

Student development survey 2020

Supporting the learning
and development of
entry-level hires

**Institute of
Student
Employers**

ise.

Trends, benchmarks and insights



Contents

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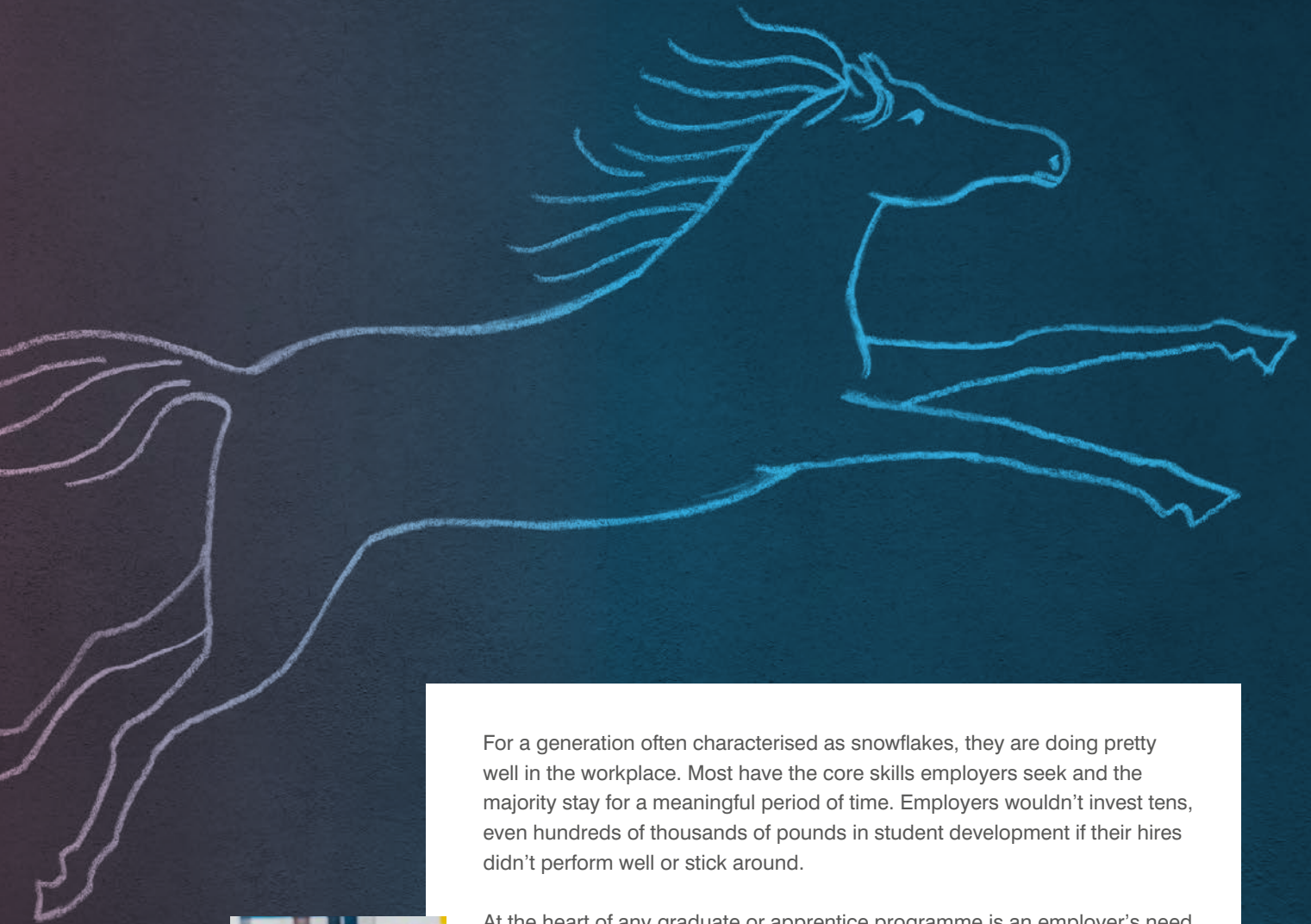
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Foreword





For a generation often characterised as snowflakes, they are doing pretty well in the workplace. Most have the core skills employers seek and the majority stay for a meaningful period of time. Employers wouldn't invest tens, even hundreds of thousands of pounds in student development if their hires didn't perform well or stick around.




Stephen Isherwood,
Chief Executive, ISE

At the heart of any graduate or apprentice programme is an employer's need to find and develop new talent. Employers quantify their return by measuring performance, retention and progression. More than seven out of every ten student hires are still with their employer three years after joining. Over 80% of hires have the required problem solving, interpersonal and numeracy skills they were recruited for. In some sectors, students are doubling their starting salaries in their first three years of employment.

But ISE members still face challenges when developing their hires and there is more that employers and educators can do to transition students so they get on after they get in. Employers tell us that retention problems are more pronounced with their female and BAME trainees. Student career aspirations and expectations can be unrealistic and they may not fully commit to their long-term learning and development.

Employers should use this report to benchmark their existing strategies and gain a greater insight into how students can be developed. Educators and suppliers can use the information on skills needs to help employers develop the talent their organisations seek. Government should use the information to support the development of home-grown talent in a period when there is a decline in the number of young people coming into the workforce.

Together, our industry can build stronger student talent pipelines that deliver better returns for students, their employers and UK PLC.



This report sets out the findings for the Institute of Student Employers (ISE) Student Development Survey 2020. It is based on 133 responses from ISE members, large employers who are collectively bringing over 20,000 employees into the labour market every year. It explores how firms manage and deliver learning programmes and looks at the skills that they need, feel are lacking and are actively developing. It also examines how early career hires are retained and progressed and the key challenges faced by employers in developing early career hires.

Executive summary

Managing the development of entry-level hires

- The early career cohort includes a range of different types of hires including the graduates of degree and postgraduate programmes, apprentices and school and college leavers. Almost all (98%) employers are recruiting graduates and the overwhelming majority (82%) are recruiting non-graduate entry-level hires.
- The typical (median) firm is recruiting 41 graduates a year and 25 non-graduates a year. The number of hire recruited by respondents has been steadily growing over the last three years.
- The typical (median) firm has one member of learning and development staff for every 10 early career employees that they recruit each year. Because development programmes typically run over multiple years this means that learning and development staff are likely to be working on a ratio of between 1:10 and 1:30. The overwhelming majority of firms (79%) supplement their learning and development team with external contractors who account for an average of 35% of their budget.
- The typical (median) firm is spending £5739 on the development of every student hire that they recruit. The overwhelming majority of firms (79%) report that the size of their learning and development budget has stayed the same since the introduction of the apprenticeship levy.
- In addition to the central learning and development team, line managers have an important role to play in the development of early career hires. The overwhelming majority of firms provide line managers with training to support graduates (92%) and non-graduates (90%).
- The overwhelming majority (90%) of firms report that they evaluate their learning and development programmes. This typically includes receiving feedback from a wide range of stakeholders.

Student development programmes

- Firms are often running a wide range of different early career development programmes. This may include school leaver programmes, different kinds of apprenticeships, and multiple types of graduate programme.
- Almost a third of firms (29%) that are running apprenticeships are delivering at least some of their apprenticeship programmes themselves (as employer providers of apprenticeships). On average firms are working with 10 apprenticeship providers and delivering programmes across 13 standards.
- Firms are delivering apprenticeships at all levels from two to seven. Level three apprenticeships are the most common and are delivered by 80% of firms. Most (58%) firms report that they are developing apprentices to do work which would have previously been done by graduates.
- The average graduate programme lasts for two years and sees graduates participate in 19 days of training a year.
- Almost all firms provide an induction programme which last an average of six days. The overwhelming majority of graduate employers (83%) and half of non-graduate employers (50%) begin this with pre-boarding activities before the hire starts work. The overwhelming majority of firms (78%) are using online technologies as part of their induction programmes.
- Firms use a wide range of learning and development approaches with hires. Classroom learning, online learning, mentoring, peer support and rotation between different business functions were the most popular approaches in use with graduates. For non-graduates, classroom learning, online learning, dedicated self-study time, mentoring and peer support were the most popular approaches.

- Employers rate classroom learning, experiential learning, mentoring, peer support and rotations as the most effective training and development approaches. There are a number of approaches that are widely used, but which have few enthusiasts. These include online learning, the provision of work-based qualifications and dedicated self-study time. There may be value in firms considering whether they should be giving greater priority to the delivery of the most impactful approaches.

The skills and attributes of entry-level hires

- Firms are most commonly looking for generic skills and attributes such as teamwork, interpersonal skills, listening, problem solving and taking responsibility from both graduate and non-graduate hires. In general, they are more demanding of graduates and expect them to arrive with more skills and attributes.
- Respondents reported a range of areas where they felt that student hires lacked skills and attributes. These were most commonly business specific skills such as managing up, commercial awareness, dealing with conflict, negotiation and influencing skills and job specific technical skills. Employers generally felt that non-graduates were weaker than graduates, with important differences being in the areas of commercial awareness, career management skills and self-awareness.
- Further analysis suggests that there are particular mismatches between demand and supply in skills and attributes like self-awareness, resilience, business appropriate communication, commercial awareness, and taking responsibility. This pattern was particularly marked for graduates as although they are generally perceived to be more skilled, employers also have greater expectations of them.



25%

Firms report that it is harder to retain women

- The overwhelming majority of respondents (88%) agree that students who have completed an internship or extended placement arrive with better skills and attributes than those students who have not. In contrast only a small minority of employers (15%) report that students with additional (postgraduate) educational experience exhibit better skills and attributes than other hires.
- Firms' graduate development programmes are typically focused on presentations skills, commercial awareness, job specific technical skills, teamwork and negotiation and influencing skills. While for non-graduates they tend to be focused on job specific technical skills, teamwork, business appropriate communication, presentation skills and self-awareness.

Retention and progression

- Retention is generally high across all early career programmes. On average firms report that they retain 72% of graduates and 75% of non-graduates after three years and 57% of graduates and 69% of non-graduates after five years.
- A quarter (25%) of firms report that it is harder to retain women and slightly less than a fifth (17%) report that it is harder to retain people from a Black, Asian or Minority Ethnic (BAME) background. They suggested that these retention issues were influenced by the image and culture of their sector, by a lack of role models, by line managers failing to adapt their style to the needs of different groups, and because the staff do not believe that they can progress within the industry.
- A number of other respondents commented that their firm either does not track retention by demographic group or that even though they are aware that too many people from one group are leaving, they do not know why this is.
- In general staff leave firms because they either cannot find a way to advance their career

within the firm or because they can advance their career more effectively elsewhere. While pay is an important factor it is not the factor that firms most commonly identify.

- The overwhelming majority (79%) of firms continue to provide ongoing support for hires after the initial graduate programme or apprenticeship has finished and almost all (97%) provide further support for hires that are experiencing mental health issues. Most firms (56%) also try to identify high performing staff during initial training and provide such staff with additional support for their progression.
- The average firm is paying its graduates £40,000 per annum and its non-graduates £27,500 per annum, three years after they are first employed.

Challenges in running early career learning and development programmes

- Respondents identified a range of issues with early career staff. These include concerns about their how realistic their expectations of the job (25%), and their career aspirations (8%) were. They also felt that the attitudes of early career staff were often a poor fit for the organisation (14%), and that they needed to develop their capabilities (14%) although they were often poorly engaged in learning and development (11%).
- Respondents also identified a range of issues related to the running of learning and development programmes. These included practical issues with programme management (13%), concerns about budget and resourcing (11%) and time (9%) and concerns about ensuring the right content in the programme (11%).
- Finally respondents highlighted the challenges of engaging line managers in the development of the early career hires that they are managing (14%).

Introduction

1



“... ”

Employers understand that entry-level staff are not the finished article on the first day that they arrive. While it is important to ensure that students are well prepared for transition, there is always going to be a need to support and develop them once they have moved into employment.

At lot of attention is given to how young people are prepared for the workforce.¹ Much of this attention focuses on the supposed deficiencies of young people in terms of skills, attitudes and expectations. Other reports highlight the perspectives of employers, often noting that employers may struggle to find the skills that they need. More solution focused commentary looks at what can be done about this within the education system and typically highlights the importance of vocational education, employer engagement in education and career education and guidance.

The Institute of Student Employers (ISE) is the voice of those employers who regularly take on entry-level talent at both the graduate level and, increasingly, through non-graduate programmes such as apprenticeships. Our research typically finds that our members are enthusiastic about recruiting young people and closely engaged with the education system.² Of course they have concerns about the skills, knowledge and capabilities that young people arrive with and legitimate criticisms of the education system, but these criticisms are offered as a way to optimise the system rather than to argue that it is fundamentally broken.

In this report, however, we are going to turn our focus away from the preparation of students for work and look at what happens to them when they actually enter the workplace. ISE conducts an annual survey looking at how its members organise the learning and development of their early career staff over the first one to three years of their employment. The research covers the experience of both graduate and non-graduate hires including apprenticeships and school leaver programmes. It is important to look at this element of young people's career transitions because all too often employment is viewed as the end point which students are being prepared for. Getting a job is much more helpfully thought of as a beginning point and as the point at which, for many people, their career really starts.

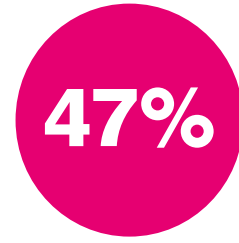
Employers understand that entry-level staff are not the finished article on the first day that they arrive. While it is important to ensure that students are well prepared for transition, there is always going to be a need to support and develop them once they have moved into employment. It is this aspect of young people's transitions that is often neglected in discussions about transitions and the development of skills. This report turns the spotlight onto the early employment careers of young people and explores how employers are supporting this group.

1 For example Cullen, C. & Montacute, R. (2017). *Life lessons. Improving essential life skills for young people*. London: The Sutton Trust; Princes Trust. (2020). *Futures at stake 2020*. London: Princes Trust; Rogers, M., Chambers, N. & Percy, C. (2020). *Disconnected: Career aspirations and jobs in the UK*. London: Education and Employers.

2 See <https://ise.org.uk/page/ISEPublications> for an overview of all of the ISEs research publications. Members of ISE can access all of this research for free.

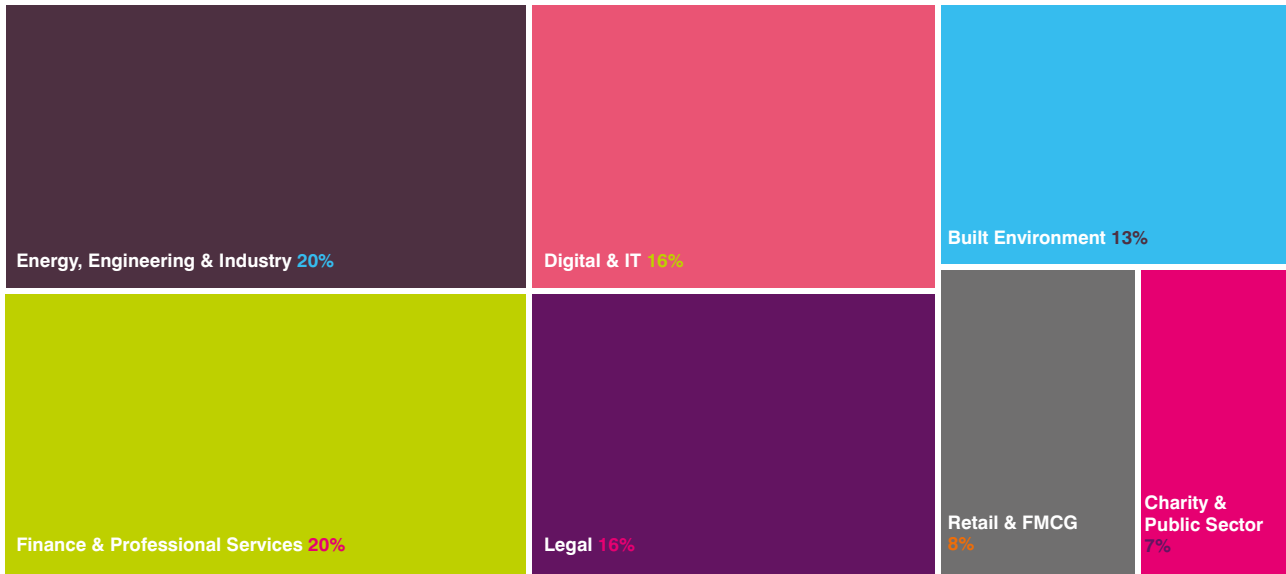
About the study

This report provides the results of ISE's Student Development Survey 2020. The survey was open between 13th January 2020 and 14th February 2020. All of ISE's employer members were invited to submit. It received 239 responses. Cleaning of the data resulted in 133 valid responses (47%) of all eligible members.³ Figure 1.1 breaks down the sample by sector.



Of ISE members responded to the development survey

Figure 1.1
Breakdown of responses by sector



The number of early career hires that each of the sectors recruits is not directly related to the number of firms who respond to the survey. Figure 1.2 shows the breakdown of the 2019 intake (both graduates and non-graduates) by sector. This shows that on average the finance and professional services firms and organisations in the charity and public sector account for a larger proportion of the early career market than you would anticipate from the number of firms.

Figure 1.2
2019 early career cohort by sector





The average firm employed just under 14,000 people in total. The median number of employees reported was 4,000, which gives an idea of the more typical size of employers responding to this survey. These responses are representative of ISE's membership both in terms of sector and in terms of size which skews towards larger businesses with a regular annual intake of early career employees.

About the report

The report presents the results of the survey in a series of thematic chapters. Chapter two looks at the organisational structures that firms have in place to manage the learning and development of entry-level hires. It examines what kinds of early career hires they employ, the resourcing of their development function, and the approach that they take to evaluating their development programmes and activities.

Chapter three focuses in on the organisation of the learning and development programmes themselves. It looks at both the non-graduate/apprenticeship programmes and the graduate programmes that the firms run, how they organise induction and what learning and development approaches they use and believe to be effective. Chapter four builds on this by looking at the skills and attributes that employers need, whether staff typically arrive with these skills and what employers are seeking to actively develop.

Chapter five looks at the retention and progression of entry-level hires. It explores when and why hires leave, what they are paid and what other things firms do to retain and support them. Chapter six asks respondents to reflect on some of the challenges in running early career learning and development programmes. Finally, chapter seven offers some concluding remarks on the findings of the survey.

“...
The average firm employed just under 14,000 people in total. The median number of employees reported was 4,000, which gives an idea of the more typical size of employers responding to this survey.”

³ **Data cleaning notes:** (a) Where multiple submissions from the same employer were found the most complete one was retained. In cases where two partial responses or two full responses were found they were combined to create a complete response; (b) Where approximate numbers were given they were rendered as an actual number e.g. 8000+ was rendered as 8001 and 30-40 was rendered as 35; (c) Responses entered into 'Other' categories were reviewed and re-coded to a pre-existing category where appropriate; (d) Where numbers were given in currencies other than pounds sterling these were converted using Google's currency convertor on the 16th February 2020; (e) Where salary was given as an hourly figure an annual salary was calculated based on a 37.5 hour week.



Managing the development of entry-level hires

2

This chapter looks at the way in which firms organise the development of entry-level hires. It explores what kinds of hires firms are recruiting; how they resource the development of these staff both in terms of people and budget; and finishes by looking at how the firm's development approach is evaluated.

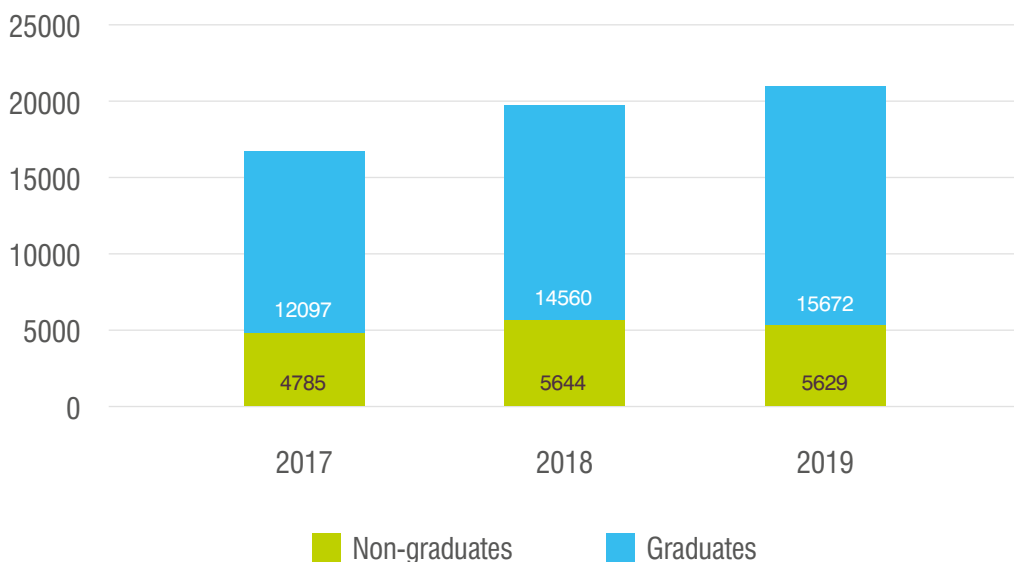
Early career cohort

The early career cohort is comprised of a variety of different streams of recruits including graduates, apprentices and other school and college leavers. Almost all of the firms (98%) that participated in the survey are recruiting graduates. The firms recruited an average (mean) of 135 graduates in 2019, with the typical (median) firm recruiting a cohort of 41 graduates.

An overwhelming majority (82%) of firms are recruiting entry-level non-graduates. The firms recruited an average (mean) of 79 entry-level non-graduates in 2019, with the typical (median) firm recruiting a cohort of 25 non-graduates.

Firms reported their last three years of entry-level hires. The total numbers are shown in figure 2.1 and show that staff in firms have been supporting steadily increasing numbers of hires.

Figure 2.1
Overall numbers of hires 2017-2019



Staff and contractors

Running a learning and development programme requires firms to have dedicated staff devoted to organising and delivering the programme. The number of staff who are primarily involved in the development of entry-level hires varied substantially across different firms. The average number (mean) was 24, but a more typical size for a firm's development team was six. However, these kinds of numbers are of limited use because the size of the firm and their student cohort varies so much. Figure 2.2 shows what a typical firm looks like based on the intake from 2019.

Figure 2.2

Ratio of learning and development staff to annual new hires (median)



Not all firms have the same balance of graduate and apprentice hires, but figure 2.2 depicts the most typical balance. Most learning and development teams will be involved in managing the development of new hires across multiple years, meaning that the ratio of learning and development staff to students is often double or even triple that shown.

In addition to the staff that firms employ, 79% of firms are also bringing in external contractors to support them with learning and development. On average these firms are spending about 35% of their budget on external contractors. The firms are using external contractors to deliver training (83%), to support them in the development of early career learning and development programmes (17%), provide support on apprenticeship programmes in particular (11%) and to support with examination and accreditation (7%). A small minority are also involving contractors to support with administration (6%), event organisation (3%) and project management (1%) as well as help with the use of new technologies (5%).

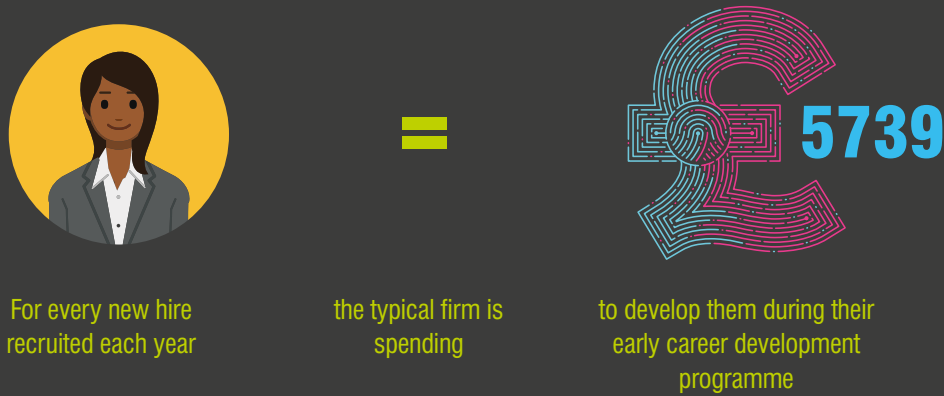
Finally, it is important to recognise that the development of entry-level hires is an endeavor undertaken by the whole firm and not just the central learning and development function. It is impossible to fully capture the scale of this wider engagement in early career development in a survey of this kind, but several respondents particularly highlighted the role that line managers played in supporting the development of early career hires. To support this line manager role 92% of firms provided training to help line managers manage new graduates, and 90% provided training to help them to manage non-graduates.

Budget

The average firm is spending around £2 million a year on the development of early career hires. Again, it is easier to understand the budgets that firms are allocating to the development of early career hires by looking at how much a typical firm is spending on the learning and development of each hire they recruit. Figure 2.3 summarises firms spending as a per-hire amount of what is being spent on an individual hire during the whole development programme that they are participating in.⁴

Figure 2.3

Typical (median) firm's spending on the learning and development of a student hire during their development programme



Since the introduction of the apprenticeship levy in 2017 there has been an important shift in policy context for the learning and development of entry-level hires. Firms continue to report that they are struggling to spend all of their apprenticeships levy. On average firms are only spending 39% of their levy.

The overwhelming majority (79%) of firms report that their learning and development budget has stayed about the same following the introduction of the apprenticeship levy. Small minorities of firms report that following the apprenticeship levy their budget has shrunk (8%) or grown (13%). The fact that firms' learning and development budgets have not grown since the introduction of apprenticeships is strange given the additional work that has been created since the levy was introduced. The limited flexibility that exists in relation to the allocation of apprenticeship levy funds on internal staff may be contributing to this situation. This was why ISE recommended that government should 'increase levy flexibility' and investigate 'whether the range of costs that can be supported with the levy should be increased'.⁵

Around a third (35%) of firms report that they are using the apprenticeship levy to support their graduate development programmes. Another third (37%) are not using the levy for this purpose and do not have any plans to do so, with the rest either unsure or considering using the levy for graduates in the future.

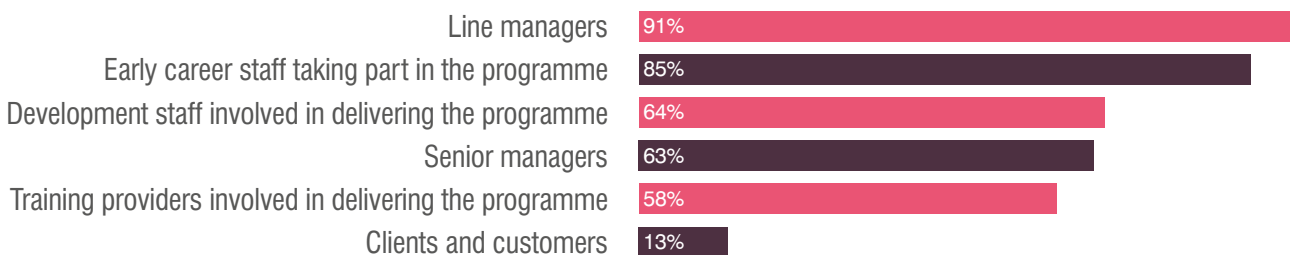
Evaluation

Given the resources that firms are allocating to learning and development programmes it is important to ensure that these resources are having an impact and to identify areas where they can be improved. The overwhelming majority of firms (90%) report that they evaluate their learning and development programmes.

Figure 2.4 shows which stakeholders firms most commonly seek feedback from about their learning and development programmes. It demonstrates that over 50% of firms are seeking feedback from almost all relevant stakeholders although it is relatively uncommon to seek feedback from customers or clients.

Figure 2.4

Proportion of firms that seek feedback from different stakeholders



4 The estimate presented in figure 2.3 assumes that firms recruit a similar number of entry-level hires every year and does not adjust for the length or intensity of the programme. It is a per-person cost for the whole development programme rather than an annual cost.

5 Institute of Student Employers. (2019). *Stability, transparency, flexibility and employer ownership. Employer recommendations for improving the apprenticeship system.* London: Institute of Student Employers.

Student development programmes

3

This chapter explores how student development programmes are organised and delivered. It begins by contrasting the organisation of apprenticeships and other non-graduate programmes with the structure of graduate programmes. It then goes on to look at the process of induction and at the range of different approaches to learning and development that are in use and respondents' perceptions about their efficacy.

Apprenticeships and other non-graduate programmes

The overwhelming majority of respondents (82%) reported that they are recruiting non-graduate entry-level staff. Recent policy changes have emphasised the importance of apprentices (who make up the majority of this group) and many employers have now started to recruit, train and develop apprentices and other non-graduate hires alongside their graduates.⁶ Although the non-graduate group only makes up around a quarter of the 2019 entry-level hires, they are an important cohort which may grow further in the future.

While apprenticeships now dominate the non-graduate entry-level market, around a quarter of firms (26%) continue to run school or college leaver programmes that they have not yet turned into apprenticeships. In most cases these school and college leaver programmes are running alongside formal apprenticeship programmes rather than operating as an alternative to them.

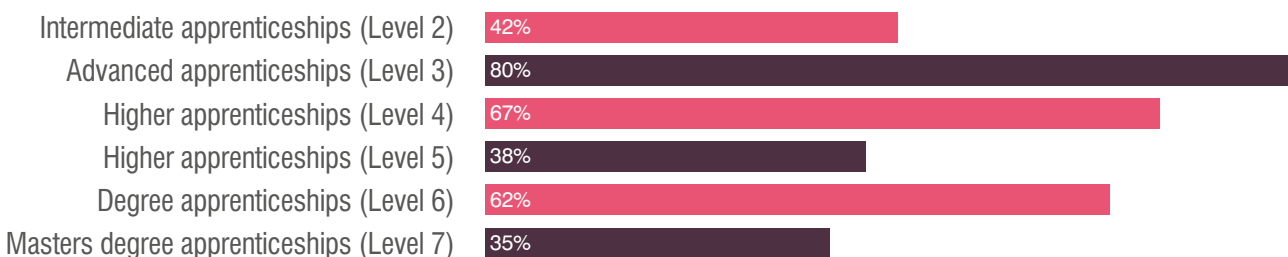
Almost a third of firms (29%) that are running apprenticeships are delivering at least some of their apprenticeships themselves (as employer providers of apprenticeships). However, this does not mean that they are not also using other learning providers to deliver other apprenticeship standards. On average firms are working with 10 apprenticeship learning providers and delivering programmes across 13 standards.

Figure 3.1 shows the proportion of employers delivering apprenticeships at levels two to seven and demonstrates that amongst ISE members the full range of possible levels of apprenticeship are in regular use.



The average number of apprenticeship standards firms are using

Figure 3.1
The proportion of employers delivering different levels of apprenticeship



Most firms (58%) report that they are developing apprentices to do work which would previously have been done by graduates. This is perhaps unsurprising given the number that are delivering apprenticeships from level four to level seven.

⁶ Institute of Student Employers. (2019). *Stability, transparency, flexibility and employer ownership. Employer recommendations for improving the apprenticeship system.* London: Institute of Student Employers.

Graduate programmes

Almost all (98%) respondents reported that they were recruiting graduates. Of these, most (78%) were running a formal graduate programme for all of their hires, with a minority (14%) only running a graduate programme for some of their graduate hires. Only 7% hire graduates without any kind of programme. However, the kind of programme that employers are running varies, with most (72%) graduate employers recruiting students to specialist programmes linked to the business function that they are being recruited into, but 38% recruiting to a generalist graduate programme and 23% 'direct to desk'.

The length of graduate programmes varies between different employers. Yet, as figure 3.2 shows, two-year (24 month) programmes continue to be the most common length for graduate programmes. On average this equates to around 19 days training a year, although there are some important variations by sector (see figure 3.3).



The annual amount of training offered by graduate employers

Figure 3.2
Length of graduate development programmes

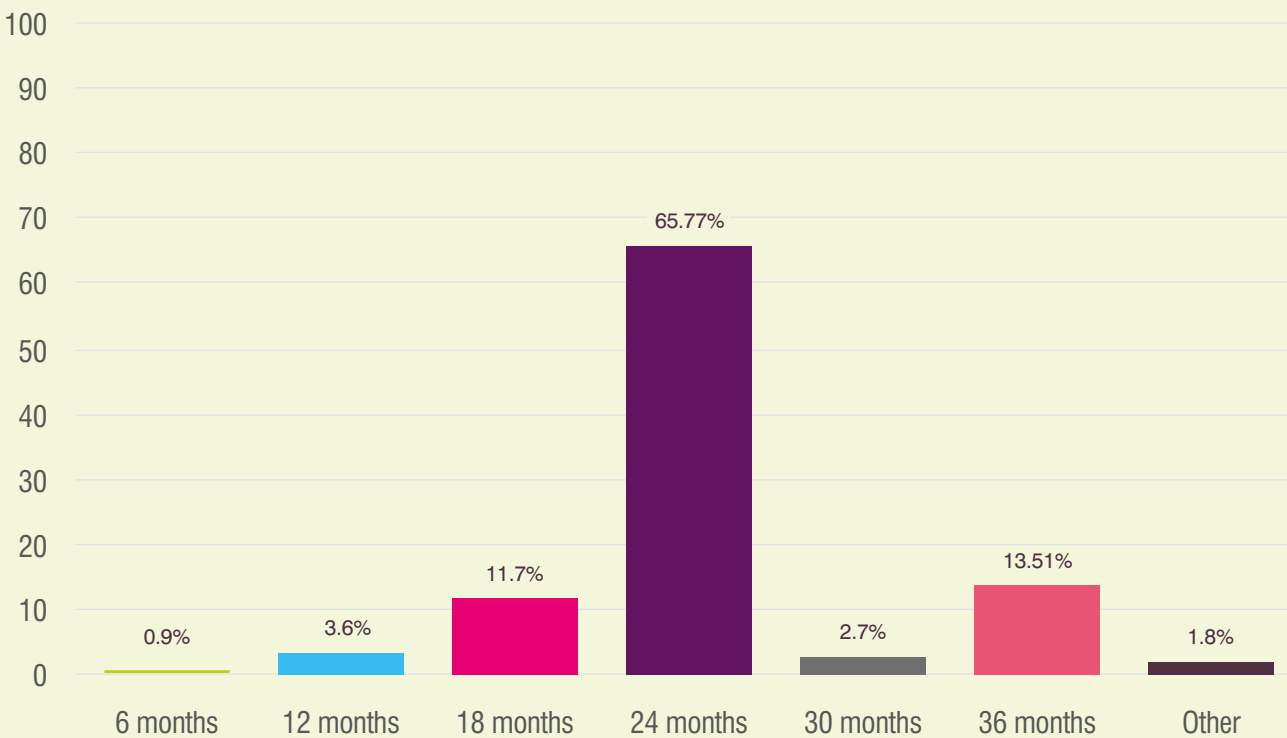
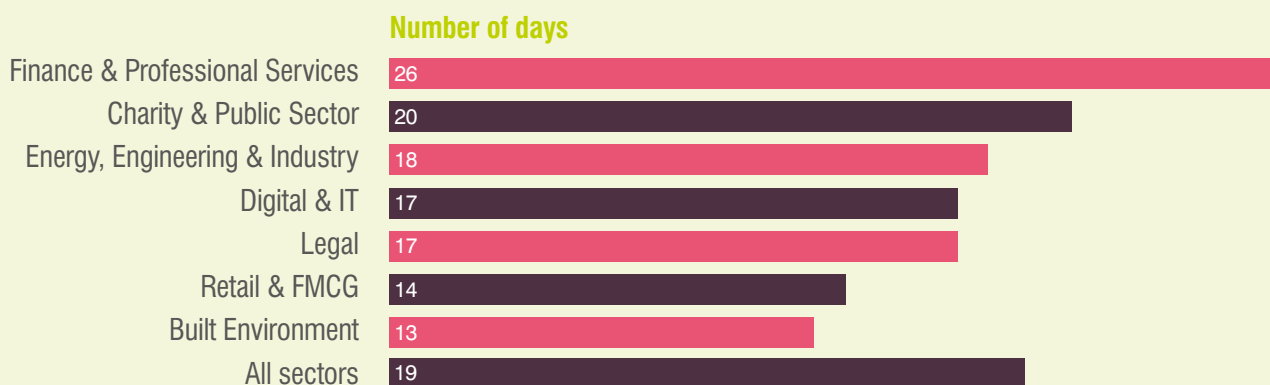


Figure 3.3
Number of days training a year by sector (graduates)





**6
days**

Length of the average induction programme

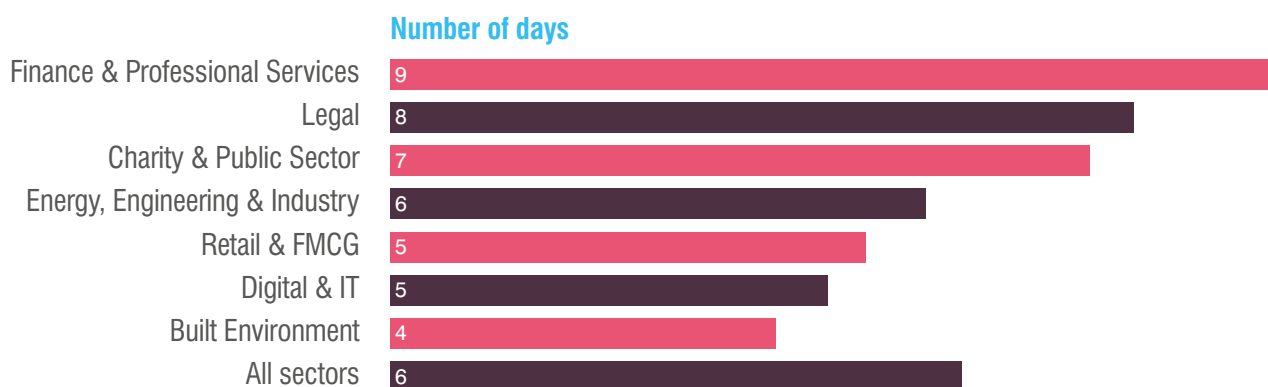
Induction

Almost all employers provide an induction programme of some kind. Most graduate employers (83%) begin this with pre-boarding activities where they engage with new hires in the period before they start their employment. Pre-boarding is also used by half of employers (50%) to support the transition of non-graduate hires.

The average induction programme lasts for six days, with some variations by sector (see figure 3.4). Most firms (78%) are also using online technologies to support the onboarding of new staff.

Figure 3.4

Average number of induction days (by sector)



Learning and development approaches

Firms used a wide range of different approaches to develop their hires. Figure 3.5 shows how popular the main approaches were for both graduates and non-graduates. It shows that classroom learning, online learning, mentoring, peer support and rotation between different business functions were the most popular approaches in use with graduates. For non-graduates, classroom learning, online learning, dedicated self-study time, mentoring and peer support were the most popular approaches.



Employers believe that classroom learning is one of the most effective development approaches

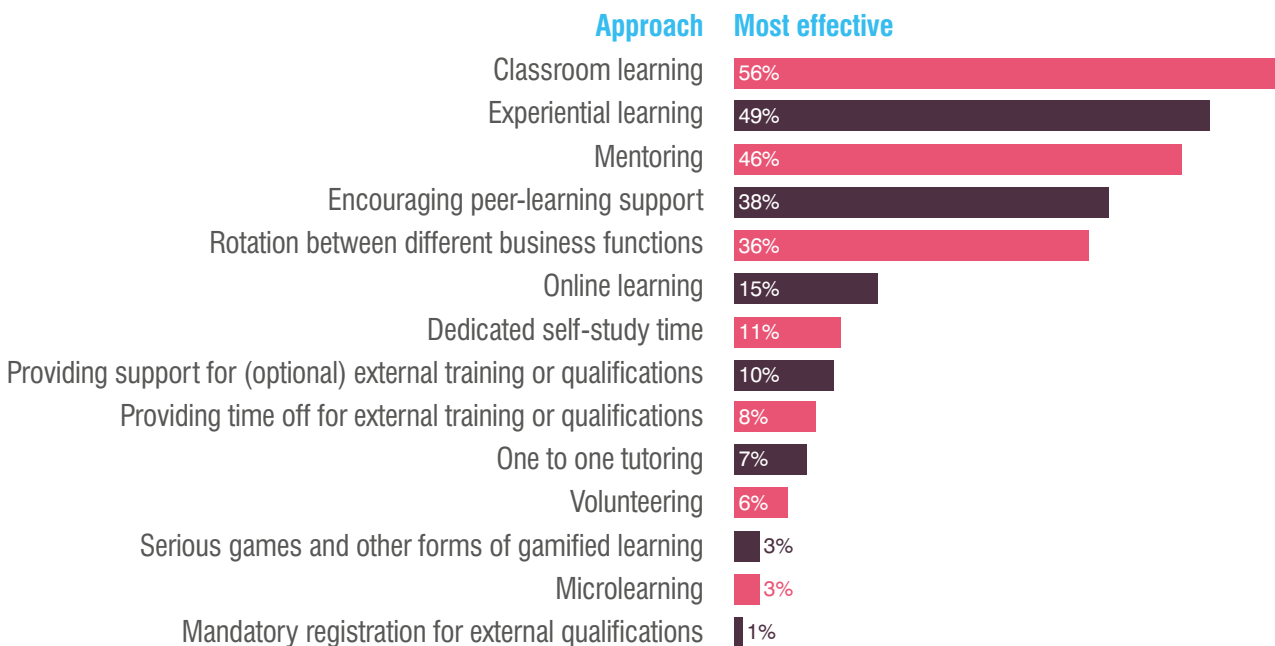
Figure 3.5

The proportion of employers using a range of learning and development approaches with graduates and non-graduates

Approach	Graduates	Non-graduates
Classroom learning	94%	87%
Online learning	88%	85%
Mentoring	82%	81%
Encouraging peer-learning support	79%	79%
Rotation between different business functions	69%	31%
Providing support for (optional) external training or qualifications	67%	59%
Experiential learning	65%	56%
Volunteering	62%	65%
Dedicated self-study time	56%	82%
Providing time off for external training or qualifications	56%	71%
Mandatory registration for external qualifications	48%	49%
One to one tutoring	18%	26%
Serious games and other forms of gamified learning	14%	12%
Microlearning	9%	8%
Other	2%	4%

Figure 3.6

Employers indication of which training and development approaches are most impactful



While the most popular approaches were in use with both groups there were some important difference in the way in which graduate and non-graduate staff were trained and developed. Graduates were more than twice as likely to be sent on rotations around different business functions, but they were far less likely to receive one-to-one tutoring, dedicated self-study time or be given time off for external training and qualifications.


Respondents provided insights into which of the training and development approaches they thought were most impactful. Figure 3.6 sets out the responses to this question. It shows that employers rate classroom learning, experiential learning, mentoring, peer support and rotations as the most effective training and development approaches.


There are some discrepancies between the training and development approaches that are most commonly in use and those that are views as being most useful. Figure 3.7 reports on the proportion of employers who are using each of the approaches, but who don't view it to be one of the most impactful approaches.

Figure 3.7

The proportion of employers using different approaches to training and development who do not rate them as one of the most impactful ⁷

Approach	Graduates	Non-graduates
Online learning	73	70
Volunteering	56	60
Providing support for (optional) external training or qualifications	56	49
Mandatory registration for external qualifications	47	48
Providing time off for external training or qualifications	47	62
Dedicated self-study time	45	71
Encouraging peer-learning support	40	41
Classroom learning	37	31
Mentoring	37	35
Rotation between different business functions	33	6
Experiential learning	16	8
Serious games and other forms of gamified learning	11	9
One to one tutoring	10	18
Microlearning	6	5

 High number of employers using the approach who do not believe that it is impactful

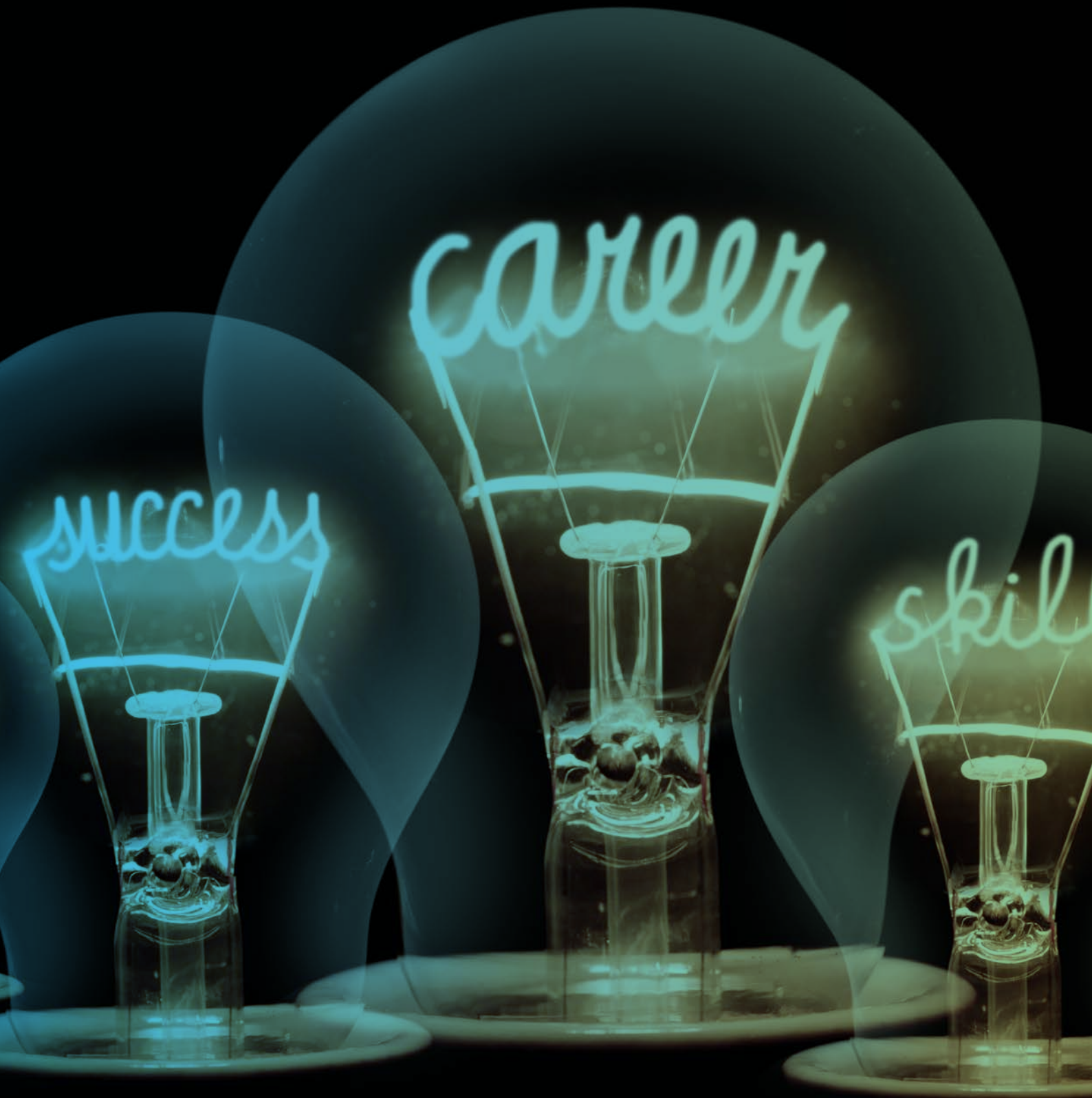
 Low number of employers using the approach who do not believe that it is impactful

This suggests that there are some approaches to training and development that are widely used, but which have few enthusiasts. These include online learning, the provision of work-based qualifications and dedicated self-study time. Volunteering also falls into this category, but its role as a training and development approach is usually secondary to its wider purpose as part of corporate social responsibility. There may be value in firms considering whether they should be giving greater priority to the delivery of the most impactful approaches.

⁷ Calculated by subtracting the proportion of employers saying that this technique was one of the most effective from the proportion of employers saying that they use this technique with either graduates or non-graduates.

Impact/Use Ranking = % Employers using this approach - % Employers identifying this approach as impactful

“...
There are some approaches to training and development that are widely used, but which have few enthusiasts. These include online learning, the provision of work-based qualifications and dedicated self-study time.”



The skills and attributes of new hires

4

This chapter explores the skills and attributes that employer are looking for from their early career hires. It asks which of these skills and attributes students are most likely to lack and then moves on to examine which of these skills employers are focusing their development programmes on.



Employers needs

Firms were asked what skills and attributes they were looking for when recruiting early career hires. Figure 4.1 sets out their responses and shows that it is the more generic skills and attributes (team work, interpersonal skills, listening, problem solving and taking responsibility) that are most prized.

Figure 4.1

The skills and attributes employers need entry-level hires to have

Skill/attribute	Need	
	Graduates	Non-graduates
Teamwork	91%	84%
Interpersonal skills	89%	78%
Listening	78%	78%
Problem-solving	77%	60%
Taking responsibility	73%	53%
Time management	73%	64%
Self-awareness	72%	49%
Business-appropriate communication	67%	49%
Resilience	66%	52%
Dressing appropriately	61%	69%
Numeracy	60%	54%
Staying positive	58%	56%
Emotional intelligence	56%	36%
Writing	56%	54%
Commercial awareness	48%	16%
IT/digital skills	41%	43%
Presentation skills	41%	26%
Job-specific technical skills	36%	20%
Data handling/data analysis	35%	23%
Excel skills	30%	17%
Negotiation/influencing skills	30%	5%
Leadership	24%	5%
Dealing with conflict	21%	11%
Managing up	12%	5%
Career management	10%	2%
Other	4%	5%



Employers need graduates to be able to work in a team

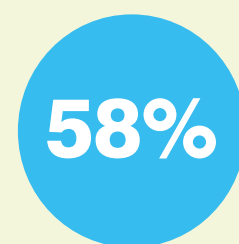
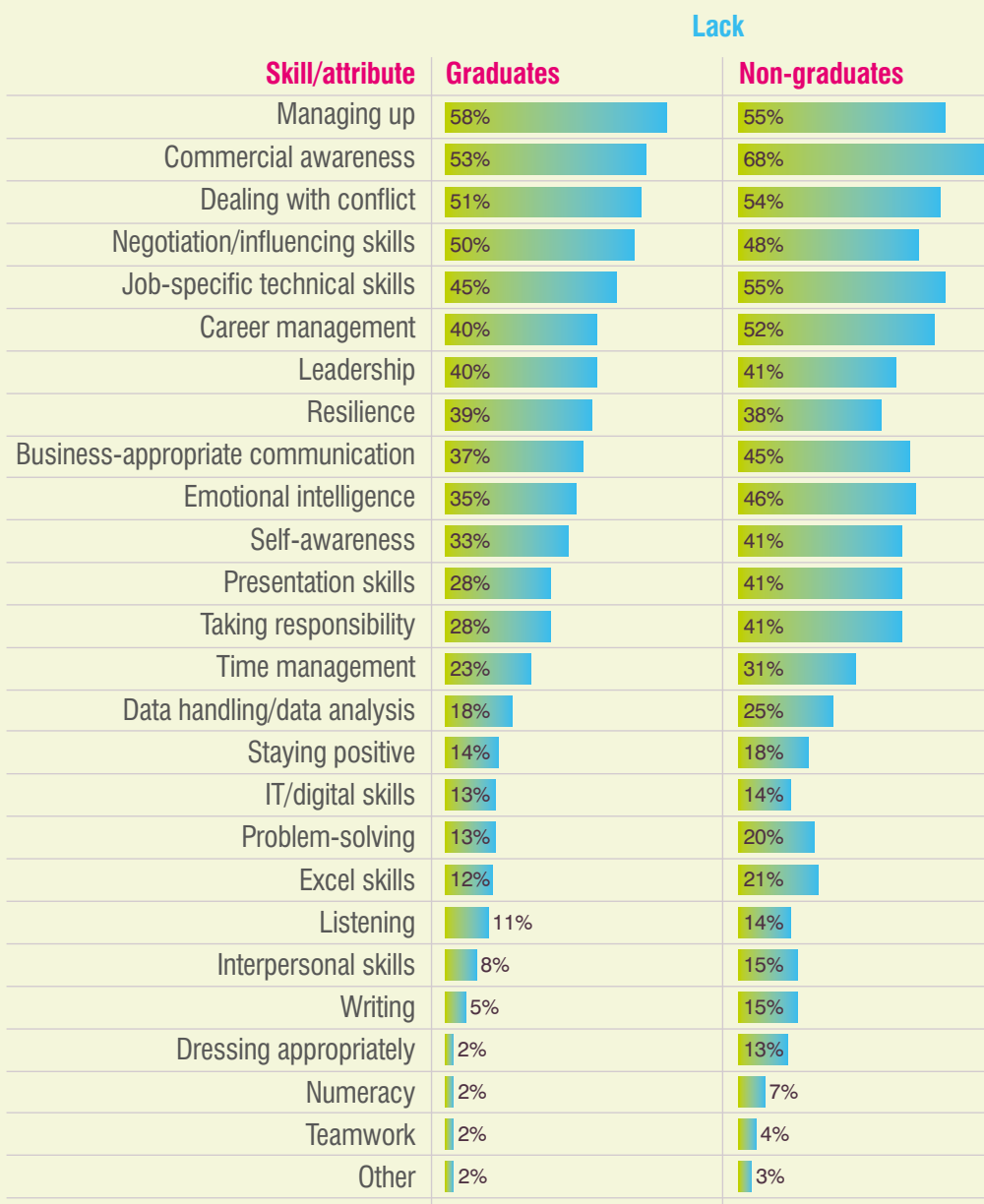
What employers are looking for from graduates and non-graduates is generally similar. They are slightly more likely to want to be sure that non-graduates know how to dress appropriately and that they have good IT skills, but in every other aspect they are more demanding of graduates. They are more than twice as likely to need graduates to be able to manage up, show commercial awareness, exhibit career management skills, show leadership and demonstrate the ability to negotiate and influence others.

Concerns with students' skills and attributes

The last section showed what employers are looking for. This section moves on to look at how far student hires meet these expectations. Figure 4.2 shows which attributes employers say that student hires lack. The most common areas highlighted are business specific skills such as managing up, commercial awareness, dealing with conflict, negotiation and influencing skills and job specific technical skills.

Figure 4.2

The skills and attributes employers say that students lack



Employers report that graduate struggle to deal with their superiors ('manage up')

Again the issues with graduate and non-graduates are similar, but there are some important areas of difference. Employers are more than twice as likely to raise issues about non-graduates teamworking, writing, numeracy or ability to dress appropriately although none of these are particularly common issues to raise for either group. Perhaps more importantly 68% of employers raise concerns about non-graduates commercial awareness in comparison to 53% for graduates; 53% raise issues about their career management skills (40% for graduates); and 44% about their self-awareness (33%) for graduates.



Employers are very positive about the skills and attitudes of students who have undertaken some form of internship or extended work placement. The overwhelming majority (88%) agree that these students arrive with better skills and attributes than those students who have not undertaken an internship or placement. Employers list a lot of areas where they feel that students who have completed a placement are stronger, these include having a better understanding of the business environment and ability to manage themselves and their time, better communication and presentation skills, enhanced commercial and client awareness and increased resilience and work ethic. Some noted that these students have clearer career ideas and more maturity, while others highlighted that these students have more realistic expectations about work, colleagues and career.



Only 15% of employers agreed that students with a postgraduate degree have better skills and attributes than other students. These firms were most likely to be found in the energy, engineering & industry sector or in the finance & professional services sector.

Previous interns get adjusted to the business environment quicker. They also have the ability to communicate with different levels of seniority within the business.

Students who have completed internships tend to know what they want to achieve in their graduate role. They also tend to have better technical skills as they have been applied in a practical setting (e.g. programming skills)

They have better 'soft skills' i.e. communication skills, time management skills and are usually more confident when having to speak to other employees or anyone external from other companies. They also understand more about the importance of planning and dealing with problems.

**EMPLOYERS
SPEAK**

In contrast to the students with additional work experience, employers report that students with additional (postgraduate) educational experience do not typically exhibit better skills and attributes. Only 15% of employers agreed that students with a postgraduate degree have better skills and attributes than other students. These firms were most likely to be found in the energy, engineering & industry sector or in the finance & professional services sector. Where employers were positive about hires with postgraduate qualifications, they appreciated their maturity, technical skills and expertise (where it was relevant to the job), writing skills and their ability to manage their workload.

It is interesting to look at the relationship between what employers say that they need and the skills that they believe that students have. Figure 4.3 compares the difference between the skills that employers report that students have and those that they need. It uses these two figures to create a ranking of the skills that are most in demand. The higher the score (and the greener the cell) the more the supply of that skill or attribute outstrips demand. The lower the score (and the redder the cell) the more the demand for that skill or attribute outstrips supply.

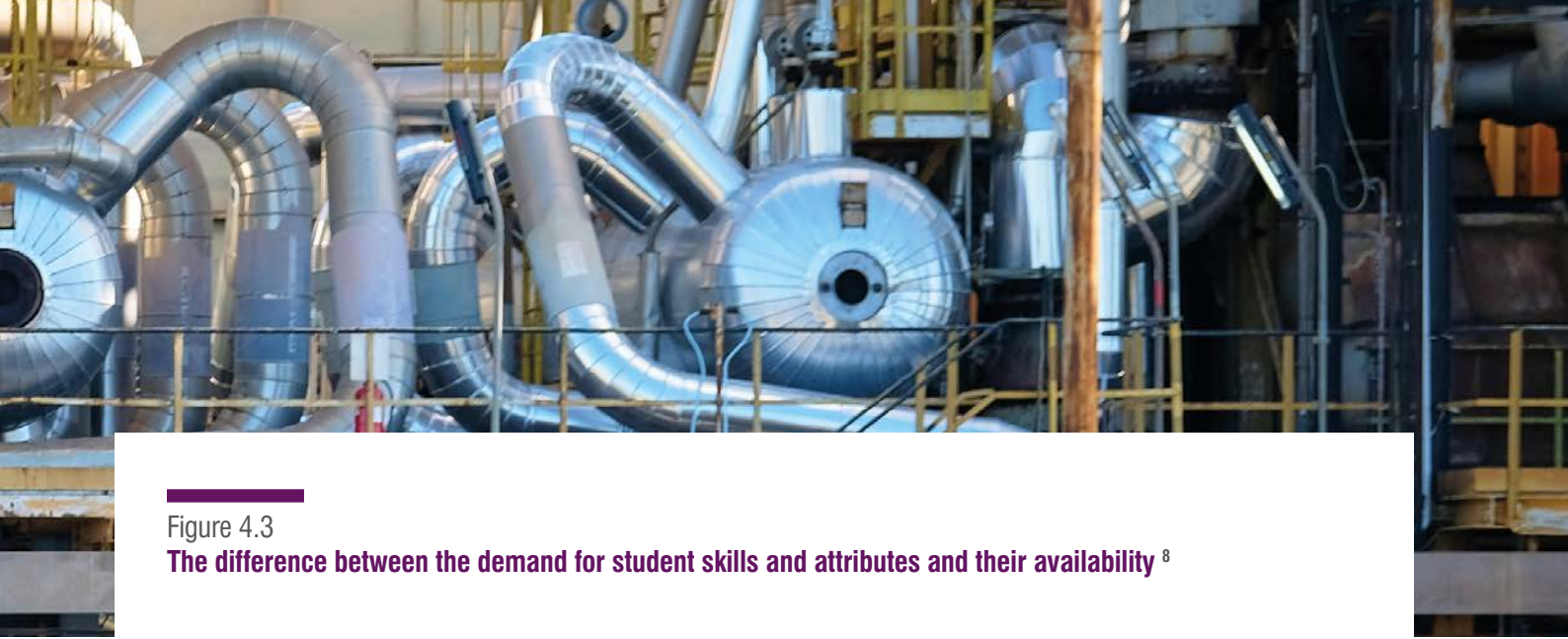


Figure 4.3

The difference between the demand for student skills and attributes and their availability ⁸

Skill/attribute	Graduates	Non-graduates
Excel skills	58	30
Career management	50	12
Data handling/data analysis	47	5
IT/digital skills	46	6
Writing	39	26
Numeracy	38	7
Dressing appropriately	37	10
Leadership	37	20
Presentation skills	31	33
Managing up	30	39
Staying positive	28	47
Dealing with conflict	27	40
Negotiation/influencing skills	20	8
Job-specific technical skills	20	54
Listening	11	25
Problem-solving	10	43
Emotional intelligence	9	7
Teamwork	7	62
Time management	4	18
Interpersonal skills	3	18
Taking responsibility	-1	35
Commercial awareness	-1	51
Business-appropriate communication	-4	16
Resilience	-5	45
Self-awareness	-5	6

Skill or attribute is relatively scarce
 Skill or attribute is relatively abundant

The pattern of supply and demand varies quite a bit between the apprentices and graduates. In general employers demand more from graduates, but report that apprentices are more likely to meet what they expect of them.

⁸ These scores were calculated by subtracting the proportion of employers who said that students lacked a particular skill from 100. This provided a percentage of employers to perceived that students did not lack that skill. This proportion of employers who said that they needed this skill was then subtracted from this to provide a measure of the demand for skills.

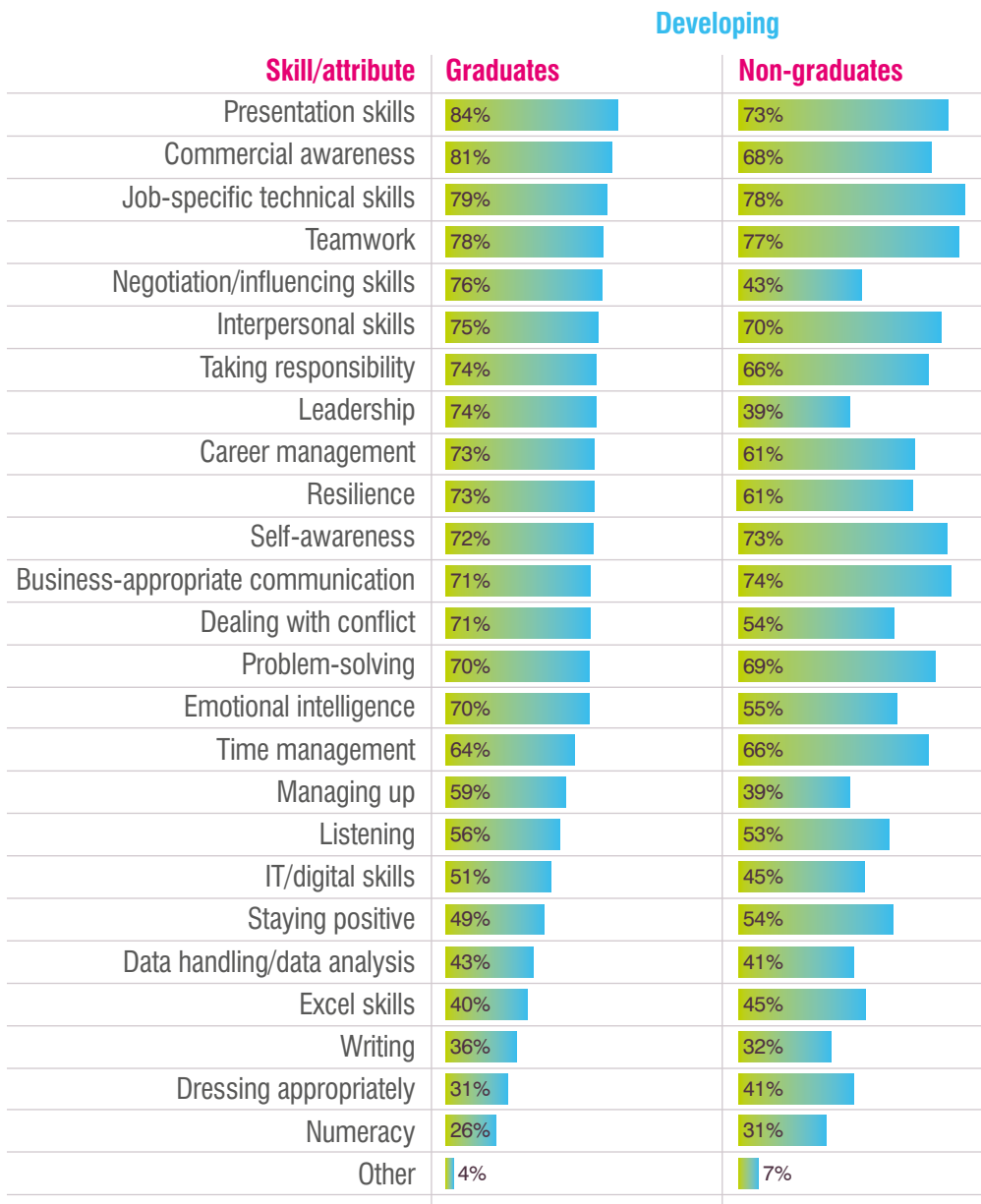
$$\text{Demand for skill/attribute} = (100\% - \text{employers noting lack of skill}) - \% \text{ employers saying they need the skill}$$

The skills and attributes that employers are developing

The previous two sections have looked at what skills and attributes employers are looking for and compared this with the skills and attributes that they actually find, or do not find, in the hires that they recruit. This section looks at what skills and attributes firms are training and developing their early career hires in. Figure 4.4 shows the key skills and attributes that employers are focusing on in their training and development activities. It shows that the most common areas to concentrate on for graduates are presentations skills, commercial awareness, job specific technical skills, teamwork and negotiation and influencing skills. While for non-graduates it is job specific technical skills, teamwork, business appropriate communication, presentation skills and self-awareness.

Figure 4.4

The proportion of employers developing early career hires in different skills and attributes



There are lots of similarities between the training offered to graduates and non-graduates, but also some important differences. Employers are almost twice as likely to train graduates in leadership and negotiation and influencing and around one and a half times more likely to train them in managing up and dealing with conflict. Conversely, they are more likely to focus on non-graduates ability to dress appropriately, on their numeracy and on their ability to stay positive. While the picture is broadly of similar training and development programmes being delivered to different kinds of hires, the differences suggest that some non-graduates arrive less polished, whilst graduates continue to be prepared for organisational leadership roles.



Retention and progression

5



This chapter looks at the retention and progression of hires beyond their initial training programmes. It looks at the proportion of hires to retained at the end of their training programmes and then after three and five years of employment. It then looks at which types of hires are particularly difficult to retain, before exploring why people leave. Finally it examines the kind of progression that hires are likely to experience in their first few years at a firm.

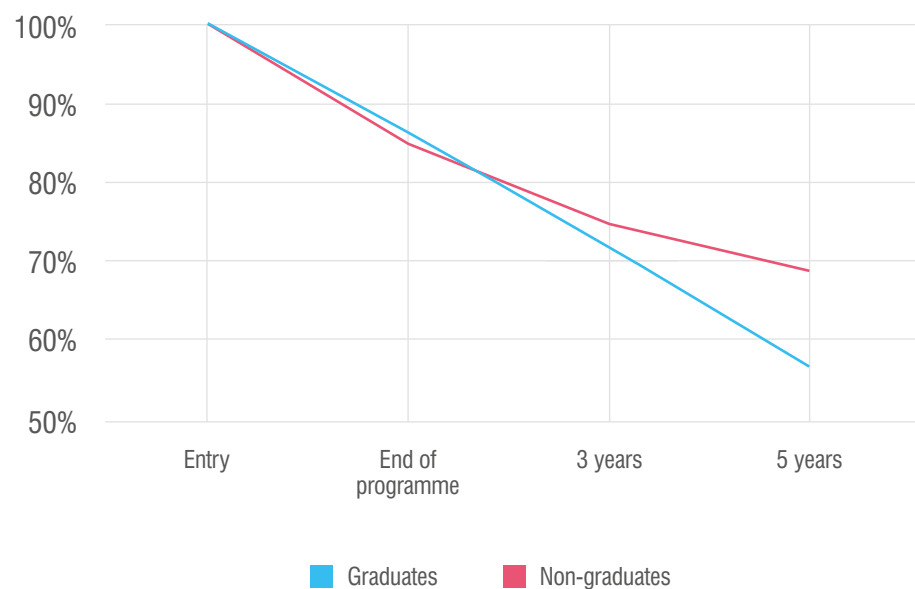
Retention

Firms are keen to retain hires beyond the length of their initial training and development programme. While firms do not want to retain every hire forever as some degree of turnover is healthy, relatively high levels of staff retention are often seen to be indicative of job satisfaction and employee engagement. This is particularly important with entry-level hires, where employers are making substantial investments in the development of staff and hope to retain them until this initial outlay is recovered.

Employers participating in this survey reported relatively high average levels of retention. Figure 5.1 show how the retention of graduate and non-graduate hires plays out over the first five years of their employment. It shows that over the longer period non-graduate hires are likely to be retained at a higher rate than graduate hires.

Figure 5.1

Retention of graduate and non-graduate hires for the first five years of employment



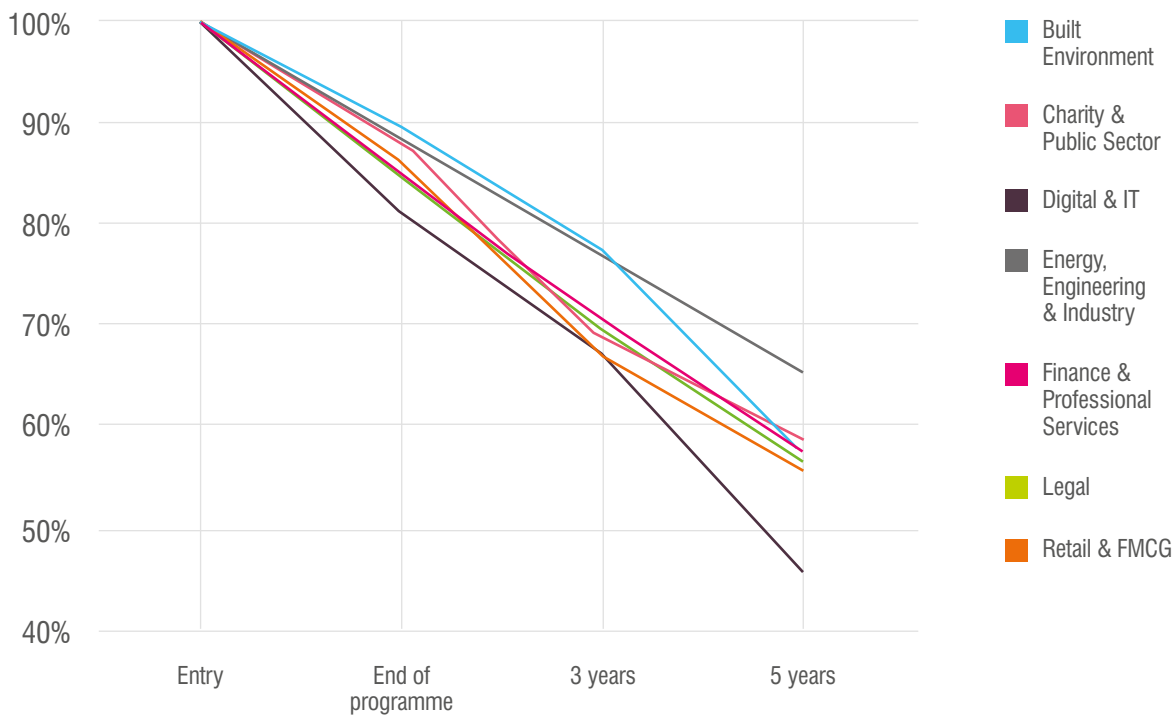
57%

Graduates still working for their employer five years after hire

There are considerable sectoral differences in the pattern of retention as can be seen in figures 5.2 and 5.3. In the graduate market retention is worst in the digital & IT sector which reports that after five years only 45% of hires are still with the firm and best in the energy, engineering & industry sector where 65% of hires are retained after five years. These differences may be caused by a variety of factors, but low retention may be explained by skills shortages within sectors, meaning that graduates can move around to gain better pay and conditions, or by relatively low pay within sectors leading to a 'brain drain' out of that sector once graduates are professionally competent.



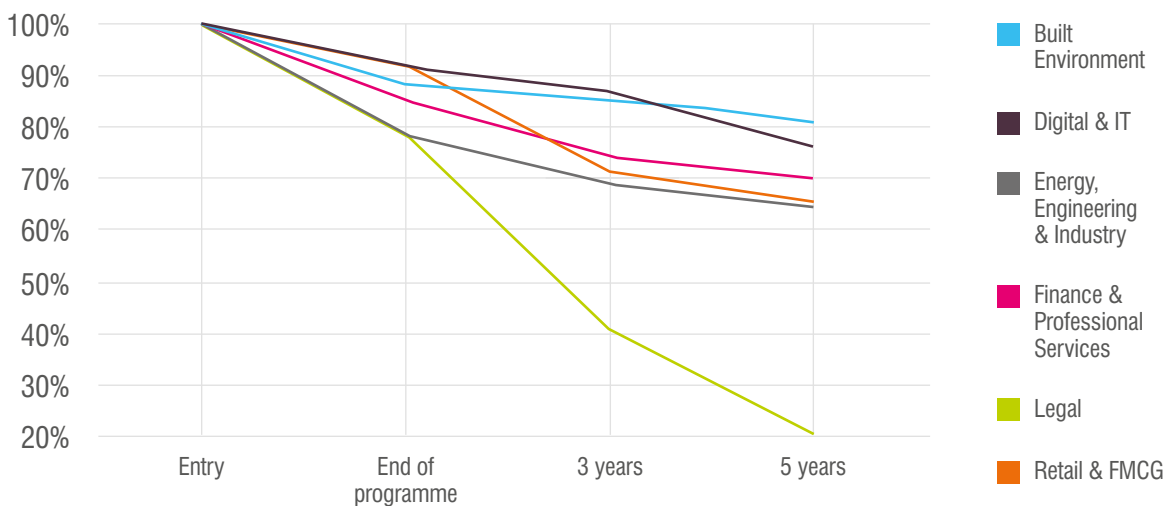
Figure 5.2
Graduate retention by sector over the first five years of employment



In the non-graduate market the legal sector report 20% retention after five years. However, this figure should be viewed with caution as it relates to a single firm, with most firms in the legal sector currently unable to provide longer term retention figures for their non-graduate hires. The next lowest is the energy, engineering & industry sector at 64% of staff retained after five years and the highest is the built environment sector which reports that it has retained 81% of non-graduate entry-level staff for five years.

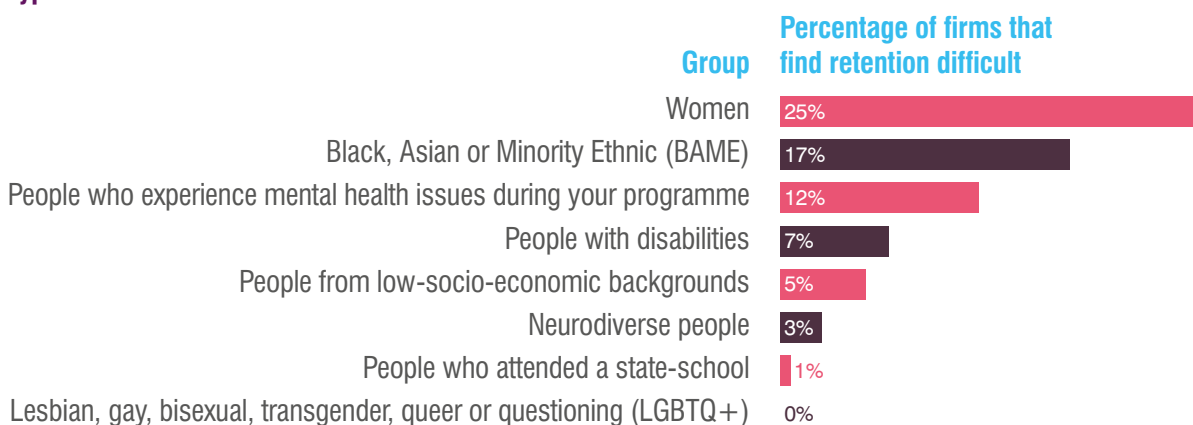


Figure 5.3
Non-graduate retention by sector over the first five years of employment



Firms also provided information on the types of hires that they find particularly difficult to retain. Figure 5.4 shows which categories of staff were most cited and demonstrates that a quarter (25%) of firms report that it is harder to retain women and slightly less than a fifth (17%) report that it is harder to retain people from a Black, Asian or Minority Ethnic (BAME) background. One respondent also highlighted the difficulty of retaining hires with children.

Figure 5.4
Types of hire that firms find more difficult to retain

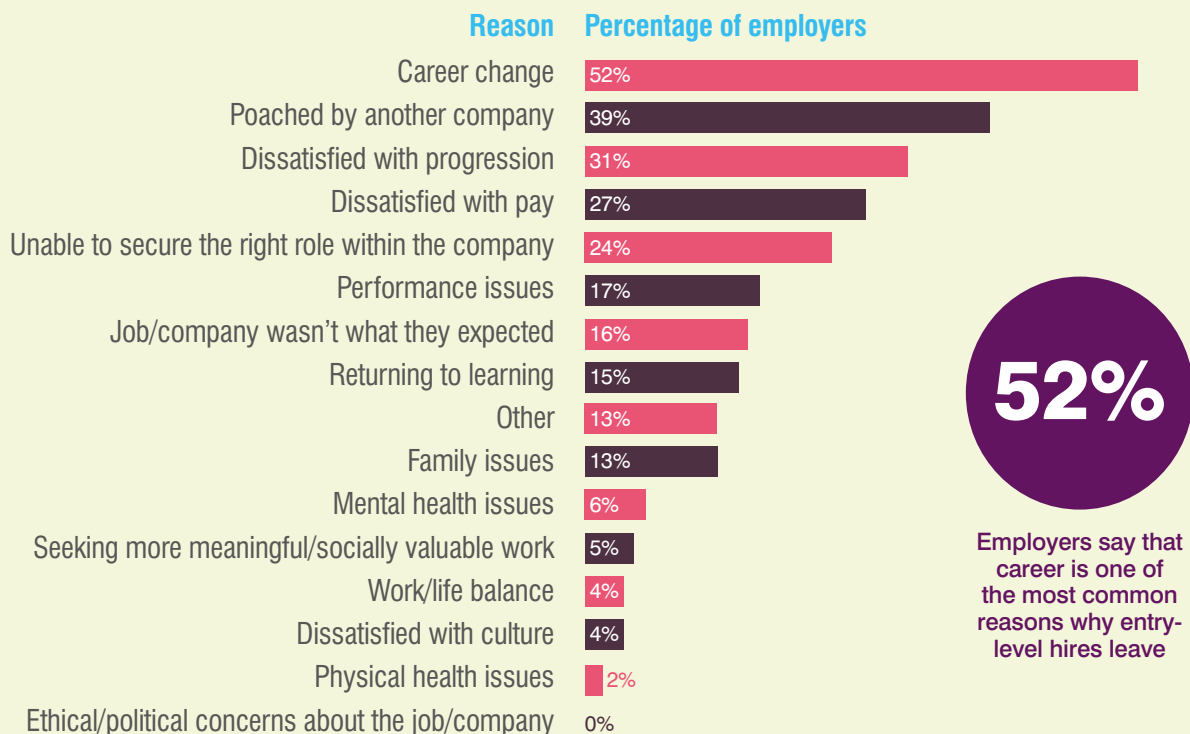


Respondents provided several insights into why they experienced specific issues with some of these groups. They suggested that it was influenced by the image and culture of their sector (raised in relation to women, BAME hires and people with disabilities), by a lack of role models (women, people with disabilities), by low levels of recruitment of this group at the entry-point (women, BAME), by line managers failing to adapt their style to the needs of different groups (people with disabilities, neurodiverse people), because the entry-level hires do not believe that they can progress within the industry (women) and because the role places them under a high level of stress (mental health). There may also be a range of reasons outside of the direct control of the firms, relating to the position of these groups within wider society, for example the disproportionate likelihood of women taking on family and caring responsibilities may also have an impact on retention. Several other respondents commented that their firm either does not track retention by demographic group or that even though they are aware that too many people from one group are leaving, they do not know why this is. Last year's ISE Development Survey also identified a very similar issues relating to diversity and retention, suggesting that this is a persistent issue.⁹ Given this, there is clearly a need for further research too explore these retention issues and as part of this it is important that firms monitor these trends carefully.

The survey explored the most common reasons why hires leave. Respondents were asked to identify the three top reasons why hires leave their firm. Figure 5.5 sets out their responses and shows that the main reasons were all related to career change and progression. While pay is an important factor it is not the factor that firms most commonly identify.

“... Respondents were asked to identify the three top reasons why hires leave their firm... the main reasons were all related to career change and progression. While pay is an important factor it is not the factor that firms most commonly identify.”

Figure 5.5
The proportion of firms citing different reasons for entry-level staff leaving



The findings on why early career hires leave suggest that firms need to pay careful attention to the career progression of their staff. The next section explores these issues of progression in more detail.

9 Institute of Student Employers. (2019). *Student development survey 2019*. London: Institute of Student Employers.

Progression

The importance of career progression and feeling adequately rewarded is shown in figure 5.5. This section looks at the way in which firms progress entry-level staff. The existence of the kinds of training and development programmes described in chapter three of this report provides a very strong structure to manage and support progression during the first one to three years of their employment. Once that programme finishes the amount of structured support available to a member of staff typically declines, but the overwhelming majority (79%) of firms continue to provide ongoing support for hires after the initial graduate programme or apprenticeship is complete. In addition, almost all (97%) provide further support for hires that are experiencing mental health issues.

Salary offers an important way to measure progression. In our recruitment survey in 2019 we asked firms to provide information about the starting salaries that they offer.¹⁰ In this survey we asked firms to provide us with the approximate average salary that someone will be earning after three years. These data should be interpreted with some caution as the exact samples are not the same, however, it hopefully provides some indication of the growth in salary that hires are likely to experience in their first three years.

£40,000

Average graduate salary three years after hire

Figure 5.6

Salaries of early career hires at entry point and after three years

	Graduates (Entry)	Graduates (3 years)	Non-graduates (Entry)	Non-graduates (3 years)
Legal	£40,000	£80,000	£17,000	£20,000
Finance & Professional Services	£30,125	£43,500	£19,000	£27,500
Digital & IT	£30,000	£45,000	£18,250	£30,000
Engineering, Energy & industry	£27,500	£35,000	£14,750	£27,000
Retail & FMCG	£27,000	£40,000	£16,000	£27,500
Built Environment	£26,900	£35,000	£18,050	£26,500
Charity & Public Sector	£25,000	£36,500		
All	£29,000	£40,000	£19,000	£27,500

A small minority of firms (10%) report that hires that enter with postgraduate qualifications see their salaries progress more quickly than their less qualified colleagues. These firms are concentrated in the built environment, digital & IT and finance & professional services sectors.

Progression cannot be measured by pay alone. As figure 5.5 shows, staff clearly care about a range of issues related to career progression including finding more senior and challenging jobs, having the opportunity to shape their work and finding work that accords with their interests and values. It would be valuable to explore some of these issues in more depth. One area where a majority of firms (56%) are taking proactive action is in identifying high performing hires and future leaders during their initial training. This process of 'talent spotting' allows firms to actively manage some of their best hires and ensure that these staff are offered a range of progression opportunities.

¹⁰ Institute of Student Employers. (2019). *Inside student recruitment 2019: Findings of the ISE recruitment survey*. London: ISE.



**Challenges in running
early career learning and
development programmes**

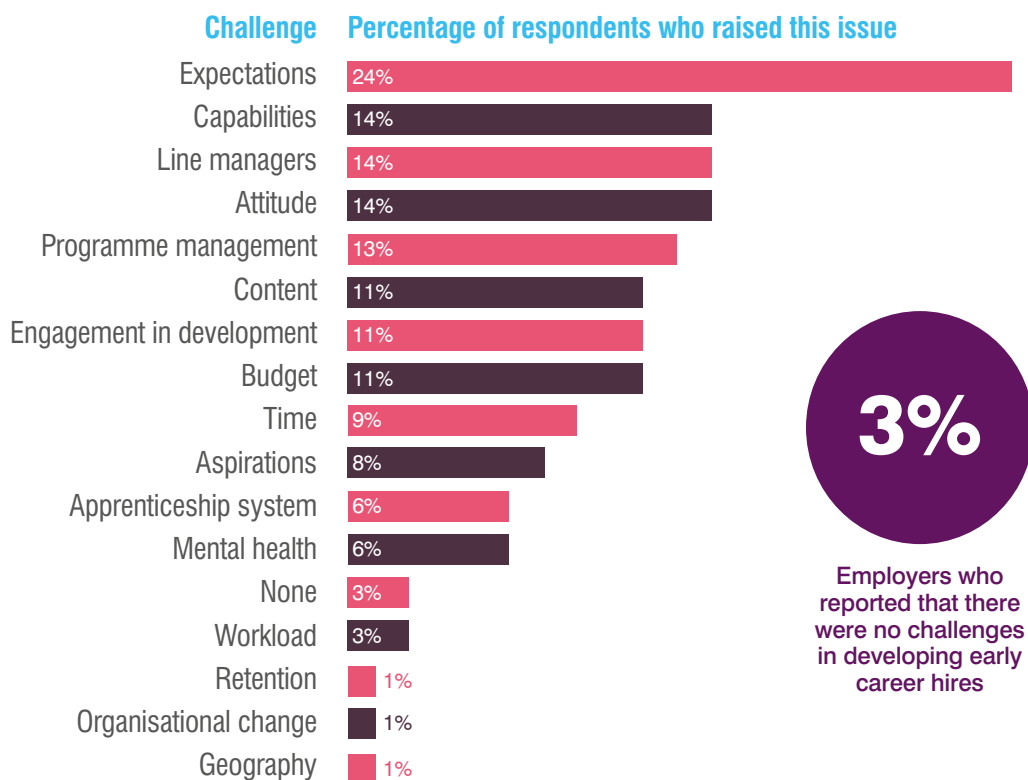
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This chapter explores the challenges that respondents reported in running early career learning and development programmes. It begins by setting out the full range of challenges that they identified before going on to look specifically at challenges associated with the staff themselves, with the programmes and with the organisations in which the development happens.

Key challenges

Respondents to the survey were asked to reflect on some of the key challenges that they experienced in developing entry-level hires. Eighty respondents provided reflections on the challenges that they experienced. Of these only 3% reported that they did not experience any challenges in running development programmes for entry-level hires. The rest all highlighted problems, issues and challenges, with many highlighting multiple challenges. Figure 6.1 summarises the challenges raised by respondents.

Figure 6.1
Challenges to developing entry-level hires



Issues with entry-level hires

The most common issue raised by participants was managing the *expectations of entry-level hires*. This was raised by a quarter of the respondents (25%) who provided a reflection. Many discussed how candidates arrived with unrealistic expectations of what their job would involve, the salary that they would earn and the speed of progression that they could expect. The challenges of meeting hires' career aspirations were specifically raised by 8% of participants.

Respondents explained that one of the key roles of the development programme is to 'calibrate' hires' expectations about what they can expect early on in their career.



Employers raised issues with the expectations of early career hires

EMPLOYERS SPEAK

The main challenge is to manage expectations at the end of the programme, they have so much opportunity for development when on the programme they can expect to be earning more/working at a higher grade than their experience allows.

Related to the issue of expectations 14% of respondents raised issues relating to the *attitudes of entry-level hires*. These respondents felt that the attitudes of entry-level hires were often a poor fit for the organisations in which they were now working. As one respondent reported, it can be difficult 'getting them to understand and work by our values and behaviours'. Some attributed these issues to generational differences.

Perceived generational differences - e.g. graduates may have a less formal dress sense, different relationship with technology, greater desire to build relationships and be seeking a work/life balance. These are not necessarily bad things but can cause culture clash with other generations.

EMPLOYERS SPEAK

A similar number of respondents (14%) raised issues that were related to the *capabilities of the entry-level hires* and the need to develop these quickly during the first few years of their employment. They reported that candidates need to quickly build their knowledge, skills, resilience, independence and capacity to operate successfully within the organisation. They also highlighted the fact that staff were very varied and that this made offering a development programme more difficult. As one respondent highlighted, entry-level hires are 'always very unique, one size fits all approach doesn't always work'. In some cases these issues intersected with concerns about mental health (raised by 6% of respondents).

Respondents also raised issues relating to the *engagement of entry-level hires in development*. Around 11% of respondents highlighted some of the difficulties of ensuring that entry-level hires participated fully in the training and development that is available to them. They highlighted the challenges in getting staff to see that generic skills training is valuable and take time from their substantive role to undertake such training. Because of this some raised concerns that sign up and attendance rates were often low. They also highlighted some discrepancies between what staff said they wanted and what they actually made use of.

EMPLOYERS SPEAK

Finding learning methods that are suitable for all early career hires. There is a big contradiction between what they say they want and what they actually use e.g. digital online resources are preferred when asked but not utilised as much. Face to face is given a very important ranking but sign up rates often low and we don't mandate these sessions.



“...
9% of respondents
raised issues
related to time

Programme issues

Running a learning and development programme for entry-level hires can be a complex endeavour. Issues related to *programme management* were raised by 13% of respondents. They highlighted a range of issues associated with the practical process of running a learning and development programme. These included how the learning and development team could build up a clear picture of what the organisation needed from the programme, balancing the amount of time staff spend on development with their contribution to the business, balancing the proportion of the development that is done centrally or within business functions and dealing with logistical issues like when and where to run training.

Some (11%) participants also raised concerns about the *budget for development programmes*. These respondents reported concerns about how resource constraints prevented them from delivering early career development programmes in the way that they ideally would have liked to. Related to issues of budget and resourcing 9% of respondents raised issues related to time. They highlighted the difficult of justifying sufficient time for the development programme and gaining the release of staff to participate in it.

Participants also raised concerns about deciding on the right *content for development programmes*. Around 11% of respondents raised concerns about content with key issues being how to balance the provision of technical knowledge and skills with more generic and ‘soft’ skills, avoiding the tendency to pack courses too full and overload entry-level hires, anticipating what training and development would be useful for the business in the future and managing the diverse needs of different staff.

We struggle to find a development programme that suits all of the graduates. We try to ensure that all graduates feel that the training is worthwhile but this is hard when you hire graduates from different degree backgrounds. Some graduates are more experienced in the training, and others need to understand the basics.

**EMPLOYERS
SPEAK**

Organisational issues

In addition to the issues that respondents faced when dealing with entry-level hires themselves and their learning and development programmes, they also reported a range of issues related to the way that their organisations supported development. The most common issue that they described of this type related to the *role of line managers* which was highlighted by 14% of the respondents. They noted that line manager engagement in the training of new hires can be variable and discussed the need to provide them with clarity about their role and training and support.



Conclusions

7

This report demonstrates the depth of learning and development provision that exists for entry-level hires within ISE members. There is a clear recognition that entry-level hires bring with them particular issues and challenges and that these are best addressed through some kind of structured development programme. But, within this basic commitment to the provision of learning and development for early career hires, there is also a wide range of diversity in the organisation and delivery of such programmes.

This report started by highlighting the fact that the experience of transitioning into work receives far less attention than the process of preparing young people for work. This report has provided a useful description of the way in which large firms, such as those that are members of ISE, seek to manage this transition. However, there is a need for far more research to illuminate this area and further discussion about how the education and system and public policy systems can better support the efforts of employers. In particular we need to know more about the candidate/staff experience and more about the learning and development professionals who are running these programmes.

For learning and development professionals this report is likely to be suggestive of a range of areas for improvement. Many of these will be highly individual and may be prompted by the recognition that your firm is well below average in some area or that everyone else is doing something that you have not thought of. However, there may also be some areas that it would be worth all firms thinking about. For example, the fact that many firms are running multiple programmes, using multiple qualification frameworks and apprenticeship standards may be worthy of review. Sometimes complexity is necessary, but in many cases the organic growth of an area leads to it becoming unnecessarily byzantine. There also seem to be some important discrepancies between the learning and development approaches that firms are using and the ones that they think really work. Some firms may benefit from reviewing their portfolio and focusing on what they are really committed to.

Finally, there are some worrying indications about the retention of women and BAME groups and perhaps even more worryingly a number of firms that do not analyse their retention by demographics. Recent years has seen the issue of diversity become central to recruitment, but it appears that there is still some way to go in ensuring that it receives equal attention in the learning and development field.

It is hoped that this report will provide a stimulus to debate both within firms and across the sector as a whole. However, policy, technology, the market and trends within firms shape the future of learning and development, ISE will continue to work with all organisations that are committed to the recruitment and development of entry-level staff, young workers and those in their early career.

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