1	1	1
Academic results	3	2	1	2	2	3	2
Academic qualifications	2	5	4	7	3	4	3
Details of voluntary employment and placements	4	4	6	4	3	8	4
Notable achievements	5	6	8	3	5	7	5
Statement detailing career goals/objectives	8	3	3	5	6	2	6
Summary of key skills and personal attributes	5	7	5	6	7	5	7
Professional development activities undertaken	7	8	9	8	8	6	8
Hobbies/Interests	10	8	6	9	8	9	9
Relevant associations and professional memberships	9	10	9	10	8	10	10

At an overall level, academic achievements in terms of 'results' and 'qualifications' were ranked highly, in second and third place respectively. The least important aspect of a graduate's CV overall was 'Relevant associations and professional memberships'. This has consistently been ranked last in the three years this question has been asked in the GOS.

Table 7 should not be interpreted as suggesting the order in which these aspects should appear in a CV, as there are accepted conventions regarding how these are presented. Rather, these findings are intended to provide guidance to graduates about what sections should contain the most detail when they are preparing their CVs. These findings suggest that employers are generally interested in what graduates can bring to the employer in terms of their previous experience, paid and unpaid, as well as their skills, personal attributes and academic achievements.

Total Costs of Graduate Recruitment in 2011

Employers were asked how much their organisation spends on graduate recruitment in 2011. Graduate recruitment expenditure includes advertising, other promotional expenses and salaries for those involved in the graduate recruitment process.

Table 8 presents the median total and median per capita graduate recruitment costs across different industry group. It is evident from these results that employers make a substantial investment in the recruitment of graduates. The median recruitment cost within an industry must be considered in conjunction with the per capita spend, as employers in a particular industry may recruit substantially more or fewer graduates.

¹ G/D/H = Government/Defence/Health, C/M/E = Construction/Mining/Engineering, A/F = Accounting/Finance, L/PS = Legal/Professional Services, M = Manufacturing, C/T/U = Communication/Technology/Utilities.

Table 8: Median costs to recruit a graduate, by industry, 2011

Industry Group	Median total cost	Median per capita cost
Government/Defence/Health	\$50,000	\$3,350
Construction/Mining/Engineering	\$30,000	\$1,500
Accounting/Finance related	\$12,500	\$1,800
Communication/Technology/Utilities	\$10,000	\$2,000
Legal/Professional services	\$10,000	\$2,000
Manufacturing	\$10,000	\$3,350

When we examine the median cost to recruit a graduate between small (1-500 employees) and large (more than 500 employees) employers, larger employers (who tend to recruit more graduates), spent twice as much per capita compared to smaller employers, (see Table 9). The total median cost to recruit graduates is fifteen times greater for larger employers.

Table 9: Median costs to recruit a graduate, by employer size, 2011

Number of employees	Median total cost	Median per capita cost
1-500 employees	\$5,000	\$1,415
More than 500 employees	\$75,000	\$3,000

Rating of 2011 Graduate Recruitment Campaign

Graduate employers were asked to rate four key aspects of their 2011 graduate recruitment campaign on a five-point quality scale¹ and then provide an overall rating of their 2011 graduate recruitment campaign (see Table 10).

In order to simplify the presentation of these ratings they have been grouped into two categories and separated by year:

- Meets or exceeds average expectations: combines employers who rated an aspect as being average, above average or excellent. Essentially, this includes all employers who were **satisfied** with a particular aspect of their graduate recruitment campaign.
- Exceeds average expectations: combines employers who rated an aspect as being either above average or excellent. Essentially, this includes those who had a **strong positive reaction** to a particular aspect, considering it to be above their average expectations.

¹ The measurement scale: very poor, below average, average, above average, excellent (adapted from Siegle, n.d.).

Table 10: Employer ratings of graduate recruitment campaign, 2009-11 (%)

Aspect of graduate recruitment campaign	Meets or exceeds average expectations			Exceeds average expectations		
	2009	2010	2011	2009	2010	2011
Number of applications received	89.9%	91.9%	87.8%	58.4%	61.3%	51.2%
Standard of applications received	89.6%	91.1%	86.3%	38.2%	49.1%	44.4%
Standard of candidates seen during selection process	92.4%	92.3%	92.0%	53.5%	58.3%	59.0%
Standard of candidates accepting a position	94.3%	96.3%	95.8%	65.4%	70.3%	76.1%
Overall rating of graduate recruitment campaign	91.5%	94.0%	92.7%	55.5%	59.6%	58.2%

Overall, the majority of employers were, at a minimum, satisfied with their 2011 graduate recruitment campaign.

In terms of those aspects that met or exceeded employers' average expectations, the most notable shift, when compared to 2010, was the decrease in the 'standard of applications received' by 4.8 percentage points. This is closely followed by the 'number of applications received' with a 4.1 percentage point decrease.

When examining aspects of the graduate recruitment campaign that exceeded average expectations, the 'number of applications received' was down on the previous year by 10.1 percentage points however, the 'standard of candidates accepting a position' improved by 5.8 percentage points.

Why Organisations Recruit New Graduates

Employers were asked to rate a number of possible reasons why their organisation employed new graduates using a five-point scale¹. Figure 14 shows the proportion of employers who gave a positive response by either agreeing or strongly agreeing.



Figure 14: Rating of reasons to employee new graduates, 2011 (%)

¹ The measurement scale: strongly disagree, disagree, neither agree nor disagree, agree, strongly agree.

Employers appear to have long-term retention in mind when they recruit graduates, with the two most common reasons cited being 'to create a pipeline of future talent for the organisation' (92.0 per cent) followed by 'so they can be developed as future leaders of the organisation' (88.0 per cent).

2011 Graduate Cohort

This section of *Graduate Outlook 2011* examines participating employers' ratings of the graduates in their 2011 candidate pool in regard to eight key employability attributes, as well as the employability skills of the graduate candidates who commenced employment with their organisation in 2011.

Applicant Characteristics

Employers were asked to rate the applicants in their 2011 graduate candidate pool with regard to eight key employability attributes using a five-point quality scale¹. In order to simplify the presentation of these ratings they have been grouped into two categories:

- Meets average expectations: includes only those employers who rated a particular attribute as being in line with their average expectations for their candidate pool.
- Exceeds average expectations: combines employers who rated a particular attribute as being either above average or excellent (i.e. above their average expectations for their candidate pool).

In 2011, there were 12 percentage points (see Table 11) separating the highest and lowest ranked attributes of employers who considered that their graduate applicants at least met their *average* expectations (i.e. 'ability to work in a team' and 'knowledge of our organisation').

The fact that such a small proportion of graduate applicants fell short of employers' average expectations is a positive sign for higher education in Australia and New Zealand, and is also a positive reflection on the many sources of jobseeker information available to new graduates.

In 2011, 'academic results' was rated the highest in terms of *exceeding* average expectations. This is the first time since 2009 that this characteristic has been ranked the one that most frequently exceeds expectations.

Considering those applicant characteristics that exceed average expectations, there were two that have consistently over the past three years fallen below the 50.0 per cent mark: 'prior work experience' and 'Knowledge of our organisation'. However, the rating of these two characteristics have improved in 2011 when compared to 2009 and 2010.

¹ A five-point scale was used, with ratings; very poor, below average, average, above average, excellent (adapted from Siegle, n.d.).

Table 11: Rating of graduate applicant characteristics, 2009-11 (%)

Graduate applicant characteristics	Meets or exceeds average expectations			Exceeds average expectations		
	2009	2010	2011	2009	2010	2011
Ability to work in a team	96.1%	98.8%	98.6%	54.3%	61.9%	59.2%
Academic results	96.9%	99.2%	98.6%	60.5%	65.5%	69.0%
Professionalism	94.7%	98.4%	96.1%	49.1%	66.3%	56.2%
Presentation skills	95.7%	96.4%	96.0%	47.9%	66.0%	55.8%
Level of extra-curricular activities	93.6%	99.2%	95.0%	53.2%	54.7%	55.2%
Communication skills	93.0%	97.3%	94.3%	52.3%	67.5%	65.0%
Prior work experience	90.3%	95.6%	91.4%	40.1%	42.4%	46.5%
Knowledge of our organisation	83.7%	92.1%	86.6%	32.3%	42.9%	43.3%

When considering these findings, it is important to recognise that different employers/industries would likely have different expectations of their graduate applicants. Hence, a graduate who exceeds the expectations of one employer may be merely in line with the expectations of another. So while these findings provide a useful guide regarding the particular characteristics for which graduate employers rate their applicants highly, in comparison to those for which there is room for improvement, they should be taken as indicative only.

Graduate Skills

Employers were asked again in 2011 to rate the employability skills of the graduates that started with their organisation in 2011. Employers were presented with a list of nine generic employability skills which can all be considered important in terms of a graduate being 'well-rounded' and 'job ready', and were asked to rate their 2011 graduates in regard to each skill using the same five-point quality scale as previously mentioned. Responses have been summarised according to employers who had their *average* expectations met and those who had their average expectations *exceeded* (see Table 12).

Table 12: Rating of graduate employability skills, 2009-11 (%)

Graduate employability skills	Meets or exceeds average expectations			Exceeds average expectations		
	2009	2010	2011	2009	2010	2011
Teamwork	97.6%	99.2%	99.3%	59.1%	65.3%	65.3%
Learning	97.6%	98.8%	98.9%	70.0%	67.1%	74.2%
Technology	98.0%	98.8%	98.9%	41.6%	65.4%	68.4%
Initiative and enterprise	95.2%	96.4%	97.4%	67.9%	64.1%	60.4%
Problem-solving	93.2%	98.0%	96.3%	58.9%	60.5%	57.6%
Communication	94.3%	98.0%	96.0%	59.1%	65.5%	63.9%
Technical skills from their course	95.2%	97.2%	94.9%	57.1%	53.6%	56.2%
Planning and organising	92.8%	95.5%	93.1%	43.5%	47.2%	46.4%
Self-management	90.5%	96.4%	92.6%	54.4%	46.0%	47.4%

Examining these results across years, we see that a consistently high proportion of employers found that the employability skills of their graduate recruits meet their average expectations. The top three graduate employability skills that met employers average expectations consistently over the past three years are 'teamwork', 'learning' and 'technology'.

In 2011, the graduate employability skill that most *exceeded* average expectations was 'learning', this was also the case in 2010 and 2009. 'Self-management' has over the past two years been the lowest rated graduate employability skill in terms of exceeding employers' average expectations.

Key Issues Facing Graduate Employers

This section of *Graduate Outlook 2011* identifies the graduate recruitment issues which employers considered important to their organisation, both now and in the future. Graduate employers were provided with a list of ten potential graduate recruitment issues and were asked to rate each based on a five-point importance scale¹.

Table 13: Issues important to graduate recruitment currently and in future, quite/very important, 2011 (%)

Graduate recruitment issue, quite/very important	Currently	In the future
Recruitment of the 'right' graduates in a competitive market	88.5%	89.3%
Retention of graduate employees	85.1%	89.0%
Skills shortages in key discipline areas	68.9%	73.4%
Integrating graduate recruitment and retention into HR strategies	68.4%	72.5%
Measuring the effectiveness of your graduate recruitment program	63.8%	69.3%
Demonstrating and validating the value of graduate recruitment to your organisation	62.8%	66.8%
Managing the perception of your organisation held by students, grads and university staff	61.5%	69.5%
Building awareness of your organisational brand on campus	56.1%	68.0%
Identifying talent early through 'pipeline' programs such as internships	54.1%	67.0%
Balancing high-tech and personal methods in recruiting graduates	48.0%	61.5%

Even in a time of reduced graduate intake, 'Recruitment of the 'right' graduates in a competitive market' was identified as the top graduate recruitment issue both now and in the future (This has consistently been one of the top two issues since GOS began in 2005). Notably, a greater proportion of graduate employers identified each key issue as being more important in the future than it is currently.

The Communication, Technology and Utilities industry (see [Table B](#)) was the only industry group to rank 'Retention of graduate employees' as the current top issue faced by employers with all other industry groups identifying 'Recruitment of the 'right' graduates in a competitive market' as the number one issue currently faced.

When examining graduate recruitment issues in the future by industry group (see [Table C](#)), 'Retention of graduate employees' was identified by Construction, Mining and Engineering, Manufacturing and Communication, Technology and Utilities as the most important issue faced in the future.

¹ Prior to 2009, this question was asked as a checkbox question in which respondents were instructed to select an issue if they considered it to be important. In 2009, this question was changed to an importance scale: not at all important, not very important, somewhat important, quite important, very important (adapted from Siegle, n.d.). As a result, caution should be exercised when comparing the rank order of these issues with that reported in earlier years.

Graduate Retention

Since the inception of the Graduate Outlook Survey in 2005, retention of graduate employees has been highlighted by participating employers as a major issue, both now and in the future.

This section of *Graduate Outlook 2011* begins with an investigation of the scope of graduate retention and attrition in participating organisations. This is followed by an examination of the factors which participating employers believe contribute to graduate attrition, as well as the strategies which they feel are most effective at retaining graduate employees.

Graduate Retention and Attrition

In order to better understand graduate attrition rates, employers were asked to indicate the proportion of their graduate cohort (i.e. the group of graduates starting with their organisation in a given year) that was still employed with their organisation at the end of one year, three years and five years. The average proportion of graduates from that cohort still employed with the organisation at each of these milestones is presented in Figure 15.

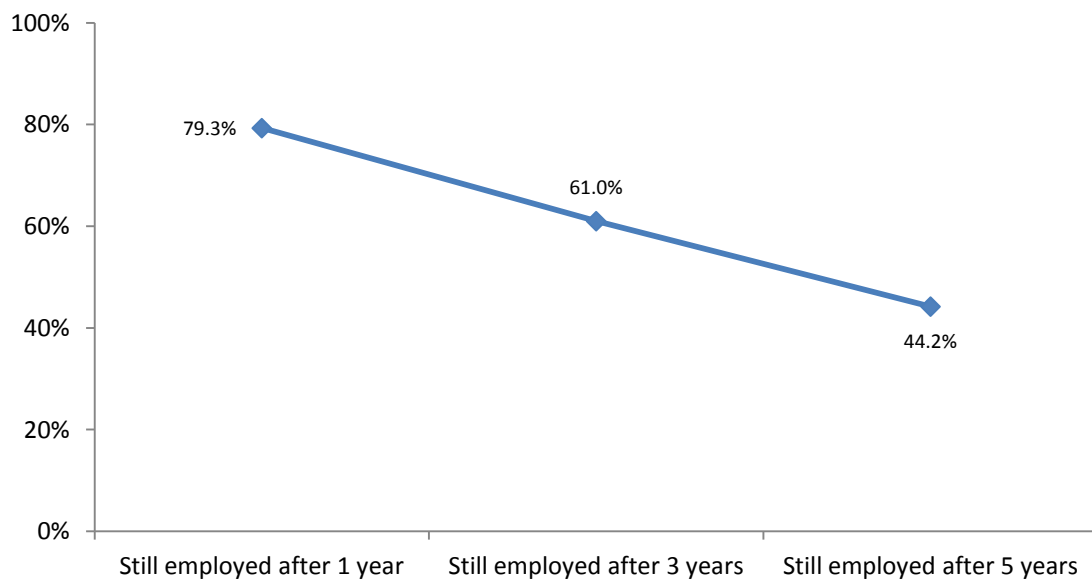


Figure 15: Average proportion of graduate cohort still employed with the organisation at the end of one, three and five years after their commencement, 2011 (%)

Figure 15 paints a somewhat troubling picture for graduate employers. On average, around 20 per cent of graduate employees will not make it to the end of their first year and, by the end of the fifth year, more than half of the starting graduate cohort will have moved on.

When average attrition is plotted by employer industry (see [Figure E](#)), the same highly linear trend is observed for all of the industries under examination. It can also be seen that graduate attrition rates are broadly comparable across industry groups. Manufacturing has the largest decline in retention rates within the first year losing 40.5 per cent of graduates. Construction, Mining and Engineering have the strongest retention rates losing only 13.9 per cent within the first year. This industry also has the strongest retention rates after 5 years with 56.9 per cent of graduate employees still with the same employer.

Factors Influencing Graduate Attrition

Employers were asked to identify the factors which they believe contribute to a graduate’s decision to change employers. Employers were presented with a list of nine key factors that impact on graduate attrition identified in previous versions of the GOS and asked to rate each on the same five-point importance scale identified earlier. These attrition factors are presented in Figure 16, listed in order of the proportion of employers who rated them as being either quite important or very important.



Figure 16: Important factors in graduate attrition, quite/very important, 2011 (%)

Most common as was the case in 2010, ‘relationship with direct manager/supervisor’ was rated as the highest cause for graduate attrition. Personal factors such as ‘lack of loyalty’ and ‘Desire to travel’, which are well beyond the capacity of the organisation to address appear to be secondary to a range of factors which are within the realm of the organisation. It is encouraging for employers that graduate attrition seems to be primarily influenced by factors within the control of the organisation.

Graduate Retention Strategies

To better understand what employers are currently doing to encourage graduates to remain employed with their organisation, they were asked to rate, based on their experiences in their organisation, the effectiveness of ten common graduate retention strategies on a five-point effectiveness scale¹. These retention strategies are presented in Figure 17 in order of the proportion of graduate employers who rated them as being either quite effective or very effective².

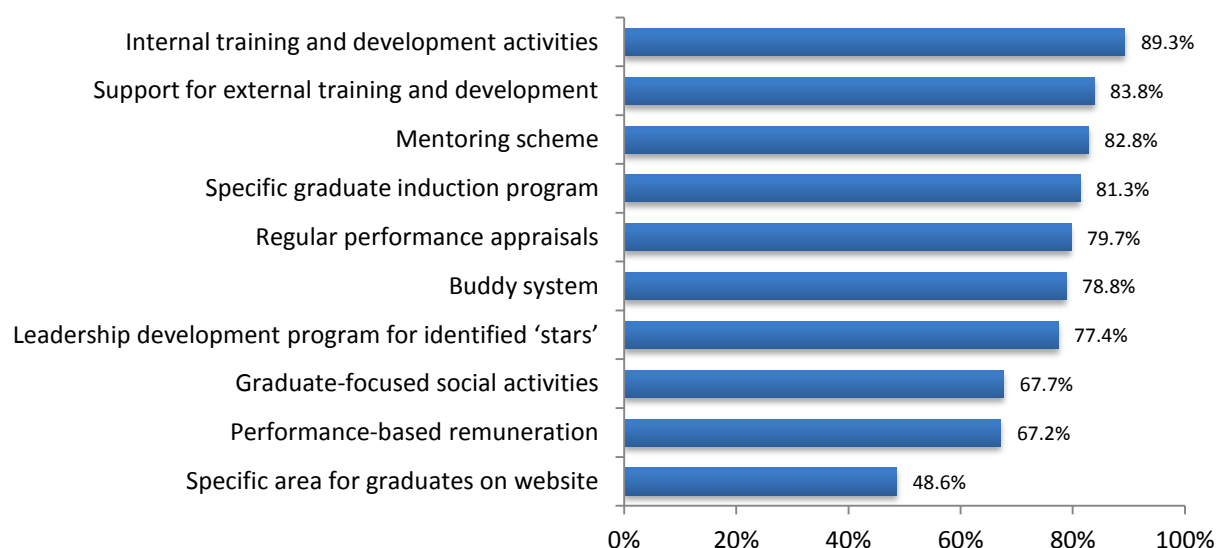


Figure 17: Effectiveness of graduate retention strategies, quite/very effective, 2011 (%)

Employers have cited the most effective strategies to retain graduates as 'internal training and development activities' (89.3 per cent) followed by 'support for external training and development' (83.8 per cent). Professional training and development opportunities can further a graduates knowledge and skill-set. Employers using this as retention strategies may view this as ways to foster a longer-term commitment from a graduate so that future talent and leaders are developed (as previously shown see Figure 14).

Graduate retention strategies are presented by industry of employer in Table 14, ranked in terms of the proportion of employers who considered them to be quite/very effective. When examining retention strategies by industry group we see a number of differences in rankings.

¹ Prior to 2009, this question addressed whether employers used a particular retention strategy but did not investigate the extent to which they considered it to be effective. In 2009, this question was changed to an effectiveness scale: not at all effective, not very effective, somewhat effective, quite effective, very effective.

² If a particular retention strategy had not been used by the organisation, employers were instructed to mark it 'not used', which excluded it from the calculation of these effectiveness percentages.

Table 14: Effective graduate retention strategies, by industry¹, quite/very effective, 2011 (Rank)

Graduate retention strategy	G/D/H	C/M/E	A/F	L/PS	M	C/T/U	All
Internal training and development activities	1	1	2	2	1	3	1
Support for external training and development	2	2	1	8	7	2	2
Mentoring scheme	4	3	4	3	1	1	3
Specific graduate induction program	3	5	5	6	5	6	4
Regular performance appraisals	5	6	3	5	1	5	5
Buddy system	7	4	6	4	6	4	6
Leadership development program for identified 'stars'	6	7	8	6	1	7	7
Graduate-focused social activities	8	8	7	9	9	9	8
Performance-based remuneration	10	9	9	1	8	8	9
Specific area for graduates on website	9	10	10	10	10	10	10

The Legal and Professional Services industry was the only industry to rank the most effective graduate retention strategy as 'performance-based remuneration'. This is in contrast to all other industry groups who placed less emphasis on this as a retention strategy, and ranking it between eighth and tenth.

The Manufacturing industry ranked four retention strategies as the most effective with all employers ranking 'internal training and development activities', 'mentoring schemes', 'regular performance appraisals' and 'leadership development programs for identified "stars"' as equally important in graduate retention.

Survey Method and Instrument

The GOS survey methodology and full survey instrument are available via the [GCA website](#).

¹ G/D/H = Government/Defence/Health, C/M/E = Construction/Mining/Engineering, A/F = Accounting/Finance, L/PS = Legal/Professional Services, M = Manufacturing, C/T/U = Communication/Technology/Utilities.

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Level 10, 313 La Trobe Street, Melbourne VIC 3000
PO Box 12103, A'Beckett Street, VIC 8006
tel: +61 3 9605 3700 fax: +61 3 9670 5752
Email: info@graduatecareers.com.au
www.graduatecareers.com.au

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