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Great Expectations

Insights from the Accenture 2014
College Graduate Employment Survey

By David Smith, Katherine LaVelle and Anthony Abbatiello

In the area of developing and maintaining their talent supply chain—how employees are hired, developed and deployed to optimally support business strategy—too many companies are neglecting the all-important entry-level positions from which many of their top-performing employees will emerge.

That's one of the important implications of the Accenture 2014 College Graduate Employment Survey, which compares the expectations and attitudes of this year's university graduates with the realities of the working world according to 2012 and 2013 grads. When it comes to talent development, to jobs that match an employee's education, and even the quest for full-time work, the slightly older peers of today's graduates tell a cautionary tale about what the job world is really like.

It's a story that is cautionary for companies, too. If organizations are to attract and retain top talent, as well as ensure their talent supply chain is developing and deploying the people with the right skills, their management of entry-level positions needs to improve.

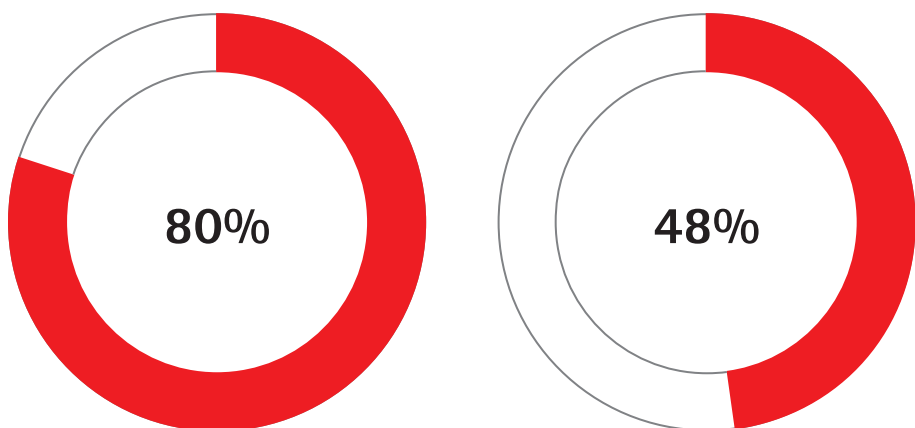
The good news is that the opportunities are there for companies to have a distinctive talent advantage in the marketplace—optimizing their talent supply by helping their entry-level employees to grow and evolve in their work.

Expectations and reality

The fact that many employers are not effectively developing their entry-level talent is evident from several findings from the Accenture research. For example: 69 percent of 2014 grads say more training or post-graduate education will be necessary if they are to get their desired job. And four out of five (80 percent) expect that their employer will provide the kind of formal training programs necessary for them to advance their careers.

But what's the reality of the job world according to 2012/2013 grads? Only 48 percent report that they received such training. (See Figure 1.) This is the same percentage noted in last year's study.

Figure 1: Employer training expected/provided



80% of 2014 college grads expect their employer to provide a formal training program in their first job

48% of 2012/2013 grads received formal training in their first job

Of equal concern is the fact that almost half (46 percent) of 2012/2013 grads working today report that they are significantly underemployed—that is, that their jobs do not really depend on their college degrees. That number was only 41 percent just a year ago. (See Figure 2.)

Even the possibility of relevant, full-time work is more ephemeral than today's hopeful college graduates expect. The survey found that 84 percent of 2014 grads believe they will find employment in their chosen field, and 61 percent expect that job to be full time. But only 46 percent of 2012/2013 grads report having a full-time job; an additional thirteen percent have been unemployed since graduation.

And longevity? Although 66 percent of this year's grads expect to keep their first job more than three years, only 44 percent of 2012/2013 grads expect to be there that long. More than half (56 percent) have already left their first job or expect to be gone within one or two years.

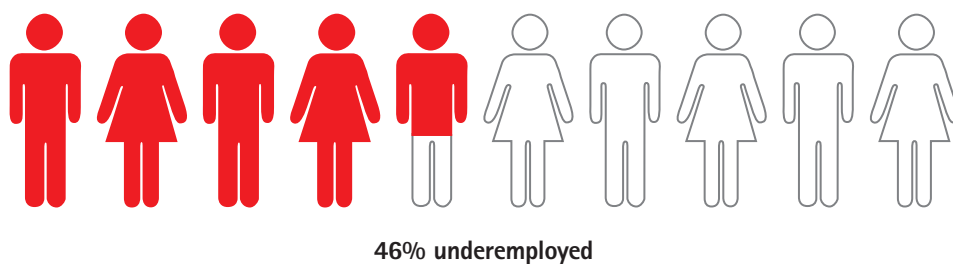
Market oriented

Graduates and recent hires are doing what they can, however, to be more market relevant. For example, three-quarters (75 percent) of those who are graduating this year took into account the availability of jobs in their field before deciding their major, compared to 70 percent of 2013 graduates and 65 percent of those in the class of 2012. (See Figure 3.)

Of the 13 percent of 2012 and 2013 grads who have been unemployed since graduation, 41 percent believe their job prospects would have been enhanced had they chosen a different major, and 72 percent expect to go back to school within the next five years.

Figure 2: Underemployed Grads

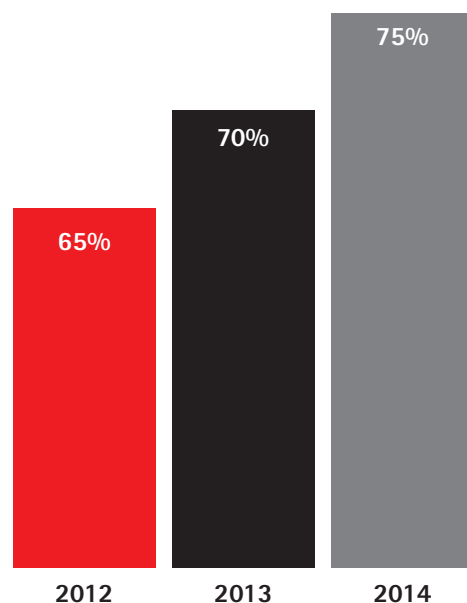
46 percent of 2012/2013 grads working today report that they are underemployed (meaning they are working in a job that does not require their college degree). This is a 5 percent increase from last year's survey.



Universities are doing their part, not only in providing a good education but also, increasingly, in providing a relevant education—fashioning courses of study with market relevance in mind and assisting their graduates in finding a job. Seventy-two percent of 2014 grads agree or strongly agree that their education prepared them for a career (up from 66 percent of 2012/2013 grads); 78 percent are passionate about their major area of study. And 63 percent of this year's graduating students believe their university was effective in helping them find employment opportunities, up from 51 percent among their recently graduated peers.

Graduates are also willing to be flexible. Three-quarters (74 percent) of pending 2014 grads said they would be willing to relocate to another state to find work, and 40 percent of those would be willing to move 1,000 miles or more to land a job; 21 percent of 2012/2013 grads said they relocated for a job.

Figure 3: Grads considering the availability of jobs in their field when deciding a major



The bank of Mom and Dad

Student loan debt is on the rise according to the Accenture 2014 College Graduate Employment Survey, and that is one of the factors leading recent graduates to depend on their parents for various kinds of assistance. Relevant survey results include:

- Among the 2014 survey respondents, 43 percent expect to earn more than \$40,000 at their first job; unfortunately, only 21 percent of the 2012/2013 grads actually in the workforce are earning at that level. In fact, one-fourth of them (26 percent) are making less than \$19,000.
- Graduating with student loan debt is an ongoing concern. About one-fourth of this year's grads (28 percent) will graduate with more than \$30,000 in debt.
- Twenty-eight percent plan to share their student loan debt with their parents, compared to 25 percent of 2013 graduates.
- More than one-third (38 percent) of pending 2014 grads plan to live at home after graduation; 42 percent of 2012/2013 college grads said they are currently living at home.
- Although only about one-third (37 percent) of outgoing 2014 grads expect to have health coverage through their parents' insurance, in fact more than half (52 percent) of 2012/2013 graduates have insurance through their parents.

Focusing on talent supply

What are companies—senior management as well as HR and training executives—to make from these trends and data points from the Accenture survey? Clearly many macroeconomic issues are at work here, including the rise of part-time or contingent work, as well as compensation/benefits packages that this generation's parents might not have found acceptable.

The data highlights a major disconnect between executive surveys from a range of sources, including The Conference Board, that consistently put human capital issues among management's primary concerns, and the fact that companies' investments in people do not always seem to live out those concerns. Less than one-half of recent grads are benefiting from a formal training program from their employer; only one-fourth of them (27 percent) are receiving health insurance benefits from their employer; almost half of recent grads don't even feel their college degree is being leveraged in their current job.

In this environment, how can companies help their entry-level employees to grow—something essential to optimizing the overall talent supply chain? Without properly skilled people at all levels, business performance suffers and HR costs rise, as well. If the majority of your recently hired employees plan to leave in a year or two, what's the cost of that? Most research points to worker replacement costs of 100 percent to 300 percent of the employee's salary.

To meet these challenges, Accenture recommends a series of actions and strategies across the full talent management cycle:

- **Reassess your hiring and retention strategies.** If the jobs you seek to fill do not require a distinctive educational background, then change your hiring approach. Applicants with overly sterling qualifications may take a job out of necessity, but they may not stay long. Better to set your sights on other factors.
- **Hire based on potential, not just immediate qualifications.** HR filters also fail many companies by screening out great candidates because their resumes don't have the required key words—phrases that are sometimes overly technical. Recent graduates aren't going to have every skill you're looking for. Instead, look for candidates that demonstrate a desire for continued learning and enthusiasm for the job at hand. Look too for transferrable skills, including communication and problem-solving capabilities, which can be applied in a variety of situations.
- **Use talent development as a hiring differentiator.** Today's college graduates are considering the availability of training as they make their decision about who to work for. If your training for new and recent hires is distinctive, be sure to figure that into your social media presence and in your discussions with candidates.

- **Remember that tangibles matter, even to millennials.** Although the Millennial Generation has acquired a reputation for valuing intangibles in the workplace such as meaningful work and work-life balance, the numbers tell a different story. Competitive compensation drives most of them in terms of what they are looking for from an employer: 66 percent this year cited compensation as the number one determinant, close to the 71 percent of 2012/2013 grads. Second on the list is a benefits package including health insurance, named by 54 percent of 2014 grads and 56 percent of 2012/2013 grads. Only third on the list is "interesting and challenging work" (2014: 29 percent; 2012/2013: 34 percent).
- **Cast your net more widely.** Given that so many 2014 grads are willing to relocate for a good job, don't constrain yourself only to local talent. Look more broadly and also consider alternate talent pools. Tap into online communities for young people with strong digital brands who demonstrate the potential you're looking for.
- **Use talent development and other benefits as part of your total rewards and attraction approach.** Many 2014 graduates are prepared to negotiate on salary to find the right job. The ability to offer ongoing development opportunities and career advancement can be a differentiator when it comes to attracting and retaining top talent.

Looking to the future

Companies that expect to succeed in the long term must pay as much attention to their new hires as to existing personnel. Building and maintaining a strong and sustainable talent supply chain is dependent on better preparing and developing entry-level employees. With better planning and investments in the training and development of newer employees, companies can continue to keep their talent supply chain flowing in the years ahead.

About the Authors

David Smith is the senior managing director and lead for the Talent & Organization group in Accenture Strategy. He is based in Hartford, CT.
david.y.smith@accenture.com

Katherine LaVelle is a managing director and North America lead for the Talent & Organization group in Accenture Strategy. She is based in Washington, DC.
katherine.d.lavelle@accenture.com

Anthony Abbatiello is a managing director and lead for the Human Resources consulting group globally as part of Talent & Organization within Accenture Strategy. He is based in New York, NY.
anthony.p.abbatiello@accenture.com

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