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Fishing for Talent in a Wider Pool

Trends and Dilemmas in Corporate Graduate Recruitment

Linda Barber
Darcy Hill
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Executive Summary

This research set out to examine how major UK employers are approaching graduate recruitment and selection against a backdrop of their diverse business needs, the wider pool of graduates available and increasing use of the internet for recruitment purposes. In particular, the two key questions were:

- Do approaches to graduate recruitment and selection help major UK employers recruit the right graduates to meet their short- and longer-term business needs?
- Are current practices helping employers to find the talent they need in a wider graduate pool? As a result are they recruiting graduates with more diverse backgrounds?

Corporate centres aim for high potential entrants

Graduate recruitment activity at the corporate centre of large organisations is mostly focused on those graduates entering formal 'schemes' or 'programmes' where the intention is to develop them beyond the short-term and with management in mind. Graduate recruitment with the more short-term focus of filling vacant jobs is handled much more locally.

For the centralised processes, most large organisations take considerable trouble to ensure that their recruitment criteria and selection processes are linked to the purposes for which they are recruiting graduates. The planning horizon, however, is much shorter in terms of both numbers and skills than the timeframe over which return on this investment is sought.

As the purpose is most often to find graduates with leadership potential, the criteria usually focus on clusters of competence seen as critical to leadership:

- Intellectual ability, linked to analytical skills and strategic thinking
- Interpersonal skills, seen as linked both to influencing skills and the future ability to manage and motivate staff
- Drive to achieve results, seen as linked to personal effectiveness. This is about personality and orientation as well as skill.

In general, those involved in corporate recruitment felt that the quality of the graduates they took on was good and met their needs. However, this judgement was sometimes based on feedback of the perceptions of line and senior managers rather than systematic evaluation and monitoring of outcomes.

Employers should strengthen the medium-term tracking (over five to ten years) of the retention and performance of their graduates entrants.

Other graduate opportunities are much less visible

This segmented approach to graduate recruitment in large organisations does not make the diverse opportunities that are available to graduates who are recruited directly at business-unit level sufficiently visible.

This may put off many graduates from approaching organisations which could offer them excellent early career experience. It may also encourage unsuitable applicants – large volumes of them – for high potential schemes, when they would be better applying to the same organisations at a more local level. It may also inhibit the development opportunities for ‘hidden talent’ within organisations

- Employers should explain the full range of employment opportunities on corporate websites and in recruitment literature.
- Universities and employers need to give graduates and students careful and timely advice on which entry routes to major employers are likely to work best for them, and how to access these.
- Employers may need to pay much more attention to the development of graduates who enter jobs at more local levels. There is probably under-used talent in this group.

Selecting for competence: the challenge of screening

Major employers do set out to use a broadly competence-based approach to selection for their graduate schemes. Later stages of selection for graduate schemes or programmes nearly always consist of an assessment centre, designed to test for the competencies being sought.

The biggest challenge comes much earlier, when thousands of online applications are submitted. Screening applicants on prior educational qualifications (eg UCAS points) is quite widespread practice, but this disadvantages students who have come through non-traditional educational routes. Screening by class of degree is also a very crude proxy for competence.

Some large employers recognise that early personal contact with applicants is still vitally important. Some of this can be maintained

through careers fairs, university visits and internships. These activities are likely to be maintained in parallel with online pre-selection processes.

There is a long way to go in refining methods of online screening and early rounds of selection. Areas for improvement include:

- Helping graduates to self-assess both their competence and 'fit' with the employer through better information on the website and self-assessed tests and exercises can give applicants a preview of later stages in the selection process.
- Online testing should be a fair and cost-effective way of doing some of the early stages of selection. The use of personality tests in early screening would not be seen as appropriate by most psychologists. Testing should be geared to the competencies sought and the general cognitive abilities required.

Technical graduates a concern

Central schemes focus mostly on leadership potential yet graduate intakes often have to fill key professional and technical roles in early and mid career. Balancing the short-term technical requirements and longer-term functional leadership needs of the business requires care.

Some organisations, seeking high quality technical graduates, especially scientists and engineers, IT graduates or simply graduates with high levels of numeracy, had serious concerns about supply in the UK. They did not always fill all their vacancies and some saw other parts of the world – sometimes outside Western Europe – as outstripping the UK in both numbers and quality.

- Employers need to be aware that not all excellent technical graduates find the promise of 'leadership' attractive when they are keen to use their technical skills first.
- Selection methods (especially assessment centres) can also disadvantage graduates who are technically inclined at this early career stage.
- Employers should also target strong technical departments, not just highly rated universities, including post-1992 establishments. This may also have the side effect of increasing the diversity of applicants.

Diversity and graduate recruitment

Major employers are responding to the more diverse graduate pool by opening their doors to all graduates through the internet and then letting their selection processes reduce the volume of applications, to determine which graduates they actually take on. They see the issue – at least in corporate recruitment – as 'quality' not diversity.

The graduates selected for corporate schemes are certainly now well balanced by gender, except in some technical disciplines. However, some minority ethnic groups are still often under-represented, as are older graduates.

Some factors which will be important in increasing diversity in future include:

- Equipping graduates in all subjects and in all institutions with the best possible verbal and numerical reasoning skills, including problem analysis and writing. These are the criteria which often select out applicants from less traditional educational and social backgrounds.
- As well as using the internet, employers need to build closer relationships with universities, not only those with high research and teaching ratings, usually the pre-1992 universities, which tend to be less diverse in their student profiles. Other institutions and career services need to be more pro-active in forming closer links with major graduate recruiters.
- Employers who are keen to increase the numbers of ethnic minority and disabled applicants could introduce special activities aimed at having more contact with these groups during the period of degree study. Such practice is currently mostly adopted in the public sector.
- Employers need to adapt graduate intake schemes for older graduates, whose needs for experience and development differ from those of graduates in their twenties.

About the research

This research has been jointly developed and funded, by the Institute for Employment Studies Research Networks and the Council for Industry and Higher Education. Further sponsorship has been provided by: HEFCE, The Sutton Trust and LogicaCMG. The research was overseen by an advisory group of seven, representing project sponsors and case-study organisations, and had four key stages:

1. An audit of 100 graduate employers' websites to inform the research in relation to employer attractiveness and the employment 'offer' from a job seeker's perspective.
2. Interviews with a 40 individuals in ten case-study organisations (seven private and three public sector) with:
 - a senior business leader
 - a senior HR manager
 - an operational manager of graduate recruitment and development
 - a line manager of graduates.

This captured a range of perspectives – strategic and operational viewpoints each from both HR and business management perspectives regarding:

- Why organisations recruit graduates
 - How organisations attract and select graduates
 - Whether graduate entry is effectively aligned with business needs
 - The impact that the changing graduate pool is having on workforce diversity
 - What employers' choices and plans for graduate recruitment are
3. Qualitative data analysis – Each of the 40 interviews in this study were tape recorded, transcribed and analysed using the software package, Atlas.ti. This allowed a rigorous and systematic analysis of all transcripts according to the above stakeholders' four perspectives, between and within organisations.
 4. Reporting and workshops for sponsors, case-study organisations and the advisory group. These took place during the research and before publication of the report.

Barber L, Hill D, Hirsh W, Tyers C (2005), *Fishing for Talent in a Wider Pool: Trends and Dilemmas in Corporate Graduate Recruitment*, IES Report 421

1. Introduction

Recruiting the right graduates in today's complex world is becoming ever more challenging. The needs of employers are more diverse, as graduates are taken into a wider range of jobs, in different ways, within more varied organisations, for both short- and longer-term business reasons. The expansion and widening of higher education (HE) in the UK to meet rising skill needs in the economy and to help provide greater equality of opportunity for individuals, has meant that the numbers of students entering HE institutions continue to rise.¹ Graduate output now numbers over 280,000 (*ie* graduating with a first degree from HE institutions in the UK in 2003-04), an increase of three per cent over 12 months.

Graduates, like employers have become more diverse, in terms of their personal background and demography, aspirations and expectations, prior education and work experience, and the institutions and courses from which they are graduating. However, although there has been such growth and greater diversity, ethnic minority, lower socio-economic and older students in HE are still unevenly spread across the sector, and noticeably clustered at certain universities, mainly the newer (post-1992) universities. Furthermore, ethnic minority graduates continue to be under-represented in graduate intakes of large corporations (Connor *et al*, 2004; see overleaf for full reference).

Technology has been instrumental also in shaping the current graduate recruitment landscape, as corporate websites have become more sophisticated and interactive. Many present a range of information aimed at attracting those graduates who match with their organisation and employment 'offer'. The internet, as well as offering processing efficiencies, can also benefit those employers trying to minimise the risk of selection bias by approaching a wider pool of applicants rather than prioritising a few universities. However, in such a mechanised process and with increasing numbers of applications, from a more diverse graduate pool, setting appropriate, fair and unbiased selection criteria can present further challenges.

¹ HESA/DfES Statistical First Release 82, Jan 2005; HESA, Press Release 83, Jan 2005

The Institute for Employment Studies (IES) has an unrivalled track record in researching and consulting on the graduate labour market and has developed the IES graduate value chain as a tool for developing and evaluating graduate strategy and its linkages (Figure 1.1). This research examines the alignment of organisations' thinking and practices along the chain.

The Council for Industry and Higher Education (CIHE) plays a leading role in developing a shared agenda between academia and industry. It has supported research on the wider graduate recruitment market and developed guidelines, with the EOC, for good practice in recruiting graduates from a wider spectrum of backgrounds.

IES and CIHE share common interests in both national policy and employer practice relating to the selection, recruitment and development of graduates. This research has been jointly developed and funded, by IES Research Networks and CIHE, to investigate whether graduate recruitment and selection is meeting UK business needs. Further sponsorship has been provided by: HEFCE, The Sutton Trust and LogicaCMG. The research builds on earlier work by IES and for CIHE including:

CIHE (2005), *Student Employability Profiles*, CIHE

Connor H, Burton R, Pearson R, Pollard E, Regan J (1999), *Making the Right Choice: How Students Choose Universities and Colleges*, Universities UK

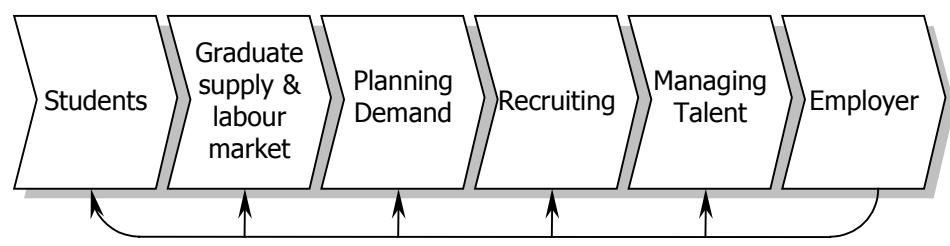
Connor H, Hirsh W, Barber L (2003), *Your Graduates and You: Effective Strategies for Graduate Recruitment and Development*, IES Report 400

Connor H, Tyers C, Modood T, Hillage J (2004), *Why the Difference? A Closer Look at Higher Education Minority Ethnic Students and Graduates*, DfES research report RR552

Pickering V (2005), *The Value of Higher Education: for Students*, CIHE and UCAS

Pollard E, Pearson R, Willison R (2004), *Next Choices: Career Choices Beyond University*, IES Report 405

Figure 1.1: The IES graduate value chain



Source: IES

Purcell K, Morley M, Rowley G (2002), *Recruiting from a Wider Spectrum of Graduates*, CIHE and HEFCE

Purcell K, Hogarth T (1999), *Graduate Opportunities, Social Class and Age: Employers' Recruitment Strategies in the New Graduate Labour Market*, CIHE

Tyers C, Perryman S, Barber L(2003), *Measuring Up: Benchmarking Graduate Retention*, IES Report 401

1.1 Research aims and questions

Key objectives of the research were to determine whether graduate recruitment is meeting UK business needs and if selection practices discriminate graduates from non-traditional, backgrounds. These objectives translated into the following specific research questions:

- Why do organisations recruit graduates?
 - What is the business rationale, in the short and longer term?
 - Where is responsibility for graduate recruitment located?
 - Where do graduates enter the organisation?
- How do organisations attract and select graduates?
 - How do employers attract the applicants they seek, and how important is the employer brand?
 - How good is supply in terms of quality and quantity?
 - What happens at each stage of the selection process?
- Is graduate entry effectively aligned with business needs?
 - How are recruitment criteria and the recruitment and selection process aligned with the short- and longer-term business needs for graduate recruits?
 - Is the process assessed?
 - Who from the business is involved in planning and executing the recruitment approach?
- What impact is the changing graduate pool having on workforce diversity?
 - Are employers seeking to increase workforce diversity?
 - Are graduate recruitment practices tending to increase workforce diversity?
 - Is the increasing diversity of the graduate pool, leading to a natural increase in diversity of those selected?
- What are employers' choices and plans for graduate recruitment?

1.2 Approach

The research had four key stages:

1. To capture a range of perspectives within organisations: strategic and operational viewpoints were sought each from HR and business management perspectives in relation to the research questions. Data was gathered through interviews in ten case-study organisations with people representing these four perspectives:
 - a) a senior business leader (the strategic business overview)
 - b) a senior HR manager (the strategic HR view)
 - c) an operational manager of graduate recruitment and development (the operational HR view)
 - d) a line manager of graduates (the operational business view).
2. Qualitative data analysis: each of the interviews in this study were tape recorded, transcribed and analysed using the software package, Atlas.ti, and form the basis of the findings and quotes reported in the following chapter. Atlas.ti provided a rigorous and systematic analysis of all transcripts according to the above four perspectives between and within organisations (see Appendix 2).
3. A graduate job seekers perspective was sought to inform the research in relation to employer attractiveness and the employment 'offer' through an audit of 100 graduate employers' websites.
4. Reporting and workshops for sponsors, case-study organisations and the advisory group. These took place during the research and before publication of the report.

An advisory group of seven was formed from representatives of those sponsoring the research and case-study organisations. They met twice and also provided input and feedback throughout the life cycle of the project, including the design stage and before the final report was produced.

1.3 Report structure

The remainder of this report is structured as follows:

Chapter 2 – reports the findings from the audit of graduate employers' websites to provide insight from the graduate perspective into attraction of the employment proposition.

Chapter 3 – offers 'pen pictures' of each of the ten participating case studies (three public-sector organisations and seven private)

to provide a sense of the different organisational backgrounds with some factual data about case studies' graduate intakes.

Chapter 4 – reports the findings and themes to emerge from the analysis of the 40 interviews with ten case-study organisations together with quotes to illuminate the commentary.

Chapter 5 – draws together the implications from the research and concludes with key messages for employers and HE.

2. Audit of Recruitment Websites

2.1 Backdrop

Organisations are increasing their use of the internet as a tool to attract and process job applications and many are moving towards a totally online process. This study sought to understand more about how leading organisations attract graduates from the wider pool particularly those from non-traditional backgrounds, including personal backgrounds and demography, prior education and work experience. Today's graduates are coming from an increasingly wide range of backgrounds, for example: the percentage of ethnic minority full-time, first-degree students continues to rise, and over the last year alone rose from 16.8 per cent in 2002-03 to 17.2 per cent in 2003-04, representing an increase of some six per cent in the total number of ethnic minority full-time, first-degree students (HESA,2003-04).

This chapter describes the methods and findings from the audit of recruitment websites that was conducted and made available to sponsors, case-study organisations, the advisory group and to IES/CIHE members as 'work in progress', prior to publication of this main report. The audit adds value to the research by providing a graduate job seeker's perspective of employer attractiveness and the employment 'offer'. The web audit collected data through observation of graduate recruitment websites, by two students, (one undergraduate and one postgraduate) and focused on four general themes:

1. processes
2. offer
3. selection
4. inclusion.

2.2 The sample

'The Times Top 100 Graduate Employers' is compiled and published by High Fliers Research Ltd, who conduct interviews

with graduates on campuses across the United Kingdom¹ about who their ideal graduate employers are. These results are collated, and showcased in a top 100 ranking of graduate employers by their popularity amongst students. The web audit used the most recent rankings at the time of the audit (2003-04), to explore in more depth the qualities and characteristics of those organisations students held in highest regard.² The sample, determined by entry to the Times Top 100 2003-04, includes 85 private-sector organisations, 14 public-sector employers, and only one voluntary body. Furthermore, 81 of the organisations on the list have graduate schemes (the remaining 19 are without, and recruit graduates to specific jobs).³ The complete list of employers in the Times Top 100 2003-04 can be found in Appendix 1.

2.3 Analysis

Analysis of the data collected on each organisation, follows the above four themes (see section 2.1). The data are also presented according to three main variables:

1. graduate scheme, or not
2. sector (private versus public)
3. position within the Top 100, by four categories (into quartiles).⁴

2.4 What is on offer?

Just over four-fifths of the organisations in our audit sample offer graduate schemes (81 per cent). Keeping in mind that these organisations are chosen and voted for by students (see section 2.1), this can be interpreted in two ways. First, that those students have a preference for graduate schemes and so these companies get higher ratings; or second, that those companies with graduate schemes are also more likely to promote themselves amongst students, which would also increase the likelihood of their receiving multiple votes. When the prevalence of schemes is compared by position within the Top 100 rankings, we can see

-
- 1 Around 15,000 final-year students, surveyed and selected at random
 - 2 While many different factors may have influenced finalists' choice of 'best graduate employer', the criteria used in the review have been chosen based on their accessibility for data collection, and relevance to the project as a whole.
 - 3 An organisation's graduate recruitment was designated a scheme if there was a defined development programme, with a specific duration and content (as opposed to acceptance into a specific job role).
 - 4 Companies were ranked by their position in the Top 100, creating a new break variable with four categories: 1 (ranking between one and 25), 2 (ranks between 26 and 50), 3 (ranks between 51 and 75), and 4 (ranks between 76 and 100).

that there is a slightly higher proportion of organisations with graduate schemes in the top half of the list (83 per cent and 88 per cent in the first and second quartiles), than in the bottom half (72 per cent and 80 per cent in the third and fourth quartiles).

Over half (59 per cent) of recruiters, in our sample, do not accept applications from candidates outside the UK and the EU. Employers without graduate schemes, were even less likely to accept non-EU applications. None of the public-sector organisations included in the audit of the Times Top 100 websites accepted such applications. Interestingly, over two-thirds (67 per cent) were offering international opportunities to graduates as part of their overall 'career offer' whilst on the scheme, yet very few in the audit sample were pitching their recruitment offer at overseas graduates, to bring in talent. Companies in our audit of the Top 100 were, typically, offering more than just a development programme. Graduate schemes were promoted as an entry point to a longer-term career for the most part (98 per cent), and promised a permanent position at the end of the organised graduate programme.

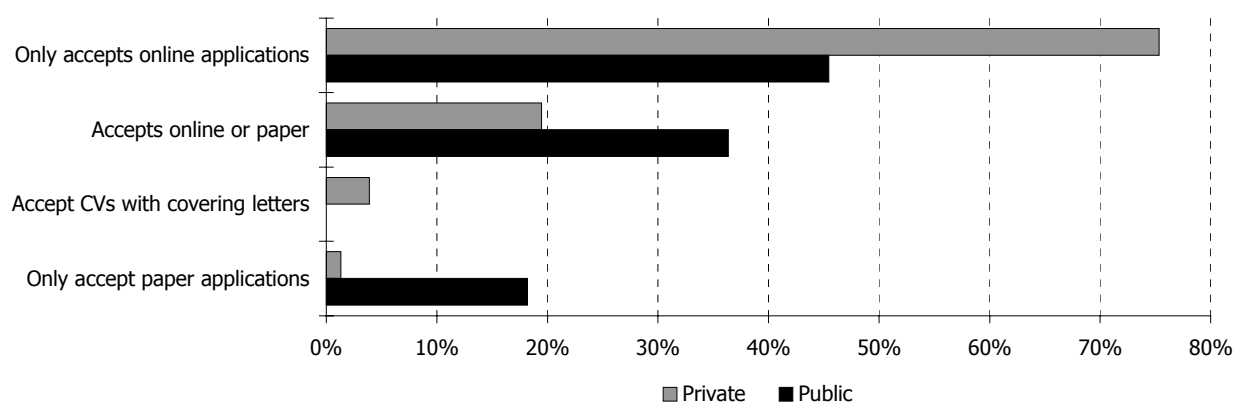
Organisations' approaches to advertising pay online were divided by an almost even split. Fifty-one per cent chose to advertise pay versus 49 per cent who did not. It is interesting to note, information about starting salaries was more immediately apparent for the public-sector employers in the sample than those in the private sector (71 per cent of public versus 47 per cent of private). Also, it was interesting to note those organisations advertising pay details online were more likely to fall within the top two quartiles (58 per cent in the top two quartiles falling to 48 per cent and 38 per cent in the bottom two). This trend, however, may also reflect the fact that the most popular graduate recruiters feel more able to advertise starting salaries without any adverse affect on the quality or volume of applications, as they are already held in very high regard and have a strong brand.

2.5 Online applications and deadlines

Overall, the technical standard of recruitment websites was very high, and websites were very user-friendly (mean score of 4.1 out of 5). Three-quarters of private-sector organisations in the audit only accepted online applications compared with 45 per cent in the public sector. While almost all of the organisations in the Times Top 100 had recruitment websites,¹ not all recruitment processes were restricted to online applications with 25 per cent of organisations accepting alternatives such as printed and posted applications, CVs with covering letters (Figure 2.1).

¹ At the time of data collection, two websites were inaccessible, and/or under construction, which reduced the total number of cases included in the audit from 100 to 98.

Figure 2.1: Is recruitment all online?

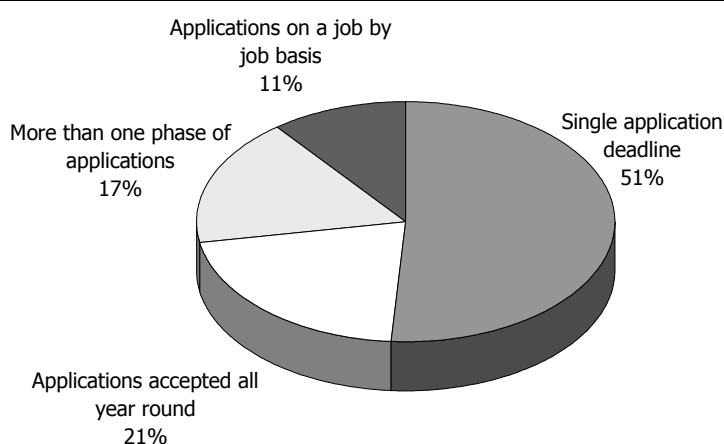


Source: IES web audit of 'Times Top 100 Graduate Employers' (2004)

Figure 2.1 shows only a small proportion of employers (mostly in the public sector) had not introduced online application processes (three per cent), and accepted paper applications only. The vast majority of application forms were competence based (88 per cent),¹ seeking evidence of applicants' skills and behaviours that match those required. However, this was more often the case for organisations with graduate schemes (94 per cent had competence-based application forms) than for those without graduate schemes (64 per cent had competence-based application forms). This is likely to reflect the alignment with other HR processes, competence frameworks or performance management systems.

In terms of application deadlines, (Figure 2.2) just over half of the organisations had a single deadline and cut-off point for the whole year (51 per cent) and again this was significantly more common for organisations with graduate schemes (64 per cent versus five

Figure 2.2: Recruitment cycles



Source: IES web audit of 'Times Top 100 Graduate Employers' (2004)

¹ Application forms were not accessible for public browsing on all sites, which resulted in a large proportion of missing data for this variable.

per cent). However, we cannot be certain that recruitment activities are also restricted to a single point in the year.

Only one in five of the entire sample accepted applications at any point in the year, and this was more likely to be the case in organisations without graduate schemes (47 per cent of those without graduate schemes). Such practice may reflect the organisational need to recruit graduates into specific job roles or functions, possibly for shorter timescales or for the duration of a specific project.

2.6 Selection

Employers in the Times Top 100 specify a wide variety of different entry requirements on their websites, and some selection criteria are only visible to those who actually submit an application. The audit found many different combinations of basic requirements, most of which include degree class, UCAS points or A levels (Table 2.1). Degree subject, and professional qualifications apply to some particular strands of graduate schemes, such as research and development, legal professions, engineering, and other functional or technical work areas.

Degree class is the most dominant initial selection criteria with more than half of employers in the sample using this to perform the preliminary sift of applications (62 per cent). The requirement for this varies between 2:1 and 2:2 (in some cases a 2:2 degree will also need to be accompanied by a minimum number of UCAS points). Degree subject is of slightly less importance than degree class, however subject may also be sought for some elements of the graduate scheme¹ and caution should be taken when interpreting this data.

Use of UCAS points/A levels is a way for employers to further distinguish between growing numbers of good upper class degrees. While these credentials are used less frequently than

Table 2.1: Initial selection criteria used by Times Top 100 Graduate Employers (per cent)

Preference expressed for...	
Degree class	62
Degree subject	54
UCAS points/A levels	41
Professional qualification(s)	19

Source: IES web audit of 'Times Top 100 Graduate Employers', 2004

¹ Employers with multiple schemes and business units sometimes specify subject specific degrees for only parts of their graduate intakes. This statistic includes employers such as these, and therefore

degree class or subject (41 per cent versus 62 per cent and 54 per cent), their use is concentrated amongst employers in the private sector (46 per cent in private versus 14 per cent in the public sector, or 39 organisations in private sector versus two organisations in the public sector). This may run the risk of discriminating against those from non-traditional backgrounds who may have entered HE through different routes, but has particular implications for some ethnic minority groups. Black students are known to be more likely to enter HE without A levels than white, Asian or other ethnic minority groups, entering via access course qualifications – as do many older students without formal qualifications (Connor *et al.*, 2004).

Professional qualifications are required far less frequently, and are also concentrated amongst private-sector employers. Very few organisations requiring professional qualifications are in the top quartile of the Times Top 100 list, which may reflect the nature and size of these employers, in that they are likely to be industry specific (legal, manufacturing and retail) and smaller in size when compared to the top ten organisations.

2.7 Inclusion

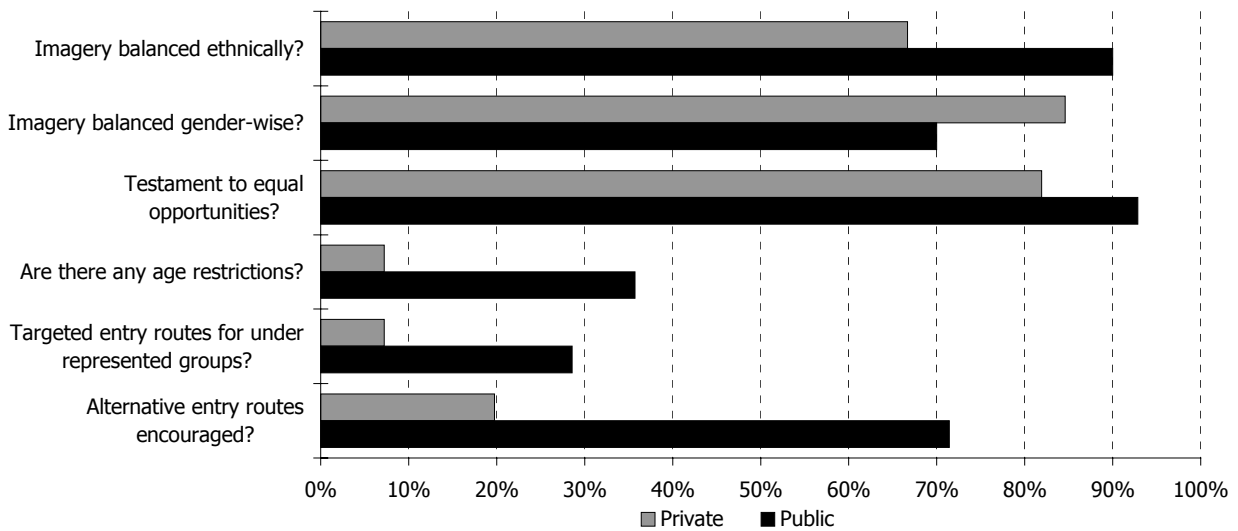
This web audit showed how top graduate recruiters present themselves and their brand to potential applicants online. One of its key objectives was to inform the wider study by showing how graduates from ‘non-traditional’ backgrounds may perceive their opportunities with employers. The following six criteria, that we term ‘inclusion’, were developed, and used, in order to assess how welcoming graduate recruitment websites may appear to those graduates from non-traditional backgrounds.

- Is imagery balanced ethnically (*ie* is there a mix of white and non-white profiles)?
- Is imagery balanced in terms of gender (roughly 50/50)?
- Is there a testament to equal opportunities?
- Are there any age restrictions? ¹
- Are there any targeted entry routes for under-represented groups?
- Are alternative entry requirements encouraged (*ie* work experience, access programmes)?

can not be interpreted conversely to mean that only 46 per cent of employers in the list do not require subject specialities.

¹ Age restrictions are judged to be present if graduates are unable to apply beyond a specified elapsed time after graduation, which implicitly excludes older graduates, despite the possibility that new graduates may also be older.

Figure 2.3: Approaches to inclusion by private and public sectors



Source: IES web audit of 'Times Top 100 Graduate Employers' (2004)

While some of the more cursory inclusion criteria are widely practised, others (which may be seen as more challenging measures) are far less prevalent.

For example:

- The majority of top graduate employers present a balanced mix of gender profiles, equally representing men and women (83 per cent).
- Most organisations in the sample have a balance in their representation of white and non-white ethnic profiles (69 per cent), although less than are balanced for gender.
- Over four-fifths of employers have a testament to equal opportunities on their website (84 per cent overall, and 93 per cent of public-sector employers).
- Very few have specified age restrictions (11 per cent).¹
- Although employers may engage in activities to widen entry, less than one-third of the sample encourages (or accepts) alternative entry requirements (27 per cent) on their websites.
- Considerably fewer employers have created targeted entry routes for under-represented groups (ten per cent) that are promoted on their websites (although this is most likely among public-sector companies).

¹ By proportion, it appears that age restrictions are far more prevalent in the public sector (seven per cent in the private versus 36 per cent in the public sector). However as the sample of private sector employers is considerably larger (85 private organisations versus 14 public), this occurrence should be interpreted with caution.

Where strategic changes have been introduced to improve inclusion, such as through alternative entry requirements and targeted entry routes, this has been far more prevalent in the public sector. Almost four-fifths (71 per cent) of public sector employers in the sample accept alternative entry requirements (compared to 20 per cent in the private sector), and nearly a third (29 per cent) have introduced targeted entry schemes for under-represented groups (versus seven per cent of the private-sector sample). While this difference may not be surprising, it raises the question of what effect different approaches to inclusion (between the private and public sectors) are having on the composition of subsequent graduate intakes.

Other inclusion factors, such as balancing imagery for gender and ethnicity, and the display of an equal opportunities testament were all characteristics more common amongst organisations in the top halves of the rankings. Like the chicken and the egg, this observation raises the question ‘which comes first?’ in the relationship between graduates’ preferences and employer branding. However, by either interpretation, it seems evident that both graduates and employers have embraced these more accessible indicators of an inclusive organisation.

2.8 Summary of the four key themes:

The findings from the audit of websites are summarised below and will be discussed further in the broader context of the research in chapter 5.

2.8.1 Processes

- The majority of top graduate recruiters (75 per cent from the private sector and 45 per cent from the public sector) have streamlined their application processes to be exclusively online, and to have a single deadline each year.
- Many also offer some sort of pre-screening, or self-selection tool, presumably aimed at reducing the volume of applications, and ultimately the costs of recruitment.

2.8.2 Offer

- Most employers (81 per cent) in the Times Top 100 run graduate schemes which are aimed at providing longer-term careers to successful applicants.
- While over two-thirds (67 per cent) include the opportunity to work internationally, very few employers accept applications from applicants without the right to work in the UK, (especially public-sector employers).

- There is an even split between employers in the sample who choose to cite starting salaries (and sometimes projected salaries), and those who did not.

2.8.3 Selection

- Sixty-two per cent of top graduate recruiters continue to seek applications preliminarily according to degree class, 41 per cent use UCAS points/A levels, or some combination of these as a preliminary sift with private-sector employers (46 per cent) more likely than public sector (14 per cent) to use this as a filter.
- Over half (62 per cent) of employers also express preferences for degree subject, while others have requirements for professional qualifications, but these are likely to be sector specific or one of the requirements of a specific scheme.

2.8.4 Inclusion

- Most employers have a balanced portrayal of gender and ethnicity, and also display testaments to equal opportunities on their websites.
- Strategic approaches to inclusion (such as alternative entry routes or targeted entry schemes for under-represented groups) tend to be more visible on public-sector websites.

3. Case Study Pen Pictures

The research sought a range of factual information from the case-study organisations regarding their graduate selection and recruitment practices. This chapter summarises the information for each of the ten participating case studies (seven private and three public sector) to provide a sense of the different organisational backgrounds, together with the factual data about their graduate intakes.

3.1 Civil Service Fast Stream

The Civil Service recruits a minority of its graduates into a high-potential entry stream, which offers a stretching training and development programme with challenging work opportunities. This entry, which has been in operation over many years, is seen as an important source of people for the future who have the ability to reach the most senior leadership roles. Individual departments set their own recruitment numbers and manage the graduates once they have been recruited, and only the attraction and selection process itself is centralised. This central recruitment covers about 300 graduates each year, and additional central recruitment schemes are run for some specialist groups (*eg* economists and statisticians).

The scheme is marketed through various means, including careers fairs and skills workshops, with training schemes to attract ethnic minority and disabled applicants. The criteria for recruitment have been modified over time to reflect changing concepts of leadership, with increased emphasis on interpersonal skills and drive for results. The selection process has recently been revised and modernised to reflect current best practice using online tests including self-assessment designed to help unsuitable applicants screen themselves out. Educational qualifications are part of the eligibility criteria but form no further part of the sifting process. Cognitive and competency tests are taken online and form the initial sift followed by an 'e-tray' exercise which is taken in invigilated regional centres. The final stage of selection is a one-day assessment centre consisting of a policy recommendation exercise, a dynamic group exercise, a briefing exercise and a personal interview.

3.2 Her Majesty's Prison Service

Her Majesty's Prison Service (HMPS) has two main graduate entry points: the first is a fast track scheme and the second involves entry through various professions into specialist roles. However, a more general route through on the job training also tends to recruit graduates as well as people with other levels of qualifications. The fast-track scheme was the focus of the interviews and involves around 20 recruits a year. The scheme is also open to internal candidates with experience within the organisation and last year an additional 15 candidates joined through this route.

The selection process for both internal and graduate candidates is the same. The organisation works with recruitment contractors who produce their advertising campaign and advise on where to market the vacancies. A small number of HE institutions are also targeted, and these are selected because they offer careers fairs and/or because they have a high proportion of ethnic minority students. Application is still a paper-based system although there are plans to move to online recruitment from next year. The application form is based on four core management skills. The next stage consists of some written tests and the final stage is a two-day assessment centre. Last year the organisation recruited fewer graduates than they were seeking because of a shortfall of successful candidates.

3.3 Inland Revenue

The Inland Revenue opened its revised graduate entry programme in September 2004. The organisation offers two main entry routes to UK nationals with a minimum 2:2 honours degree and this year sought some 90 graduates – around 80 to train in senior technical areas and the remaining ten to train and develop into senior managerial roles. Application is fully online followed by a further online workstyle questionnaire, psychometric testing, and a personality questionnaire. Successful candidates then complete a telephone interview.

These early stages are outsourced and the organisation becomes more involved at the final stage, a two-day assessment centre. Here applicants' skills and qualities are assessed to fit with the competencies needed. Competencies are at the heart of the whole assessment process. The programme also invites internal applicants (graduate and non-graduate) to join through the same rigorous assessment and selection process set for the external graduate intake. Up to 20 internships are also available to all penultimate-year, UK-citizen undergraduates. The selection process is exactly the same as for the main graduate recruitment programme. This is because the internships provide a paid eight week structured work placement where the interns undertake real

graduate-level work and have the potential to earn a place on the next full graduate programme intake. Inland Revenue also offers a 'summer training experience' to first-year ethnic minority undergraduates, offering both structured development opportunities and a chance to experience the diversity of the organisation, sometimes at a very senior level.

3.4 LogicaCMG

LogicaCMG mainly recruits graduates with a background in IT. The intake in 2004 was about 230, double the numbers recruited in the previous year. There were approximately 3,000 applications for the roles, of which roughly 20 per cent went through to interview. The application process involves candidates completing a detailed application form, all of which are then hand sifted by the recruitment team. LogicaCMG has considered outsourcing this element of the process, but there are no plans to make the change. The company values the consistency that this internal sifting brings and the quality of the candidates who go on to interview. This in turn results in efficiency savings down the line. Candidates go through an assessment centre, which is moving from a half- to a full-day event next year. The decision to offer a job is normally made on the same day as the centre. The company also offers a relatively small number of industrial placements to students on relevant courses. LogicaCMG works with a number of institutions, attending careers fairs and presentations, and is getting more involved in careers workshops. Targeting of institutions is not systematic, as the company tends to work with the most pro-active, but some geographical targeting has taken place for expanding regions or hard to fill areas.

3.5 Northern Foods

Northern Foods' graduate recruitment scheme offers a fast-track to senior management for around 18 successful candidates per annum. Following a tour of 'selected' universities, and various other attractions and marketing events, the online application process is open to candidates with at least six months' work experience, preferably in the food industry. The online application process begins with applicants registering to the recruitment website. The application is competency based, and includes a psychometric test, and an examination of previous academic and work experience. First-round interviews are conducted around the country, and those who are successful are then invited to attend a one and a half day assessment centre. Managers and site directors all participate in the assessment day, enabling applicants and employers to gain more insight into each other. The whole process (excluding promotion and marketing) spans a period of three to four months from application to job offer. The graduate scheme is also open to existing employees (including non-graduates). The company also runs an undergraduate placement scheme; both of

these initiatives provide a significant proportion of successful applicants to feed into the fast-track graduate programme.

3.6 PricewaterhouseCoopers

PricewaterhouseCoopers recruits graduates into the organisation through a highly developed national recruitment scheme, offering potential recruits a variety of entry routes. As a result of the volume of its recruitment effort, PricewaterhouseCoopers has built and maintained a considerable brand profile amongst the UK graduate population. This has been achieved through strong working partnerships with numerous HE institutions and related student societies. PricewaterhouseCoopers receives on average 12 applications per vacancy and has a dedicated graduate recruitment team consisting of approximately 30 staff. Because of the nature of its business and the necessary professional qualifications, its recruitment process is designed to include an assessment of students' ability to cope with challenging professional exams. The selection process includes an online application form, online psychometric tests, a first interview, and an assessment day, which includes a group exercise, further psychometric tests and a final interview.

PricewaterhouseCoopers has high entrance requirements for its recruits, both those entering after completing A levels and those entering at degree stage. However, it is exploring other indicators that may be more in tune with the current drive towards widening participation. PricewaterhouseCoopers has a history of offering its recruits limited intake dates, in the Autumn of each year, but as the business cycle changes they are reviewing the possibility of offering intakes at different times of the year. They also recruit a significant number of school leavers, although graduates still make up the bulk of their student intakes.

3.7 Royal Bank of Scotland

Royal Bank of Scotland (RBS) is a major international financial institution with a number of well-known financial services brands. The organisation has a well-reputed and long-standing graduate recruitment scheme, which annually takes around 200 graduate recruits into various parts of its business, with an additional 100 positions open to successful internship students. Recruitment is managed centrally, with strong links to each of the businesses that take graduate trainees as part of the scheme. The organisation has a significant marketing and attraction campaign, which is tied into overall branding work, and aims to promote itself as an institution of excellence and 'employer of choice'. RBS invites applicants with an upper-class degree to apply (although some group businesses accept a 2:2) and also looks at UCAS points, with varying requirements by business area. The online application is competence based, followed by numerical and psychometric

testing online. The next stage for successful candidates is a telephone interview, and finally those selected attend an assessment centre, which is conducted with participation of business managers and directors. The development and training programme on offer varies significantly by business area, with more than a dozen different schemes of varying length and content (from one- to three-years long).

3.8 Scottish and Newcastle

Scottish and Newcastle (S&N) is seeking its third intake of graduates this year to join its international graduate programme. Entry requirements include fluency in two languages including English and not needing a permit to work in the UK; however those joining the programme are mainly from overseas. Last year ten non-UK graduates and two UK graduates were recruited onto the programme. A fresh supply of graduates is sought but not typically those who are newly qualified, because the organisation looks for some work experience as well as academic qualifications. The front end of the process is outsourced and successful online applications lead to interviews with local businesses, usually in the graduate's 'home' country. Those who are selected go through to the next stage, a selection event, held in Scotland where the corporate centre is based. Here candidates are closely observed over a two-day period where social competence is a key priority alongside other core competencies that are designed to test for international leaders for the future.

Graduates who join the programme are offered rapid development and exposure to varied business environments and cultures, and they assume high levels of responsibility from the outset. Links with certain UK and non-UK universities are established in order to promote S&N's employment proposition on campuses. Little other marketing happens to promote the employment offer but the international businesses have developed links and relationships with local institutions and offer internships. The programme is only open to graduates and diversity is achieved by recruiting a mix of international graduates into the organisation who all undertake a number of operational work placements in the various international businesses.

3.9 Scottish Power

Scottish Power is a regulated utilities business recruiting graduates into engineering, procurement, human resources, business management and finance. The majority of recruits joining the graduate development programme have studied engineering and continue to progress towards chartered accreditation. These graduates are the focus of this case study. Graduates are typically recruited annually. Last year, 23 graduates joined the programme.

The business looks to recruit engineers and leaders for the longer term and there are four key stages to the recruitment process. First, Scottish Power invites online applications from those who graduated in the last three years with a 2:1 degree. The second stage is online testing and successful candidates proceed to the third stage, a competency-based telephone interview. Those who are successful are invited to forward their CV. Business managers become involved at this final stage – an assessment centre which runs for one day. Sponsorship opportunities are available as bursaries to undergraduates and three-month summer placements are also run in conjunction with universities. The business has recently begun working with secondary schools to promote engineering as a possible career option in the future.

3.10 Shell

Shell is a global energy business, with about 120,000 employees. It recruits high potential graduates through a common global process, operated on a regional basis. Up to 600 graduates are recruited by this means globally of whom up to 90 are in the UK when they apply. Other graduates are recruited locally into specific job vacancies. Over half the central intake are scientists and engineers. It is interesting to note that 40 per cent of graduates recruited in the UK are from other countries and may not work in the UK after they enter the business. Some 90 per cent of applications come through the website which offers the same gateway to graduates all over the world.

Activities engage students at various times in their studies. The company operates close links with selected universities, and in the UK these account for over half the intake. Shell uses external benchmarking processes to see how it compares with other major graduate recruiters. There is no problem overall with numbers of applicants – about 100 for every vacancy – but there are shortages in Europe of technical graduates. As a global company, it will seek technical graduates elsewhere in the world if Europe cannot supply them. Applicants are screened by scoring on specific criteria from the application form. This screening is done by a highly trained internal team. Assessment centres are then run, separately for technical and commercial candidates. Business managers are closely involved in selection. Successful applicants then visit the part of the business they may join to check there is a good fit. This placement process is seen as an important third stage of the recruitment process, following attraction and selection.

4. Findings and Themes from the Case Studies

This chapter describes the findings and themes to emerge from the analysis of forty interviews in ten case-study organisations (seven public and three private sector – see chapter 3) together with quotes to illuminate the findings. It should be remembered that the findings refer to the information volunteered regarding graduate intakes who join corporate schemes or some form of high potential programmes, and are recruited because they are graduates.

It must also be borne in mind that the graduates discussed may not be typical of the graduate population as a whole in labour market opportunities and experiences. Few employers had systems or processes that monitor the large number of graduates who enter their organisations via other routes. They therefore know little about the entry routes for this hidden ‘talent’ population or how many graduates in total they actually employ in any one year.

4.1 Why recruit graduates?

Case-study employers stated that the main reason, and business case, for recruiting graduates was to ensure a fresh supply of intellectual capability for the longer term. This was either to resource a pool for future senior and leadership roles or to provide technical or professional expertise within the organisation, which often involved gaining further professional accreditation.

In the shorter term graduates were viewed as a proxy for individuals who are flexible, motivated, ambitious, agile learners, capable of self-management and more likely than school leavers to be able undertake tasks with minimal supervision. Also, the skills sought for some technical or IT roles, such as programming languages, tend to be taught at HE rather than further education or earlier levels of education.

‘The aim of the central scheme is to continue to get people through the management levels, to eventually reach senior management positions, and also to supplement the skills we already have in the business, so to keep that mixture of skills that we have, of very experienced people, along with fresh talent coming in with new ideas.’

Senior HR manager

'...we need some people that are going to take the first two years pretty much in their stride, doing their exams, getting their basic technical skills right, but we also then want people that are a bit more outgoing, that can manage people, can get out there and sell our business and really wow our clients.'

Operational HR

Unsurprisingly, the corporate centre typically owned the overall responsibility for graduate recruitment of these high potential intakes. However, there was considerable input, involvement and ownership from the business units, streams and line managers regarding the actual numbers required, and at the interview and assessment stage.

*'Basically, all of the business unit leaders are consulted on both the recruitment and the development strategy about what we should be doing, so they have to sign off how many people they want, if it's still appropriate for it to be graduates, are we training them in the right way, what changes need to be made for next year, what do you think is happening round the corner that we need to start training people and preparing them for? All of that is signed off basically by the people who head up the different x's, and the people below them.'*¹

Operational HR manager

Graduates typically join schemes and programmes that operate for around two to three years. These are largely aimed at 'new labour' market entrants. Our case-study organisations are offering graduate employment with development opportunities aimed at the longer term, similarly to those in our web audit (chapter 2).

'...they're an available market, they're looking for jobs, they're receptive to information, they're receptive to the way in which information is presented locally on campus.'

Senior HR

Postgraduate qualifications were occasionally sought for professional roles. Generally a postgraduate qualification was not viewed as an advantage for applicants although it was recognised that postgraduates can add value to some roles.

'It's open to them and we get a lot of people with postgraduate qualifications. I think it's something that certainly people like the economists find valuable because they do a manual sift where they actually look quite strongly at people's academic qualifications but it isn't targeted.'

Operational HR

The costs of graduate recruitment reported varied and it is difficult to present meaningful 'like for like' benchmark data. Some case-study organisations include marketing and attraction costs, others outsource large parts of the front end of their process to providers or the businesses or functions. Others also retain

¹ The letter 'x' is used to anonymise case-study quotations throughout this chapter.

elements of the process in house, including assessment centres, and on-costs such staff time make it even more difficult to quantify yet alone compare.

'...its very difficult...we've looked at this because we did a big benchmarking study with lots of other recruitment recruiters and it's very difficult to compare because people use or don't use a lot of the different parts of the cost model...'

Operational HR

'So a big chunk of my budget goes on marketing... it's between £150,000 and £200,000... We spend a big chunk of money on the assessment centres. That takes time to organise and it takes a lot of staff to run them... So marketing is probably the biggest single chunk of our cash. The next biggest chunk of cash will be on the assessment centres... my overall budget on an annual basis... it's just over a million... that doesn't include direct costs of me and my team or any of the people within the business though...'

Operational HR

Interestingly, when exploring the notion of recruiting graduates for 'the longer term' some extended this to also mean externally, beyond their own organisation. Here graduates were viewed as a longer-term investment for the talent pipeline more widely, either to a particular industry sector and or a specific profession and that the return on their own investment would benefit employers more widely, in the long term.

'...it's also fair to say that we will lose sort of half our x's and many of them will go to other parts of the sector and in that is a part of what we're about.'

Senior HR

For those organisations which are becoming increasingly global, especially outside Europe, the need to recruit UK nationals is becoming less important and the need to recruit graduates who can be deployed internationally and sometimes locally in their country of origin is increasing. The web audit (see chapter 2) also showed that employers were less concerned with bringing talent in from overseas than offering opportunities as part of the career offer. Non-UK nationals who graduate from UK institutions and require work permits may present a barrier when employers are recruiting to work in the UK. However, such graduates interestingly offer a rich supply of talent to those employers seeking to resource their overseas operations.

'...and a lot of people are recruited because they've got good language skills and you end up with a lot of overseas influence, but within the control of the more domestic organisations...'

Line manager

4.2 Attraction

Attraction is a key part of the recruitment process and the internet has the potential for employers to present themselves as an employer of choice. Graduates may be attracted to an employer for a variety of reasons and it should be remembered that their choices may be influenced by prevailing market conditions. For example, public-sector employers often become more popular in times of economic downturn or instabilities such as '9/11'. However, as company websites have become more sophisticated an ever increasing number present the graduate employment offer with other information including: mission statements, social corporate responsibilities, values and policies *etc.* to promote the 'employer brand'. Graduates can (see chapter 2) form a judgement as to which employers are attractive and offer a good fit with their needs and aspirations on the basis of what they see on company web pages. However, employers are careful to portray a realistic picture and not oversell or risk under-delivering on their employment offer.

'...the internet is crucial. It is your shop window, so if you cannot engage with the website... and you engage a candidate within the first 20 to 30 seconds, you're going to lose them...Yes, the website is great, automation is great...So the website is crucial, it's the heart of everything.'

Senior HR

Employers are mindful of presenting a realistic view of their brand and online virtual tours and profiles of recently recruited graduates are frequently available to help graduates understand what the 'offer' looks like in practice.

'So it's very important that there's a link between what people perceive as your brand, the information you present as part of your brand in your recruitment process and actually the working conditions that people encounter when they arrive, they have to be aligned if you're going to retain the very best people.'

Senior HR

'...they are an available target market...it's important that you explain the role...the organisation's proposition and it's important that you explain what advantage the individual could have by joining us, because all recruitment is two-way, it's not just the company benefiting from the hire, the person who is hired will benefit from being part of that company.'

Senior HR

Our case studies did not generally have difficulty in attracting a sufficient number and quality of applicants. However, some seeking graduates to enter technical roles or professions confirms the decline in the graduate pipeline for some roles, such as accountancy or engineering, something that has been well documented. Some reported examples of shortfalls and would reduce the number they recruited rather than compromise on

quality. Another solution to a skills shortage was to attract and recruit non-UK nationals from overseas, with work permits, and bring in the skills in demand.

'I think the issue isn't so much about attracting enough people either... it's about attracting the right quality and how do you do that...it's only when you actually get involved in recruitment and you see them doing some tests that you think well actually these aren't that high level, and you see so many people struggling with them, that that makes you question the education system that supports it.'

Operational HR manager

'We often don't fulfil the bids for the economists or the statisticians. Those are the people that we still have problems getting enough qualified people.'

Operational HR

'Engineering is not attractive, engineering is not what people want to go into so I think we will still have problems. I don't see it getting better.'

Line Manager

Employers also maintain a presence at careers fairs and other promotional activities at 'preferred' universities and adopt a pragmatic approach. They tend to target those institutions that are known to them or have previously produced good graduates or graduates with specialist expertise in demand. Such 'face to face' contact was also viewed an important investment in order to offer graduates a personal view of the organisation and its brand.

'We do things where we send somebody from the business to give presentations on the day in the life of – so they can get a real feel for what it's all about and it's usually someone quite junior – a fairly recent graduate who can say I was sitting in your shoes a year ago; I didn't know what I wanted to do either but this is what I'm doing now.'

Line manager

'Yes, just make sure we've got the right place, we're recruiting from the right places. You can't recruit from everywhere because you'll end up sifting, so let's get people to spend a bit more time finding the places where they should be looking, you want to fish where the fish are.'

Line manager

Graduate recruiters, typically, form relationships with the careers services (including links between overseas institutions and overseas HR/business operations). Some who are keen to secure professionals or technical experts, (such as engineers, IT specialists or accountants), or where the supply of graduates may be scarce also form direct links with university departments where they are known to be strong in the subject areas in demand.

'...for our technical function, and we actually recruit people with a science background preferably, so we do tend to target universities with specific courses.'

Senior HR manager

'...we really feel we have to make people as aware as possible of what we are, because there's a limited number of people out there looking for accountancy opportunities, and we're looking for all of those people.'

Senior HR manager

'...as a visiting tutor... that, for me, was a really good chance to go and talk to 100 graduates and just get a feel for what they're thinking, and talk about, giving them an idea of our careers in IT and what it's going to look like. We spend a lot of time going through careers presentations and the careers fairs and so on.'

HR graduate recruiter

Although less common, there were some examples of senior manager involvement to promote and raise the profile of both the employer and the sector, typically within IT or engineering. Links with schools were also cited as a route to promoting engineering and as a future career option. Work placement opportunities, including sponsorships were common and this was viewed as a longer-term investment for both the employer and the industry.

'We do an awful lot of work with schools because we think it's well worth it because the kids tend to need advice at that stage about what they're going to do, so rather than try and pick them up at university, we want to get to them beforehand to get them really thinking about it before they've even gone to university.'

Senior HR manager

'Through our internship programme some of the people who've been promoted very quickly to partner have come through that...that makes common sense because someone who is in control of what they're doing, has got lots of drive to do that, is more likely to be successful in the longer term.'

Senior HR manager

4.3 Selection

As well as attracting talent, online applications have become the norm with just one case study not yet offering an online option, but planning to do so shortly. Case-study employers believed that online recruitment was beneficial in speeding up the front end of the process, by easing and improving the administration burden.

'So the websites are crucial, 90 per cent of our applications all come through the website on a global basis, so that means huge cost reductions, each application is probably saving 70 per cent on overheads in terms of just processing.'

Senior HR

The web also has the potential to attract a wider range of 'talent' to their organisations and this front-end stage is often outsourced. However, it was considered vital not to risk missing talent as a result of being too focused on processing efficiencies and losing personal contact with applicants.

'...having moved from a very people-intensive approach to harnessing technology...automated at the early stage...how to put the personal contact back... without making the thing labour intensive...'

HR manager

Online pre-screening (including psychometric testing which is also increasingly conducted online) is becoming more common and this is also often outsourced. There is also a growing interest in encouraging applicants to 'self select out' from the information presented or as a result of online testing. One case study relies solely on an online cognitive and scenario-based battery of tests as its first sift and then re-tests successful applicants to ensure they completed the online tests themselves and did not cheat.

Graduate recruiters reported working closely with software providers to ensure the instruments and tests are aligned and tailored to meet their needs, (sometimes under the guidance of in-house psychologists), and to minimise the risk of conflicting or compromising their brand, corporate values or policies. However, others have retained in-house teams dedicated to the selection stage of the process. One organisation had reviewed every single application to avoid losing the personal touch (there had been 6,000 at last recruitment round).

'It's very difficult...to process the information...I was quite keen to do that to ensure we had some consistency...all the candidates that took the time to fill it in, got a fair crack at the whip and got someone to read the CV. It was an investment of time, but I think it was worth it. As a result, people who we've interviewed have been very good, and something close to 50 per cent of our interviews, we've had most of them accept offers. So I think the screening is working very well. It just takes a long time.'

Operational HR manager

'...at the end of the day I think its the personal contact that actually converts a person from someone who's interested in x to somebody who would accept a job off with us...that's why we are trying to make the whole recruitment process slightly more personal...we felt it was turning into a bit of a sausage machine...'

Senior HR

Some concerns were raised about 'pre-screening' interviews being outsourced as it may risk alienating good candidates. It was thought that such graduates often prefer to have direct contact with representatives from within the organisation during the selection stage and to outsource interviews may subsequently risk damaging the employer brand and reputation amongst graduates.

'...one of my concerns about online recruitment as a whole, I know it's a route we need to go down for cost and other reasons, but it is about alienating candidates. It's very impersonal. They get no flavour of what we're like as an organisation.'

Operational HR manager

Selection was usually competence based and, typically, grounded in, and linked to, wider corporate competence frameworks (see 2.2.1) together with a battery of cognitive tests. Entry requirements were very similar to those reported in chapter 2, an upper second class and/or a combination of UCAS points/A levels. However, some had revised their entry requirements and were aiming to widen access by not restricting entry to a 2:1 or had removed the requirement for A level or UCAS points. One organisation had removed all previous educational background as an entry requirement, other than having a degree (see section 4.5 for more on inclusion). Employers look for intellectual ability, analytical and strategic thinking, together with a range of other skills and personal attributes that are becoming increasingly important. These are usually some form of work experience, interpersonal skills that show the potential for leading, influencing and managing people, resilience, motivation, and fluency in two or more languages (for those recruiting to global businesses).

'Our education system doesn't encourage people to speak foreign languages...and I don't think it encourages them to study science and engineering...well, we're going to get a wider choice outside the UK...outside the UK, yes. Yes, I think that's probably right...until we had this conversation it hadn't actually come through quite as broadly as that...I've been asking X why there are so few UK graduates in these two stages.'

Senior operational

'Yeah, I've probably changed my viewpoint in the last few years. I was looking for the guy who had the best degree and had the two laptops. I've since discovered that if you get someone with the wrong attitudes, it's very difficult and expensive to change that person. Attitude, motivation, interpersonal skills, being able to manage themselves, all these things are absolutely vital. If these things are wrong then it can cost me a lot of money to change a person and in the end I may not change him.'

Senior HR

'The emphasis now is being put on work experience...they must have a minimum of six months' significant work experience. It doesn't necessarily have to be in the x industry, but obviously it would be a benefit if it was...'

Senior HR manager

Promoting and protecting the employer brand is viewed as a very important and integral part of attracting talent. One employer was keen not to relax their entry requirements as it was believed high performing graduates look for employers who set high level entry criteria. They believed such talent may be more attracted to their competitors as an employer of choice, who set higher entry level criteria.

'...we have got some other direct competitors and we have to always be quite mindful of what the competitor stance is.'

Operational HR

It is at the assessment and interview stage that representatives from the various businesses (HR, senior and line managers) usually become actively involved with potential recruits and graduates. This is often the first time a candidate has direct contact with a representative from the organisation. Such contact is seen as valuable in providing both employer and candidate with an opportunity to meet and to assess organisational fit beyond the pre-screening activities.

'...we've developed a framework of core management skills which do relate to the work that's being taken at various grades and we've now got the skills that we use during the assessment process and map into those. Why would you recruit people with one set of skills when they're assessed on a different set when they're on the scheme? So, we've now got consistency.'

Senior HR and operational HR

The assessment stage usually lasts between one and two days and seeks out evidence of the range of skills and personal attributes cited above. Some organisations re-test candidates to validate earlier results from their online testing. Female candidates entering engineering and IT roles were considered to often outperform their male counterparts at assessment centre typically in terms of interpersonal and leadership skills.

'Our internal figures bore that out to the extent that less females were doing it but, as a proportion, more were getting through.'

'We've noticed recently a reduction in the proportion of women applying to us and I think I'm right in saying it's at the application level, because once they've applied proportionately they do better through the process than men do.'

HR manager

Interestingly, there were a few concerns that good candidates may be screened out as a result of employers emphasising leadership and that valuable talent that can be developed further may be overlooked. One employer was separating their commercial from technical entrants at the assessment stage, in response to a need to match entrants to meet resourcing needs in the appropriate streams within their business.

'...I think there is too much focus on getting leaders in and not looking at graduates coming in operationally.'

Operational HR

4.4 Alignment with business needs

Those we interviewed were very supportive of their graduate selection and recruitment processes and all had considerable 'buy in' particularly when they had been involved with recent reviews or revisions to the process. Many were also involved at assessment centre stage (see section 4.3) and had a personal or a vested interest

in graduate intakes. Some also undertook external activities to promote and attract graduates to the industry and organisation.

'They truly believe that the graduates are the future of the business so it's great. We have a huge amount of support.'

Line manager

'...the assessors on a x recruitment day are all line managers. Nobody to do with Attraction and Recruitment at all. They're from the businesses.'

Operational HR

Although views were generally positive within organisations it was more common for those interviewed from the public sector than the private sector to volunteer concerns or be more critical regarding ownership and deployment of graduates within the businesses. This may of course reflect the different organisational cultures or overall objectives between sectors.

'There's a strategic level commitment. We need X number of graduates per year to feed the talent pipeline, and they've all got to be of a certain quality. The difficult piece then is getting business managers, who are under much more short-term pressures, to accept that they have to take the graduate and they have to usefully employ them and develop them.'

Senior operational

There was largely a consensus within and between organisations that graduates were valuable assets and aligned well with business needs in the short term. There were some who raised the thorny issue of validation and the difference between performance at assessment centre and performance in the job downstream. Interestingly, graduates were seldom tracked after they had come off corporate programmes or schemes and joined the wider workforce.

'...we've really got to get better at demonstrating the exact value of what we're doing.'

Operational HR

'I think it is successful at delivering people who meet the agreed criteria. I'd like to do more validation of whether the agreed criteria are the correct criteria, but in terms of what they say they want assessed, we get people through and they perform well against those criteria.'

Line manager

Where evaluation of the selection and recruitment process happens it is of varied quality. On-going evaluation was most common and was largely captured via some kind of feedback (formal and informal) from managers, graduates, recruiters and development managers. It was considered largely fit for purpose. This was often from appraisals, 'one to one' meetings, graduate forums or surveys and looped back to the centre to inform or influence the overall graduate strategy.

'What we do is, if they withdraw at any point we send them a questionnaire and we also evaluate at various parts of the process –

it's probably going to be done more progressively now so we catch people at each stage, which it wasn't done so much before.'

Operational HR

'We had a graduate working party in 2003, and that consisted of senior managers from around the business, who gathered and looked at what we actually need from our graduates, and what they felt we were managing to fulfil against those, and what we did is, we actually changed the way that we are recruiting, to fit-in with the recommendations that were made. So we are constantly reviewing what is unique about the business.'

Senior HR manager

The returns on the investment of graduate recruitment were generally considered to be beneficial within and between the case studies, although little hard data to support this belief was forthcoming. Retention and progression rates and achieving professional accreditation were often cited as a measures of the effectiveness or success of graduate recruitment. Although it must be remembered that retention rates or others cited by our case studies may not equate to a 'return on investment' metric.

'We've got the last few intakes and I think there is definitely interest to see how effective our programme is and we need to introduce some form of measurement to see if we are recruiting the right people. If not, why not?...It is almost a starting point really but I think we need to formalise it in years to come.'

Line manager

'I think it's probably safe to say that our systems don't really support a huge amount of analysis at the moment, and the piece of work I did took a huge amount of data gathering.'

Senior manager

There were also examples of the employer brand suffering in the graduate market place and businesses being disadvantaged downstream following a period of time when graduate recruitment had either been frozen or discontinued. Tutors at universities were also considered to have 'long memories' and be powerful in influencing graduates in their 'employer of choice'.

'...we used to have a regular graduate scheme and it got stopped because we were reducing numbers and we suffered from that for a long time...'

Senior operational

'...we were very clear that the last thing you want to do when you are cutting back your workforces is choke off your supply of future talent...x is never going to be our only way that we fill our top jobs and we don't want it to be but it's a very important route for us.'

Senior HR

Although training and development were central to the schemes and programmes, graduates were given considerable responsibility and moved around the businesses or functions into operational roles or projects from the outset. The interpersonal skills and

attributes sought at selection stage (section 5.2.1) were considered to be vital in order that graduates take ownership and the responsibility to navigate their careers in the organisation during their early years.

'Well, it's hard to track them down. You see, they go in here and they do a couple of jobs and then they're off and they move around quickly.'

Operational HR

'...in the first year of their training they do three month placements and we try to give them meaningful tasks to do which expose whether they need support or not.'

Line manager

Support mechanisms were typically offered through a centralised graduate development manager, mentors and other graduate support groups. This support ranged from day-to-day issues to managing career expectations and job moves in the longer term.

'...there's a huge amount of focus on development and integrating the graduates into the business and giving them a lot of support. Everybody has a mentor, everybody has a buddy, everybody has a fantastic training programme; there's a significant amount of money that's invested into the training for them, which they're very appreciative of...we give them a lot of time, we give them a lot of exposure to very senior people.'

Line manager

There were some concerns particularly in relation to support being withdrawn at the end of the scheme or programme for those graduates who continue to be deployed in overseas operations, as they may be less likely to have developed relationships, outside cultural networks and 'know how'.

It was interesting to learn that some graduates who do not get through the final assessment are still viewed as valuable assets. Although they may not join high potential intakes they may be offered employment opportunities in other parts of the business, where they and their skills are in high demand (see section 5.6)

'...we also have a direct appointment scheme and if, at the assessment centre, they are viewed to have particular strengths in some of the competencies for the x but not sufficient across the board to do an x we put them on a list for direct appointments...as they have that extra bit of capability.'

Operational HR

Although drop-out rates whilst on schemes were low, there were some concerns about retention in the longer term, either at the end of the scheme or following profession accreditation. This is typically a pressure point, where graduates are at risk of leaving, as often the support mechanisms enjoyed by graduates do not extend beyond the scheme or programme. Earlier research (Tyers *et al*, 2003) into graduate retention showed most employers were not concerned about their retention rates, particularly during the

first few years and attrition was lower for those graduates on formal schemes than those recruited into other roles. Where concerns were raised it was usually in relation to graduates leaving to join competitors or being lured away by other employers for higher salaries, thus challenging the return on the investment in such graduates. Despite this, some employers considered their brand to be strong and their investment worthwhile. Sometimes, because they offer opportunities to work with state-of-the-art or interesting technology, they also believed that graduates may return to work for them or within the industry, sector or profession.

'...recruitment drives on returning employees coming back...because people discover that the grass isn't always greener...'

Operational HR

There were also a few concerns about some business streams being more successful in retaining talent than others unless succession planning is in place, or other mechanisms to attract and retain talent in the less popular functions or businesses. Striking a good work-life balance was also recognised as influencing churn at the end-of-scheme pressure point.

'...at that stage they were just so overwhelmed by the number of hours they saw ahead of them so they left...having made a commitment to themselves about work-life balance...they were convinced they wouldn't have managed to do that if they stayed with us for the next couple of years...we are now going to press ahead to look was it just volume of hours or was it also other things?'

'So there's a lot of work being done to try and retain those people that we've put a lot of investment into, recognising that we'd much rather keep those than go out to the external market and hire new people.'

Senior HR manager

Although planning for graduates in the longer term underpinned the overall strategic intent, this was subject to continual review in order to ensure that graduates were deployed effectively in the short term, this did not usually extend to the longer term. Earlier IES research also identified a lack of planning for the medium and longer term (Connor *et al*, 2003). Case studies in the current study typically reviewed their planning needs through a continuous dialogue with the centre and the businesses, including international operations (graduate recruiters and those responsible for development, line managers and heads of business units or functions). This dialogue extended beyond the actual numbers required for each intake and covered issues such as what graduates were going to do, where they would be placed, for how long, what development would be available and who would manage and support graduates. Whilst on schemes and programmes, graduates' performance was closely managed and monitored and usually linked to wider HR corporate performance management systems, as were the selection entry criteria (see section 4.3).

'Not in a way that it's going to be part of the memory of the company. It tends to be almost a conversation between people who have a little bit of interest in this subject.'

Line manager

'I think we find it difficult to judge when people are aged 22, what's going to make them successful at the age of 32 or 42, but we are good at judging whether people are going to get through their qualification or not.'

HR manager

Development was also closely monitored to ensure that it was delivered in an appropriate and timely way for the duration of the programme or scheme. For those graduates working towards further qualification or accreditation, the professional standards also provide employers with a structured performance management and development framework, as standards have to be met with milestones achieved and exams passed at certain points. Interestingly, one case-study employer also accepts applications from non-graduates who meet their selection criteria to work towards professional accreditation in order to increase their talent pipe-line.

'...it's not exactly us taking back more control over the development but having a clearer sense of what experience people should have as part of their x development or what the menu should look like.'

Senior HR

'What we do is we keep on looking at the criteria we use for partnership and as that changes as business needs change, we then reflect that in the criteria we're looking at for graduates so that, as I said, we're bringing in people who should be capable of getting through to partner.'

Senior HR manager

Employers are very aware of changes and trends within HE. The widening pool of graduates is generally viewed as an advantage rather than a disadvantage. There were some who felt the more diverse pool offered a source of innovation that can help organisations adapt in their market by bringing in a wider range of skills and abilities. However, the wider pool does present challenges, particularly when handling high volumes of applications. Also despite the widening of the graduate pool the supply of some skills remain scarce as a result of the continuing decline in some subject areas, particularly engineering and other science subjects.

'...because very few people actually do computer sciences...they're mainly combined-type courses nowadays.'

Senior staff manager

'...languages in Britain...people aren't as linguistic in Britain and a lot of people are recruited because they've got good language skills...'

Senior HR

4.5 The employer HE interface

Most employers do not have strategic mechanisms for informing or influencing HE institutions or policy makers about their business needs from graduates. Those that did have such mechanisms relied upon largely informal networks typically through relationships developed with university departments. Professional bodies were seen to offer some a 'voice' and one reported having a dialogue with the DTI.

'We look at things like what investment do we make into that university. We look at the rankings, both on the Times 100 and also with The Guardian, and also the research rankings, in terms of looking at the departments themselves, what are the government rankings? We look at the number of graduates we have recruited from there historically.'

Senior HR

'...the quality of the graduates from a well established university was very poor, extremely poor and noticeably poor. We raised it with the university and it turns out they knew this was the case. It turned out there was some sort of transition coding for x degrees and these people had been of a lower standard than we would expect and their lack of knowledge was astonishing so as a result of that we strengthened the links with that university.'

Line manager

4.6 Diversity

A key objective of the research, (chapter 1), was whether recruitment practices are sifting out applicants from the more diverse supply of graduates from non-traditional backgrounds. The web audit (chapter 2) offers a 'graduate' perspective regarding the selection and recruitment process, the employment offer and 'inclusion' in relation to attraction. The audit showed public sector to be more likely to welcome alternative entry requirements and offer targeted entry routes for those graduates from non-traditional backgrounds, in terms of their personal characteristics, prior education and work experiences, and the institutions and courses from which they graduate. It must be borne in mind that public-sector employers need to respond to current government diversity, policy or other inclusion initiatives in widening their recruitment portal to the non-traditional graduate.

'I think we would probably feel as public sector...saying that we now want a 2:1, would infer that we don't believe that a 2:2 has the value it used to have. I don't think that would be right. Government policy has led to more people arriving at that level of education.'

Senior HR manager

'I think there's a business reason which is if you're not recruiting the best people from every part of the community, you're not recruiting the best

people. Well, you're not, are you? It's a very logical business argument. So why would you want to cut yourself off from different areas?'

Operational HR

'One of the things we brought in for the first time this year is a policy for candidates who don't meet the minimum criteria through exceptional circumstances. People who this policy will help are people who have gone into university through a non-traditional route, because they obviously haven't got UCAS points. So, if they've done an equivalent qualification then they are still allowed through to the process.'

Operational HR

Some employers maintain that selection and recruitment should be based solely upon merit or that diversity is not an issue or concern for them, and that they simply seek to select the most suitable graduate that matches the requirements of the job role. Paradoxically an employer who had removed all personal background, including education, (apart from having a degree) from its selection criteria had not widened its graduate intake to include those from non-traditional backgrounds. Those graduates who were successful shared the same characteristics and similar backgrounds to earlier graduate intakes from traditional backgrounds. Interestingly this employer does not use an application form but relies on a battery of cognitive and scenario tests for applicants to self-assess online, the results of which remain known only to the applicant, although they are re-tested later to exclude the possibility of cheating.

'We don't want diversity to be a business issue. That sounds wrong, but it's actually the right approach, because the reason why diversity isn't a business issue, is because we have a diverse community, we have people who are the very best at what they do doing their very best for us regardless of where they come from or what community they represent. So diversity not being an issue for us means being very successful at recruiting from as diverse a population as possible.'

Senior HR

'Because we get huge numbers of people applying to us it would be easy to say, let's cut down on the effort of interviewing by upping the academics to cut out a whole tranche of people, but the honest truth is that when we compared that to people we have in the firm who are really successful, if we had applied that we would have knocked out a whole of lot of people that we have seen have been a success in the firm, so we would rather make the effort to do more around recruitment and not knock people out because of their academics.'

Senior HR manager

A good number of private-sector organisations have diversity or equal opportunity policies but their diversity agendas are likely to be driven by the business case. Pro-active strategies aimed at attracting graduates from non-traditional backgrounds were often a response to skill shortages or driven by a need to reflect the diversity of their wider workforce or customers, or the supply chain within their own workforce. Also, those organisations with international operations 'diversity' extends much wider. Where it

includes bringing in talent from overseas who may or may not work in the UK sometimes to secure scarce talent or to represent the diversity of their overseas operations within their talent pipeline.

'...each of the business units together with each of the countries undertakes a process called the talent review...looks at the health of the pipeline...where are the gaps in terms of talent...we have people actually on the ground in our core 12 to 15 core talent markets where we go and recruit from...'

Senior HR

Gender is generally much less of a concern to employers, public and private, in relation to diversity, whereas there is a growing interest in disability and age. This was largely in response to government, who are committed to introducing age discrimination legislation before the end of 2006.

'The only one that I can truly impact on is gender because with ethnicity we know that we have a huge problem getting any ethnic mix.'

Senior HR

'Women do better at university and school than a lot of men, so why would you not want to ensure you got your fair share of the most talented of them? The business is quite good about being challenged, as long as you can be factual...these are the really talented people and we want our share of them...'

Senior HR manager

'...with the age discrimination legislation coming in it presents an interesting challenge to us, because typically most people are within a couple of years of having been to university, so most people are aged between 20 and 25 typically. What's going to be interesting is if people start applying in their thirties and forties and things. Quite how that will change the culture in our organisation, we haven't got there yet in terms of our thinking.'

HR manager

Ethnicity, however, is currently the issue that employers are mainly concerned with in relation to diversity. One employer had little difficulty attracting certain ethnic minority groups into IT, particularly Asian. However, they were attracting far fewer applications and recruiting less black, male graduates, this likely reflects the differences between the subjects studied at undergraduate level by the two groups, Asian groups, particularly Indians, are better represented in medicine/dentistry. IT and business studies. Chapter 2 shows that less than one-third of the employers in the web audit sample were explicitly encouraging alternative entry routes to widen access for under-represented groups. However, some of our case-study employers currently adopt special initiatives in order to widen their recruitment portal to attract, select and recruit from the more diverse supply of graduates. Placement schemes or internships are common mechanisms for strategic initiatives to widen access.

'Summer training is an undergraduate scheme aimed at the ethnic minority groups and it's a training development awareness type of programme...how assessment centres work, this is the kind of thing you may encounter if you apply for a job with us and the hope is that we just increase the profile of the x and the interest amongst ethnic groups...they're here for eight weeks in the summer and they get paid the standard rate...'

Senior HR manager

'We've had some success in terms of attracting students with disabilities to us. We have two summer interns who are both registered disabled, who had an amazing summer and who really enjoyed working with us and I think they are both going to accept offers to come back and work with us again.'

Line manager

One employer was also being proactive by targeting younger ethnic minority students. This was not only to promote their employer brand as being attractive, and to encourage a future supply of labour into their industry (see section 4.2) but to also promote the value and benefits of HE in the longer term and raise their thinking, aspirations and confidence for the future.

'We run a Saturday school programme with a group called the x scheme and it's to encourage students from inner cities and ethnic minorities, not just to think about x but to think about going on to higher education.'

Line manager

As well as widening access to attract external applicants some employers (both public and private sector) are widening access and tapping into their 'hidden talent' population by offering opportunities to internal candidates to join their talent pipeline, which some extend to non-graduates with either potential or relevant work experience.

'The very fact that we run the internal competition without the degree requirement at the same time indicates that we accept that it's not exclusively graduates that have got those abilities...their application has to be approved by their line manager and by the x or the head of their group.'

Senior HR and operational HR

'...it's the opportunity to release talent. Someone says I've been in the organisation, I can do this, I don't have a degree but I know I can do this. There's an opportunity for them – or people who have joined us with degrees but not on a graduate programme.'

Senior HR manager

'I think in the past it was basically thought that graduates came in, got the best jobs, got the best projects and progressed through the business. But now they're integrating better into the group of people that they're being put with, with the team leaders so yes, I do believe that it's working better.'

Line manager

5. Conclusions, Implications and Key Messages for Employers and HE

Key objectives of the research were to determine whether graduate recruitment is meeting UK business needs and if selection practices discriminate graduates from non-traditional, backgrounds. This research has examined organisations' graduate selection and recruitment practice, its alignment with business needs and its linkages along the IES graduate value chain (chapter 1). The web audit of organisations' recruitment websites provides additional insight into whether selection practices may discriminate graduates from non-traditional backgrounds. This chapter draws together the implications from the research findings described in the earlier chapters and concludes with a summary of key messages for employers, universities and careers advisors.

5.1 Corporate centres focused on future leaders

This study did not set out to focus solely on those graduates selected as 'high potential' entrants, seen as having the ability to fill senior management roles in the medium to long term. However, in conducting this research via the corporate centres of major employing organisations, it is clear that graduate planning and recruitment is a strongly segmented activity. The audit of corporate graduate recruitment websites, as well as the case-study research, showed that corporate graduate recruitment is mostly focused on those graduates entering 'schemes' or 'programmes' where the intention is to develop them beyond the short-term and with management in mind. Sometimes these schemes are pitched fairly 'wide' and aim at people who can fill a broad raft of professional and managerial work. Sometimes the corporate recruitment is more 'narrow' and focuses only on the top end of this population – graduates seen as filling the most senior jobs over a longer period of time. The many graduates who enter directly into job vacancies are recruited through different processes and by people close to the jobs they fill. This segmented approach has two consequences for this research:

1. The results of this study may be a fair reflection of corporately-managed graduate recruitment processes but

cannot be taken as representative of how more local graduate recruitment in those same organisations addresses business needs and is responding to the increasingly diverse nature of the pool of graduates.

2. Corporate centres do not seem to be collecting much evidence about graduates who enter jobs rather than schemes. They often did not know how many graduates were recruited in total or what proportion of graduate intake was through the central scheme(s), how local attraction and selection was operated and whether such graduates were seen as meeting the business needs for which they were recruited.

5.2 Aligning recruitment with business needs

5.2.1 What are employers looking for?

For the centralised processes investigated, most of the organisations took considerable trouble to ensure that their recruitment criteria were linked to the purpose for which they were recruiting graduates.

As the purpose was most often to find graduates for the longer term with leadership potential, the criteria usually focused on clusters of competence seen as critical to leadership:

- **Intellectual ability**, linked to analytical skills and strategic thinking.
- **Interpersonal skills**, seen as linked both to influencing skills and the future ability to manage and motivate staff.
- **Drive to achieve results**, seen as linked to personal effectiveness.

The third of these is the one which has been strengthened most recently, in response to the emphasis on delivery in the public sector and the continuing drive for higher performance in the private sector. It is about personality and orientation as well as skill.

To these core three criteria, others may be added:

- **Technical skills and knowledge**, where degree subject is relevant to the function or profession the graduate will enter.
- **Interest in the business sector**, for example commercial orientation or commitment to public-sector values.
- **Foreign languages** are sought by some employers.

5.2.2 Do they find graduates to meet their needs?

In general, those involved in corporate recruitment felt that the quality of the graduates they took on was good and met their needs. This assessment was typically informed by performance management systems. However, assessment sometimes happened in an *ad hoc* way and was based on feedback (at times anecdotal) from line managers and from the business, rather than systematic tracking, informing short- rather than longer-term strategy (section 5.2.3).

There are some organisations, seeking high-quality technical graduates, especially scientists and engineers, IT graduates or simply graduates with high levels of numeracy, who had serious concerns about supply in the UK. They did not always fill all their vacancies and some saw other parts of the world – sometimes outside Western Europe – as outstripping the UK in both numbers and quality of applicants. Rather than the UK comparing itself with France and Germany in terms of the quality of its graduate output, it should, in future, be looking more globally, (to areas such as Asia and Northern Europe) at its own trends, especially in the shortage areas of science and engineering.

5.2.3 A lack of tracking

Given the spend on corporate graduate recruitment, it is quite extraordinary that so little effort goes into tracking subsequent retention. This verifies previous IES research (Tyers *et al*, 2003) and performance, particularly when high potential graduates integrate with the wider workforce. Organisations seldom seem to track corporate graduate recruits beyond the two or three years for which the 'scheme' typically lasts. So there is rather a weak feedback loop between the outcomes of graduate recruitment and selection practices and other links within the IES graduate value chain (chapter 1) beyond the short term, paradoxically, even though the strategic intention was to recruit for the longer term.

5.3 Finding the best among large numbers of applicants

5.3.1 The challenge of pre-screening and testing

Over 280,000 students graduated from HE institutions in the UK in 2003-04, an increase of three per cent over 12 months. At the same time the number of students entering HE institutions continues to rise, with over one million students entering their first year of HE in 2003-04 (HESA, 2005). The expansion of HE, combined with internet recruitment, brings some employers huge numbers of applicants – tens of thousands in some of the case-study organisations, and sometimes over a hundred for each vacancy. So the issue for employers is:

- Can graduates who will not meet the criteria, or those who will not enjoy working for the organisation be helped to select themselves out before they apply? Here improved information and self-assessment questionnaires and tests are being used.
- Can online screening processes be found which are easy to apply but also valid and which do not discriminate against candidates by social or educational background? Here the issue is finding valid predictors of success which are easy to collect and score at application stage, or easy to test and score online.

The issue of online screening and initial selection is complex and one which merits further research, to determine the short and longer term value of sifting by academic background in relation to competencies sought and whether such competencies are informed by robust evaluation and reliable data.

5.3.2 And the need to keep a personal touch

Another dilemma is how to balance the cost of more personal contact with potential applicants (*eg* through campus activities) and those who have applied (*eg* through initial interviews) against the benefits this brings in terms of attraction and possibly more subtle initial selection.

Some organisations have brought some parts of the recruitment and selection process back in-house, partly to regain personal contact and also because they found that outsourcing led to some dilution of understanding of what they were looking for.

Activities aimed at students, such as internships, also build personal contact with some likely recruits and have the added advantage of allowing both parties to assess mutual suitability.

5.3.3 And to be quick and efficient

Looking for needles in haystacks is also slow and expensive, and there is much pressure from graduates to speed up the time it takes from application to firm offer. Some of the lovingly hand-crafted processes for assessing application forms were admirable in terms of quality and fairness, but terribly slow and expensive to operate. The pressure for efficiency also makes it easier to operate a clear annual cycle in graduate recruitment, although the business aspiration may be to recruit continuously throughout the year.

5.4 How are employers responding to the increasing diversity of the graduate pool?

Put crudely, most major employers are opening their doors to all graduates through the internet and then letting their selection

processes reduce the volume of applications to determine which graduates they actually take on.

Most of the employers in this study are only concerned about diversity in the sense that they want to be fair and also want to find the best graduates they can, irrespective of their background. However, the audit of websites (chapter 2) demonstrates the risk of sifting by a graduate's earlier academic achievement or background. Forty-one per cent of the audit sample were using UCAS/A levels scores to perform some type of 'first sift'. The public-sector organisations have a stronger and more overt diversity driver and some have additional activities to encourage applicants from ethnic minority groups or with disabilities. International organisations are more likely to be concerned about global diversity than about ethnic diversity within the UK. Gender balance was only an employer issue where subject of degree led to a big imbalance in the available pool (*eg* in engineering).

The real issue from an employer's perspective is 'quality.' There are some tensions about the relationship between the 'quality' agenda of employers and the 'diversity' agenda of HE:

- Corporate selection's focus on high potential leads to the use of some very exacting verbal and numerical cognitive tests. Employers have found that these tests, even when carefully designed and well used, screen out relatively more applicants from ethnic minority groups and with non-traditional educational backgrounds (sections 4.5 and 5.5).
- Employers have no doubt that the quality of students varies considerably by institution and from department to department. They do target some institutions for campus visits and these tend to be those with high research and teaching ratings, which tend to be pre 1992 'older' universities. In general, ethnic minority students are less represented in these institutions than white students and tend to cluster within the metropolitan universities (Connor *et al*, 2004)
- Recruiting older graduates is also challenging. Employers do not think that a graduate in their thirties can be put through exactly the same entry scheme as one in their early twenties. So there is a tension between the desire to find the best and be fair on the one hand, versus the desire to make things easy to manage on the other.

5.5 Employers' future plans and issues

The issues employers were keen to tackle are those implied by the trends and dilemmas summarised above:

- More effective pre-screening, especially via the internet, against the competencies and attributes they are looking for.

- How to attract applicants of suitable quality and orientation and dissuade the others from applying.
- How to respond to legislation outlawing age discrimination in the workplace scheduled to come into force on 1 October 2006.
- How to differentiate their 'organisational brand' in a market where large organisations look increasingly the same from a graduate's perspective and have less direct contact with applicants at the early stages.
- How, without excessive cost, they can track entrants better and get feedback on which aspects of the recruitment and selection process are working.

Areas for future and more in-depth research identified by the project team include:

- How the issues of business alignment and diversity are being experienced in relation to the graduates who enter vacant jobs at local levels in large organisations, rather than those entering corporate schemes.
- How business alignment and diversity are being played out in much smaller organisations.
- The validity and cost-effectiveness of online pre-screening and initial testing prior to interviews.
- How to link graduate recruitment more strongly to workforce planning and to post-entry tracking.
- Whether those graduates who score best in corporate recruitment (especially at assessment centre stage) also do go on to perform the best in their early years (as professionals and junior managers) and in the medium to long term (as business leaders).

5.6 Key messages for employers, universities and careers advisors

The employers in this study were very clear about what they were looking for in the graduates they were recruiting into their centralised graduate entry schemes. They also mostly found graduates (sometimes non-UK nationals) of suitable quality, through recruitment and selection processes which were carefully designed and rigorously applied.

So where, if at all, would we conclude that employers or universities need to look more carefully at their practices?

1. Highlighting the full spread of graduate opportunities

Corporate websites tend to focus on central graduate recruitment schemes but say much less about all the other opportunities for graduates in their business:

- This may encourage unsuitable applicants and large volumes of them for high potential schemes, when they might be better applying to the same organisations at a more local level.
- Universities need to help graduates understand that centralised corporate schemes are usually looking for fairly small numbers of unusually able people.
- Graduates and students need careful and timely advice on which entry routes to major employers are likely to work best for them, and how to access them.
- Employers need to identify and develop all, including 'hidden talent' that may not be visible through corporate systems, to ensure equal opportunities for all.

2. Ensuring breadth and depth of technical intake

Central schemes focus mostly on leadership potential yet graduate intakes often have to fill key professional and technical roles in early and mid career. Balancing the short-term technical requirements and longer-term functional leadership needs of the business requires care.

- Employers need to be aware that not all excellent technical graduates find the promise of 'leadership' attractive when they are keen to use their technical skills first.
- Selection methods (especially assessment centres) can also disadvantage graduates who are technically inclined at this early career stage.
- Employers should also target strong technical departments, not just highly rated universities. This may also have the side effect of increasing the diversity of applicants.

3. Supporting self-selection

The prevalence of web-based recruitment can lead to a lazy approach to recruitment in which many thousands of applicants will be screened out at the first hurdle. It can also lead to the widespread use of rather crude educational proxies for competence (eg 2:1 degree, UCAS points) which may exclude some highly competent applicants.

Employers and applicants would benefit if websites did more to help graduates self-assess against both the culture of the organisation and the competencies which will be selected for by tests and interviews later in the process.

- Self-assessed tests and exercises can give applicants a preview of later stages in the selection process and those who find these tests way beyond their reach, or boring, can then apply elsewhere.

4. Early sifts of applicants

Online testing appears from this research to be a fair and cost-effective way of doing some of the early stages of selection although the use of personality tests in early screening would not be seen as appropriate by most psychologists.

- Testing should be geared to the competencies sought and the general cognitive abilities required.
- The results of self administered tests used to screen out applications should be validated by re-testing candidates 'in-house' to ensure the results are consistent.
- Screening out on prior educational background such as degree class or UCAS points may be attractive in terms of processing efficiencies but needs to be shown to be relevant and 'fit for purpose' plus match what the employer needs from its graduates.

5. Increasing diversity of the applicant pool

Some organisations feel they get too few applicants from ethnic minorities and those with disabilities,

- Positive action by way of vacation experiences, targeted outreach work *etc.* may help with this and act as a future recruitment tool to improve diversity.

Others were addressing issues of age discrimination

- More tailored provision may be needed for older graduate entrants for schemes designed to fit graduates in their twenties.

6. Honing analytical and writing skills

This research indicates that failure -- especially in screening tests and sometimes in interviews -- is associated with a lack of analytical skills (mostly reasoning and some numeracy) and advanced writing skills.

- There is little point in widening the pool of graduate applicants, in terms of type of institution, educational background or demography, if the vast majority of less-traditional applicants then simply fail the early rounds of selection.

- Universities may need to push their students even harder in these areas if they are going to achieve their employability and full potential at work.

7. Differentiation and the personal touch

Some employers still target specific universities as well as using the web as potential applicants often like to get a more personal feel for an organisation. Employers have also been well-served by building relationships with some institutions over the years and by continuing to be present at careers fairs.

- The mechanical model of application and early sifting resulting from internet recruiting, weakens the personal experience and also makes all large employers look much the same.
- Employers need to be considering how they will differentiate themselves in the future graduate market and how their applicants will experience personal contact with the organisation.
- Universities should also be more pro-active in trying to make links with selected employers and encouraging students to take full advantage of internships and other opportunities for work experience which may require additional funding to achieve significant increases.

8. Evaluation and tracking

Several employers in this study were spending millions of pounds on graduate recruitment. By contrast, processes for tracking graduates beyond the first couple of years – to see if they stay and how they progress and perform – are weak.

- Barriers to tracking and evaluation are the frequent turnover of staff in the graduate recruitment function and the lack of clear systems for recording basic data.
- Employers need to validate their selection processes by establishing whether those applicants who are high performers throughout the selection process turn out to be the high performers and 'best' employees.

Appendix 1: Table

Appendix Table 1: List of Times Top 100 Graduate Employers 2003-04

Ranking	Company	Ranking	Company
1	Civil Service	51	QinetiQ
2	Accenture	52	Diageo
3	PricewaterhouseCoopers	53	Lloyds TSB
4	Army	54	Arcadia Group
5	KPMG	55	Royal Navy
6	HSBC	56	Arup
7	BBC	57	Airbus
8	Procter & Gamble	58	Citigroup
9	NHS	59	Local Government Scheme (NGDP)
10	Deloitte & Touche	60	Pfizer
11	Masterfoods	61	Standard Life
12	Unilever	62	John Lewis
13	Ernst & Young	63	Teach First
14	Shell	64	Merrill Lynch
15	BP	65	Freshfields
16	Marks & Spencer	66	Schlumberger
17	Goldman Sachs	67	ABN AMRO
18	Sainsbury's	68	Bain & Co
19	IBM	69	HBOS
20	Aldi	70	Nestlé
21	Ford	71	Norton Rose
22	GlaxoSmithKline	72	Cadbury Schweppes
23	BT	73	Data Connection
24	AstraZeneca	74	Jaguar
25	Barclays Bank	75	MI5: The Security Service
26	BAE Systems	76	British Airways
27	UBS	77	Orange
28	L'Oréal	78	Slaughter and May
29	McDonalds	79	WPP
30	Police Service	80	GCHQ
31	Rolls-Royce	81	Dstl
32	Royal Air Force	82	PA Consulting

Ranking	Company	Ranking	Company
33	Boots	83	Herbert Smith
34	Microsoft	84	ICI
35	Ministry of Defence	85	Lovells
36	Tesco	86	Credit Suisse / First Boston
37	Allen & Overy	87	Grant Thornton
38	Royal Bank of Scotland	88	Virgin
39	Clifford Chance	89	Bank of England
40	ASDA	90	BDO Stoy Howard
41	Eversheds	91	Wragge & Co
42	Morgan Stanley	92	BNFL
43	Exxon Mobil	93	European Commission
44	McKinsey & Company	94	Mercer
45	JPMorgan Chase	95	Oxfam
46	Deutsche Bank	96	Sony
47	Foreign Office	97	Waitrose
48	Linklaters	98	Watson Wyatt Worldwide
49	Reuters	99	Deloitte Consulting
50	Vodafone	100	Defence Logistics Agency

Source: 2003-04 Times Top 100 Graduate Employers

Appendix 2: Qualitative Software

Why use qualitative software?

Using qualitative software rather than traditional analysis methods has a number of advantages. Atlas.ti has the capability to ensure a rigorous and systematic analysis of quite varied qualitative information via a bottom-up, data-driven approach. It allows a systematic exploration of themes and ensures that all the interview data is represented. This process promotes consistency in analysis of large numbers of in-depth interviews by different researchers and reduces the risk of individual researcher bias. It also offers ease of access to quotes within the context of the whole interview.

Competence-based recruitment seeks examples of applicants' skills and behaviours that match the job vacancy and role requirement.