



TALKING ABOUT THEIR GENERATION

Why it's time to start seeing the potential in graduates and stop believing everything you hear

“91% OF BUSINESS LEADERS AND HR DIRECTORS BELIEVE THAT PEOPLE WITH STRONG EMOTIONAL AND SOCIAL SKILLS ADVANCE FURTHER IN THE BUSINESS.”

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“73% OF BUSINESS LEADERS AND HR DIRECTORS BELIEVE THAT LESS THAN 25% OF GRADUATES IN THEIR ORGANIZATION HAVE STRONG EMOTIONAL AND SOCIAL SKILLS.”

TALKING ABOUT THEIR GENERATION

Don't believe everything you hear. Our data shows that the current generation of graduates has just as much potential to perform as their predecessors. You just need to recruit and develop them in the right way.

They're quick to learn, tech-savvy and could be your leaders of the future. What's not to like about new graduates?

According to our research¹, quite a lot. Three-quarters of the business leaders and HR directors we surveyed said that entry-level graduates aren't prepared for the working world. Four-fifths said they struggle to find graduates with the soft skills they need. And 86 percent told us that keeping hold of graduates with those skills is 'a concern'.

Meanwhile, graduates revealed that they're struggling, too. More than 50 percent said they've considered leaving their jobs because they don't fit in. And statistics show that some of them actually do leave: in China and Australia, 17 percent of graduate recruits quit within a year².

But can it really be true that this generation of graduates is less 'work-ready' than previous ones?

To answer that question, we looked at data from Talent Q, specialist in psychometric assessments and now part of Hay Group. And we found that, despite what the media and employers think, today's graduates have just as much potential to succeed as any other generation, both in terms of cognitive ability and soft skills. You just need to recruit and develop them in the right way.

That means measuring the right things when you're hiring, then moving fast to realize and develop your new recruits' potential once they're in your organization.

¹ Source: Hay Group research 2014, *Worth their Weight in Gold*

² Sources: Hay Group 2013 – 2014 China Fresh Graduate Attraction, Motivation and Retention Survey Report, and Graduate Outlook 2013 by Graduate Careers Australia

**“88% OF OF BUSINESS LEADERS
AND HR DIRECTORS DESCRIBE...**

**... ENTRY-LEVEL GRADUATES WITH
EMOTIONAL AND SOCIAL SKILLS AS
‘WORTH THEIR WEIGHT IN GOLD’.”**

MIND THE GAP

So what's behind this gap between perception and reality?

Well, it's not lack of choice. In fast-growing markets, explosions in both population and demand for graduates have pushed up the numbers. In these countries, the problem tends to be a lack of the right skills, rather than a lack of graduates.

It's a different picture in mature markets, where educational standards are high but the war for talent rages on. In some countries, the recovering economy is opening up more roles, but there are often more graduates chasing after them, too – 74.5 for every job in the UK³, for example. Yet some graduate vacancies still remain unfilled. Why?

We think the changing workplace has a big role to play. In our 2014 book, *Leadership 2030*, we identified six 'mega trends' we think will transform the world of work. And they're already transforming what employers expect from graduates.

The trends, which include globalization, individualization and digitization, mean that the graduates entering the workforce now will need to tackle ongoing skills shortages, a less loyal workforce and a rapid pace of change. And, crucially, they'll need to work in organizations that are flatter, less centralized and more flexible than ever before.

All of which calls for super-graduates who can form teams and build rapport quickly in the face of constant change. In other words, graduates with strong emotional and social skills. The same skills business leaders and HR directors told us they're struggling to find.

What are soft skills and why do they matter?

Soft skills, people skills, emotional and social skills: they're all names for that elusive set of qualities that allows people to interact effectively with others. But there's nothing 'soft' about the impact they have on organizations. Studies show that in complex jobs, two-thirds of the difference between an average and a top performer is down to emotional and social skills.⁴ And nine in 10 of the business leaders and HR directors in our survey⁵ said that employees with strong people skills make a bigger commercial impact. No wonder 88 percent of them also described graduates with these skills as 'worth their weight in gold'.

Organizations as diverse as Coca-Cola, China Construction Bank and Ford Motor Company seem to agree: they're all talking about soft skills on their graduate recruitment websites. And with 92 percent of business leaders and HR directors saying that soft skills will be increasingly important as globalization speeds up and organizational structures change, the competition's only going to get hotter.

SPEED IS OF THE ESSENCE

The new world order has had other impacts on what employers want from their bright and shiny new graduates.

Organizations now need to transform and innovate constantly to keep up with their competitors. And that means they need their graduate hires to be up and running on day one, not 12 months (and one very expensive training program) later. Especially if they're worried that their graduates might leave before the end of the process.

This has resulted in two key trends. One is that employers expect graduates to arrive with a CV of previous work experience. In other words, to get a job, they need a job. But because graduates like these can be hard to find, we're seeing more and more employers either trying other routes, such as offering apprenticeships, industrial placements or internships, or weeding out graduates without work experience at interview stage by asking them to demonstrate how they've used soft skills in a work environment.

The other trend is that, having recruited graduates for their academic record, organizations tend to focus their on-boarding efforts on developing the technical skills graduates need to do a good job – not the soft skills that will help them do a great one.

But is it really realistic or fair to expect new graduates to have work experience, especially if many of the ways of gaining it attract little or no pay? And once you've hired your graduates, is it realistic or fair to expect them to start applying emotional and social skills in the workplace, if you haven't helped them to develop these through your on-boarding program?

“85% OF BUSINESS LEADERS AND HR DIRECTORS BELIEVE THAT EMOTIONAL AND SOCIAL SKILLS, NOT TECHNICAL SKILLS, ARE THE REAL DIFFERENTIATOR.”

⁴Source: Daniel Goleman 1998

⁵Source: Hay Group research 2014, Worth their Weight in Gold

THE ROOT OF THE PROBLEM: RECRUITMENT

So we know that employers want graduates who can hit the ground running and use soft skills to perform above ‘the norm’.

And we know that they think new graduates are falling short. But we think it's not the graduates that are the problem – it's the trends we've just talked about, plus some other issues we see in the way organizations go about recruiting graduates.

Hiring new graduates is about trying to identify someone's potential to perform in a job they've never done before. And that's a huge challenge. On top of that, online applications have helped to create a big upsurge in the numbers of applications employers receive.

Faced with such intimidating volumes, it's natural to want to narrow the field quickly. But often, we see organizations use arbitrary measures to do this.

A common example is using degree classification or university attended to decide

who to take to the next, more expensive stage, despite the fact that ability assessments are much better predictors of someone's ability to do the job. Even when organizations use assessments, they sometimes use the results to cream off the very top performers and discount the rest – many of whom could, in combination with the right soft skills, have been strong candidates.

Then there's the way organizations treat candidates during the recruitment process – both the ones they hire and the ones they don't. According to Talent Q research⁶, the four biggest bugbears among graduate candidates are:

- 1 lack of communication and feedback
- 2 long, drawn-out application processes
- 3 the way that interviews are conducted
- 4 discovering the job's different from what was advertised.

WHAT THESE TRENDS CAN MEAN FOR ORGANIZATIONS

So what happens when organizations look for and measure the wrong things in graduates, and don't develop the right ones?

One possible outcome is that they end up with unfilled vacancies because they can't find what they're looking for. Another is that they manage to select graduates, but then aren't impressed by how they perform.

But if organizations don't assess candidates for the right things, or support them in developing soft skills in the workplace, they can't really expect stellar performance. And they might have to deal with some unpleasant consequences. In our survey⁷, 85 percent of business leaders and HR directors said that graduates who don't develop people skills create toxic team environments, while 53 percent of graduates said they've considered leaving their job because they 'didn't fit in'. Likewise, graduates who arrive to find the job isn't what they expected may not hang around for long, or feel and behave positively while they're there.

All of which can leave organizations with a big hole in their finances thanks to lost productivity and, if graduates leave soon after arriving, lost investment in recruitment. (In the UK, employers spend around £2,007 per graduate vacancy on marketing alone – that's over £200,000 for a company hiring 100 graduates⁸.) And it can leave them with gaps in the pipeline of people who could fill roles higher up in the organization.

Finally, let's not forget the impact graduates can have on an organization's employer brand, especially if they've had a poor candidate experience and decide to complain about it on social media. That could lead to fewer applications for their graduate roles in the future, and ultimately fewer customers for their brand.

“85% OF BUSINESS LEADERS AND HR DIRECTORS SAID THAT GRADUATES WHO DON'T DEVELOP PEOPLE SKILLS CREATE TOXIC TEAM ENVIRONMENTS.”

⁷ Source: Hay Group research 2014, Worth their Weight in Gold

⁸ Source: The AGR Graduate Recruitment Survey 2015 Winter Review

A PROBLEM OF PERCEPTION, NOT REALITY: WHAT OUR DATA SAYS

Think it's the graduates that aren't good enough, not the processes being used to hire or develop them? Think again.

We looked at global data from the thousands of applicants who've completed Talent Q's ability and personality assessments.⁹ Then we mapped the data from our personality assessments against the emotional and social skills we know drive outstanding performance – self-awareness, self-control, empathy, influence and teamwork – and compared graduates with senior managers. And we compared ability levels among senior managers and graduates, then looked at differences across China, the UK and Russia.

Finally, we looked at data from three sources – our employee survey database, our Best Companies for Leadership survey and our Organizational Climate survey – to see if we could find any substantial differences between the generations in the workplace. Here's what we found.

Graduates have just as much 'cognitive horse power' as senior managers

Both graduates and senior managers score highly in verbal and numerical ability, but graduates score higher in logical reasoning. We could hypothesize for hours about why this might be, but the main thing to take away is that this generation of graduates has the intellectual ability to do a good job.

“88% OF BUSINESS LEADERS AND HR DIRECTORS BELIEVE THAT A TALENT POOL WITH STRONG PEOPLE SKILLS WILL BE ESSENTIAL TO STAY AHEAD.”

“BUT 70% OF GRADUATES THINK THAT TECHNICAL SKILLS ARE MORE IMPORTANT.”

DIFFERENCES BETWEEN GRADUATES AND SENIOR MANAGERS IN ABILITY ASSESSMENTS

 GRADUATES  SENIOR MANAGERS



Both graduates and senior managers score highly in numerical ability



Both graduates and senior managers score highly in verbal ability



Graduates show higher levels of logical reasoning

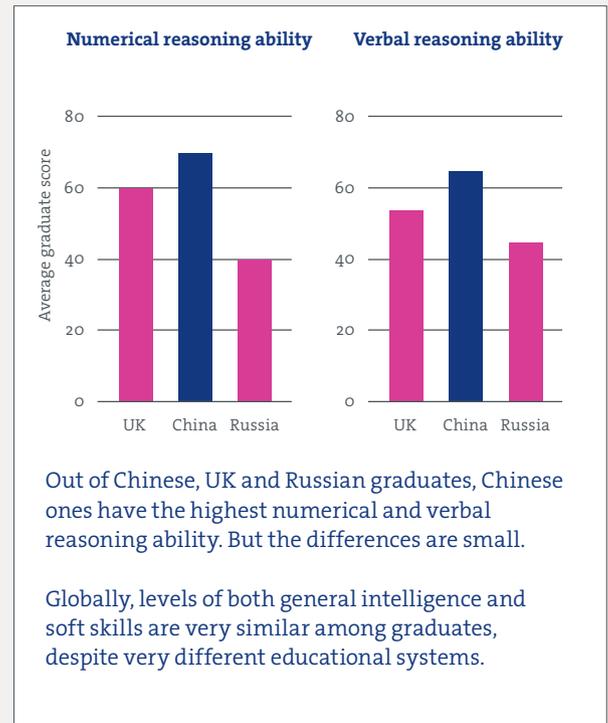
SOFT SKILLS: HOW GRADUATES FARE COMPARED WITH SENIOR MANAGERS



Graduates compare favorably with senior managers when it comes to soft skills

Contrary to what the business leaders and HR directors in our survey might think, and certainly what the media would have us believe, our data shows that graduates today aren't different in terms of their potential for soft skills compared to senior managers. In fact, they have just as much potential for self-awareness, self-control and teamwork as senior managers, and more potential for empathy. The only area where graduates score slightly lower is in potential for influence. But we could hypothesize that part of the reason why senior managers reach those positions is because they're good at influencing.

COGNITIVE HORSE POWER AROUND THE WORLD



Career stage, not generation, defines what you value most at work

Our generational research¹⁰ showed that people value highly what matters most at their particular career stage. This helps to explain why, in our survey¹¹, 88 percent of business leaders and HR directors said that a talent pool with strong people skills will be essential to stay ahead, while 70 percent of graduates believed that technical skills are more important.

All of this data backs up our belief that the current crop of graduates has just as much potential as other generations to succeed.

It's the perception that's wrong, not the reality.

¹⁰ Source: Tania Lennon, Managing a Multigenerational Workforce, Hay Group 2015

¹¹ Source: Hay Group research 2014, Worth their Weight in Gold

7 WAYS TO FIND, DEVELOP AND KEEP THE RIGHT GRADUATES FOR YOUR ORGANIZATION

When you're hiring

- 1** We know that ability assessment is one of the best predictors of a candidate's ability to do the job, and no wonder: while a degree is only a measure of what someone knows about a particular topic, ability tests measure how well they can work with numbers, interpret verbal information and solve problems. Once you've got the results, though, don't be tempted to limit yourself to the top 1 percent. Instead, widen the net to include all candidates with enough ability to do the job.
- 2** Next, use personality assessments early on in the process, to look at the potential those candidates have to develop the people skills you need. This will not only tell you if they'll be able to work with others, make decisions and take risks, but it'll also give you information you can use in an interview or watch out for in an assessment centre. For example, scoring very highly on influence could present a risk in certain roles.
- 3** Be as clear and honest as you can about exactly what the job entails, and consider using situational judgement tests (which present candidates with hypothetical situations they might encounter in a job) or realistic job previews to help you manage expectations. This will discourage applicants who aren't a good fit from applying and encourage those who are.
- 4** Keep your recruitment process as slick, efficient and professional as you can. And always give feedback (many assessments do this automatically). A new graduate isn't going to speak highly of your organization if the hours they spend labouring over an application are met with a deafening silence, or if they feel you let them down bluntly rather than gently.

You've selected the right graduates – now what?

- 5** Take a fresh look at the balance of your on-boarding program. Are you putting equal weight on developing both what you want them to do (the technical content of their job) and how you want them to do it (the behaviors you want them to use)? Remember, it's the 'how' that differentiates an average performer from a top one – whether you want your graduate hires to be your leaders of tomorrow or your specialists of today.
- 6** Think about how best to equip your new graduates with the knowledge they need to do the job – fast. That might mean cutting back on your on-boarding programs in favour of technology-based, 'just in time' learning: giving them access to the information they need, when they need it. This plays to millennials' strengths – their ability to self-direct and to use 'hyperlearning' to sift through huge amounts of information, when and how they want to. It also reflects the 70/20/10 principle, which says that people tend to get 70 percent of their learning from doing the job, 20 percent from colleagues and just 10 percent from formal, classroom teaching.
- 7** Use the same technology they do to help them learn. For young people, being without their mobile phone is like losing a limb.¹² So make use of this fact, and use technology that will teach them core skills – like how to work well with colleagues – by putting them in a 'game' environment. Not only does this kind of mobile learning mimic the way millennials consume information, but it also appeals to the achievement motive, so can become highly addictive. It's cost-effective, too.

THE LAST WORD

By following our advice, you'll be well on the way to finding, developing and keeping the best new graduates for your organization.

But before you put it into practice, remember one thing: you aren't the only one with high expectations. Generation Y graduates arrive with them, too. Yet in our research¹³, they came out as the least positive generation about the actual experience of work.

If you can support this unique group of people by helping them to adjust to and navigate the workplace, you'll be more likely to meet or even exceed their expectations – and they'll be more likely to meet or exceed yours.

“YOU AREN'T THE ONLY ONE WITH HIGH EXPECTATIONS. GENERATION Y GRADUATES ARRIVE WITH THEM, TOO.”

A TALE OF FIVE MARKETS



**JENNIFER SALPIETRO,
HAY GROUP US**

“ In the US, student debt is now over \$1 trillion and employers are asking for ever-higher academic qualifications – graduate degrees and MBAs – that contribute to that debt. It creates a difficult dynamic for new graduates, especially as they struggle to find entry-level jobs. When they do find jobs, they want to progress quickly.

Employers see new graduates as bright and keen to learn, but they also worry about how to keep them interested when they can't afford to offer them training. What we tell clients is that actually, graduates aren't looking for anything different from anyone else. They want opportunities to grow and they want good leadership. They just ask for it louder, more often and earlier in their careers. ”

¹³ Source: Tania Lennon, Managing a Multigenerational Workforce, Hay Group 2015

“ Campus programs are the focus of most Chinese employers’ graduate recruitment, taking up a huge amount of time and effort. Usually, a recruiter gives a speech in selected universities and graduates can submit their CVs straight afterwards, for immediate screening. Psychometric tests may then come into play, especially when it comes to large-volume screening.

Employers are also looking for soft skills and we’re seeing more employers using mobile channels to communicate and interact with their graduates. But we also observe that more candidates voluntarily quit the process, even after getting the job offer. To sum up, despite all their efforts, employers face challenges in attracting the attention, maintaining the interest and reducing the turnover of graduates. ”



**VANESSA CEN,
HAY GROUP CHINA**



**LUCY BEAUMONT,
TALENT Q UK**

“ We’ve got enough graduates to fill our vacancies; the issue is that employers think they aren’t good enough. That’s partly because of the issues in this article, but also because graduates are leaving university with more debt than ever before – which creates a pressure to get a job, any job. So not only are recruiters getting more applications, but standards are dropping too, thanks to applications from desperate job-hunters.

On the plus side, employers are switching on to the fact that if they’re fair, objective and efficient in their dealings with candidates, they can protect their employer and consumer brands from damage on social media, and identify graduates with the potential to be successful. ”

“ Graduates are in high demand in the countries of the Gulf Cooperation Council (GCC) because of the region’s focus on nationalizing its workforce. This has led to a battle on pay to attract graduates, but there’s a also a challenge to keep them; graduates tend to change jobs before they’ve become effective team players or understood the work culture.

Employers want soft skills, but despite significant emphasis on training in the last few years, the focus has been on core technical skills. To keep their graduates, they need to recognise the link between soft skills and career progression. ”



**WENDELL D’CUNHA,
HAY GROUP
MIDDLE EAST**



**MATT CHAPLIN,
HAY GROUP
AUSTRALIA**

“ Australia’s unemployment rate is at its highest in 13 years, and the number of graduates still looking for a job four months after graduation is at an all-time high, too. This presents a big challenge to our clients – how to find the best graduates for their organization in an efficient yet engaging way. But interestingly, only 43 percent of them say they use personality assessments to do this.

Employers want graduates with great team working and communication skills, who have enough initiative coupled with high personal drive to contribute on day one. And, more than ever, they’re looking for relevant work experience. ”

WHAT OUR CLIENTS SAY

“ WE’VE BEEN ADVISING OUR MANAGERS TO HIRE FOR POTENTIAL. THAT MEANS THINKING ABOUT WHAT THE ROLES MIGHT LOOK LIKE IN THREE YEARS AND THE BEHAVIOR THEY’LL REQUIRE. FOR GRADUATES TO GET TO THAT POINT, THEY’LL NEED THE AGILITY AND ADAPTABILITY TO DEAL WITH CHANGE, THE FLEXIBILITY TO MOVE TO OUR OTHER BUSINESSES OR LOCATIONS AND THE CREATIVE THINKING TO BOTH QUESTION THE CURRENT STATUS AND BRING SOLUTIONS.”

Elaine Rooney, organization development manager, Fexco (www.fexco.com)

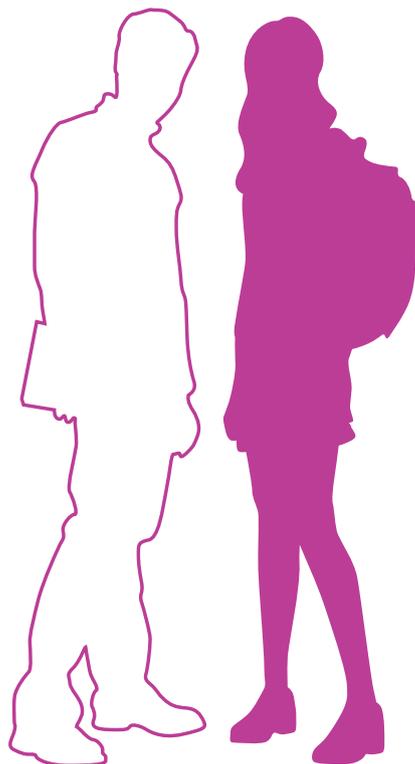
“ THE REPORTS WE GET FROM OUR PERSONALITY ASSESSMENTS ARE REALLY HELPING US THINK ABOUT HOW TO BE BETTER INTERVIEWERS. WE’RE SPENDING THE TIME MORE WISELY ON HOW THE CANDIDATES’ PREFERENCES COULD PLAY OUT ON THE JOB.”

Graduate hiring manager, a large grocer

About the Talent Q research

In January 2015, we conducted data analysis on Talent Q personality and ability assessments collected over the previous five years. The analysis compared 26,542 graduates with 16,212 senior managers.

The data was comprised of graduates and senior managers from around the world and across sectors/industries including: Financial services, Engineering, Retail, IT & Telecoms and Sales.



HOW WE CAN HELP

By following our advice, you'll be well on the way to finding, developing and keeping the best new graduates for your organization.

Together, we can make a positive impact on your business by helping you to recruit, assess, develop and engage your people at all levels.

Our graduate recruitment solutions:

Using innovative assessments to identify and select the best graduates.

From attracting the best applicants and screening candidates quickly and objectively, to matching the right people to the right role and delivering a positive candidate experience, our Talent Q solutions can help you find and recruit the best people from a large pool of graduates.

Our graduate development solution:

Using an innovative app to help your graduates master the emotional and social skills they need to excel at work.

Our new Journey app is a powerful app that shapes your graduates into team players. Using gamification techniques to create an enjoyable and inspiring learning experience, Journey helps your new graduate hires to develop five of the core skills that drive outstanding performance: self-awareness, self-control, empathy, influence and teamwork. And within just four months, they learn how they can make a more positive impact at your organization.

Journey is part of Hay Group Activate, our innovative suite of business apps to help your people make better decisions.

IF YOU'D LIKE TO KNOW MORE ABOUT HOW WE CAN HELP YOU FIND, RECRUIT AND DEVELOP THE RIGHT CANDIDATES PLEASE VISIT:

web.haygroup.com/the-graduate-journey

About Hay Group and Talent Q:

In April 2014, psychometric assessment specialist, Talent Q became part of Hay Group, a global management consultancy.

Hay Group has been helping organizations to make strategy happen through their people for over 70 years. We employ over 3,000 people in 87 offices across 49 countries. Our clients are from the private, public and not-for-profit sectors across every major industry.

Talent Q designs and delivers online psychometric assessments, training and consultancy, to help organizations make better, more informed decisions about their people. With a passion for innovation and a practical approach to solving talent management challenges for clients, Talent Q has been first to market with a number of new initiatives and approaches in the assessment industry.

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