



THE INTANGIBLE CASE OF THE GRADUATE...

Graduate recruitment programmes generate a return of £5.30 for every £1 of investment, and the average graduate pays for themselves within 20 months of starting, according to a recent report by Lancaster University. The study, which was commissioned by the government's Backing Young Britain campaign, aims to challenge recent decisions by many businesses to stop hiring graduates. In the first of a two part feature, Dr Anthony Hesketh, Senior Lecturer at the Management School at Lancaster University, who led the research, explains what the findings mean for graduate recruiters...

Putting a value on the recruitment and training of graduates is far from a straightforward task. I discovered this when asked by AGR's Chief Executive Carl Gilleard back in 2004 to research the business case for graduate recruitment programmes and the graduates they develop.

What became evident from this research was the intangible value such programmes brought to their host organisations, hence the title *Adding Value Beyond Measure*.¹ It has been important reading for another generation of graduate recruiters as companies seek to find economies in their recruiting and development budgets to tackle the economic downturn.

Of course, as you may have seen reported in *The Financial Times* late last year, I did manage to put a financial estimate on what value the typical graduate brought to the typical organisation, taking into consideration variations across different economic sectors and even between companies and in different business units inside the same organisation: and the contribution is a substantial one.

But there are a number of additional alternatives many people quickly overlook when economic conditions turn nasty. The problem is economic cycles move in different timescales to talent pipelines. So if you, or your hard-pushed HR director, are challenged as to the benefits you add by those holding the financial purse strings in your company, here's at least eight reasons to justify your existence.

1. Financial Returns to Graduate Recruitment and Training Programmes (GRTPs): are felt at both ends of the ledger sheet:

a: Top-Line: As more than one executive has suggested to me, innovation is the mother of all value. The quality of profit, not to mention the speed to value of smart new hires are arguably the underlying factors driving GRTPs. Graduates innovate and help you to grow your business through new ideas. Graduates ensure you a financial return on your investment; anything up to five times the level of your investment in them (inclusive of full costs) after the completion of initial training.

b: Bottom-Line: Graduates save you money insofar as they are highly capable people who are relatively cheap. In some cases you will be buying exceptional acumen for very easy money.

2. Resourcing: There is no better way to shape your workforce than by instilling your own corporate values in trainees from scratch. More specifically, you will have control not just over today's incoming talent, but in shaping the development of the leadership pipeline. Thrown into the bargain, you also get:

a: Sustainable Raw Talent: Professional service companies require people capable of delivering professional services. There are alternative, even cheaper routes to locating high levels of talent other than via our universities but none of them have proved more reliable or sustainable – yet.

b: Relational Capital: An obvious by-product of bringing in your talent at a young age is that it matures

together. Relationships embedded between individuals on corporate training programmes – especially those bringing employees together from different parts of the business can make a huge difference to how various parts of an organisation work together in the future. This is to say nothing of the relationships and connections with young managers at other companies that graduates have forged in their university careers.

c: Currency: Graduates bring fresh ideas and fresh thinking. Writing this makes me feel old, but tomorrow's shoppers with hefty disposable incomes are today's graduates who not only know about but also actually use Facebook and Twitter. More importantly, they are the people with the solutions for the day after tomorrow: how to make the brave new, yet seemingly contradictory, individualistic and collaborative worlds inspired by new technologies merge to make commercial sense.

3. Engagement: One of the fundamental challenges facing contemporary capitalism is the breakdown in the relationship between individual and organisation. Millennials crave a sense of meaning from the organisations they work for and have increasingly made honouring it a condition of their continued employment. Alternatively, organisations have also set out their expectations in terms of the new psychological contract manifested by the concept of employee engagement. There appear to be three issues:

a: Loyalty: If the 1980's were all about downsizing, the 1990's were about how workers came to terms with their new portfolio careers, and the 00's have been about how organisations have tried to respond to this new employee mastery of flexibility. Against this backdrop it is perhaps asking a lot to expect lifetime commitment from a graduate trainee. Nevertheless, the corporate alma mater can reach the parts of motivation and commitment to the cause current employee engagement initiatives, not to mention reward packages, cannot reach.

b: Focus: Assuming you get the recruitment process right – another somewhat obvious reason to hang on to your GRTP team – you will be welcoming a highly motivated individual to your organisation. One needs to be careful about that noughties mantra of "I want this so much" but all the evidence points to high performing students transferring into highly motivated and focused employees.

c: X then Y? How far the millennials' aspirations are changing in response to the current economic climate is worthy of further research: there is more than a suggestion that millennials are having to literally cash-in their ideals in order to secure employment in the short term. Those organisations with GRTPs built to illustrate their employee value propositions will understand the nuances and manage the repercussions far better than those who cease to engage with young people, who will ultimately reciprocate with a similar downturn in their engagement with the organisation and its products.

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Read the April/May issue of Graduate Recruiter for: Graduate recruitment programmes as competitive advantage (Part 2: The Financial Return on Investment)

¹ Hesketh, A. (2004) *Adding Value Beyond Measure: The business case for graduate recruitment programmes (Warwick: AGR)*