



Other titles from IES:

**eHR: An Introduction**

Kettley P, Reilly P

IES Report 398, 2003. ISBN 1 85184 326 4

**Kirkpatrick and Beyond: A review of models of training evaluation**

Tamkin P, Yarnall J, Kerrin M

IES Report 392, 2002. ISBN 1 85184 321 3

**Resourcing the Training and Development Function**

Carter A, Hirsh W, Aston J

IES Report 390, 2002. ISBN 1 85184 319 1

**Chore to Champions: the making of better people managers**

Tamkin P, Hirsh W, Tyers C

IES Report 389, 2003. ISBN 1 85184 318 3

**New Directions in Management Development**

Hirsh W, Carter A

IES Report 387, 2002. ISBN 1 85184 316 7

**Work-Life Balance: Beyond the Rhetoric**

Kodz J, Harper H, Dench S

IES Report 384, 2002. ISBN 1 85184 313 2

**Partnership Under Pressure: How Does it Survive?**

Reilly P

IES Report 383, 2002. ISBN 1 85184 312 4

A catalogue of these and over 100 other titles is available from IES,  
or on the IES Website, [www.employment-studies.co.uk](http://www.employment-studies.co.uk)

# **Measuring Up**

## **Benchmarking Graduate Retention**

C Tyers  
S Perryman  
L Barber



Report 401

Published by:

THE INSTITUTE FOR EMPLOYMENT STUDIES  
Mantell Building  
Falmer  
Brighton BN1 9RF  
UK

Tel. + 44 (0) 1273 686751

Fax + 44 (0) 1273 690430

<http://www.employment-studies.co.uk>

Copyright © 2003 The Institute for Employment Studies

No part of this publication may be reproduced or used in any form by any means—graphic, electronic or mechanical including photocopying, recording, taping or information storage or retrieval systems—without prior permission in writing from the Institute for Employment Studies.

**British Cataloguing-in-Publication Data**

A catalogue record for this publication is available from the British Library

ISBN 1 85184 328 0

Printed in Great Britain

## **The Institute for Employment Studies**

IES is an independent, international and apolitical centre of research and consultancy in human resource issues. It works closely with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. For over 30 years the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multidisciplinary staff of over 60. IES expertise is available to all organisations through research, consultancy, publications and the Internet.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

### **The IES Research Networks**

This report is the product of a study supported by the IES Research Networks, through which Members finance, and often participate in, applied research on employment issues. Full information on Membership is available from IES on request, or at [www.employment-studies.co.uk/networks/](http://www.employment-studies.co.uk/networks/).

## **Acknowledgements**

The authors of this report acknowledge the considerable assistance given by the employers who took part in the research, by responding to the survey and/or participating in case study interviews. The authors would also like to acknowledge the help of colleagues at IES, Richard Pearson and Helen Connor who provided advice and support throughout, Louise Paul for her work in setting up and administering the survey and case study interviews and James Walker-Hebborn for help in the production of this report. Finally, we would also like to acknowledge the financial support of the IES Research Networks.

# Contents

---

<b>Summary and Conclusions</b>	<b>ix</b>
<b>1. Introduction</b>	<b>1</b>
1.1 About this research	1
1.2 What we already know	5
1.3 Contents of this report	8
<b>2. Benchmarking Retention</b>	<b>9</b>
2.1 Employer expectations about retention	9
2.2 Graduate views on their future	11
2.3 Actual retention rates	12
<b>3. Why Do Graduates Leave?</b>	<b>18</b>
3.1 Monitoring turnover	18
3.2 Why graduates leave	20
3.3 Employer and graduate views	24
3.4 The impact of graduate turnover	26
<b>4. Keeping the Best</b>	<b>29</b>
4.1 How do employers retain graduates?	29
4.2 However, employers differ	30
<b>References</b>	<b>33</b>
<b>Annex: Additional Benchmarking Tables</b>	<b>35</b>
Calculating retention rates	35





# Summary and Conclusions

---

## Backdrop

Despite turbulence in the marketplace, employer confidence in the value of recruiting and retaining graduates remains high. This report presents findings which offer a wider and more inclusive range of benchmark data than previously gathered from UK employers regarding graduate retention rates. The research focused on a key element (retention) of a model known as the IES Graduate Value Chain, and was sponsored by the IES Research Networks. As the graduate labour market continues to grow and diversify, the research explored the basis for what is termed the 'War for Talent'. The findings are based on survey data collected from 362 organisations, 36 interviews with employers and their graduates, and draws on existing research.

## Despite the hype

Most employers in our survey are unworried by their levels of graduate retention, and two-thirds expected to keep new recruits for the foreseeable future. Employers also appear realistic, as those with lower actual retention levels were more likely to expect to lose staff in the shorter term. Retention rates are high, 86 per cent on average after three years. One-third of employers had managed to retain their entire graduate intake one year after appointment. However, around a quarter of employers had much lower retention rates, losing up to 50 per cent of their intake within the first year.

Employer size appears to influence retention rates. Whilst small employers have the highest average retention rate, there is much more variation in their performance. The 25 per cent of small

employers with the lowest retention rates perform much worse than the same portion of larger organisations. With smaller intakes on average, however, the retention rates of smaller employers are more prone to variations caused by the loss of just one or two graduate staff. Industrial sector also had some effect, with traditionally stable sectors (*eg* public services) displaying higher retention rates than those more affected by prevailing market conditions (*eg* consumer services such as retail and catering).

Retention rates are lowest amongst employers recruiting to general roles, rather than those reserved for graduates or involving formal and/or professional training. Graduates value the opportunity to gain further professional qualifications highly, particularly those with a long-term perspective on their career. Salary was also an issue, but to a lesser degree. Employers offering the highest starting salaries (*ie* £18k or more) had the best retention rates, but the relationship between salary and retention is by no means clear as, on average, those offering the lowest levels (*ie* £14k or less) also performed well. The overall market appears stable, and starting salaries are predicted to grow only slowly over the coming year.

## **Why do graduates leave?**

Despite the often large investment required to recruit and support graduate employees through the early part of their careers, over 40 per cent of employers lacked any form of monitoring system that might provide insights about why graduates leave. There was some variation by size, however, as less than half of small employers had a monitoring system in place, compared to around three-quarters of larger organisations. Employers offering formal or professional training schemes were the most likely to monitor their investment. Closer examination revealed that operating a monitoring system, in itself, was not necessarily related to higher retention rates, as employers with one fared no better (in their retention rates) overall, than those without. What this research was unable to determine, however, was any indication of the quality of the monitoring systems or the extent to which they were integrated into broader organisational strategy/planning.

The most common reason given by employers for losing graduate staff was that they were unhappy with their role or with the employer they had joined. This may reflect issues with recruitment practices, and reinforces the need for open and honest dialogue at both pre- and post-selection stages. Pay was considered an issue by less than one-third of employers. Other reasons included the desire by new graduates to broaden their CVs by working for a number of employers in their early years in the labour market.

Smaller employers reported different reasons for unwanted turnover than larger organisations. A quarter cited the main reason for losing their graduates as a lack of career opportunities, whereas this figure fell to only one-fifth for larger employers. Some sectors were more focused on pay as being an issue (*eg* computing and IT companies) whilst for others, external factors (*eg* their location and/or the lack of social facilities nearby) were felt to influence graduates' decisions to leave. Around one-fifth of employers lost graduates to an entirely different career or opportunity (*eg* travelling) and this had the most impact on those employers offering formal management training schemes.

For employers, the main impact of graduate turnover was a loss of their initial investment or a lack of return on that investment. That aside, there was a differential impact on various aspects of the organisation according to a number of characteristics, particularly size. For example, the loss of graduates appeared to impact on service delivery and the motivation and morale of remaining staff more amongst smaller organisations than larger ones. Larger organisations, in contrast, were more concerned than their smaller counterparts about the impact on succession planning and organisational competitiveness.

## **How do employers keep the best?**

So, what techniques do employers use to retain graduate staff? Most employers use a range of techniques. The most popular is to offer some form of technical/professional training, and 90 per cent of employers do so. Mentoring/coaching is also offered at around 80 per cent, and planned career and/or salary progression by around two-thirds. However, the technique considered most useful, planned career progression, was not the most commonly used.

The organisations most likely to offer career development were those offering professional training places to their new-graduate intakes, or those with other formal recruitment patterns. Employers offering the highest starting salaries tended to use the broadest range of measures to retain their graduates, including planned career progression, accelerated promotion, and flexible working patterns. This is likely to reflect the priority that such employers place on their graduate intakes and, related to the up-front investment incurred by these employers, hence the greater willingness/freedom to invest in potentially expensive and resource-intensive development systems.

## Conclusions

Despite the hype about serious losses, retention levels amongst most employers are high, and the impact of losing graduates is seen as limited to the loss of initial investment for the majority, or a failure to gain returns on that investment. Over half of all first-year undergraduates are aged over 21 years, and today's graduates are also likely to have personally made a substantial financial investment in gaining their qualifications, and they too expect returns. Long-term development is therefore seen as an essential part of their careers. Employers who cannot, or do not, offer visible opportunities are likely to lose new-graduate staff.

Smaller employers in particular, need to respond to the needs of their new-graduate recruits in a flexible way, selling the benefits of the opportunities they have (*eg* close working relationships with senior staff and the ability to get involved across the whole of the business). However, a clear and open dialogue which manages the expectations of potential employees, is vital for all employers to avoid unwanted turnover and the unnecessary expense involved in appointing staff who are at risk of leaving to take up opportunities elsewhere.

Whilst employers appear well informed about their own retention levels, this information is often based on only the crudest figures rather than reliable data. With 40 per cent of employers failing to operate a monitoring system to inform them why they lose graduate staff, their ability to manage retention and respond to difficulties, should they occur in the future, must be called into question. However, the introduction of a monitoring system alone has little added value if the results are

not linked into future planning. There is a clear need for an overall graduate strategy (such as that outlined in the IES Graduate Value Chain), which links information from pre-recruitment to performance, and ties in with retention data.



# 1. Introduction

---

## Chapter 1 — Headlines

The findings offer a wider and more inclusive range of benchmark data than previously gathered from UK graduate employers, regarding retention rates of graduates.

The survey is based on 362 UK graduate employers, employing some 7,500 graduates — almost half took all or the majority of new graduates into formal or graduate training schemes, and nearly all offered real 'graduate jobs'.

Employers recruit from a more diverse supply of graduates than in previous decades.

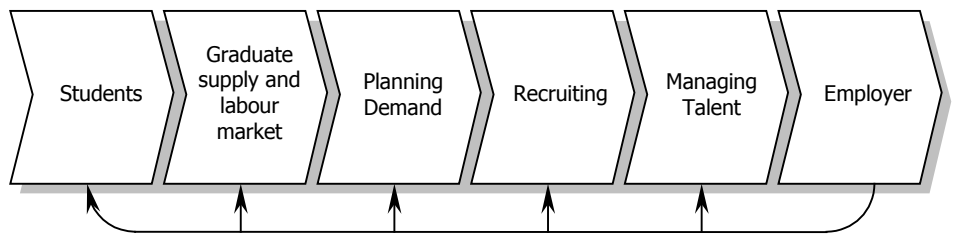
Graduates are taking on a broader range of roles within organisations than ever before.

## 1.1 About this research

The market appears fairly stable, but losing graduate staff can be costly, so there is a need to monitor levels of graduate retention. Retaining key people is crucial in meeting business objectives and maximising organisational performance. This can be particularly critical in respect of new-graduate staff, who have been recruited and developed by an organisation at some expense, and whose potential is valued in the long term. This report aims to address the lack of reliable data on retention that is available to graduate employers, by offering:

- benchmarking data to allow employers to compare their own performance with that of other organisations

**Figure 1.1: IES graduate value chain – employer model**



Source: IES, 2002

- the views of employers on retention issues and examples of strategies to counter unwanted turnover
- an overview of existing research and data sources which can add to our understanding of graduate retention.

This research is sponsored by IES Research Network members. It explores one aspect of the IES Graduate Value Chain, which is a framework that can be used by employers to develop and evaluate the effectiveness of their overall graduate strategy. The model for employers is presented in Figure 1.1, which maps the key stages in graduate recruitment, development and careers. Employers can work within any of the various stages to provide bespoke solutions for their organisation. However, as different staff are likely to have responsibility for each stage, it is important to provide some link between the functions, or to oversee the entire process.

The aim of the research was to provide wide and inclusive benchmarking data on graduate retention which could be used by employers of all types and sizes.

### **Participating employers**

The research involved a postal survey of recruiters who draw staff straight from higher education institutions<sup>1</sup>. The sample was created by compiling a list of employers advertising new-graduate vacancies in a range of media in 2001. A total of 362 organisations took part from the 1,622 employers contacted, a response rate of 24 per cent, a healthy return for this type of

<sup>1</sup> Initial findings from the survey were given in a set of benchmarking data to IES Network members (Perryman, Tyers and Barber, 2001).



**Table 1.1: Employers taking part in the survey**

<b>Employer characteristic</b>	<b>Category</b>	<b>%</b>
Size band	Small (less than 250 employees) <sup>1</sup>	51
	Medium (251 to 5,000 employees)	34
	Large (5,000 or more employees)	15
	<i>Total</i>	<i>100</i>
Broad industrial sector <sup>2</sup>	Computing and IT	13
	Business Services ( <i>eg</i> banking, finance)	30
	Consumer Services ( <i>eg</i> retail, catering, transport)	11
	Engineering	14
	Construction, Manufacturing and Utilities	22
	Public Services	10
	<i>Total</i>	<i>100</i>

Source: IES, 2001

survey. In total, the organisations participating in the survey had an annual intake of 7,500 graduates in each of the years between 1998 and 2000.

The employers we surveyed cover a range of industrial sectors and size bands (Table 1.1). For example, over half of the employers involved in the research employ less than 250 staff. This distinguishes this survey from others, which tend to involve mainly large, 'blue-chip' employers.

Around 300 organisations in the survey supplied information on their 1999 recruitment intake. Of these:

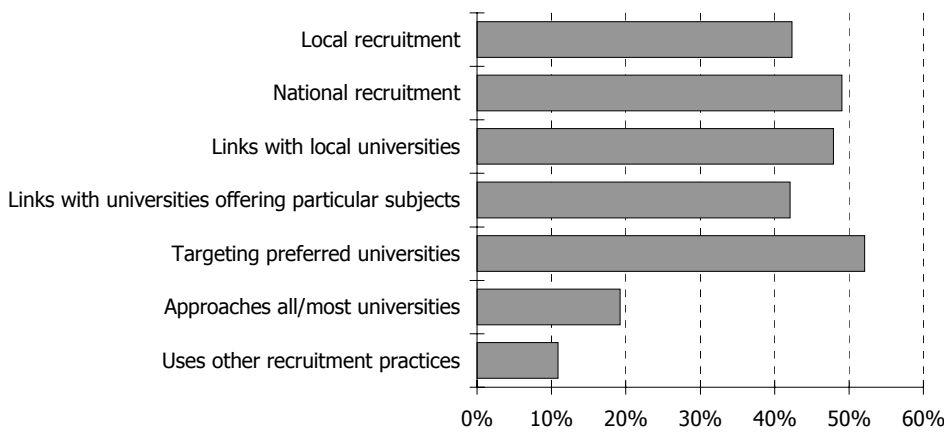
- nearly half took all, or the majority of their new graduates into formal, graduate training schemes
- 14 per cent recruited to professional training schemes
- nearly a quarter of employers classified the majority of their intake as reserved for new graduates.

---

<sup>1</sup> These size bands are used throughout the remainder of the report.

<sup>2</sup> These broad headings were used as there were insufficient responses in each of the standard industrial classifications to allow analysis.

**Figure 1.2: Recruitment methods (per cent of sample)**



N = 359

Source: IES, 2001

Around 40 out of the 300 organisations recruited some new graduates to specific functional roles (eg recruitment consultants, marketing assistants) and others employed graduates in roles that were more general, or could have gone to experienced non-graduates. The recruitment methods used by employers varied, but rarely did they rely on one technique alone (Figure 1.2).

**Viewpoint**

77 per cent of employers felt that they, *'had to work hard to attract new graduates'*. However, 68 per cent believed that, regardless of the difficulties involved, they were still able to, *'recruit the right new graduates'*.

**In-depth interviews**

To supplement the results from the survey, a number of in-depth interviews with recruiters, managers and graduate employees were conducted. The focus was on organisations that demonstrated good retention levels, with seven organisations participating and 36 staff/managers being interviewed. Insights from the experiences of these individuals are used throughout the report to help set the results of the survey in context.

## 1.2 What we already know

Before moving on to discuss the findings of the research, in this section we present an overview of the graduate labour market and set the research context for this work. Further information on graduate market trends and current issues can be found in the IES Annual Graduate Reviews (eg Perryman and Pearson, 2002) and the Association of Graduate Recruiters' graduate salary reviews.

### 1.2.1 The graduate labour market

The intake of higher education institutions currently draws from a wider pool than ever before: over one-third of young people (18/19 years) now go on to HE study, twice the proportion of 15 years ago. New graduates also comprise a growing proportion of women (now over 50 per cent) and a growing proportion of ethnic minorities (over 15 per cent). Over half of all first-year undergraduates are aged over 21 years, and one-third of all first-year students now take part-time courses (the majority of which are older students).

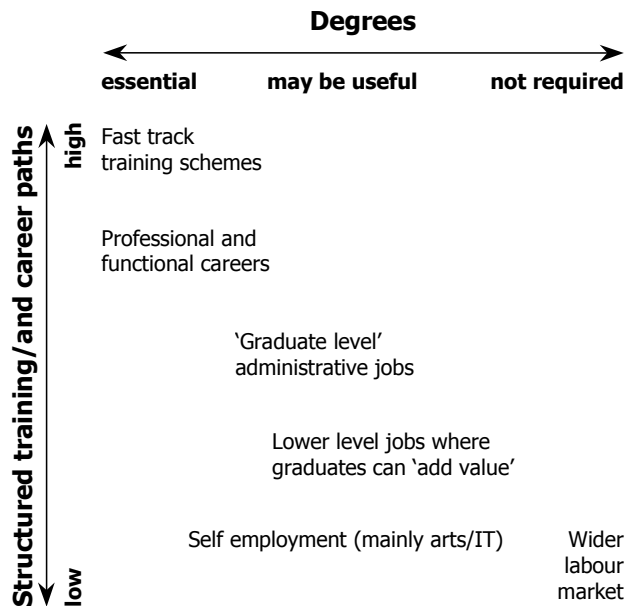
The graduate labour market is both large and hugely varied. In 2001, over 250,000 students qualified from UK HE institutions with first degrees, and a further 70,000 with HND or other undergraduate qualifications. The number of graduates continues to rise year by year, albeit at a much slower rate now than in the early to mid 1990s. Around two-thirds of last year's first-degree graduates from full-time study, some 120,000, went on to take up a position with an employer in this country. Most of the remainder went on to postgraduate study or further training (see HESA, 2001).

#### **Viewpoint**

30 per cent of employers held the opinion that, *'we fight with our competitors over a small pool of good new graduates'*.

Despite this large and increasing supply, many graduate employers, especially large ones seeking high-calibre graduates, continue to have difficulties recruiting to fully meet their needs (Barber and Perryman, 2000). At the same time, despite low initial unemployment (around five per cent) there are many graduate job hunters who struggle to obtain satisfactory

Figure 1.3: Graduate career flows



Source: IES, 2000

employment (Perryman, 2002). Demand by employers for the 'best' graduates, and by graduates for the 'best' jobs, remains intense, and is likely to continue that way. However, this demand is focused on a relatively small part of the graduate market. The vast majority of graduates are sought for, and enter, a much wider range of roles, for a greater variety of employers, some taking jobs which may previously have been filled by staff without graduate qualifications (Figure 1.3).

Many traditional graduate-entry jobs are becoming incorporated into the wider recruitment market, with the proportion entering managerial or professional level occupations declining in recent years (Barber *et al.*, 2002). The coming years are likely to see further fragmentation of the new-graduate labour market.

### Complex early careers

Though most students start their university courses with high hopes for their future career, for many it can take three or four years to settle into a stable employment pattern (Connor *et al.*,

1997b). Many new graduates experience a mixture of temporary jobs, further study, and career jobs over this time period (Elias and Knight, 1999; Connor and Pollard, 1996). The changing profile of higher education, in particular its increasing diversity and broader intake, poses a number of challenges for employers, particularly in terms of recruitment and development strategies and techniques. There is now a larger pool for both employers and graduates to 'fish' in. Employers must ensure that they attract the right applicants, and then that the competencies of potential new staff are assessed rigorously. It is potentially harder than ever to find the 'right' staff.

### **Recent recruitment trends**

After several years of growth, the number of vacancies for new graduates among the major employers fell by six per cent in 2001/02, and is expected to fall further this year (Barber *et al.*, 2002). Most employers have found graduate recruitment easier over the last 12 months. This is not due solely to economic conditions, but also to more effective targeting and improved recruitment techniques (GIEE, 2002). The recruitment process overall is becoming more varied, with an increasing variety of media being used. The most significant change has been the now- widespread use of the Internet in graduate recruitment.

Perhaps, in part, as a response to this economic slowdown, students appear to have adjusted their intentions and aspirations slightly, with traditionally sought after jobs becoming less popular, (High Fliers, 2002). Despite the changing profile of new graduates entering the graduate labour market, students are still attracted to jobs and employers by similar things as in the past – most of all by good career prospects, including early responsibility, the reputation of an organisation, a good training programme and a good salary.

Salaries for new graduates have remained relatively stable, typically rising by four per cent over the last year (Barber *et al.*, 2002) though salaries offered to graduates remain very competitive between employers, especially at the top end of the market. Graduate salaries are predicted to grow slowly next year, but will stay ahead of inflation. On the whole, advertised salary levels of graduate appointments vary greatly, ranging from £10k to £25k, and reflect the diverse market (Perryman, 2002).

**Viewpoint**

Over two-thirds of employers felt that, within their organisation, *'the starting salaries we pay to new graduates are competitive'*.

### **1.2.2 Retaining graduates**

While some turnover is to be expected, and can be beneficial, unwanted turnover can be costly in terms of direct expenditure, in causing disruption to those working within the business, and in the loss of technical and corporate 'knowledge'. Such costs are likely to vary between organisations and sectors, but can be greater still for the graduate population. There are, therefore, compelling reasons for a business to ensure that sound and targeted HR policies are in place, so as to reduce unwanted turnover. The loss of even a small number of key staff could have serious business consequences, particularly when new graduates leave to join competitor organisations. IES estimates that replacement costs can be up to 150 per cent of annual salary for key employees, and whilst these data are not specific to graduates, it does give some indication of how important and costly the issue of unwanted turnover can be for employers who have made a considerable investment in their graduate intakes.

## **1.3 Contents of this report**

The challenge for this research is to provide data from employers that captures the rich and diverse nature of the graduate labour market. This should allow employers to make meaningful comparisons with others regarding their own levels of graduate retention.

Having examined existing research, the remainder of this report focuses on new findings from IES research, and is broken down into the following:

- Chapter 2 presents benchmarking information on retention levels (and also tables in the annex).
- Chapter 3 focuses on why graduates leave positions.
- Chapter 4 discusses techniques used to improve retention.

# 2. Benchmarking Retention

---

## Chapter 2 — Headlines

Graduate retention did not seem to represent a major problem to most employers. Their expectations about the loss of graduate staff were overly pessimistic when compared with the high retention levels reported.

The majority of new graduates had remained with their employer for at least three years.

Public service employers had higher retention rates than employers in other sectors, as did those employers offering their graduate intakes an opportunity to gain professional or further qualifications.

High starting salaries do not appear to enhance retention.

## 2.1 Employer expectations about retention

Employers participating in the survey<sup>1</sup> were asked how long they expected their most recent intake of new graduates to stay with the organisation. Overall, employers were fairly optimistic, two-thirds expecting their most recent intake to stay with the company for the foreseeable future. A further quarter expected

---

<sup>1</sup> Respondents were mainly staff from HR departments, training and development professionals, and occasionally staff with more specific job titles indicating responsibility for graduate recruitment and development. In smaller organisations without dedicated HR functions, respondents were more likely to be directors, partners or managers.

**Table 2.1: Expectations for retention rates versus actual retention rates (1999 data)**

Actual Retention Rates <sup>1</sup>	Percentage of graduates who are likely to ...				N
	stay for foreseeable future	stay for at least a year	leave within the year	leave as soon as opportunity arises	
Less than two-thirds	56	24	11	9	(65)
67 to 90%	69	22	5	4	(51)
90 to 99.9%	74	23	2	1	(22)
100%	69	25	3	4	(93)
<i>Total</i>	<i>66</i>	<i>24</i>	<i>56</i>	<i>5</i>	<i>(231)</i>

Source: IES, 2001

recruits to stay for at least a year. Only ten per cent expected their graduates to leave within the year.

**Viewpoint**

Employers are confident about retention rates; 54 per cent were sure that, *'new graduates plan to stay with us'*, in the longer term. 63 per cent of those surveyed felt that, *'our graduate retention rates are no worse than our competitors'*. However, only 42 per cent felt that, *'new-graduate retention is not a problem'*, within their organisation.

When the actual retention rates of organisations were compared with their expectations for graduates, organisations with the *lowest* retention rates were, on average, *least optimistic* about keeping their latest intake (see Table 2.1). The 65 organisations who had already lost one-third of their 1999 intake, expected to lose nearly one in five of their most recent intake in the near future, and to keep only 56 per cent, on average, for the foreseeable future.

Further benchmarking tables are provided in the annex to this report.

<sup>1</sup> Retention rates are shown in quartiles (*ie* equally divided into four parts according to the distribution, so the upper quartile represents the point above which 25 per cent of employers lie).



**Table 2.2: Graduates seeking a different job**

	<b>Managerial &amp; Prof.</b>	<b>Associate Prof. &amp; Technical</b>	<b>Clerical &amp; Secretarial</b>	<b>All other occupations</b>	<b>All new graduate employees</b>
Seeking a different job (%)	9	14	17	25	14
Not seeking (%)	91	86	83	75	86
<i>N (thousands)</i>	<i>143</i>	<i>77</i>	<i>76</i>	<i>47</i>	<i>343</i>

Source: IES, 2001; ONS Labour Force Survey, Spring Quarter 2000

## 2.2 Graduate views on their future

Around 14 per cent of recent first-degree graduates are looking for a different job (Labour Force Survey, Spring 2000<sup>1</sup>). This is slightly at odds with the expectations of employers in our survey, only ten per cent of whom expect to lose graduates in the near future. However, some of the graduates who leave their current job may actually stay with their employer, so the difference may not be as great as it first appears. New graduates in managerial, professional or associate professional occupations (normally considered ‘graduate jobs’) are much less likely than other employees – particularly those in clerical and secretarial positions – to be seeking a different job (Table 2.2).

Our in-depth discussions with graduates reinforce the diverse nature of new graduates entering the workforce. It was also clear from these interviews that ‘one size’ certainly does not fit all in terms of what they want from their careers, in both the short and longer term. However, one consistent issue that emerged was the need for an honest and open dialogue (pre- and post-recruitment) regarding the employment proposition on offer. This can be critical in managing their expectations effectively.

---

<sup>1</sup> As this research collected only limited data (from the in-depth interviews) from graduate employees, we have examined larger and more representative data sources to give a clearer picture of graduate views.

### Viewpoint

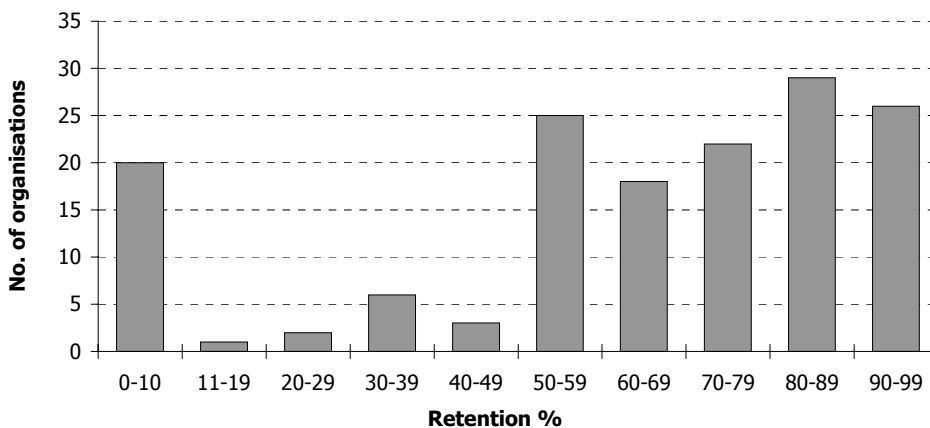
Employers felt that they communicated effectively with both potential employees and new recruits. A massive 88 per cent of employers felt that, 'we present a realistic picture to new graduates at interview'. 71 per cent of employers agreed that, 'our new graduates get regular, constructive feedback on their performance'.

## 2.3 Actual retention rates

Employers in this survey were asked to outline their retention rates over the past three years. In Figure 2.1, the retention rates of graduate staff one year from their appointment are presented. The distribution of employers demonstrates that most employers have little problem with retaining their graduate staff, around one-third of the employers in the survey reported losing *none* of their staff after a year. However, there were a number of employers reporting very low retention rates, suggesting that problems do exist for some.

Existing evidence from major recruiters (Pearson *et al.*, 2000) is that, on the whole, good retention rates are being maintained over time. As Figure 2.2 (over) demonstrates, these patterns have remained remarkably similar across the last three decades,

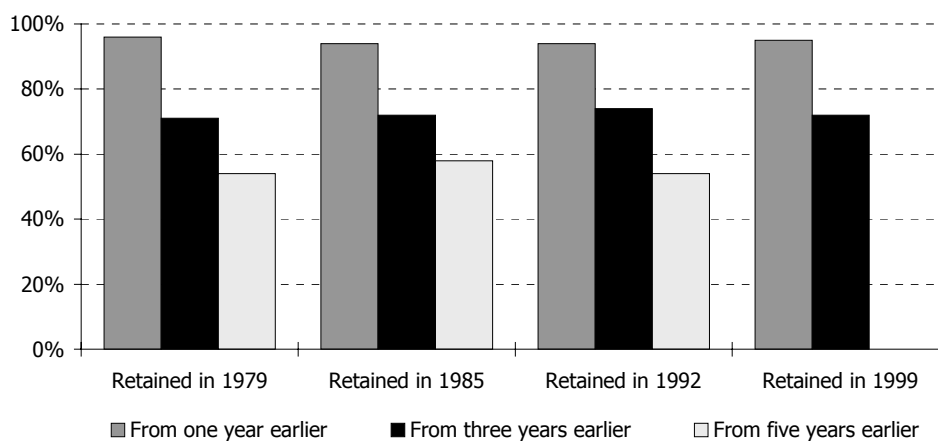
Figure 2.1: Retention rates one year from appointment (per cent)



106 organisations reported 100% retention

Source: IES Survey, 2001

**Figure 2.2: Graduate retention among the major recruiters, 1970s, 1980s, 1990s**



Source: IES/AGR, 2000

despite economic fluctuations in the same timeframe. Hence, despite perceptions, graduate retention is not a major problem for most recruiters, and little has changed since as far back as the 1970s.

In addition to a static picture of retention, it is interesting to see how retention rates vary with the time an employee has been in post. Table 2.3 compares the baseline retention across a three year period. As would be expected, retention rates decrease over time. However, even after three years, these rates are still high, on average as high as 86 per cent.

**Table 2.3: Retention rates of three consecutive graduate intakes (per cent)**

	Time elapsed since recruitment (years)		
	One	Two	Three
Upper quartile	100	100	100
Median	100	91	86
Lower quartile	75	67	59
<i>N</i>	278	258	236

Source: IES, 2001

**Viewpoint**

65 per cent of employers believe that, 'new graduates who stay with us for three years are likely to stay a long time'. A further 22 per cent were unable to say.

It is interesting to note, however, that the retention figures also indicate that:

- On average, the majority of new graduates remained with their employer for at least three years.
- Organisations typically lost around five per cent of their intake as each year progressed.
- The figures are very similar, among our wider range of graduate employers, to those of research involving only major recruiters (eg Barber *et al.*, 2002).

### 2.3.1 Differences amongst employers

Having outlined the overall retention rates amongst employers, we now present a breakdown of retention rates by a range of employer characteristics. We examine the effect on retention of:

- employer size and the size of their graduate intake
- broad industrial sector
- the type of graduate placement on offer (including starting salaries).

#### Employer size

Medium and large employers have very similar retention rates (Table 2.4). In contrast, small employers show much more

**Table 2.4: Retention rates after two years, by size of employer (per cent)**

	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Upper quartile	100	100	96
Median	97	89	89
Lower quartile	50	75	77
<i>Number of orgs</i>	<i>124</i>	<i>96</i>	<i>37</i>

*Source: IES, 2001*

**Table 2.5: Retention rates after two years, by size of graduate intake (per cent)**

	<b>One or two</b>	<b>Three to five</b>	<b>Six to 20</b>	<b>21 or more</b>
Upper quartile	100	100	100	96
Median	100	75	83	91
Lower quartile	38	54	67	78
<i>N</i>	<i>78</i>	<i>56</i>	<i>68</i>	<i>56</i>

Source: IES, 2001

variation. The average retention rate of small employers is higher than that of larger organisations (97 per cent compared to 89 per cent). However, the lowest 25 per cent of small employers (the lowest quartile) show the lowest retention rates. So, whilst small employers appear to do better on average, some do struggle to keep their new graduates. One reason for this might relate to the lower graduate intake amongst smaller employers, whereby the loss of one new graduate will have a greater impact on their retention rates. Examining the effect of intake size in further detail, we find that organisations with the highest average retention rates are at either end of the intake-size spectrum (Table 2.5).

### **Industrial sector**

We found a great deal of variation in the retention rates of organisations in different industrial sectors (see Table 2.6). Those with the highest retention rates were public services and not-for-profit organisations, whilst the lowest rates are seen in consumer services organisations.

**Table 2.6: Retention (after two years) by sector (per cent)**

	<b>Engineer- ing</b>	<b>Computing and IT</b>	<b>Consumer Services (<i>eg</i> Retail, Catering, Transport)</b>	<b>Construction, Manufacturing and Utilities</b>	<b>Business Services (<i>eg</i> Banking, Finance)</b>	<b>Public Services</b>
Upper quartile	100	100	100	100	100	100
Median	90	92	83	89	86	100
Lower quartile	55	58	56	67	61	84
<i>N</i>	<i>34</i>	<i>37</i>	<i>27</i>	<i>63</i>	<i>73</i>	<i>24</i>

Source: IES, 2001

These results fit expectations from the literature. Public service is traditionally the sector with the most stable job market. Our interviews with graduates working in public services often emphasised a strong commitment to staying within this sector, a factor that is also likely to help enhance retention. We learnt that they felt the 'employer brand' was clearer, and the information about organisations unambiguous. In contrast, consumer services are more likely to be affected by prevailing market conditions, which may affect retention rates amongst this type of employer.

### Type of role

The retention rate for employers against the main entry route for their graduates is presented in Table 2.7. This shows that employers who recruit to general roles, rather than those reserved for graduates, or which involve formal and/or professional training, have the worst retention rates. However, the type of graduate opportunity offered by employers is often a function of their sector. In our sample, the majority of employers offering professional training places, for example, were in the banking and finance, or other business services sectors.

Interviews with graduates revealed that the opportunity to gain further professional qualifications was highly valued. Graduates now working towards a further professional qualification tended to have a longer-term perspective on their careers. These qualifications were seen to offer greater freedom, and improved employability and market value in the long-term, despite the need to stay with their current employer until the qualification had been completed. Amongst the managers we interviewed, offering professional qualifications or other formal training was

**Table 2.7: Retention after two years, by graduate entry route (per cent)**

	<b>Formal graduate training scheme</b>	<b>Professional training</b>	<b>Jobs reserved for new graduates</b>	<b>Other recruitment patterns</b>
Upper quartile	100	100	100	100
Median	92	100	92	80
Lower quartile	75	50	60	44
<i>N</i>	<i>115</i>	<i>31</i>	<i>59</i>	<i>26</i>

*Source: IES, 2001*

**Table 2.8: Retention rate, by starting salary (1999 data, per cent)**

---

<b>Starting salary</b>	<b>Median</b>	<b>N</b>
Less than £14,000	92	48
£14,000 to £16,000	75	41
£16,000 to £18,000	87	62
£18,000 or more	99	64

---

*Source: IES, 2001*

seen as an advantage for short-term retention and recruitment, but potentially a high-risk strategy in the longer term.

### **Salary levels**

Another factor which may affect retention is salary, and Table 2.8 presents data on how retention rates vary by the starting salaries offered to graduates. As might be expected, employers offering the highest salaries demonstrate the highest levels of retention. However, employers offering the lowest starting salaries also do particularly well. This may be because employers offering these packages vary in terms of the type of graduate they actually recruit. Lower salaries, for example, may be offered to graduates with less attractive degree disciplines, or other characteristics (*eg* lack of geographical flexibility) which make it unlikely that they would be able to access higher salaries or other roles.

# 3. Why Do Graduates Leave?

---

## Chapter 3 — Headlines

Few organisations (less than half) monitor the reasons for turnover amongst graduate staff.

Employers believe that dissatisfaction with career opportunities is the main reason for the loss of graduates. Salary issues were felt to be less important.

Graduates confirmed that although pay was important, it was seldom the main reason for leaving — they too were more concerned with career and development opportunities than their salaries.

Employers in less glamorous sectors, and smaller organisations, are likely to feel a broader impact when graduates leave.

Losing staff impacts on a range of business areas, but employers feel that the main impact is in terms of losing the investment that they place in graduates.

## 3.1 Monitoring turnover

Only just over half of organisations (58 per cent) had some form of mechanism providing insights or data about why their new graduates leave. Smaller employers were the least likely to implement some form of monitoring (eg the use of an exit mechanism); just under half, compared to three-quarters of larger organisations. Employers recruiting to a formal graduate training or professional training place, were the most likely to have a monitoring mechanism, and seven out of ten did so. This may reflect the higher cost of such placements, and the need to monitor this investment closely.



There were also differences by industrial sector. Employers in consumer services (eg wholesale, retail and hotels) were most likely to have a formal mechanism for monitoring turnover amongst new graduates (64 per cent). Conversely, computing and IT organisations, and public services, were least likely to have such a system in place (51 and 53 per cent respectively). This may reflect the number of shorter-term contracts on offer in the IT and not-for-profit sectors that are often linked to the duration of specific projects. We examined the data to determine whether these sectoral differences could be explained by the size rather than the sector of these employers, but this was not the case. For example, public service employers are relatively large, but are still amongst the least likely to operate a monitoring system.

#### **Viewpoint**

Only 21 per cent of employers had no targets for new-graduate retention. 51 per cent believed that, *'new-graduate recruiters are responsible for graduate retention rates'*.

There was also little evidence of a link between actual retention rates and the presence of a monitoring system (*ie* employers who monitored fared no better than those who did not). This is likely to relate both to the data collected, and the way in which it is used. For example, information collected when graduates leave an organisation, including that kept on general employee records, may not help in addressing retention issues. Essentially, the wrong things could be monitored. Alternatively, the information that is collected might not be reliable (*eg* if exit interviews are not conducted by an independent interviewer). However, even if the information collected is both useful and reliable, unless the data is used to inform organisational strategy, any monitoring system will have little impact on retention.

However, there are a number of ways in which all organisations can enhance the utility of their monitoring systems. One way of linking the processes involved in recruiting and retaining graduate staff is to implement the IES Graduate Value Chain (see Figure 1.1 on page 2). Ideally, as the model shows, information collected on all aspects of an individual's career, from recruitment through to downstream performance and the length of time an individual stays with the organisation, should feed into strategy in a seamless way.

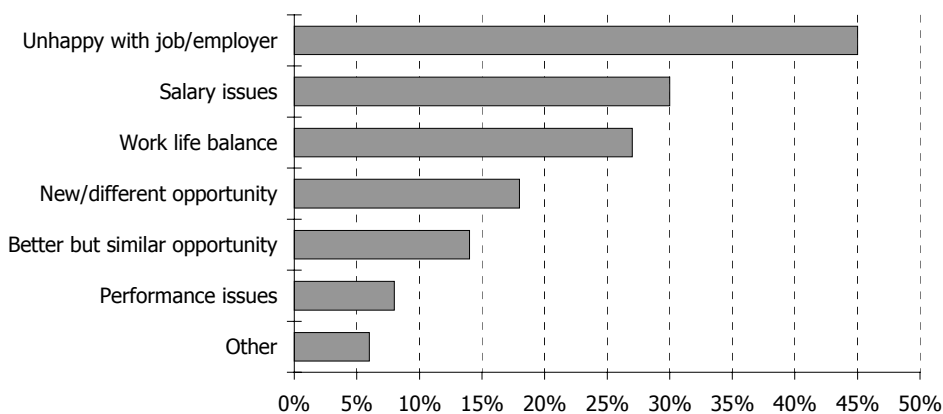
## 3.2 Why graduates leave

From monitoring systems or other, more informal procedures, the majority of employers were able to outline the reasons they felt staff had left the organisation. Obviously, employer understanding depends, to some degree, on leavers providing full and honest feedback, and this may not always be the case. However, it remains interesting to look at why employers believe they lose graduate staff.

### 3.2.1 Job or employer?

The most common reason given by employers for the loss of new graduates relates to them being unhappy with either their employer or their position within that employer (Figure 3.1). This may be due to inadequacies at the recruitment stage (*eg* not enough accurate information provided to applicants), or it may simply mean that the graduate made the wrong choice for other reasons. Salary matters were considered an issue in retaining graduates for less than one-third of respondents. Other reasons given by employers include: that the graduate has chosen the wrong career, or that the location of the job was a factor (around one-third in each case). Performance issues were cited by around one-fifth of employers as the reason why individuals chose to leave.

Figure 3.1: Employer perceptions of why graduates leave (per cent)



Source: IES, 2001

Interestingly, employers with and without exit mechanisms differ in the way they perceive the retention issues within their organisation. In particular, among employers with exit mechanisms, more emphasis is given to career issues and less to financial benefits. The expectation would be that those employers with exit mechanisms have a more sophisticated and informed perspective, and this is supported by the body of existing evidence (from IES and other studies) which suggests that pay is not the main cause of unwanted turnover (eg Bevan, Robinson and Barber, 1997).

### 3.2.2 Lack of opportunities

Smaller organisations were most likely to focus on the issue of career opportunities, or lack of them, in relation to the loss of graduate staff. A quarter believed their graduate intake was dissatisfied with the opportunities on offer, compared to only one-fifth of large employers. This is likely to relate to the greater difficulty smaller employers often face in offering a variety and breadth of experience, as there can be less scope to move individuals around *within* their organisation. Conversely, small employers may have more scope for a flexible development programme. For example, a newly-qualified graduate engineer might be offered exposure to management experiences such as business/financial planning within a smaller employer, more rapidly than one taking part in a more formal scheme. Our data, however, would suggest that at least some small employers may have failed to explore the benefits of their micro-environment.

#### **Viewpoint**

83 per cent of employers felt that their organisations, *'actively support new graduates in their early careers'*. A further 37 per cent of employers felt that, within their organisation, *'line managers are very able at developing new graduates'*. Three-quarters believed that, *'we offer attractive career development opportunities to new graduates'*.

### 3.2.3 Salary issues

The issue of salary causes less concern to organisations within certain industrial sectors. For example, only a quarter of employers in business services felt this was a reason why they lost graduates. Many of these employers offer professional

training schemes, which may indicate that pay does not become an issue until after graduates have completed their training. Salary was more of an issue for computing and IT firms (40 per cent) and those organisations with a small (three to five graduates) graduate intake (50 per cent).

### 3.2.4 Work/life balance

In addition to their career and issues of job satisfaction, there are a range of factors relating to an individual's life outside of work that are increasingly important. Increasingly, these are referred to as 'work/life balance' issues. In our survey, just over a quarter of new-graduate employers believed that these issues were key reasons for the unwanted loss of recruits.

Geographical location was identified as an important reason for turnover, in particular for organisations from the construction, manufacturing and utilities sector. Another factor felt to affect retention within this sector was its image. A number of employers, when interviewed, believed they suffered in both recruitment and retention terms, because the jobs they offered were not seen as glamorous in comparison to other sectors.

Also, as graduates move further away from their family and friends, the perception is that they are more likely to want to leave their employer. Also, if they are required to move to an area which has a lack of social facilities or opportunities, this may also influence their decision to leave. Another issue is that of graduates leaving an employer to go travelling, and nearly five per cent of employers felt this was a reason that they had lost staff.

#### **Viewpoint**

Graduates need to be flexible at the beginning of their career. 59 per cent of employers, *'expect new graduates to be geographically mobile'*.

### 3.2.5 Changing career

18 per cent of organisations believe that one of the key motivators for new graduates leaving their employ is the desire to do something different. New graduates are 'pulled' out of the

organisation by the chance to try different opportunities, widen their range of experiences, or change career direction.

This is one area where employers offering formal graduate/management training schemes appear to fare less well. Around a quarter of employers offering this type of opportunity suggested graduates left in order to totally change their career. In contrast, very few employers offering professional training places, where the nature of the work is more clearly defined from the outset (eg law, accountancy), saw this as a problem. Graduates entering professional training places may also be more likely to have a directly relevant vocational degree, which may give them a better insight into the area, reducing the risk of them choosing the wrong career.

### **3.2.6 Better opportunities elsewhere**

Interestingly, fewer organisations believe that new graduates move to other organisations to enhance their careers in the same or similar roles, than move to different occupations altogether. Overall, 14 per cent of employers felt that they lost graduates to organisations offering similar opportunities. Employers were able to identify a number of reasons for this, such as brighter opportunities either in larger companies, or with employers in London or other large cities. A number believed that new graduates left once their training period was complete, or when they had developed sufficient skills to obtain another position, perhaps in a specialist area. Others considered that new graduates have a desire to build their CVs, and are unwilling to commit to the organisation in the long-term, due to their perception that, *'you have to move around to develop your career'*. Some organisations felt that the situation was not helped by staff within universities. They felt that students were given the impression that they should not stay in their first position for more than three years.

The employers that we interviewed also suggested that graduates in the early years of their careers wanted to move around different employers to broaden their experiences and expand their CVs. This would also correspond well with the literature which suggests that graduate careers take some time to settle down (Connor *et al.*, 1997a).

**Viewpoint**

33 per cent of employers believe *'our competitors poach new graduates once we've trained them'*.

### 3.3 Employer and graduate views

#### Information from employers

Little published data exists about the actual retention rates among the wide range of UK graduate employers, with most focused on larger graduate employers only. Data from the last five years does tell us that an employer can expect to retain around half of their graduate intake over this period (Barber and Perryman, 2000). Retention rates also appear fairly steady, with around half of employers suggesting that rates for new graduates within their organisation have been stable over recent years (Barber and Perryman, 2000). There were some differences by sector, with employers from the services sector making the most gains, whereas employers in the manufacturing, production and industrial sector were slightly less successful. Skill shortages, together with 'hard-to-fill' vacancies, can often result in organisations recruiting staff who have a high risk of leaving, thus adversely affecting retention rates (Barber and Regan, 2000).

#### The views of graduates

Around one in five new graduates leave their first job before spending a year in post (CIPD, 2001). Of those who stay with their employers beyond the first year, 41 per cent intend to leave in the next two years, 34 per cent plan to stay for another two to five years, and 25 per cent indicate that they plan to stay for five years or more. A number of other studies provide data from the perspective of the new graduates (see, for example, Sturges and Guest, 1999). These studies tend to have similar findings, for example:

- Pay is important, but is not the most significant factor in early leaving.
- Dissatisfaction in relation to expectations about their jobs or careers, features more than pay in general.

Graduates often have unrealistic expectations when they start work, especially about the nature of their day-to-day role, their location, and the assistance given by their employer with their career development and management.<sup>1</sup>

The rationale behind the selection of organisations to participate in interviews for this research, was to include those with successful retention strategies. It is perhaps unsurprising therefore, that during the interviews with graduates, no-one admitted that they were currently seeking new employment. In order to discuss graduate views on leaving jobs, we have therefore turned to other data sources. According to the Labour Force Survey on new graduates, amongst those seeking a new job, the most common reasons given for leaving their employer are:

- The pay is unsatisfactory in their present job (22 per cent of those looking).
- They are dissatisfied with some aspect of their employment other than pay, hours, job security, or journey time (19 per cent of those looking).
- Their present job is only a 'fill-in' whilst they are looking for another (18 per cent of those looking).

Another source (CIPD, 2001) cites 'career prospects' as the main reason for graduates leaving their jobs (40 per cent of those who had left a job). Only around a quarter had moved for salary reasons. The data also suggest that there were few differences between the sexes, despite men starting on higher salaries on average. IES research shows that individuals are generally more concerned with the equity of their pay systems than their own individual pay, and often cite pay *post-hoc* as a reason for resignation (Bevan *et al.*, 1997). It is also interesting to note that the graduates we spoke with were more concerned with their career and development opportunities than with their salaries.

During the interviews, when asked them to look to the future, some graduates saw the time when they might need to move organisations or roles to realise their long-term career

---

<sup>1</sup> Most of the studies of graduates focus on those joining larger firms. A useful source of information about a more representative sample of new graduates is Elias *et al.*, 1999.

aspirations. However, a good many, typically those on schemes and/or those with larger employers, were confident that their current employer could offer the sorts of experiences they sought. It was also interesting to learn that even early into their careers, some spoke of being able to achieve the right work/life balance.

### 3.4 The impact of graduate turnover

*This new generation of graduates want to succeed on their own terms and that doesn't always mean a fatter salary. To keep 'Graduate X', employers have to re-think their employment practices – they need to respond to graduates' desire to balance work and personal life and be honest about what graduates can expect from working life.<sup>1</sup>*

Securing and retaining talent in order to meet business needs has become central to, and poses a challenge for, many organisations. The unwanted turnover of new-graduate recruits can affect organisations in various ways.

Employers in our survey believed the main effect for them has been in terms of getting a return on their investment in new-graduate recruits. This is likely to be particularly true for employers who lose graduates immediately after they complete a training programme or qualification. The overall financial viability of the organisation was felt to suffer least impact, as might be expected, as the new recruits are likely to have only limited responsibilities for the first few years. The loss of graduates was felt to have some impact on succession planning, service delivery, and motivation of remaining staff. However, the loss of graduates was not felt to have a *severe* impact on any of the areas investigated (as shown in Figure 3.2), but this could be due to the fact that new graduates represent only a small portion of the total workforce.

#### **Viewpoint**

Graduate recruits are valued highly by most companies. 56 per cent of employers believed that, *'there are some new-graduate recruits that we cannot afford to lose'*.

---

<sup>1</sup> AGR Chief Executive Carl Gilleard, 1999.



**Figure 3.2: Areas where graduate turnover affects organisations**



Source: IES, 2001

The extent of the impact on employers differed by a number of factors, most notably:

- The larger the organisation, the greater the perceived impact of graduate turnover on succession planning, organisational competitiveness and loss of investment in new graduates.
- Smaller organisations were more concerned about the impact of graduate turnover on the delivery of products/services to customers, the effect on the morale and motivation of remaining staff, and the overall financial viability of the organisation.
- Engineering companies tended to perceive a greater impact of all the different factors than other types of employers. They were particularly concerned about the return on their investment in new graduates, and the impact on the delivery of their service to customers.
- Computing and IT companies were most concerned about the impact on the morale and motivation of remaining staff.
- Public services/not-for-profit organisations were particularly concerned about the impact on succession planning.
- Organisations mostly offering formal graduate training schemes felt the greatest impact was in terms of the lack of return on their investment.

The above findings might reflect those employers who plan for the longer term, as opposed to those who may be influenced by,

and more vulnerable to, prevailing market conditions. It is also likely to reflect the different labour markets in which some sectors operate. Organisations with higher retention rates (*ie* less turnover) were less concerned about all the factors than organisations with lower retention rates.

# 4. Keeping the Best

---

## Chapter 4 — Headlines

Organisations use a range of retention measures, and almost all offered graduates some form of technical or professional training.

Overall, planned career progression was seen as the most useful retention strategy.

The most frequently used techniques were not always seen as the most valuable.

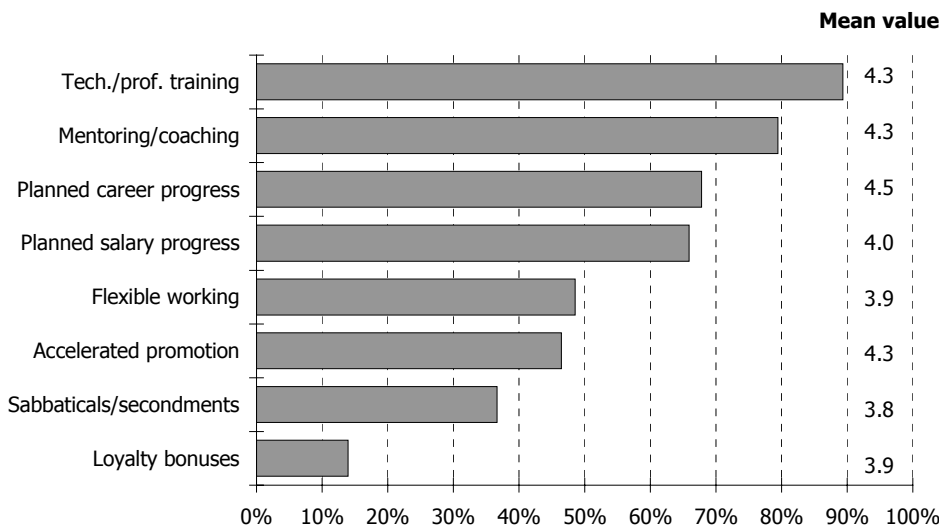
Overall, the larger the employer, the greater the range of measures they tended to use.

## 4.1 How do employers retain graduates?

Employers used a range of measures to reduce turnover and increase retention. Figure 4.1 shows both the percentage of employers who use each technique, and the degree to which employers felt the technique to be a useful one. The most frequently used measure (amongst almost 90 per cent of employers) was some form of technical or professional training. Employers who used this technique also seemed to find it a useful one, as it scored 4.3 out of a possible 5, where 5 indicates 'extremely valuable'.

A range of other measures were employed by over half of the organisations in our sample including: mentoring/coaching, and planned career and/or salary progression. Interestingly, the most frequently used techniques were not always those ranked as the most valuable. For example, whilst employers recognised the value of planned career progression in retention terms (giving it

**Figure 4.1: The use and value of various retention measures**



Source: IES, 2001

a high score of 4.5 on the value scale), around one-third still failed to use this method. We heard repeatedly from managers and graduates we spoke with, that career progression was critical to retaining graduates in the longer term and could, in some circumstances, serve as a proxy for salary increases. An honest dialogue about career opportunities was also viewed as key in managing graduates' future expectations.

**Viewpoint**

Employers believe that they offer graduate recruits stimulating and responsible roles. 79 per cent of employers believe that, *'our new graduates are given interesting and challenging work to do'*. 80 per cent felt that, *'new graduates are given early responsibility here'*.

**4.2 However, employers differ**

There was a strong 'employer-size' effect in terms of techniques used to maximise retention. The use of each of the retention measures increased with increasing numbers of employees. However, there were two exceptions to this. The first of these was the use of loyalty bonuses (19 per cent of smaller employers

used this technique, compared to nine per cent of medium-sized employers, and 11 per cent of the larger employers). This may relate to the more substantial impact that unwanted turnover might have on service delivery amongst smaller firms, and offering such payments might persuade 'waverers' and delay resignation, or 'buy time'.

The second exception was planned salary progression, where around half of the employers in each size band used this strategy. The most marked differential by size of organisation was in relation to sabbaticals/secondments. Only 20 per cent of smaller employers were able to offer this opportunity, compared to 52 per cent and 56 per cent of medium and large employers respectively. Again, this is likely to relate to service delivery and the importance of remaining competitive.

There were also differences in terms of the type of opportunities on offer to graduates, and the techniques used. Over 95 per cent of formal graduate training schemes include some form of technical or professional training, as do professional training schemes. Planned salary and career progression are most common amongst organisations offering professional training places. Generally, employers with less formal recruitment patterns were least likely to use each of the retention measures.

This is likely to reflect more *ad hoc* procedures amongst smaller employers, introduced in response to prevailing market conditions and the nature of their graduate intake. This can, if managed successfully, create a more bespoke approach and possibly builds a different type of relationship with graduates, which again may benefit smaller employers in retention terms. Large employers seem to want the best of both worlds, with processes designed to form a close relationship between the graduate and manager, such as might be formed informally with a smaller employer.

Employers offering the highest starting salaries (*ie* £18k or more) were the most likely to offer a range of measures, including planned career progression, accelerated promotion, and flexible working patterns. This suggests a cluster of companies who are high performing and thus able to pay well, spend more up front, and, over time, to protect their investment. Companies without these resources have fewer opportunities to attract graduates, and therefore need to think through their advantages. Such

advantages include the ability to offer a broad range of experiences across the organisation, rather than expecting immediate specialisation.

## References

---

- Barber L, Regan J (2000), *Graduate Salaries and Vacancies: 2000 Half Yearly Review*, Association of Graduate Recruiters
- Barber L, Perryman S (2000), *Graduate Salaries and Vacancies 2001 Survey*, Association of Graduate Recruiters
- Barber L, Regan J, Papworth R (2002), *July 2002 Graduate Salaries and Vacancies Half Yearly Review*, Association of Graduate Recruiters
- Bevan S, Robinson D, Barber L (1997), *Keeping the Best: a practical guide to retaining key employees*, IES Report 331
- CIPD (2001), *Career Tracking 2001: Graduate Workplace Attitudes*, CIPD
- Connor H, Pollard E (1996), *What Do Graduates Really Do?*, IES Report 308
- Connor H, Burton R, Pearson R, Pollard E, Regan J (1997a), *Making the Right Choice: How students choose universities and colleges*, CVCP (Universities UK), London
- Connor H, La Valle I, Pollard E, Millmore B (1997b), *What Do Graduates Do Next?*, IES Report 343
- Elias P, Knight A (1999), *Moving on:: Graduate Careers Three Years After Graduation*, Higher Education Careers Services Unit, Manchester
- GIEE survey (2000), *Graduates in the Eyes of Employers*, ParkHR, Leeds

- HESA (2001), *First Destinations of Students leaving Higher Education Institutions, 1999/2000, Reference Volume*, Higher Education Statistics Agency
- High Flyers Research Ltd (2002), *The UK Graduate Careers Survey, 2002*
- Perryman S (2002), *Higher Education: the New Status Quo, The IES Annual Graduate Review, 2002 update, part 1*, IES Report 393
- Perryman S, Pearson R (2002), *Graduating for Advantage: the IES Annual Graduate Review, 2002 update, Part 2*, IES Report 393
- Perryman S, Tyers C, Barber L (2001), *The 'War for Talent': Benchmarking New-Graduate Retention*, IES Briefing
- Sturges J, Guest D (1999), *Should I Stay or Should I go? Issues relating to the retention of graduates*, Association of Graduate Recruiters



# Annex: Additional Benchmarking Tables

---

## Calculating retention rates

The following formula (which calculates *unwanted* turnover) was adopted for each recruitment year to calculate retention rates:

$$\text{Retention} = 100 - (X/Y) * 100)^1 \text{ where}$$

$X = \text{voluntary resignations} + \text{performance related dismissals}$

$Y = \text{Recruitment} - \text{business related dismissals}$

The source for all the tables in this Annex is the main survey described in this report (*ie* IES survey, 2001).

**Table A.1: Retention of 1999 intake by industry and size of employer**

	Small		Medium		Large	
	Median	N	Median	N	Median	N
Engineering	88	16	83	14	~	~
Construction, Manuf. and Utilities	100	24	88	28	89	11
Consumer Services ( <i>eg</i> retail, hotels, transport)	~	~	89	13	~	~
Business Services ( <i>eg</i> banking, finance)	75	43	91	23	~	~
Computing & IT	92	25	96	11	~	~
Public Services/not for profit orgs	~	~	~	~	~	~

Notes: ~ fewer than ten organisations, therefore data suppressed to maintain confidentiality

Source: IES, 2001

<sup>1</sup> Tests were conducted in order to ensure that the timing of the 2001 recruitment year had no impact on the findings regarding retention levels for that year.

**Table A.2: Retention of 1999 intake by type of graduate intake and size of employer**

	Small		Medium		Large	
	Median	N	Median	N	Median	N
All/majority to formal, graduate training scheme	100	26	91	60	89	29
All/majority to professional training places	878	20	99	10	~	~
All/majority to jobs reserved for new graduates	94	43	90	13	~	~
Other recruitment patterns	88	18	~	~	~	~

Notes: ~ fewer than ten organisations, therefore data suppressed to maintain confidentiality

Source: IES, 2001

**Table A.3: Retention of 1999 intake by size of intake and size of employer**

	Small		Medium		Large	
	Median	N	Median	N	Median	N
One or two	100	64	100	13	~	~
Three to five	75	41	90	14	83	11
Six to 20	75	17	88	40	93	25
21 or more	~	~	89	29	89	37

Notes: ~ fewer than ten organisations, therefore data suppressed to maintain confidentiality

Source: IES, 2001

**Table A.4: Retention of 1999 intake by starting salary of 1999 intake and size of employer**

	Small		Medium		Large	
	Median	N	Median	N	Median	N
Less than £14k	96	38	~	~	~	~
£14k to £16k	75	21	70	15	~	~
£16k to £18k	100	18	80	27	92	17
£18k plus	100	22	98	32	~	~

Notes: ~ fewer than ten organisations, therefore data suppressed to maintain confidentiality

Source: IES, 2001

**Table A.5: Retention rates for three consecutive intakes by industry (per cent)**

<b>Industry</b>		<b>2000</b>	<b>1999</b>	<b>1998</b>
Engineering	Mean	76.8	77.8	72.9
	Median	95.5	90.3	78.8
	N	26	26	26
Construction, Manufacturing and Utilities	Mean	81.8	83.9	73.0
	Median	99.5	96.3	78.6
	N	47	47	47
Consumer Services (eg retail, catering, transport)	Mean	84.4	77.4	79.2
	Median	94.7	80.0	75.0
	N	23	23	23
Business Services (eg banking, finance)	Mean	87.2	75.2	75.8
	Median	100.0	85.0	87.1
	N	59	59	59
Computing & IT	Mean	80.9	79.1	75.2
	Median	93.8	93.2	90.0
	N	29	29	29
Public Services	Mean	86.1	89.8	85.7
	Median	91.9	97.6	94.7
	N	18	18	18

Source: IES, 2001

**Table A.6: Retention rates for three consecutive intakes by size of employer (per cent)**

<b>Employees</b>		<b>2000</b>	<b>1999</b>	<b>1998</b>
1 to 250	Mean	74.0	73.6	70.7
	Median	83.3	91.7	75.0
	N	85	85	85
251 to 5,000	Mean	90.0	84.1	78.1
	Median	100.0	90.0	82.4
	N	83	83	83
5,000 plus	Mean	90.1	83.5	83.5
	Median	97.7	92.2	88.9
	N	33	33	33

Source: IES, 2001

**Table A.7: Retention rates for three consecutive intakes by size of 1999 intake (per cent)**

		<b>2000</b>	<b>1999</b>	<b>1998</b>
One or two	Mean	73.4	77.2	69.5
	Median	100.0	100.0	100.0
	N	46	46	46
Three to five	Mean	77.0	73.4	73.0
	Median	83.3	75.0	70.0
	N	45	45	45
Six to 20	Mean	89.6	80.8	77.6
	Median	97.3	83.3	80.0
	N	61	61	61
21 or more	Mean	90.2	86.2	82.6
	Median	96.1	92.3	88.9
	N	50	50	50

Source: IES, 2001

**Table A.8: Retention rates for three consecutive intakes by type of intake (per cent)**

		<b>2000</b>	<b>1999</b>	<b>1998</b>
All/majority to formal, graduate training scheme	Mean	89.5	84.4	77.3
	Median	100.0	91.9	83.6
	N	98	98	98
All/majority to professional training places	Mean	91.0	80.4	81.8
	Median	100.0	100.0	97.0
	N	27	27	27
All/majority to jobs reserved for new graduates	Mean	73.4	75.7	68.9
	Median	86.7	88.4	80.0
	N	43	43	43
Other recruitment patterns	Mean	76.9	71.7	76.9
	Median	84.5	80.4	97.5
	N	16	16	16

Source: IES, 2001

**Table A.9: Retention rates for three consecutive intakes by starting salaries 1999 (per cent)**

---

		<b>2000</b>	<b>1999</b>	<b>1998</b>
Less than £14k	Mean	71.9	76.3	79.8
	Median	75.0	75.0	93.9
	N	40	40	40
£14k to £16k	Mean	79.8	73.9	66.5
	Median	88.2	75.0	65.0
	N	31	31	31
£16k to £18k	Mean	87.1	83.5	79.9
	Median	100.0	84.4	83.3
	N	55	55	55
£18k or more	Mean	96.3	91.3	83.5
	Median	100.0	97.8	91.8
	N	52	52	52

---

*Source: IES, 2001*