Saville Consulting

Willis Towers Watson

Lessons Learnt
Research 2016

# UK experiencing graduate supply and demand issues

Now in its third year, our Lessons Learnt Research provides information on diagnostic trends in the early careers, school leaver and graduate market place. The research is based on data collected from organisations actively recruiting graduates including:

The Graduate Marketplace

In 2016, the Association of Graduate Recruiters (AGR) reported that the UK is beginning to return to a sellers' market with more graduates playing 'hard to get'. Their annual survey data showed a 13.2% increase in graduate vacancies this year, with an average of 65 applications per vacancy. Our survey data also reflects this increase with 57% of organisations surveyed reporting an increase in vacancies.

How have your graduate vacancies changed in the last 1 - 2 years?
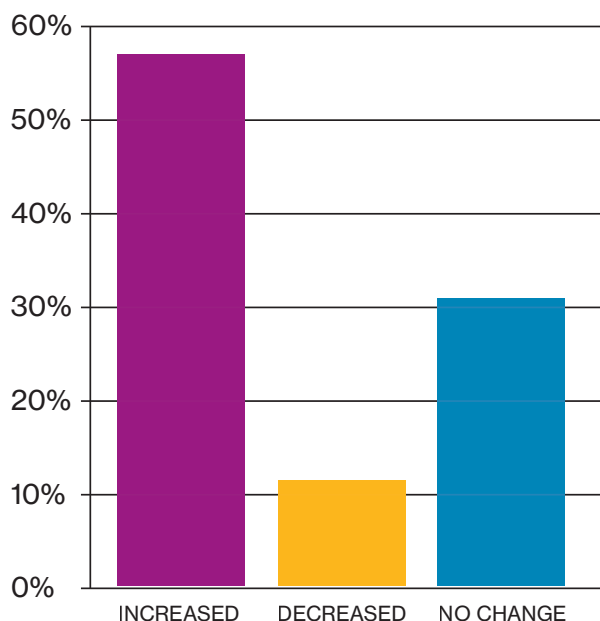
8.2%
of offers are RENEGED

Despite this, the number of unfilled vacancies is increasing and the UK appears to be seeing supply and demand issues; this is particularly pertinent around science, technical, engineering and manufacturing (STEM) skills. Common causes of this are niche hires and competition from other engineering recruiters. Many STEM clients have found it useful to begin engaging with STEM graduates earlier, with college and university visits to help attract them to their organisation.

Organisations can no longer relax once a candidate has accepted their offer of a job role. Today's graduates are creating a trend for reneging on offers, something that appears to be on the increase. This is leading to employers over-offering, with the current AGR statistics suggesting that 8.2% of offers are reneged.

Recruiters should consider how they are leveraging their employer brand as part of the assessment process to build engagement at each stage. Many graduates may recognise the brand attracting them to apply but their first perception on what it will be like to work there will be through the recruitment process. Thinking about how you can leverage your Employee Value Proposition (EVP) via assessment could help build stronger engagement from applicants making them less likely to renege an offer.

Vacancy Numbers

With AGR members reporting an increase in the number of vacancies this year, we can see that this is a trend that is likely to continue.

The data illustrates nearly half (47%) of those surveyed plan to increase graduate vacancies over the next 1-2 years, and only 19% have no current plans to increase.

We asked those that reported plans to increase their graduate vacancies what the key reason was for wanting to increase graduate numbers within their organisations.

Do you plan to increase your graduate vacancies in the next 1-2 years?

- 34.0%
- 47.0%
- 19.0%
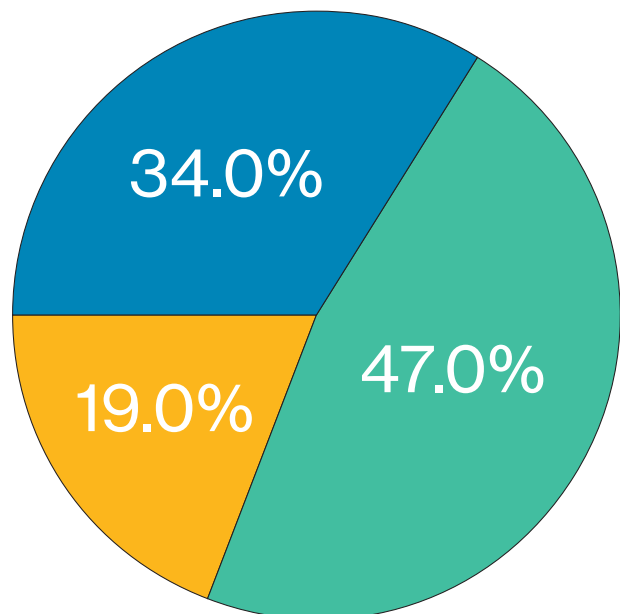
YES   NO   NOT SURE

Why are graduate vacancies increasing?

Changing Demographics	Succession Planning
Business Growth	Growth in Business Demand
Great Talent Pipeline	Skills Development
Millennial Skills, Aptitude and Mindset	Demand for New Skills

Although there was some variation amongst responses, many respondents reported that the desire to increase vacancies is in relation to more generalised organisational growth and a need to create a talent pipeline for the future. It is clear that increasing numbers of graduates within an organisation is also seen as a way of being able to cope with increased demand for new skills and respond to future development. Where future growth and succession planning are driving the increase in vacancies, it is important for graduate recruiters to line these vacancies up against where graduates would sit in a wider talent audit. If they only recruit against the criteria they require for their current scheme and fail to recruit against the potential behaviours that will be required of them in the future, the drive for extra vacancies may not be successful.

In response to whether organisations are planning to increase their school leaver vacancies in the next 1-2 years, the data showed a slightly more varied picture with 45% of respondents stating that they are likely to increase their vacancies, 40% have no plans and 15% are unsure at the time of responding to the questionnaire.

A number of different reasons were cited behind why organisations may be looking to increase their numbers of school leaver vacancies over the next 1-2 years; such as being able to create a young talent pipeline, capture those that can't afford to go to university and open up another avenue to fill roles that are more traditionally harder to fill with graduate applicants. It is no doubt that the changes to the apprenticeship levy, as the most cited reason noted, is the key reason many organisations are currently considering increases in school leaver recruitment.

Why are school leaver vacancies increasing?

Young Talent Pipeline	Great Talent Pipeline
Tough to Fill Graduate Places	Diversify the Business
Business Demands	Expansion of Apprenticeship Schemes
Capture Those That Can't Afford University	Apprenticeship Levy

Selection Methods

A wide variety of selection methods continue to be used within the graduate and school leaver selection process. The top five methods reported as being used by graduate recruiters in selection over the last two years are:

1. CV (75%)

2. Assessment centre (74%)

3. Face-to-face interview (74%)

4. Qualifications (72%)

5. Application form (69%)

Over half of our sample use aptitude assessments (55%) in their graduate selection, however slightly more (58%) are still using a 2:1 degree or higher grade cut-off point.

At a recent seminar, where representatives recruiting graduates into the finance sector voiced their challenges, there appeared to be a growing trend to focus on assessing what graduates can do on the actual day through the use of strengths-based assessments, as opposed to requesting information around grades on the application form. In order to do this successfully, it is important to help candidates understand what a strengths assessment is supposed to measure and how best to prepare.

Within our data, only 31% of recruiters were using a behavioural instrument in their current assessment process, so perhaps this is something we are likely to see increase over the next few years.

In light of data indicating it is currently a 'sellers' market and the issue with reneging on offers it might be worth considering that at a screening stage, methods such as online application forms and CVs are not only time consuming for recruiters to sift, but also for candidates to complete. There is also little opportunity to engage candidates with your EVP using only these methods and applicants get little in return for their time investment.

A little over **half** of graduate recruiters are using aptitude assessments to help select candidates

Utilising automated assessments can help accelerate time to hire (providing a better candidate experience) and allow recruiters to focus resources on more labour intensive but essential parts such as assessment centres and face-to-face interviewing. Tests on tablets engage with a tech-savvy generation facilitating a seamless end-to-end process, scenario-based assessments create opportunities to leverage organisational brand, increasing engagement while aptitude tests and behavioural questionnaires generate reports for the candidate to learn something about themselves from the process and develop.

Where online application forms are used, they can offer great value. Best practice would suggest keeping the questions short and focussed. Assessment centre and face-to-face interviews can offer the opportunity for in-depth probing. Where clients do use online applications they have experienced high dropout rates due to questions requiring lengthy responses and/or having too many.

In school leaver selection the top five methods reported as being used by recruiters were:

1. Face-to-face interview (71%)

2. CV (71%)

3. Application form (66%)

4. Qualifications (63%)

5. Assessment centre (45%)

We can see that although the top five methods appear in a different order of popularity, the list is restricted to the same five methods as are currently being used to recruit graduate applicants. It is quite interesting to consider how much popularity there appears to be around the more traditional methods such as CVs even within this younger demographic, where their use to attempt to pinpoint those with future potential may be more problematic.

Within our survey sample, only 7% were using Facebook or Twitter to recruit school leavers, which, given millennials passion for social networking, may well be a missed opportunity for some organisations to get their job roles in front of school leaver demographics. There is also only a relatively small number (15%) currently reporting using behavioural methods such as strengths-based assessments or personality assessments to recruit school leavers, which means that within our survey sample there is less onus being placed on attempting to measure young applicants' potential for future performance this way.

7%

use social media in school leaver recruitment

We asked our survey respondents to choose from a list of seven statements as to what their most important considerations are when choosing their early career or graduate assessments. We included on the list candidate attraction, cost of process, sifting, ease of integration, global applicability, information for onboarding, and competitors assessment processes.

The data shows that there is no change amongst which three areas have been ranked as highest in 2015 and in 2016; these being candidate attraction, cost of process and sifting. However, in our 2016 data we are seeing a greater onus on attraction being the most important consideration. This may be in relation to increased competition amongst organisations to attract the best graduates first.

The top 3 priorities suggest a misalignment with what recruiters want from an assessment and what is currently used with scalability and attraction lending themselves to more technology and automated approaches rather than traditional biographical approaches.

The 3 most important considerations when choosing assessments

2015
1. Sifting
2. Candidate Attraction
3. Cost of Process

2016
1. Candidate Attraction
2. Cost of Process
3. Sifting

Self-selection

As many organisations continue to see massive over-subscription for graduate roles, one method of cost-effectively attempting to control application numbers can be to encourage those who are less suitable for the role to select themselves out of the process early in the application process.

We asked our survey respondents to advise on which methods they are currently using to encourage candidates to self-select out of the application process.

The most popular method used to encourage self-selection was the job description by 58%, followed by detailed information on aspects of the job which may be less favourable at 44%.

Encouraging self–selection can be extremely important for early careers recruitment. Where a high volume of applicants is being experienced, it can help reduce the number to a more manageable figure and the most appropriate for the role. Early careers candidates may have idealistic expectations of what they will be working on when they start their graduate scheme, so providing more information up front can help manage candidate expectations. 'It wasn't what I was expecting' is one of the top reasons for incumbents quitting roles within the first 3 months of starting.

Using Realistic Job Previews (RJPs), career portals and videos can help inform candidates on whether to proceed with their application and where they do, increase engagement with the organisation.

Over **half** of recruiters would like to add environment and culture fit data to their decision making

What methods do you use to encourage your candidates to self-select out?
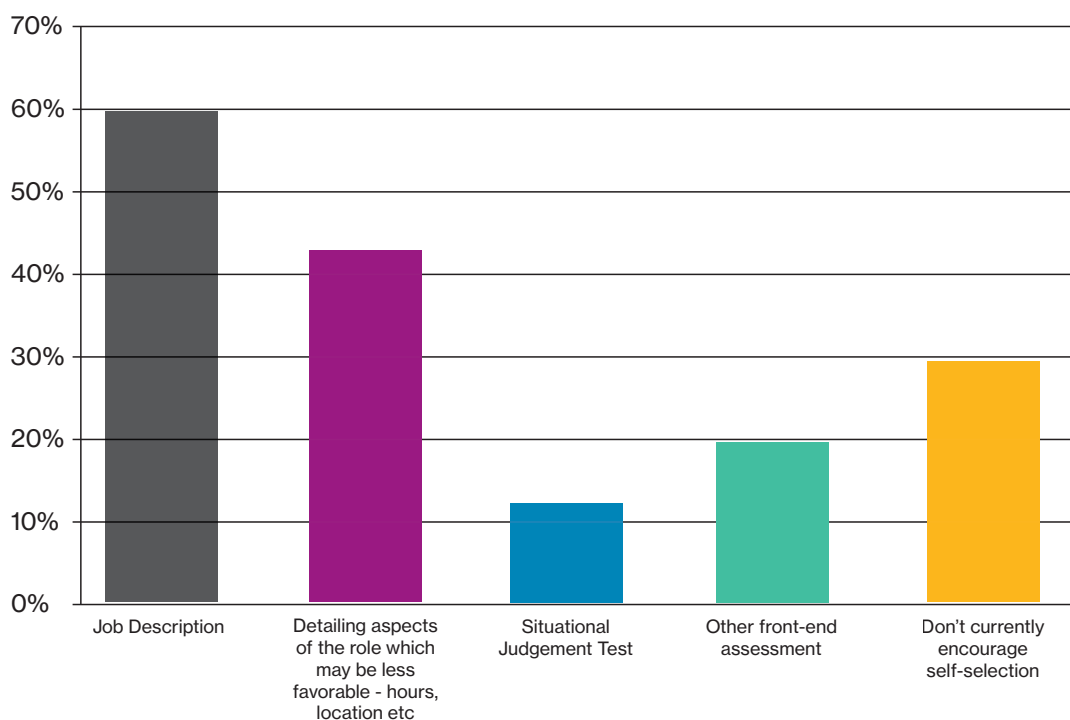
As graduate recruitment most often involves multi-stage processes, it is important that the information gained from the processes employed is able to add tangible benefit to recruitment decisions. Our survey data showed that in respect of information recruiters feel they would like to add to their existing processes that just over half (53%) would be keen to add environment and culture fit data to their early career recruitment processes. Information regarding values match was the next most popular choice at 41%. This data is quite interesting to consider in relation to which selection methods are currently being used. With only 31% currently using behavioural assessments in their recruitment, many will need to consider the introduction of valid assessment tools in order to add such information to their decision-making.

Onboarding reports were requested by nearly a third (29%) of our data sample. These types of reports allow not only for younger candidates to be presented with information that they can leverage to build on their strengths when they start work, but can also help embed their strengths with their line manager and help with positive onboarding strategies.

## Assessment Centre Efficiency

Many organisations complete their application process with an assessment centre at considerable cost. We asked our survey sample which strategies they felt would increase the efficiency of their assessment centres. The data showed that 60% of respondents felt that the efficiency of assessment centres would be bettered through increasing the calibre of candidates that filter down to assessment centre. 30% of the sample felt that higher validity would increase the efficiency of their assessment centres so, for a third of organisations, ensuring that assessments and materials used have a high level of prediction to performance in the job role in question would increase overall efficiency.

What strategies do you feel would increase the efficiency of your assessment centres?
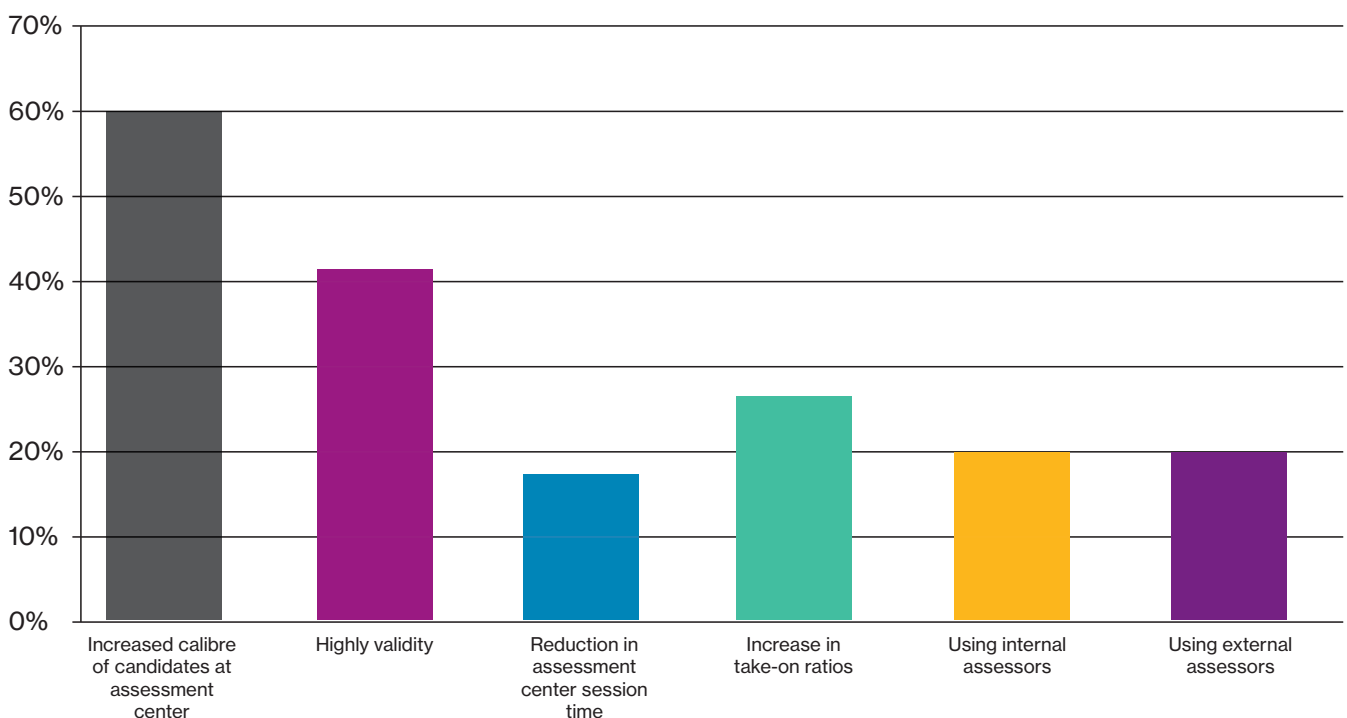
Promoting Diversity

Diversity is still very much a hot topic within the early career and graduate recruitment forum with many organisations investing in actively looking for ways in which they can promote a wider range of applications.

65% work to improve diversity in applications by building relationships with universities
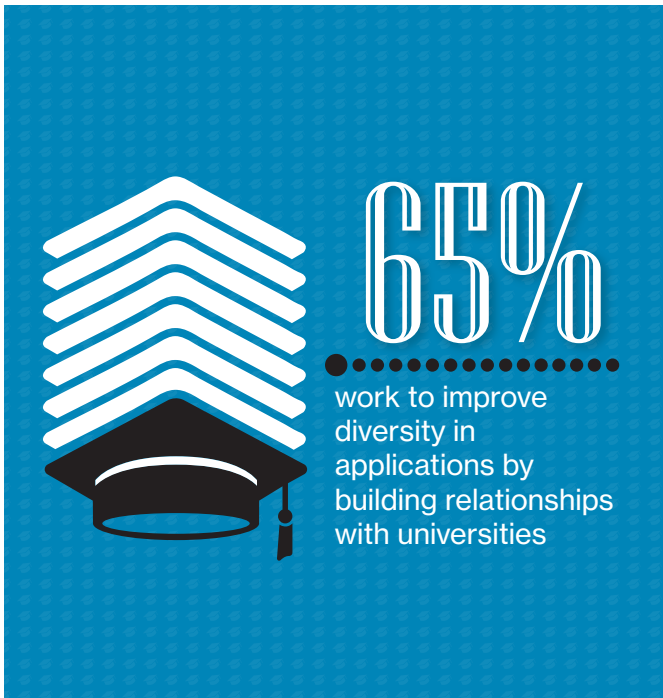
The data from the survey showed that at 65% the most popular method cited by our sample used to help build diversity in applications was to specifically target and build relationships with universities, followed at 42% by working to ensure early engagement with schools. Less than a fifth (17%) of those surveyed reported trying to drive diversity by including specific questions on application forms such as trying to identify social mobility factors such as whether an applicant had free school meals. Nearly a third (30%) responded to not currently having a strategy to promote diversity.

What strategies do you use to help promote diversity in your applications?

60% of organisations recruit **SUMMER INTERNS**
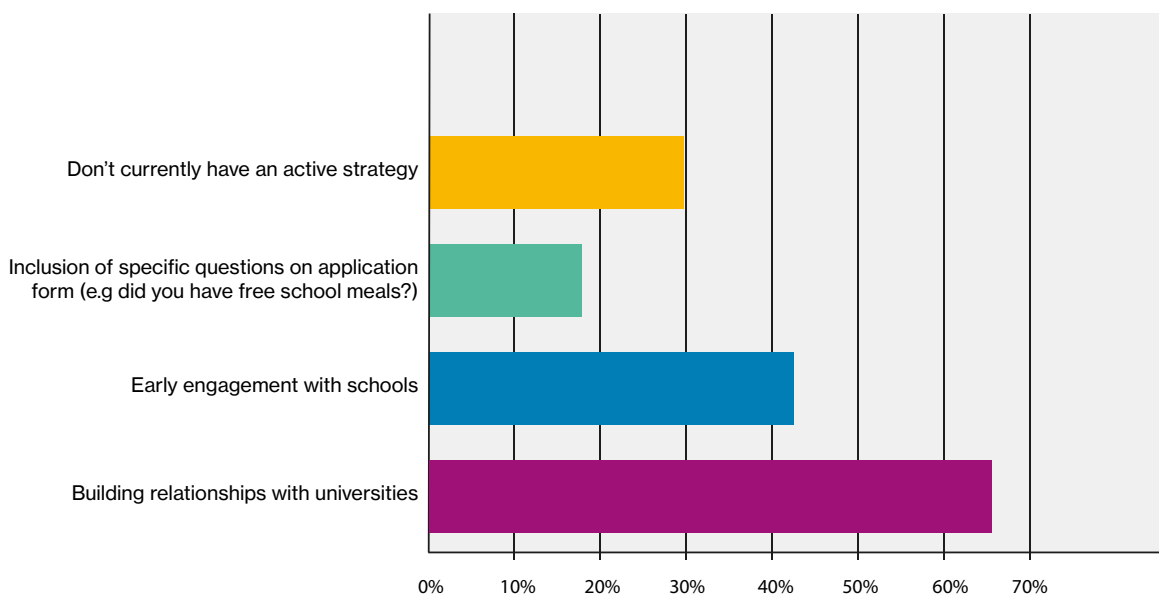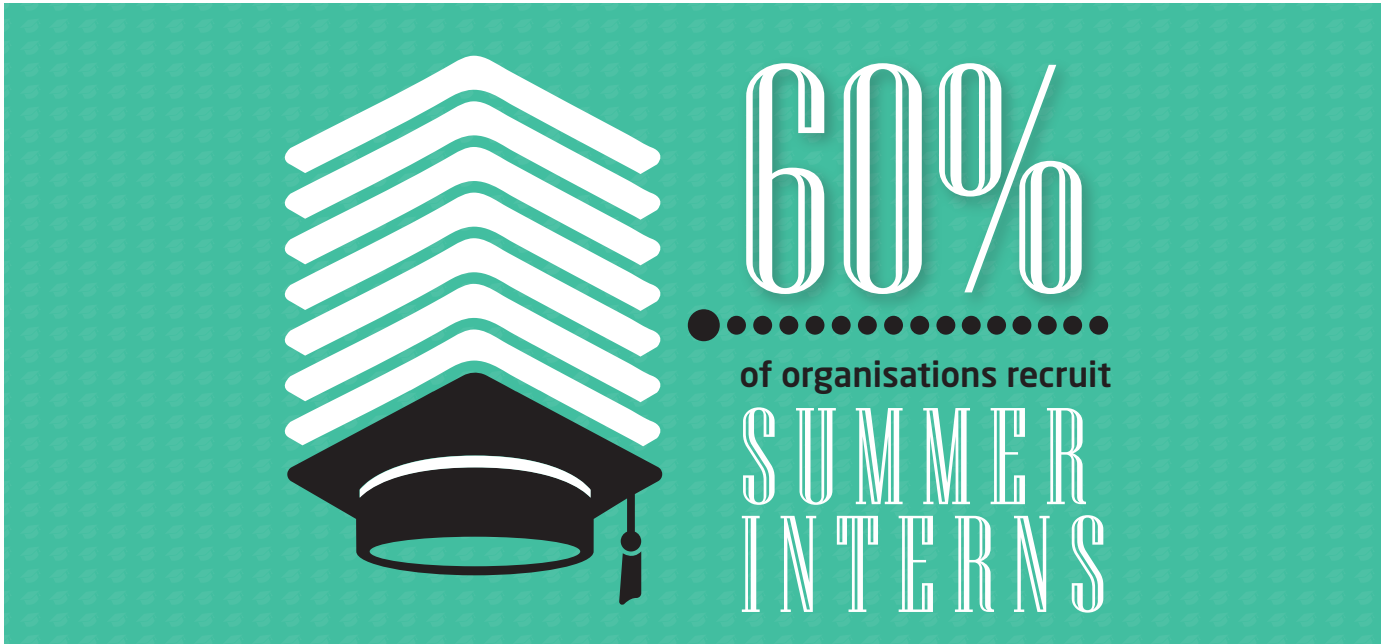
The Value of Work Experience

As the media continues to report on the work readiness of today's graduates and many voice concerns about the skills that graduates leave university equipped with, it is pleasing to see in our data that over half of the organisations surveyed (60%) now offer summer internships.

Last year, we reported in our 'University of Life' research data on the relative values of work experience versus a degree on an individual's reported work performance. The results showed that those with degrees exhibited good skills in evaluating problems, processing details and being structured. Work experience on the other hand, resulted in employees being rated higher in areas including providing leadership and driving success. The research supported the idea that for graduate and early career employers, looking for candidates who have work experience plus a degree is likely to yield good results for a broad range of future leadership skills, however some of these skills will only develop over time. It is promising to see the number of organisations providing this opportunity for work experience through summer internships.

An organisation within the engineering sector has reported that they had filled all their graduate positions for this year from summer internship placements. This reflects a need for organisations to target students much earlier and ensure that summer internship recruitment mechanisms are robust.

In summer internship recruitment, our data showed the most common methods used in selection were:

1. Application form (71%)

2. CV (71%)

3. Qualifications (58%)

4. Telephone interview (52%)

5. Face-to-face interview (67%)

As competition for these places intensifies, we may start to see an increase in the use of more formal aptitude assessments (currently 36%), personality questionnaires (11%) or assessment centres (44%).

Today's graduate strengths

- 🎓 *Evaluating Problems*
- 🎓 *Creating Innovation*
- 🎓 *Building Relationships*
- 🎓 *Investigating Issues*

EARLY CAREERS & GRADUATE
ASSESSMENT SOLUTIONS

Graduate Skill Sets

Our research data looked at what graduate recruiters feel are the strengths that they see most often in school leavers and graduates.

Graduate Strengths

The data shows that there are some differences in the perceived strengths of school leavers versus graduates amongst our survey sample. In particular, 'Adjusting to Change' is felt by our sample to be a perceived strength of school leavers, whilst this competency has been rated as one of the lowest rated in graduates. However, 'Evaluating Problems', 'Creating Innovation' and 'Building Relationships' are perceived as strengths in both school leavers and graduates.

In our University of Life research data published in 2015 (copies available on request), the results showed that those with degrees exhibited good skills in evaluating problems, processing details and being structured. Our survey data, whilst showing that these same skills are perceived as being higher in graduates, may indicate that perhaps some of these skills are taught earlier on in a young person's education as opposed to just being skills that are learnt from time spent in higher education.

'Showing Resilience' has been perceived as being lowest rated in school leavers and graduates by our sample, along with 'Providing Leadership'. For those involved with graduate and school leaver recruitment this indicates that these may be two areas where early development interventions should be focused or where the use of behavioural assessment tools may be beneficial in identifying those harder to find younger talent who do display these skills.

School Leaver Profile

+ Highest Rated
2015 & 2016 (N = 160)

1. Adjusting to Change
2. Creating Innovation
3. Building Relationships
4. Evaluating Problems

– Lowest Rated
2015 & 2016 (N = 160)

1. Communicating Information
2. Showing Resilience
3. Providing Leadership
4. Structuring Tasks

Graduate Profile

+ Highest Rated
2015 & 2016 (N = 160)

1. Evaluating Problems
2. Creating Innovation
3. Building Relationships
4. Investigating Issues

– Lowest Rated
2015 & 2016 (N = 160)

1. Showing Resilience
2. Providing Leadership
3. Adjusting to Change
4. Driving Success

What do graduate recruiters look for?

+ Most important qualities
2015 & 2016 (N = 162)

1. Adjusting to Change
2. Building Relationships
3. Creating Innovation
4. Showing Resilience

– Least important qualities
2015 & 2016 (N = 160)

1. Giving Support
2. Structuring Tasks
3. Processing Details
4. Investigating Issues

Graduate Profile

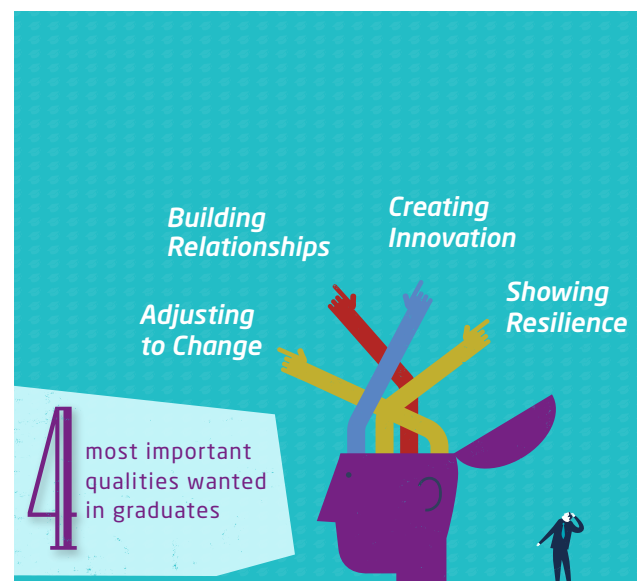### + Highest Rated
2015 & 2016 (N = 160)

1. Evaluating Problems
2. Creating Innovation
3. Building Relationships
4. Investigating Issues

– Lowest Rated
2015 & 2016 (N = 160)

1. Showing Resilience
2. Providing Leadership
3. Adjusting to Change
4. Driving Success

In comparing this to what recruiters feel is most important to enable young talent to be successful over the next three to five years, it's interesting to see a mix of both school leaver and graduate strengths within this, but clearly it is the element of showing resilience that is needed in both.

This data highlights the need for behavioural assessments at this level. There will be school leavers and graduates that have strengths in these areas. By using a behavioural tool that can validly assess and identify those with the skills in this area, those with these strengths can be identified early on in the selection process.

Building Relationships

Creating Innovation

Adjusting to Change

Showing Resilience

4 most important qualities wanted in graduates

Onboard & Retain

From Candidates to New Starters

For many involved in the graduate and early career market place, finding the best candidates from the many applications received and keeping them engaged with the application process through to job offer stage is not the end of the battle to secure the best talent. Current AGR data shows that organisations can no longer relax once a candidate has accepted the offer of a job role.

Our survey data looked at what percentage of candidates who had been offered a role were then subsequently failing to take up a position within the organisation. Our data showed that 5% reported having more than 20% of candidates failing to take up a role, and 8% stated that they had between 10-20% of their candidates subsequently failing to take up a role. On a more positive note, nearly a third (30%) report that less than 1% are reneging on offers.

Considering the cost implications involved in the selection process, it seems that for some of our respondents drop-out is a real issue.

It is important to ensure that there are many touch points and opportunities to keep those that have been offered and accepted a job role engaged until it is time for them to commence their employment. The use of social media groups on Facebook and Twitter can create a sense of belonging with the organisation before a candidate joins. Some organisations also look to give new recruits access to the company's intranet system before their start date so they can feel a sense of purpose and associate themselves with the organisation's way of working, although for others this may not be feasible from a security perspective. We saw in our 'Attract and Recruit' data that many (60%) of organisations are now offering summer intern places. Recruiting individuals who have already experienced working for your organisation may also be beneficial in ensuring offers of employment are not subsequently reneged.

8.2%
of offers are
RENEGED

Your Early Career Programme

Once a new candidate has commenced an early career or graduate programme within your organisation, a significant investment in their training and development will be made. It is therefore important to keep young talent engaged and retained within the organisation. AGR data indicates that a graduate development programme is typically around 24 months long.

The figures from our data relating to the question 'Approximately, what percentage of your young talent or graduates fail to complete the whole of their early career programme?' show that amongst our survey respondents 77% reported that between 0-10% fail to complete the whole of the programme and just over a third (35%) report between 10-20% fail to complete. 5% report 20-30% of their young talent or graduates are failing to complete, and 2% reported over half fail to complete.

Whilst the majority of respondents appear to have a fairly manageable number of candidates failing to complete their programmes, for some it is clear that retention is still an issue that could be improved upon. As millennials flood into organisations, it is important that companies take some time to understand and connect with the new generation of employee and ensure that they work towards creating engagement strategies that boost both retention and productivity.

Approximately what percentage of your candidates who are offered a role subsequently fail to take up a position within your organisation?

- 8.0%
- 5.0%
- 20.0%
- 30.0%
- 36.0%

Legend:
- Less than 1%
- 1 - 5%
- 5 - 10%
- 10 - 20%
- More than 20%
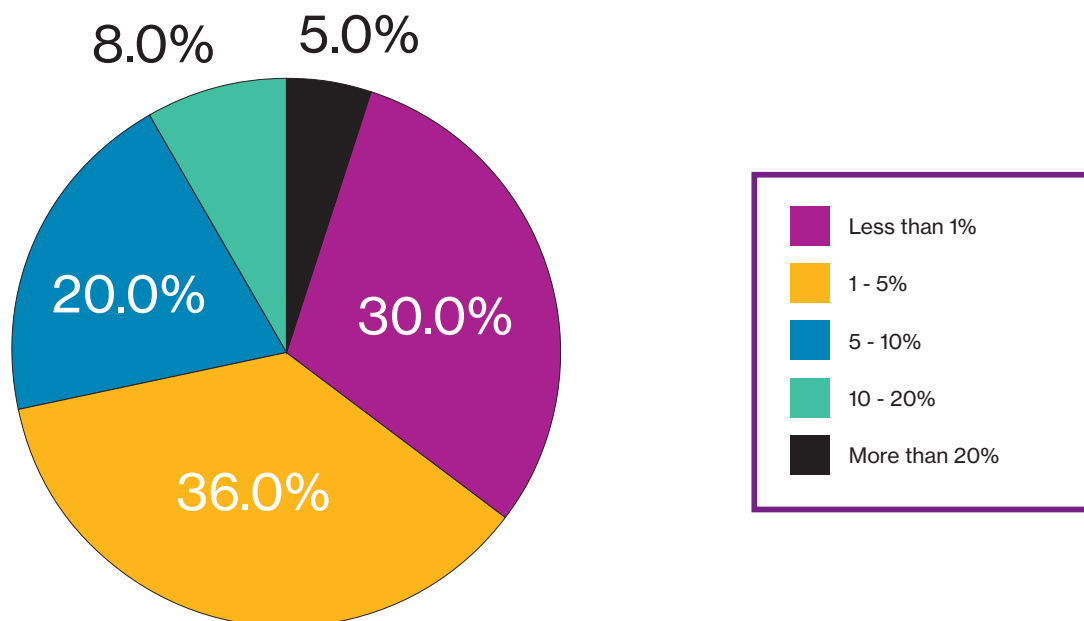
Assessment for Development

Learning and developmental strategies such as the use of valid assessment tools to assist and help tailor an individual's learning within the graduate programme may well hold the key to increasing overall retention statistics. Our data shows there is a variety of assessments being used within early career developmental programmes.

The most popular type of assessment used by our data sample in development was team roles and team building, which is currently being used by just over half (52%) of respondents. This type of assessment will help new recruits learn more about the team they are in, the role they should play and work to enhance performance through encouraging self-awareness and group development.

The next most common type of assessment used in development was a 360 performance review tool. 360 instruments present a powerful way of gathering feedback on performance by allowing an individual to look at how they perceive themselves and how this compares to other people's perceptions of them.

We are also seeing within our data that 39% of respondents use personality questionnaires or behavioural profiles during development. Interestingly, this is slightly more than

the 31% who reported using behavioural assessment during the selection stages of their graduate recruitment. The data shows that many are now looking to understand their early career talent and promote self-awareness in young talent.

Over **half** use team building assessment in their early talent development programmes
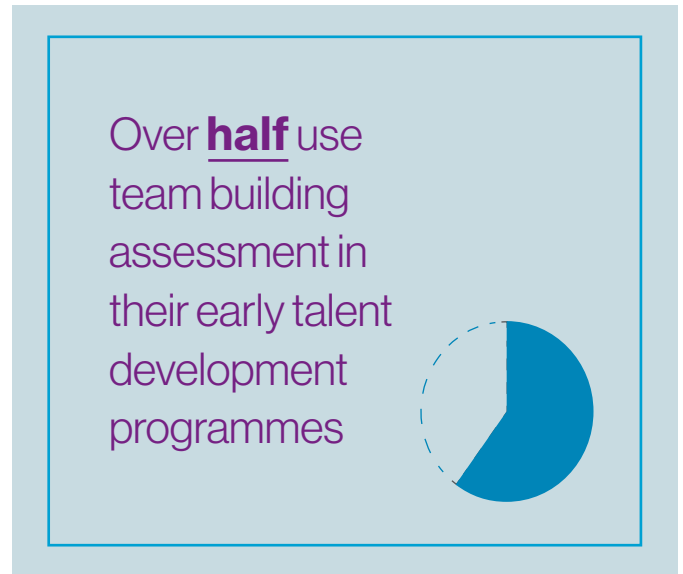
What assessments (if any) do you use during your early career development programmes?
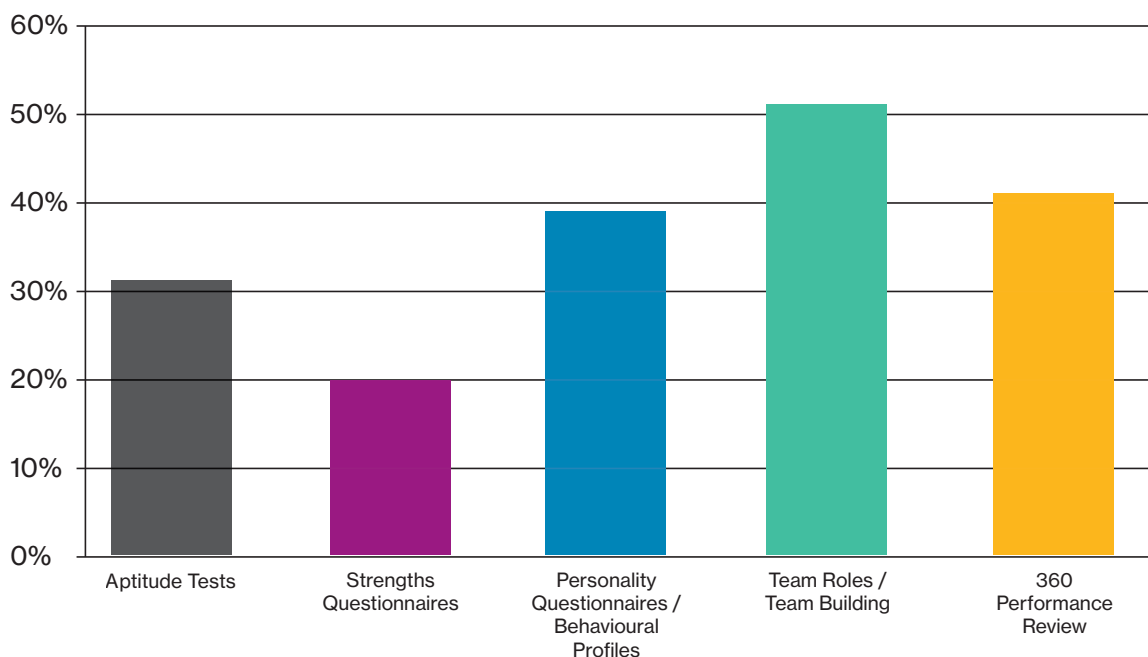
Measuring Future Potential

Our survey data shows that just over a third of organisations (32%) will look to attempt to identify their graduates' potential for future leadership between one to three years into a graduate programme. 13% look to do this during a graduate's first year in the programme and 12% wait until between 3-5 years into the graduate programme. Despite the need to create talent pipelines for the future, 40% of our survey sample reported that they don't currently measure potential for future leadership during their graduate programmes.

For those that are measuring potential, the growing trend seems to be to look to measure this earlier in the graduate development programme. Our data on the 'Attract and Recruit' side of the survey showed that 'Providing Leadership' and 'Driving Success' were perceived as two of the four lowest competencies in today's graduates by our sample. It would therefore be a sensible suggestion for organisations looking specifically to build on their future leadership from the graduates they take on-board to measure this early on to ensure that those with the most potential are identified, helped to develop and retained.

The use of valid behavioural assessment tools can be helpful in identifying those with the most potential and help to shape development initiatives.

Just over a **third** measure potential for future leaders 1-3 years into a graduate programme

1/3

At what point in your early career or graduate programme do you measure potential for future leaders?

Legend:
- ■ Less than 1 year
- ■ 1 - 3 years
- ■ 3 - 5 years
- ■ 5 + years
- ■ Don't currently measure potential for future leaders
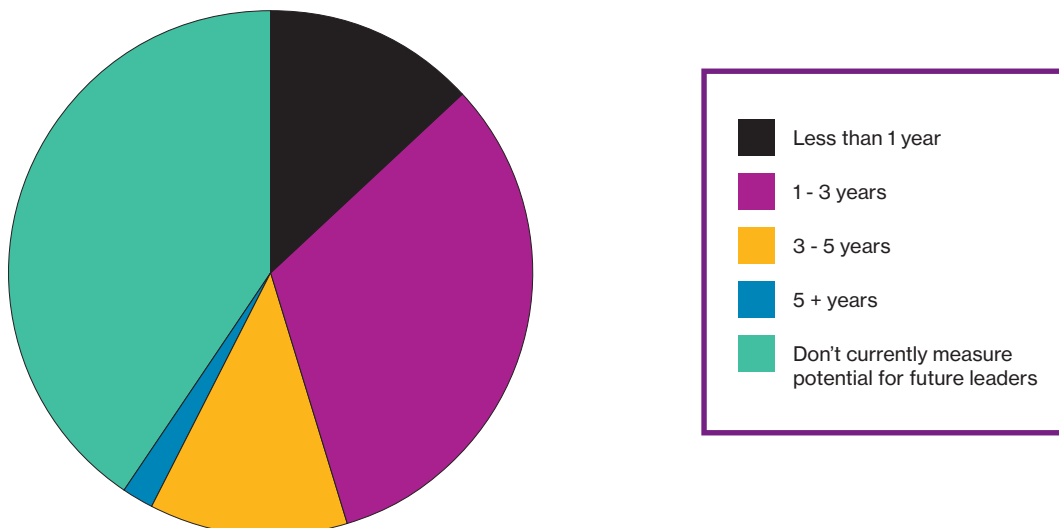
Our data on the 'Attract and Recruit' side showed several other differences between the perceived strengths of today's graduates and what our sample wanted in terms of skills from graduates once have entered the organisation.

It is important that Learning and Development teams take time to consider these differences and work to build on areas such as 'Showing Resilience' and 'Adjusting to Change' early on in the graduate development programme. Again, behavioural assessments can be most helpful in this respect by promoting self-awareness and opening up conversations as to how these areas can be best worked on in development.

Challenges in Development

We asked our sample what they felt their top three career development challenges would most likely be in the next 12 months. The data showed that top of the list is longer-term retention, echoing perhaps the data we saw around retention. In equal second ratings were focused development planning and developing a commercial outlook. Identifying leadership potential was also felt to be a challenge worth noting. In lieu of the earlier noted data around leadership being perceived as an area most often thought of as missing in today's graduates, it may be worth

organisations considering making this a focus on their early development programmes to ensure that this is being adequately focused upon where needed.

Thank you to all those that took part in this survey. To discuss any of these findings in more detail or to speak to one of our consultants, please email: info@savilleconsulting.com
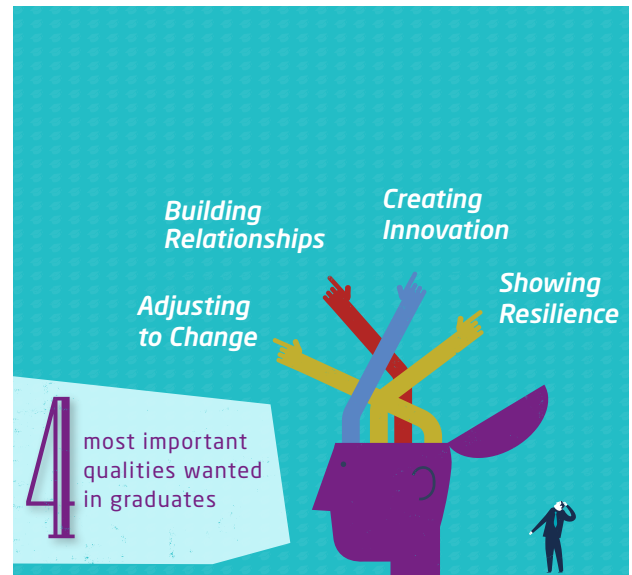
Building Relationships

Creating Innovation

Adjusting to Change

Showing Resilience

4 most important qualities wanted in graduates

What do graduate recruiters look for?

➕ Most important qualities
2015 & 2016 (N = 162)

1. Adjusting to Change
2. Building Relationships
3. Creating Innovation
4. Showing Resilience

➖ Least important qualities
2015 & 2016 (N = 160)

1. Giving Support
2. Structuring Tasks
3. Processing Details
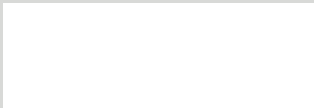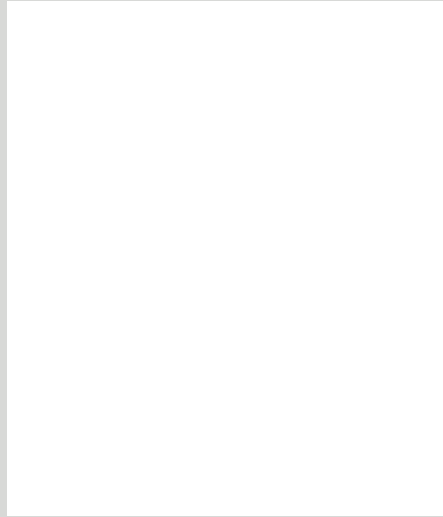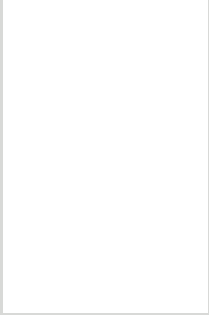4. Investigating Issues

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Graduate Profile

➕ Highest Rated
2015 & 2016 (N = 160)

1. Evaluating Problems
2. Creating Innovation
3. Building Relationships
4. Investigating Issues

➖ Lowest Rated
2015 & 2016 (N = 160)

1. Showing Resilience
2. Providing Leadership
3. Adjusting to Change
4. Driving Success

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