

# Talking about their generation.

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



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.

Graduates are quick to learn, tech-savvy, and could be your leaders of the future. And in today's war for talent, competition for them has never been fiercer. However, organizations are looking for more than qualifications and critical thinking. As skills (particularly soft skills) become vital differentiators, employers are having to widen their talent pools in order to find them.

Yet our research<sup>1</sup> shows that employers have serious concerns about the attitude and abilities of today's graduates.

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 required. And 86% told us that keeping hold of graduates with those skills is "a concern."

Meanwhile, graduates revealed that they're struggling, too. More than 50% 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% of graduate recruits quit within a year.<sup>2,12</sup>

Getting graduate recruitment wrong can be costly. It can result in reduced business efficiency, competitiveness, and profitability. As a result, business leaders are under pressure as never before to ensure they find and retain the right candidates.

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

To answer that, our research has also analyzed data gained from ability assessment interviews with more than 40,000 graduate millennials and senior managers. And we've 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. They just need to be recruited and developed in the right way in order to tap their potential.

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



## Did you know?

### Millennials will make up 75%<sup>3</sup> of the workforce by 2025.

Baby boomers are retiring and Gen Xers are over halfway through their careers.

Yet while many organizations embrace an intergenerational workforce, a clear generational shift is happening as more and more millennials make up the working population.

As the demographics of the workforce change, millennials will soon be the dominant generation in less than a decade.

However, if employers are to successfully compete for graduate talent, then understanding the millennial mindset—and what graduates want and need from the world of work—is vital.

### By the numbers: What employers believe.

Employers have a number of perceptions about graduates:

- 91% of business leaders and HR directors believe that those who possess soft skills are the future of their organization...but 80% struggle to find graduates who have them.
- 88% of business leaders and HR directors describe entry-level graduates with emotional and social skills as "worth their weight in gold"... but 73% believe that fewer than one-quarter of the graduates they employ possess these skills.
- Meanwhile, 85% of business leaders and HR directors believe that soft skills—not just technical skills—will be vital for competitive differentiation.

Do today's graduates really lack soft skills? Are they really less competent than previous generations?

Our research strongly suggests that they aren't, and that holding such perceptions may actually harm an employer's ability to identify, attract, and retain the right talent.



## Mind the gap.

So what's behind the 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 UK,<sup>4</sup> 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 "megatrends" we think are transforming 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 be a part of the solutions employers are trying to create in respect of addressing ongoing skills shortages, a less loyal workforce, and the 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, companies value graduates with strong emotional and social skills—the same skills business leaders and HR directors have told us that 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 performer and a top performer is down to emotional and social skills.<sup>5</sup> And nine in 10 of the business leaders and HR directors in our survey<sup>6</sup> said that employees with strong people skills make a bigger commercial impact. No wonder 88% 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% 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.

## Are employers expecting too much?

The new world order has changed what companies need from graduates. But employers are standing in the way of their own success.

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 (and self-defeating) trends.

One is that employers expect graduates to arrive with a history of previous work experience. In other words, to get a job, they need to have had a job first. 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 the 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

**85% of business leaders and HR directors believe that emotional and social skills, not technical skills, are the real differentiator.**

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 (in the case of some types of work experience) 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?



## The root of the problem.

### Assessment and recruitment.

Employers want graduates who can hit the ground running and use soft skills to perform. But how they're selecting them is all wrong.

We know employers think new graduates are falling short. But we think the graduates aren't the problem—it's the trends we've just discussed, plus some other issues we see in the way organizations go about recruiting graduates.

### Knowing what the "right" graduate looks like.

Using assessments can be a useful tool to identify candidates with potential. However, where they become infinitely more powerful is if they are used in combination with a properly developed success profile.

A scientifically developed, data-driven success profile will detail the traits, abilities, drivers, and competencies the successful job holder would typically possess for the role, team, and organization. These in turn act as the criteria against which the assessment is conducted, thereby making the assessment highly targeted and specific.

### Identifying the "right" graduates the right way.

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 using very 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. And 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.

### Attracting the "right" graduates the right way.

The importance of the candidate experience during the recruitment process cannot be overstated.

Organizations that identify the right candidates but deliver a poor candidate experience risk damaging their brand, alienating future customers, and pushing the very people they want to attract away.

## What graduates are saying.

According to Korn Ferry research,<sup>7</sup> the four most notable areas where graduates feel employers are failing are:

- A lack of communication and feedback.
- Long, drawn-out application processes.
- The way that interviews are conducted.
- Discovering that the job is different from what was advertised.



## The cost of getting it wrong.

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

One 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, and then aren't impressed by how they perform.

Put simply: if organizations don't assess candidates to meet their precise needs, or neglect to support them in developing soft skills in the workplace, then it may cost them in a number of different ways.

### Toxic team environments.

In our survey,<sup>6</sup> 85% of business leaders and HR directors said that graduates who don't develop people skills create toxic team environments, while 53% of graduates said they've considered leaving their job because they "didn't fit in."

### High graduate turnover, higher costs, lower productivity.

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, for example, employers spend around £2,007 per graduate vacancy on marketing alone—that's over £200,000 for a company hiring 100 graduates<sup>8</sup>).

### Gaps in the leadership pipeline.

Not hiring the "right" graduates, or not taking steps to ensure that the right ones stay, can leave employers with gaps in the pipeline of those with the potential to 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.



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## A problem of perception and process, not reality.

### What our data says.

Think that it's the graduates who aren't good enough, not the perceptions and processes used to hire them? Think again.

We looked at global data from the thousands of applicants who've completed Korn Ferry Assessments.<sup>9</sup>

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. Then 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 horsepower" as senior managers.

Both graduates and senior managers score highly in verbal and numerical ability, but graduates score higher in logical reasoning. The conclusions we can draw from this are clear: today's graduates possess the intellectual capability to perform well at work.

### 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. However, this is unsurprising given that they are in the early stages of their careers.

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

Our generational research<sup>10</sup> showed that people value highly what matters most to them at their particular career stage. This helps to explain why, in our survey,<sup>6</sup> 88% of business leaders and HR directors said that a talent pool with strong people skills will be essential to stay ahead, while 70% of graduates believed that technical skills are more important.

### In conclusion: It's the perception that's wrong, not the reality.

All our research and data strongly support the assertion that today's current crop of graduates have just as much potential to succeed as the generations that came before. Employers are not wrong to place an emphasis on soft skills, but need to place the acquisition and development of these skills in context of where graduates are in their careers, and what they have the potential, ability, and desire to learn.

**Differences between graduates and senior managers in ability assessments.**



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

Graduates  $n = 26,542$   
Senior Managers  $n = 16,212$   
Korn Ferry data, 2015<sup>9</sup>

GRADUATES  
 SENIOR MANAGERS

**Soft skills: How graduates fare compared with senior managers.**

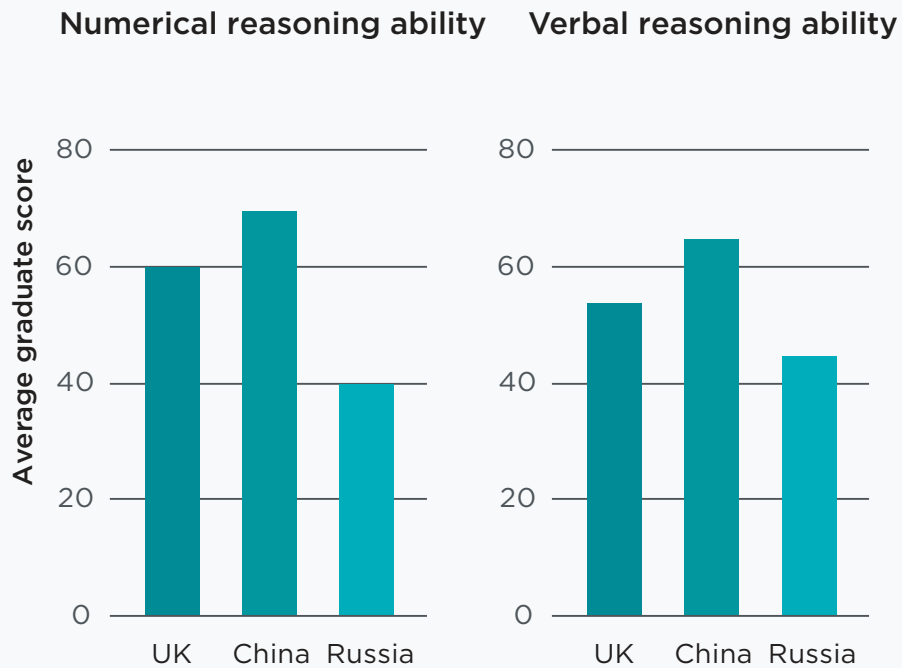


GRADUATES SENIOR MANAGERS





### Cognitive horsepower around the world.



Of the Chinese, UK, and Russian graduates surveyed, those from China have the highest numerical and verbal reasoning ability. But the differences are small.

Globally, levels of both general intelligence and soft skills are very similar among graduates, despite very different educational systems.



## Staying ahead of competitors: Eight ways to identify, attract, and retain the right graduates

### *When you're hiring*

1. Determine what "good" looks like. While this may appear obvious, it's surprising just how often recruiters rush through this step. And getting it wrong can be costly—from failed hires and higher recruitment costs, to higher graduate turnover. To avoid these costs, and identify, attract and retain the right graduate talent, employers need a success profile: an in-depth success profile of the behavioral, cognitive, competency, and personality traits required to fit the role, team and organization.
2. Use assessments and success profiles in combination. Assessments are an excellent way to filter the available talent pool, and little wonder: while a degree represents what someone knows about a particular topic, ability assessments measure their general intelligence; their ability to solve problems; and their capacity to work with numbers and interpret verbal information. Meanwhile, personality assessments can then help determine the candidate's propensity to fit. However, it is vital that these assessments avoid a generic approach. Assessments that are calibrated to the candidate success profile can make it quicker and easier to identify the right candidates at the interview or assessment center stages.
3. Be as clear and honest as you can about exactly what the job entails and consider using situational judgment 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. Be candidate friendly. Keep your recruitment process relevant, efficient and always give feedback—even when the candidate was unsuccessful. This is critical to your consumer as well as your employer brand as a graduate isn't going to speak highly of your organization if the hours they spend laboring over an application are met with a deafening silence.
5. Make sure pay is genuinely competitive. In today's labor market, the competition for talent has never been fiercer and graduates with in-demand skills have more choices than ever. Rewards and benefits that aren't aligned to the market—but also to what that individual graduate could command—may see the right individuals either not apply, or simply leave for a better deal from competitors shortly after they've been hired.

### *You've selected the right graduates—now what?*

6. Take a fresh look at the balance of your onboarding 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.
7. 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 favor 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 "hyper-learning" 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% of their learning from doing the job, 20% from colleagues, and just 10% from formal, classroom teaching.
8. Use the same technology they do to help them learn. For young people, being without their mobile phone is like losing a limb.<sup>11</sup> 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 research,<sup>10</sup> 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.**





## What our consultants say.

### 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 graduates actually 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."



**ALLY VAN DEUREN  
KORN FERRY US**

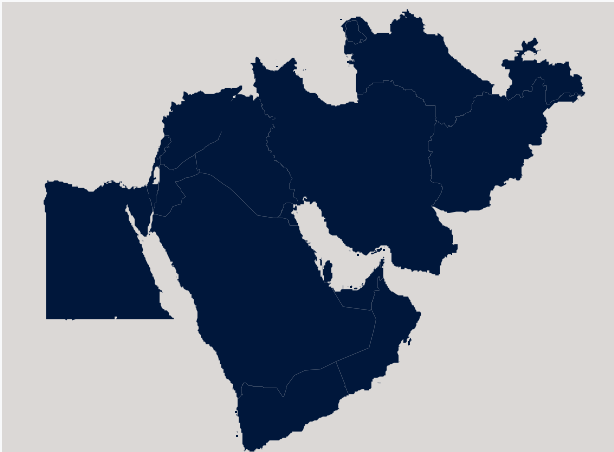


**HENRY SHENG  
KORN FERRY CHINA**

### China

"Campus programs tend to be the focus of most employers in China and graduate recruitment often involves a huge amount of time and effort. It often begins with recruiters giving speeches in selected universities or targeting individuals through social media channels. We're seeing many employers use mobile channels to communicate and interact with candidates before and during the recruitment process.

However, competition for graduates remains fierce. With employers looking for both soft skills and potential in general, graduates who apply may often be screened through assessment and psychometric tests, especially if large-volumes of applications are received. Yet in a market where quality candidates have choices, many graduates are often dropping out: either during the application stage, or after receiving a job offer. Consequently, employers here are having to work harder to identify, attract and retain the 'right' talent."



**HARISH BHATIA**  
**KORN FERRY**  
**MIDDLE EAST**

### Middle East

"Graduate recruitment is usually done only by large-scale organizations. However, finding the right candidates can be a difficult and time-consuming affair, with employers often having to sift through a large number of applications.

Yet employers are also struggling when it comes to engaging and motivating the graduates they hire—and especially within the first six months of employment. It is vital that organizations assess the traits and drivers of their new graduates, in order to ensure their targeted development and motivation, while also solving organizational skills shortages at the same time."

### UK

"The UK could soon experience a talent drain in the graduate market with just 69% of graduates reporting that they want to stay in the UK for work. It's therefore going to become increasingly vital for employers to attract, select and retain top graduate talent. What's more, nearly a third of UK graduates feel uncertain about the future and this is likely to have an impact on their employment choices. Flip this around, and recruiters are looking to hire graduates who are able to perform in an uncertain environment and respond flexibly to changing demands. Employers are increasingly turning to objective assessment to measure the hard and soft skills required to thrive in this environment."



**LUCY BEAUMONT**  
**KORN FERRY UK**

## Australia

"As digital transformation becomes vital to the business strategy of most Australian organizations, we expect to see a shift away from reliance upon traditional 'degree specific' graduate programs and academic benchmarks alone. Yet with employers becoming increasingly focused upon key 'soft' skills, many are keen to evaluate the emotional intelligence, cultural fit, and interpersonal skills of candidates who apply.

However, graduate employers face stiff competition. The Australian graduate market is buoyant, with candidates increasingly able to pick and choose between roles. With many often accepting more than one offer, organizations are seeing higher post-offer dropoff rates, and higher numbers of non-starters. And this providing a much needed wake-up call. In today's candidate-driven market, simply recruiting earlier, and focusing on attraction strategies isn't enough. In the digital age, graduates expect a swift, digital, recruitment experience through such mediums as mobile application, video interviewing, and online assessments. Organizations seeking to attract and retain graduate talent should look closely at their candidate experience, their employer value proposition, and the development of their graduate program."

### What employers are saying.

"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."

—Organization development manager at a global financial services company.

"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 at a large grocer.





## 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.

### Assessment Solutions

We use innovative, state-of-the-art, data-driven assessments to help organizations identify, attract, and retain the right graduates.

From identifying then attracting the best applicants and screening those candidates quickly and objectively, to matching the right people to the right role and delivering a positive candidate experience, Korn Ferry Assessment Solutions can help you find and recruit the "right" people from a large pool of graduates.

### Our Success Profiles

The key to successful recruitment is to know what the "right" graduate looks like. After decades of research, our data-driven Success Profiles have determined the precise behavioral, cognitive, competency, and personality traits that make a candidate fit a specific role, team, and organization.

The Success Profile is a powerful, yet often overlooked element which can drive the success of your recruitment process. The profile can be used to inform the job description, candidate targeting, but also create more effective graduate marketing campaigns and websites. This in turn can help attract more of the right candidates from the standpoint of both the cultural fit, and the capability to do the job.

However, the biggest impact Success Profiles have are during assessment.

Screening and assessing candidates against a specific profile maximize the chances of identifying graduates who are the right fit. And used properly, Success Profiles can also help remove unconscious bias from hiring decisions and support the development of more diverse workplaces.

## Our Assessments

Our assessments offer both structure and flexibility, a self-service assessment process with personalization options as standard. We provide a smooth, job relevant candidate experience which can be delivered through innovative multimedia\* options.

Assessments are used in conjunction with Success Profiles so that each organization can precisely calibrate the assessment process to report on the required elements of success in the role. This scientifically-proven combination of configurable Success Profiles and Assessment Solutions is unique to Korn Ferry and provides the key to drive greater ROI of your graduate recruitment programs.

\*If Situational Judgment Tests are selected.

## Korn Ferry Pay

Pay matters to graduates. They are a cash-strapped and debt-saddled generation. For nearly 70 years, we've been collecting data on job size, the thing that most obviously drives pay. Today, we collect pay data for over 20 million employees working for more than 25,000 companies in over 110 countries. Many of those are graduate employers.

This gives us a fantastic dataset to work with when assessing graduate pay rates. The practical insight of our reward experts based in local markets then ensures we deliver a nuanced, accurate assessment of what pay level to set.

The Korn Ferry product is a self-service tool that makes comparing pay easy. The result is that employers can offer a rewards package that is competitive with the market, and reflects the quality of the individual being sought. Our clients don't miss out on talent because they pay too little. Nor do they pay over the odds.



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### About our research.

In January 2015, we conducted data analysis on 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.

### About Korn Ferry

**Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.**