Graduate Recruitment Report: 
Employer Perspectives
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Introduction

This brief report reviews and provides commentary on the results of a survey of 198 business leaders conducted by Kaplan.

The survey explores the importance of graduates within their business strategy and focuses in on the key competencies that employers are looking for during and after the recruitment stage.
76% of employers report that they continue to look for new talent through graduate recruitment, recruiting at the following level:

- **55%** of employers recruit 1 to 5 graduates.
- **15%** recruit 6 to 20 graduates.
- **5%** recruit 21 to 50 graduates.
- **1%** recruit over 50 graduates.
- **24%** don’t recruit.

Of the 55% of employers that recruit 1 to 5 graduates, SMEs (0-250 employees) account for 29% of that demand and large employers (1,000+ employees) account for a further 18%. So whilst larger employers do take on higher numbers of graduates each year, SMEs continue to account for a high proportion. This is largely reflective of the composition of UK employment where 99.9% of private sector businesses are SMEs, employing an estimated 14.4 million people, accounting for 59.3% of private sector employment*.

[Detail in Appendix 1]

* Business population estimates for the UK and regions 2013, BIS, 23 October 2013.
Our survey found that of the employers normally recruiting graduates, 7% reported that they do not intend to recruit any graduates in 2014. The reported 2014 graduate recruitment intentions of those who do plan to recruit are:

For recruitment of more than 50 graduates, it is only SMEs and large employers who indicated their intention to recruit at this level. From this we can see that there is an anticipated fall in the number of graduates recruited amongst the respondent sample.
Why don’t employers recruit graduates?

The verbatim reasons respondents gave for not recruiting graduates in the past or intentions for 2014 can be broadly grouped around the following themes:

**Recruitment on a reactive basis**
“We fill vacancies as they come about, and do not have a graduate programme.”

**No current demand for graduates**
“...we currently do not have any job vacancies...”
“...Due to the size of the facility and growth projections...”
“...The size of our firm dictates that new graduates are not required every year. On average a graduate position becomes available every 2 - 3 years...”

**The high expectations and costs of graduates**
“...No real world experience, slight arrogance about what they think they can earn. Seem to think that having a degree entitles them to employment. Most don’t bother to get work experience...”

**Grow our own talent**
“...We have created an apprentice programme in conjunction with a local college where they gain an appropriate industry qualification but we have control over their practical experience. This has proved so successful that we have included finance staff seeking professional qualifications...”

**Practical experience and a proven track record:**
“...We prefer experience gained through AAT rather than a graduate who moves straight onto chartered...”
“...It is not currently part of our standard programme, as we tend to recruit candidates that can perform a role now rather than taking a longer term view of recruitment and development...”
What are the challenges and opportunities for employers in recruiting graduates?

Employers report that they are looking for the very best candidates in graduates, with expectations that the “right” graduate will have not only have strong degree results but also will have excellent interpersonal skills.

“...Someone with a **good personality** and good degree results or expected results. We look for someone with **ambition** who will get on well with our team…”

“...Strong academically, **good communication skills**, strong written skills…”

“...Graduates with a **strong work ethos** and willing to fit in. No assumptions that being a graduate gives them automatic rights over less qualified people…”

“...Look for a **good degree** result but coupled with common sense, a **likeable personality** and some knowledge in both the firm and the accountancy/tax qualifications…”
The survey showed that **67% of employers** find it moderately difficult to find the right graduates, with 25% reporting that it is ‘very easy’ or ‘easy’ to find the right graduates through their recruitment processes. A minority of employers (8%) find it very difficult to recruit graduates.

A number of employers mentioned that they need to have a clear process in place for their graduate recruitment and given there is only one opportunity each year to recruit the best graduates it makes the process more difficult. Also with the job market improving this could be having an impact on recruiting the better graduates.

### Positive perceptions:

- I believe they now have a clearer idea of the career they want to pursue.
- On the whole we have enjoyed better graduates over the past three years. Probably due to less opportunities elsewhere.
- Graduates are more focused on the presentation of their applications and these are completed to a higher standard.
- As a smaller accountancy firm, in the last few years we have received more CVs from larger universities with better qualifications than previously.

### Negative perceptions:

- Less independent. Need more hand holding.
- Their standard of written work is generally of a poor quality.
- Less proficient in basic skills and with a gap between their expectations and reality in the workplace.
- Sceptics within the business say they have lost quality, but there is no hard evidence to back this up.
- Technical ability – not as well developed as from previous university courses.
What competencies do employers value?

The top three skills competencies that employers look for at the recruitment stage are:

1. Effective communication 73%
2. Numeracy 64%
3. Team player 61%

The survey results showed that communication skills are the most important competency they are looking for at the recruitment stage. In fact the general theme was that employers are recruiting for attitude and then training to upskill. (N.B. This survey had a higher percentage of finance professionals responding, hence numeracy ranks highly).

The lowest ranking competencies that employers are looking for at the recruitment stage are:

- Decisive: 19%
- Leadership: 23%
- Assertiveness: 24%
- Critical Thinker: 27%
- Technical Knowledge: 29%

There was a general consensus among employers that graduates will learn technical skills and leadership competencies either on the job or through further professional qualifications.
What competencies do employers want to see most improved?

After two years in employment the top three competencies that employers expect graduates to be able to clearly demonstrate in their day-to-day work are:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Competency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Technical Knowledge</td>
<td>42.6%</td>
</tr>
<tr>
<td>2</td>
<td>Effective communication</td>
<td>35.4%</td>
</tr>
<tr>
<td>3</td>
<td>Commerciality</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

At this time it is clear that employers expect much higher technical competence, although strong communication skills are still highly valued by employers.

This appears to call for employers to invest in formal qualifications for technical knowledge and to support graduates in developing effective communication and commercial skills. This is perhaps not surprising, what is the point in having strong technical knowledge and being an effective communicator if you cannot apply it in a commercial context, with the customer in mind.

Given that we have seen employers expressing a desire for ready made talent rather than invest in their own, this is, perhaps, a natural consequence of career progression amongst an acknowledged ambitious cohort. The continued investment in developing the skills and competencies of graduate talent is key, however emphasis should continually be placed on retaining this talent. [See Appendix 2 for a full list of competencies surveyed]
Conclusions

From employer responses it is possible to draw the following outline conclusions.

**Recruiting new talent**

Apart from situations where there is simply no demand to recruit, it appears from the survey data that:

1. A high 76% of our employers surveyed are still recruiting graduates and therefore see the value they bring to the workplace. In fact 60% of employers surveyed believe that every second graduate will become a leader within their business which reflects the value placed on them. Whilst there is a slight drop off expected in 2014 this is relatively small at only 7%.

2. Whilst employers do see the value in their graduates, the results have shown that good graduates are becoming harder to find with 75% stating that it was either very or moderately difficult to recruit.

   The responses suggest that with the first signs of economic recovery with good graduates increasingly have more employment options open them. As a result employers may need to reassess the offers they are making. This may also be coupled with employers setting expectations too high due to the glut of graduate talent previously on the market, perhaps summed up by one respondent who said:

   “..Sceptics within the business say they have lost quality, but there is no hard evidence to back this up...”

Some employers mentioned that graduate recruitment is more complex than standard recruitment, therefore needs more careful planning which could be why they find it more difficult to recruit.
Employers are recruiting for attitude and training for competence. Essentially employers are looking for graduates with strong communication skills and a positive attitude so they can be developed into professionals. Employers see themselves as playing a pivotal role in developing their technical knowledge either through on the job training or formal qualifications.

The importance of developing competence in customer focus and commerciality should also not be overlooked, the growth in stated importance of these after two years again suggests employers’ recognition of the role they play in developing graduate talent in the workplace. Based on experience from elsewhere these are areas in which formal training and qualifications have a major positive impact in meeting employer’s needs.

Of the 24% of employers that don’t recruit graduates, many of these are due to lack of vacancies within the business, however a small proportion of employers are looking for new talent from school leavers with good A Levels, who they are developing through AAT/Apprenticeship routes. This is, perhaps, seen as a method of fostering loyalty and retaining a more cost effective workforce.
Appendix One: Respondents

Who Responded to the Survey

Responses were invited to an online survey from more than 88,750 contacts using a combination of existing accountancy clients and cold data across various job functions and industries. From these, 198 responses were received.

Table 1.1 Respondent by company size and job role

<table>
<thead>
<tr>
<th>Role</th>
<th>0-250</th>
<th>251-500</th>
<th>501-1000</th>
<th>1000+</th>
<th>Don’t know</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Managing director</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Financial director</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>Human resources director</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Finance manager</td>
<td>11</td>
<td>2</td>
<td>2</td>
<td>19</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>Finance officer</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Financial controller</td>
<td>11</td>
<td>4</td>
<td>2</td>
<td>9</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Human resources business partner</td>
<td>4</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Human resources manager</td>
<td>15</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>Learning &amp; development manager</td>
<td></td>
<td>1</td>
<td>1</td>
<td>8</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Training manager</td>
<td>11</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>4</td>
<td>10</td>
<td></td>
<td></td>
<td>39</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>99</strong></td>
<td><strong>15</strong></td>
<td><strong>15</strong></td>
<td><strong>67</strong></td>
<td><strong>2</strong></td>
<td><strong>198</strong></td>
</tr>
</tbody>
</table>

It is also important to note that the sample is skewed towards the SMEs (99) and large employers (67) owing to the frequency of responses from these categories.
The survey response by sector and size of organisation is as follows:

<table>
<thead>
<tr>
<th>Organisation size</th>
<th>0-250</th>
<th>251-500</th>
<th>501-1000</th>
<th>1000+</th>
<th>Don’t know</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy practice</td>
<td>54</td>
<td>6</td>
<td>3</td>
<td>5</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Banking &amp; finance</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>13</td>
<td>1</td>
<td>6</td>
<td>13</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>24</td>
<td>4</td>
<td>5</td>
<td>28</td>
<td>2</td>
<td>63</td>
</tr>
<tr>
<td>Public / Government</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>15</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>

The “other” categories that could be aggregated provided opinion from the following sectors:

<table>
<thead>
<tr>
<th>Sector</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and construction</td>
<td>7</td>
</tr>
<tr>
<td>Legal and insurance services</td>
<td>5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7</td>
</tr>
<tr>
<td>Retail/FMCG</td>
<td>6</td>
</tr>
</tbody>
</table>

The remaining 38 “other” respondents provide sector classifications that do not aggregate.
Appendix Two: Competencies

Competency and employability considered

The UK Commission for Employment and Skills (UKCES) gives the simplest and most accessible definition of employability in terms of skills as:

“...the skills almost everyone needs to do almost any job...”

Source: (UKCES)

Employability is about more than skills, it can be thought of as the knowledge, skills and attitudes that lead to behaviours required to do a job. With this definition in mind the full list of competencies employers sought in graduates explored in Kaplan’s survey were:

- Accountability
- Adaptability
- Ambitious
- Analytical
- Assertiveness
- Commerciality
- Confidence
- Creativity and ability to innovate
- Critical thinker
- Curiosity
- Customer focused/awareness
- Decisive
- Determination
- Effective communication
- Emotional intelligence
- Independence
- IT skills
- Leadership
- Literacy
- Logical
- Maturity
- Numeracy
- Organisational skills
- Positive mental attitude
- Presentation skills
- Problem solving
- Resilient
- Team player
- Technical knowledge
- Time management