

**‘Are structured graduate development programmes effective in recruiting, retaining and developing senior management of the future?’**

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## Authorship Declaration

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of BA in HRM is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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## Table of Contents

	Page
Diagrams Content	v
Acknowledgements	vi
Abstract	vii
Chapter One	<b>Introduction</b> 1
Chapter Two	<b>Literature Review</b> 4
	2.1 Introduction 5
	2.2 Transition from College to Work 7
	2.3 Recruitment Process 11
	2.4 Initial Role 16
	2.5 Development of the Graduate Trainee 18
	2.6 Performance Monitoring 22
	2.7 Retention 24
	2.8 Conclusion 28
Chapter Three	<b>Methodology</b> 31
	3.1 Conceptual Framework 32
	3.2 Research Question 32
	3.3 Research Objectives 33
	3.4 Research Design 33

# National College of Ireland

Chapter Four	<b>Analysis of Findings</b>	38
	4.1 Why graduates join a structured Graduate Programme	39
	4.2 The recruitment process and its influence on graduates	41
	4.3 The Transition from College to Work	43
	4.4 Satisfaction with Structured Programmes	45
	4.5 Commitment and Motivation	48
	4.6 Conclusion	51
Chapter Five	<b>Conclusion</b>	53
Bibliography		57
Appendices		59

## Diagram Contents

	Page
<b>Figure 2.1</b> A conceptual framework of high-potential graduate socialisation	9
<b>Figure 2.2</b> The IES Graduate Value Chain	26
<b>Figure 2.3</b> The Graduate Development Mix	29

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## Abstract

The issue of attracting and retaining graduate talent is of concern to all organisations. Graduates are the senior management of the future and their initial impressions of the organisation will have a lasting effect and impact on their decision to remain with the organisation that has initially recruited them.

The loss of graduates will have an impact not only in financial terms but on succession planning, customer service and ultimately the motivation, morale and commitment of remaining employees.

Graduates leave organisations for a variety of reasons but the most common reasons are that they are unhappy with their role within the organisation, the type of work they are doing or their relationship with their line manager.

Organisations must develop effective strategies to attract the best graduate talent in the market and to ensure there is a return on its investment in recruiting and developing this outstanding talent.

The objectives of graduate development programmes need to be questioned at all stages of the graduate life cycle. This life cycle starts at the recruitment stage and moves into the initial transition from college to work, the development of the graduate, the management of the graduate in terms of performance and the provision of interesting work and ultimately long-term career prospects.

Organisations need to question what type of individuals they require to grow and survive in an ever-increasing competitive market and how are they going to recruit, develop and retain this key talent.

# National College of Ireland

A well thought out graduate programme can assist in developing confident and capable future managers. The more confident, happy and satisfied graduates are the more likely they are to stay with the organisation that first recruited them.

Developing new graduates is not only important for the organisation who first recruited them but for Irish industry and business as a whole.

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## Chapter One Introduction

## **Introduction**

Graduate Development programmes are offered to individuals who have completed an undergraduate or masters degree programme. Graduate Development Programmes are commonplace amongst organisations within Financial Services, Large Accountancy Firms and other industries.

However, often employers question whether graduate programmes are a worthwhile investment if, as research indicates graduates tend to leave organisations after three years. This investment is time devoted by Line Managers to developing the graduate and the financial investment by the organisation in the graduate.

IIB Bank, established in 1973, is a wholly owned subsidiary of KBC Bank and Insurance Group. IIB's activities are structured to reflect the evolving needs of its customer base and the bank has a large lending division catering for corporate clients, structured finance projects, property lending and business banking.

To ensure that the bank is equipped with the necessary talent and skills to continue its unrivalled success, IIB has for the past number of years, recruited graduates into their lending unit.

However, the bank has experienced a 75% turnover from its graduate programme of 2001 – 2003 and in order to research why graduates leave after completion of a structured programme, the overall focus and aim of the research is to:

- Identify the attraction of graduate development programmes for talented employees:
- Explore the key issues that graduates experience when joining organisations from college and the influence of these factors on their long term career within the organisation:

- Identify graduates satisfaction with structured programmes:
- Explore the reasons why graduates leave organisations:
- Establish whether or not structured graduate programmes are a worthwhile investment in attracting, developing and retaining talented employees.

Although the CIPD and various institutions in the UK have carried out research into graduate programmes this research appears to be unique in an Irish context as there appears to be a lack of research carried out in Ireland into the effectiveness of Graduate Development Programmes.

The research aims to critically evaluate the current literature in relation to graduate programmes and better inform employers of the problems and issues graduates encounter during a programme. It also aims to inform how influential these issues and problems are in terms of retaining graduates as senior management of the future.

This dissertation was conducted by researching the literature provided through the library on-line databases and Internet resources. A structured face-to-face interview was conducted with employees who have taken part in IIB's graduate programme since 2001.

The dissertation is organised as follows:

- Chapter one is an introduction that outlines the problem and rationale for conducting such research.
- Chapter two is a review of the literature and is organised according to the various components of a graduate programme.
- Chapter three discusses methodology including the design and rationale for the instrument used. It also discusses the results of the preliminary pilot sample.
- Chapter four includes analysis of the data, summary and limitations
- Chapter five includes a conclusion and recommendations
- An appendix and bibliography complete this dissertation.

# National College of Ireland

## Chapter Two Literature Review

## ***2.1 Introduction***

Graduate recruitment has changed substantially over the last number of years since the traditional “milk round” method used to attract and recruit graduates.

However, the process of recruiting the “cream of the crop” still continues and companies continue to look for the high achievers from top universities.

A number of firms in Ireland such as KPMG, Ernst & Young and Deloitte & Touche commence their recruitment in October where these organisations, and others, begin their search for graduates in their final year of their undergraduate or masters degree programme.

Many companies hold presentation events on campus or at career fairs in an attempt to attract students.

Companies look not only for top academic performers but also achievements and leadership and team skills evidenced through sporting and social aspects on a candidates CV. These skills are becoming increasingly more important as academic qualifications alone are not always enough to be successful in business.

Graduates are recruited into organisations for the prospects of becoming the senior managers of the future. They have technical knowledge and theory to carry out an initial role and they can bring new life and ideas into the organisation. It is, therefore, important to get them to be effective fast and to imprint them with the company’s key strategic vision for the future.

A good graduate training programme attracts the highest quality graduates to apply to the company; it is also a key part of the company’s reputation as an excellent employer. This is important in attracting and retaining not only graduates but also all employees at every level.

Companies have a moral duty to invest in the training of graduates, to help create a pool of talent that is beneficial for all companies.

IIB Bank has for the past number of year's recruited graduates into a number of highly successful lending divisions. The lending unit has approximately 100 employees employed in the following divisions:

IIB Corporate Banking has a deep understanding of the needs of Irish business and is one of the main lenders to this market. IIB Corporate Banking has relationships with the majority of Ireland's main corporate companies, financial institutions and commercial state companies.

IIB Property Banking specialises in the provision of long-term debt for investment property, project finance for development property and structured finance for tax-based projects both in Ireland and the UK.

IIB Commercial Banking offers a range of business finance solutions for small and medium sized businesses.

IIB Project Finance specialises in the provision of financing and project structures in areas such as Public Private Partnership, Wind Energy, Waste Management and Power.

IIB offer a dynamic and sophisticated environment where graduates can acquire an insight into lending. Graduates participate fully as part of a relationship management team and are primarily engaged in the management and administration of existing client relationships. They also proactively assist with marketing and sourcing new clients.

The programme is a two-year structured programme of learning and development. A series of customised training courses are provided, which allied to work experience, aim to ensure that the participants are fully developed within their roles.

Human Resources and Line Managers manage the programme and graduates are assessed on a quarterly basis to ensure that they are learning and developing the required skills.

## *2.2 Transition from College to Work*

Research has established that a high number of graduates experience some degree of transitional problems when moving from college to a work environment. Graham and McKenzie (1995) for example, believe that the transition from college to work is a time of major change for any individual. This is particularly true in the case of new graduates who have little or no experience of a working environment and the transition can be particularly difficult. Having been through a number of years of formal education, and for most graduates this is at least 18, their expectations are usually quite high.

Within this viewpoint Dean et al (1985) (cited in Garavan & Morley 1997) identifies four processes that influence the expectations of graduates: childhood experiences, societal stereotypes, graduate/professional training processes and organisational recruitment and selection processes. The interplay of these variables creates expectations about job content, job context and career expectations.

One of the most obvious elements of these transitional problems is the move to a very different culture. The comfort zone has now been removed from the graduate and they are again unsure of their role, the job they may be doing and what it will be like. The culture change will have the most immediate impact when a new graduate arrives at work on their first day.

Other transitional problems experienced by graduates will be relatively small and easily solvable. Such transitional problems include such things as where the graduate will live and how he/she will travel to and from work. They will also have worries concerning their ability to do the job and doubts about whether or not they have made the right decision. These concerns will be further heightened by the fact that they will no longer, in the initial stages, have an immediate peer group with whom to share these anxieties.

In isolation these problems may appear small, however, put together they can be significant for the new recruit.

Some studies have looked at the nature of socialisation and newcomer orientations. Feldman (1976) (cited in Garavan & Morley 1997) defines organisational socialisation as the way in which employees are transformed from total organisation outsiders to participating and effective employees.

Feldman suggests that anticipatory socialisation encompasses all of the learning that takes place prior to the graduate's first day on the job. This facilitates the development of graduate expectations which will then be expressed in the form of a psychological contract. Porter et al (1975) (cited in Garavan & Morley 1997) note that individuals do not join an organisation with a completely "blank slate" but instead that they bring with them a set of cultural baggage and expectations formed as a result of their education processes and social experiences.

In order to explore the socialisation of high-flyer graduates, the conceptual framework in Figure 1 is proposed. This draws on the work of Feldman (1976); Field and Harris (1991); Porter et al. (1975); Schein (1978) and Wanous (1992) (cited in Garavan & Morley 1997).

Unlike some of the earlier frameworks proposed, it facilitates the process of expectation building and gives explicit recognition to the creation of a psychological contract. The framework also recognises that the initial psychological contract may change as a result of later socialisation stages.

The psychological contract is the overall expectations that a graduate has with regard to his/her potential role and contribution within the organisation; the psychological contract also encompasses the organisation's potential response to these expectations and

contribution. The psychological contract is not in written format nor are the majority of its terms explicitly negotiated.

*This psychological contract sets out mutual expectations – what management expect from workers and vice versa. In effect, this contract defines the behavioural expectations that go with every role. Management is expected to treat employees justly, provide acceptable working conditions, clearly communicate what is a fair day’s work and give feedback on how the employee is doing. Employees are expected to respond by demonstrating a good attitude, following directions, and showing loyalty to the organisation (Robbins 2003 pp 227).*

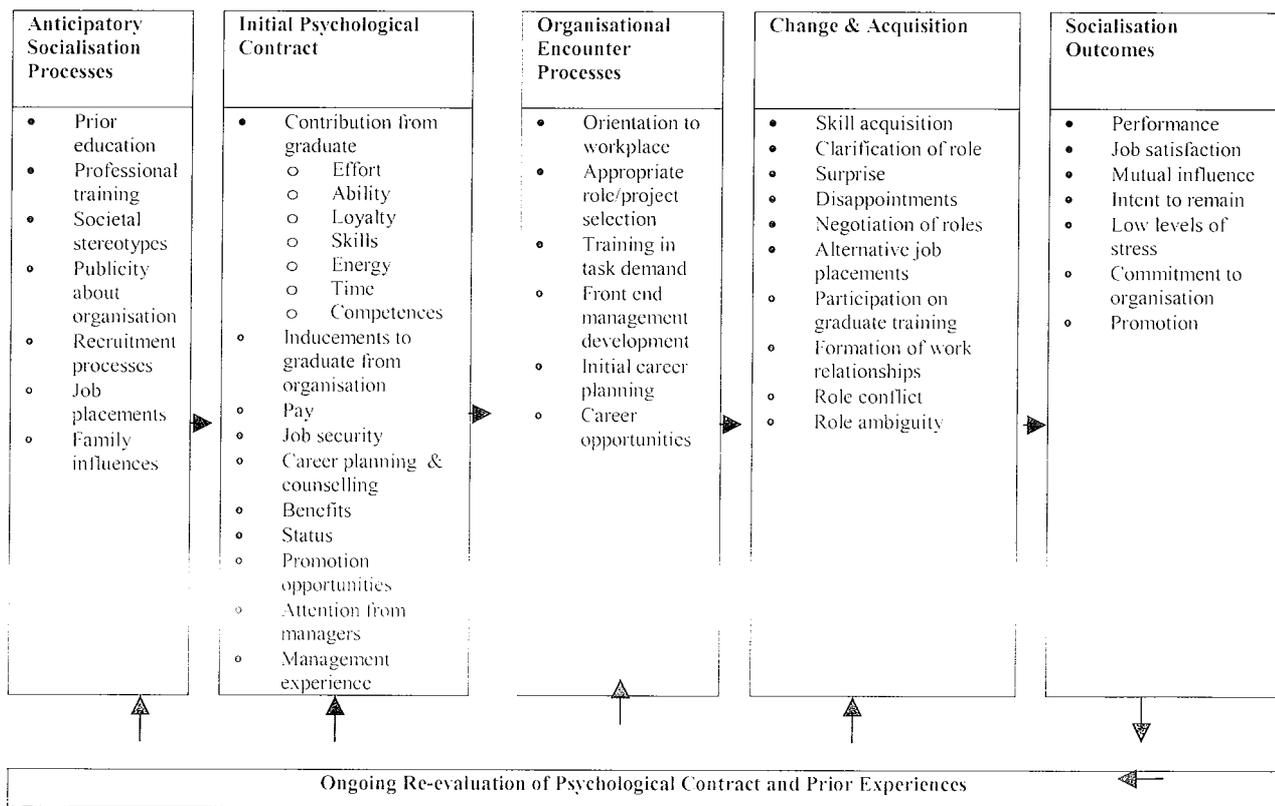


Figure 2.1 – A conceptual framework of high-potential graduate socialisation

Source: Garavan & Morley 1997

According to Garavan & Morley (1997) there are two important concerns about the psychological contract in the context of the proposed framework, realism and congruence.

Realism is the degree to which a graduate holds realistic expectations about the job and the organisation. Issues relating to unrealistic expectations can be dealt with during induction, on job training and coaching.

Congruence manifests itself in two ways - congruence between the graduate's abilities, the demands of the job and a gap between the organisation's values and the graduate's values. Value congruence is particularly important for many modern organisations that emphasise a particular corporate culture that they wish all graduates to accept.

The transition from education to work life is often very difficult for graduates and will affect most part of a graduate's life in the early stages.

To assist in a smooth transition to work and to ensure that this experience is a pleasant one the process can be assisted by the organisation and the graduates immediate line manager.

The first few days of a new recruits time in an organisation can have a lasting effect on his/her perceptions of the organisation and ultimately their commitment to it.

The organisation must deliver on their "recruitment promise" and line managers need to manage the expectations of both the graduate and organisation in order to avoid the revolving door syndrome. This is where a graduate leaves an organisation without having made any significant contribution despite a high investment on the part of the organisation.

Much of this primary research places the onus on the employer to ensure a smooth transition from college to work, however, employers alone are not responsible for the

transition of graduates into the workplace. A survey carried out by the Quality in Higher Education project in the UK (cited in Garavan & Morley 1995), suggests that there is a mismatch between what employers appear to want and what higher education provides. This mismatch of skills included communication skills from effective report writing to oral communication. These skills are essential in almost all organisations and clearly lacking in a high proportion of graduates.

Another important element and consideration of graduate training in college is the emphasis on work experience. A number of colleges in Ireland have integrated a “Work Placement Year” into their undergraduate programmes. This has the benefit of ensuring the graduate is “commercially aware” and knowledgeable about workplace problems. It also makes the transition from graduation to work an easier one.

### *2.3 Recruitment Process*

The traditional method used to attract graduates was the “milk round”. This has now become more sophisticated with large organisations vying for the “cream of the crop”.

The recruitment of graduates no longer happens once a year and many organisations recruit graduates throughout the year.

According to Barber & Connor (2003) the main purpose of graduate recruitment remains to secure “talent” especially those with management potential or who can bring in functional or technical expertise.

Barber & Connor (2003) also identified five main types of approaches to graduate entry:

- **High-potential corporate management schemes** - these are selective for a small number of entrants, with a highly structured programme combining periods of work placement, on job training and personal development. They are likely to be more than two years in length with strong management input from the corporate centre.

- **Elite functional or business unit streams** – graduates are recruited initially into a professional or business scheme where the most able entrants are identified for fast track career advancement.
- **Divisional, functional or regional schemes** – these are professional schemes but less academically selective often recruiting from specific disciplines. They are managed mainly at business or divisional level and can have an internal route for existing employees.
- **Direct job entry** – often sold to students as graduate entry but not a scheme as such. Training is often less structured but individually tailored.
- **Ad hoc recruitment** – graduates enter advertised vacancies, often along with non-graduates, are given a variable amount of development, usually informal and are managed by the line.

As an example, one of the most popular approaches to graduate recruitment in Ireland especially amongst Financial Services organisations is the elite functional or business unit streams.

According to Murphy (2002) AIB have been recruiting graduates since 1994. AIB, one of Ireland's largest financial services organisations with over 31,000 employees worldwide developed a Learning and Development Programme in 1999 for graduates recruited in Ireland and the UK. The main objective of the programme was to attract, develop and retain graduates within the organisation.

The programme was introduced into AIB in Ireland at a time when the graduate intake has significantly increased and retention rates were falling. AIB did not have a formal graduate programme until that time. There was also a strategic requirement to develop a high quality talent pool to ensure there was leadership capability to deliver on business strategy into the future.

To qualify for entry to AIB's programme, and like many other graduate programmes, graduates have to attend for a series of interviews, tests or assessment centres.

The research suggests that to ensure the long-term success of the programme senior managers should be involved in the selection stages. This generates long-term interest in the development and retention of these graduates.

The interview still remains a popular selection tool, however, there is much question and debate as to its validity and reliability. Interviews are also open to distortion and bias and stereotyping is a common occurrence.

According to Papadopoulou et al (1996) research demonstrated that two key aspects of the interview are important for candidates' reactions: the interpersonal conduct of the interview and the information supply.

Interviewees' impressions of the recruiter exert an important influence on an individual's perception and ultimately their decisions concerning the organisation. Greater satisfactions tend to be achieved by interviewees when an interviewer demonstrates a genuine interest in them, gives them the opportunity to demonstrate their ability and technical knowledge. Interviewers who are open and honest in their communication about the job and are forthcoming with organisational information tend to be more successful in recruiting candidates.

According to Keenan (1978) (cited in Papadopoulou et al 1996) personality style also has a bearing on the success of interviews and interviewees are more willing to accept job offers when they like the interviewers. However, Rynes and Miller (1983) and Powell (1984) (cited in Papadopoulou et al 1996) argue that the recruiter has no effect on perceived likelihood of job acceptance and factors such as the interviewer's competence in supplying information concerning the job, the organisation and the training schemes available and, to a lesser extent, his/her openness to information coming from the candidates had a greater bearing on the decision making process.

Interviews alone are often found to be unreliable and open to interpretation. They are, however, an important part of the initial process and initiation ritual. To gain a better understanding of the candidate other selection tools are also used.

One such tool is the assessment centre. An assessment centre is a structured combination of tests and assessment techniques used to assess participants. The assessment centre is a descendant from procedures used by German and British psychologists during the Second World War. It was later adopted by America as an aid to select agents and operatives and has grown since that time.

Historically Ireland was slow to adopt such practices, relying heavily on the interview alone.

Research carried out by the Institute of Personnel Management in 1970 in Ireland and the UK found only 4% of organisations used assessment centres, however, by 1986 this figure has increased to 20% and further increased in 1998 to 31%.

According to Garavan & Morley (1998) the reason for the use of such assessment centres on a more frequent basis is due to the belief that they are more valid and lead to better selection in relation to predicting likely future performance, suitability to a particular role and ultimate success.

Legislation in the areas of discrimination and equality has also played a role in the increased use of assessment centres. According to Garavan & Morley (1998), the touchstone of compliance with equality legislation is the issue of job relatedness and this issue lies at the heart of the assessment centre method.

However, as with other methods of selection the assessment centre also has problems. These problems relate to:

- Narrow databases from which sample population has been drawn. The use of assessment centres is only beginning to grow in Ireland and the UK and the database of comparable candidates is still relatively small. Therefore, the sample population against which assessments are judged may be somewhat ambiguous.
- Criterion contamination – Cook 1994 (cited in Garavan & Morley 1998) suggests that many assessment centres suffer from criterion contamination because employers want to act on the results of the assessment. Candidates who have performed well in a test may be deemed suitable for more challenging tasks and roles and have opportunities to develop more.
- Ipsativity – this is where the performance of an individual in a group exercise may depend on how others in a group behave.
- Face Fits – Klimoski and Strickland (1977) (cited in Garavan & Morley 1998) suggest that assessment centres pick up the personal mannerisms that top management use in promotion that may have little to do with actual effectiveness.

It would seem prudent that when using assessment centres as part of a graduate recruitment process, the designers would consider carefully exercise construction and dimension specification to make them more congruent with the requirements of the role of a graduate.

It is argued that ability tests may contribute more to the selection process of graduates than an assessment centre approach. Assessment centres now, at least in the USA, are being used more for staff development purposes where the accuracy and validity is not as important as in the recruitment process.

The literature focuses on the tools for recruitment and selection of graduates, however, organisations need to consider not only the use of these tools as a means of attracting the

best candidates but look to their recruitment process as a means of retaining staff from the first point of contact.

According to Morris & Hodgins (2000) the imagination of new recruits needs to be captured from the very first contact.

As outlined earlier a number of colleges have introduced a work placement year into their undergraduate programmes. Consideration should be given to students on these placement programmes during their work placement year.

Organisations should make better use of these students and assess them during their placement programme as potential employees of the future. The students who prove to be high performers should be considered for the graduate programme. The advantage being that they will be aware of the organisations values, culture and standards and reliance will not solely be based on an interview or assessment centre evaluation.

## ***2.4 Initial Role***

Graduate programmes tend to be linked to specific functional areas of an organisation and graduates are recruited into these areas depending on their academic background and the relevance of their qualification to the function.

The initial role that a graduate carries out will depend on the organisation they join.

In 1998 the Institute of Chartered Accountants in Ireland enrolled 809 people for the chartered accountancy qualification, its highest number of students ever. (source: Sunday Business Post).

A high proportion of these students formed part of the graduate training programmes of the Big 5 accountancy firms at that time. These accountancy firms included KPMG.

Deloitte & Touche, Ernst & Young, PricewaterhouseCoopers and Arthur Andersen (now part of KPMG).

Each year the accountancy firms recruit between 100 and 150 graduates on a structured 3-year programme to work primarily in the areas of Audit or Tax.

In the Financial Services sector programmes tend to be between 18 months and two years in duration.

AIB recruit graduates into six main areas: retail banking, financial/management accounting, capital markets, commercial banking, information technology and general business. The initial role of the graduates involves working closely with the business and becoming involved in day-to-day activities quite quickly. This gives them exposure to the client base of AIB and also to other areas of the Bank. (Source: GradIreland).

Bank of Ireland recruit approximately 50 graduates each year to their Group Graduate Development Programme. This programme is 18 months in duration and allows graduates to work in 3 separate areas during this period. The objective of the programme is to provide talented graduates with the business consultancy and management skills necessary to launch their careers towards top management positions. This programme provides a combination of project-based learning with skills training and personal development initiatives. Graduates join the programme as Management Associates and can expect to be placed in significant roles through Bank of Ireland at the end of their programme. (Bank of Ireland 2004)

Although the literature implies graduates are provided with interesting and varied work this may not be the case in all organisations and it is therefore critical to manage the expectations of graduates early in their career. The impact of the initial role and how graduates are integrated into the business will have bearing on their long-term development and commitment to the organisation. At this stage of their careers graduates are generally tired of passively absorbing information and are keen to start doing

something practical. Graduates are challenged by working alongside people with discipline, expertise and maturity and quickly adopt their style to learning.

It is critical, therefore, to ensure that those individuals and senior managers working with graduates are committed to their learning and development. This appears to be often lacking and can have long a term detrimental effect not only on the motivation and commitment of the graduates but to the long term success of the business in terms of developing the managers of the future and retaining this talented pool of people.

## *2.5 Development of the Graduate Trainee*

According to Rogers & Williams (1970), when organisations look to recruit graduates who are already in employment it is often because they wish to buy their experience rather than any quality particular to graduates. However, when an organisation takes on new graduates straight from college they are recruiting professional learners who, in most cases, will need to receive further training before they can be fully productive.

When graduates first join an organisation they tend to face a huge learning curve before they can begin to be effective. They need to learn working discipline, how teams are structured and work, working within and across different divisions and structures. The culture of the organisation is one they have to become familiar with, how “things are done around here” is often quite daunting and challenging.

Graham and McKenzie (1995) found that there were very few occasions in a career that are so primed for intensive development. New recruits are usually enthusiastic and willing to learn. They want to quickly learn the world of work and begin to contribute.

A powerful tool, often used in graduate development is mentoring which involves the use of a third party and usually a senior manager within the organisation. This senior manager is not usually the graduates direct line manager. The purpose of a mentoring

programme is to enhance new employees skills through informal, one-on-one discussions between a member of senior management and a new employee.

*Mentoring is a tool to help leverage and develop the employees of the organisation.*

The mentor instructs by example, conveys the company's values, demonstrates how to perform specific functions, and serves as the mentee's advocate.

Mentoring builds confidence, shortens learning curves, clarifies expectations, and boosts employee retention rates.

A number of factors influence the development of graduates, this includes job content, the attitude of the graduate, peer groups, training programmes and the relationship with his/her line manager.

The development of a graduate will also be dependant on the level of responsibility given to them and their ability to make a contribution.

Development programmes and job content should focus on getting the most from graduates through building on their strengths and developing their weaknesses.

Peer groups are also an important tool and tend to form naturally during the early stages of employment. Peer groups can benefit the graduate as the members of the group may be experiencing the same problems or obstacles as themselves.

However, peer groups can also be negative and detrimental. If individuals within this group are unhappy or negative about the organisation they can demotivate others within the group which may result in low morale and ultimately poor performance.

Training courses in both soft and technical skills are a necessary requirement of the graduate's development to build up skills and attributes seen as necessary to enhance their performance.

Development of a graduate is much more than just providing training courses.

All elements of the graduates development mix can contribute to his/her motivation, sense of belonging and desire to succeed.

One of the key elements in the development of a graduate is the relationship with his/her line manager. A graduate's direct manager has a major influence on his/her job performance, motivation and ultimate satisfaction, as he/she is the person to whom the graduate reports to on a daily basis.

Research carried out in North America (Sadler L & Mc Shane et al) (cited in Graham and McKenzie 1995) found that (a) good managers produce employees who perform well and feel good about themselves and (b) the best managers have confidence in their own abilities to develop and motivate people, and because of this they communicate high expectations to others. The relationship with the direct manager was probably the biggest influence on graduates.

Managing a new graduate is often different from managing other employees because of the expectations graduates bring with them. The early stages of a graduate's career life cycle are crucial to securing contribution and commitment. However, graduates also have a responsibility and need to be able to communicate and demonstrate to line managers what they can do.

Ultimately the direct line manager should be held to account if the new graduate leaves the organisation early or does not make a significant contribution.

The majority of a new graduates learning will be "learning by doing" or "on job". Therefore, a line manager has a key role to play in structuring the job objectives and

coaching the graduate to help them achieve these objectives. In terms of new graduates coaching is an ongoing process of involvement and discussion aimed at developing the graduate to his/her capacity.

Although the literature suggests that the Line Manager plays an integral part in the development of the graduate in terms of coaching and mentoring, it is a skill often lacking in many managers and therefore, may lead to frustration, demotivation and lack of direction for the graduate.

It should also be noted that experience within IIB has demonstrated that although graduates may be academically talented, not all graduates have the interpersonal and communication skills to be able to integrate effectively into organisations and communicate with their colleagues, managers or clients. As such the graduates may themselves be the cause of lack of development or progression. Therefore, the fault does not always lie with the Line Manager if a graduate fails to acquire these skills; they often simply do not have the ability to do so.

The objectives of graduate development need to be investigated, what type of businessperson an organisation is trying to develop and what skills they need in a rapidly changing environment. These skills should be closely matched to graduate competencies at the recruitment stage.

In simple terms, the question is what type of individuals do organisations require to grow and survive in an ever changing and intensively competitive market, where international competition is growing and changing constantly and how are these individuals going to be developed to meet these challenges.

## *2.6 Performance Monitoring*

Research carried out by Hayman & Lorman (2003) illustrates that performance measurement of graduates on a structured graduate programme is usually on a frequent basis. In a high proportion of programmes graduates are monitored for their performance after three, six, twelve, eighteen and twenty-four months. The reviews are conducted to monitor the development of graduates against competency frameworks.

Such reviews highlight the strengths of the graduates and areas for development.

The reviews are clearly documented and monitored to ensure that they are completed in a timely manner. In most instances the Graduates direct line manager completes the assessment. Once the programme has successfully been completed graduates are assessed on an annual basis along with other staff in the organisation.

The review is also an opportunity for an individual to demonstrate value to the company. Organisations further encourage employees to provide input about their career aspirations and goals for the future.

The Line Manager or reviewer must act as a coach and will need to adapt their style or approach to suit the circumstances.

They will be involved in evaluating performance and providing suitable feedback, balancing criticism with positive comments so that participants are encouraged to fulfil their potential.

Reviewers must be flexible, as participants will vary considerably in the level and manner in which they require help and guidance. They need to effectively communicate instructions and commands using clear, simple language and demonstrating an activity by breaking the task down into a series of manageable sequences. They must also act as a role model and inspire confidence and trust in those that they are managing.

Within Bank of Ireland's Graduate Development Programme and at the end of a particular assignment a graduates skills and development are tracked and at the end of each rotation there is a formal performance review.

When selecting graduates for a rotation Bank of Ireland attempt to match skill sets and interests with assignments.

As graduates learn more about the organisation they begin to focus their interests on particular areas within the Group. When the programme has been completed Bank of Ireland seek to match these interests by placing Graduates in a role where they can continue to grow and develop.

The expectation from Bank of Ireland is that graduates will be challenging for management positions within 3 years of completing the programme. The exact rate of progression is largely dependent on the person's own ability and capacity to make a contribution within the organisation. (Source: Bank of Ireland)

The literature suggests the importance of performance monitoring for graduates, however, not all review systems are well planned and executed. Poor reviewers and review systems will have a detrimental effect on the future performance of the graduates in terms of moral, motivation and job performance.

Experience in IIB demonstrates that even where sophisticated monitoring systems are in place there is a heavy reliance on the line manager to monitor and manage the progress of his/her graduate. Line managers have suggested that lack of time and resources have hindered their ability to manage their graduate in a timely and effective manner. However, line managers need to be committed and interested in the long-term development of the graduates to ensure that the review system and future retention of the graduate is successful.

Research by Arnold & McKenzie Davey (1992) (cited in Doherty et al 1997), suggests that clarity of short and long term career possibilities through regular monitoring of and feedback to graduates is rarely experienced and was a major determinant of the level of commitment and desire to stay in the organisation.

## ***2.7 Retention***

According to Strategis (2000) Graduate training programmes can cost well over Stg£8,000 per participant, when time spent managing and attending the programme is added to the direct training costs. However, recent research indicates that the majority of these graduates have left organisations within three years having added little or no value to the organisation as a return on the time and money invested in them during their graduate programme.

Research carried out in the UK has established that graduates leave organisations after three years because they become frustrated with the organisation and its effectiveness. However, it is often only when they move to another organisation that they realise that it is a common trait amongst many organisations that they are confusing and frustrating and change is often slow.

Retention levels are critical to almost all organisations for a variety of reasons. The loss of an employee impacts on the return the employee can make on the costs of their recruitment and development, it can cause disruption to other employees through lowering of morale and motivation. Loss of key employees can hinder the ability of an organisation to meet key business objectives and can have serious consequences if an employee moves to a competitor.

The cost of replacing an employee can be high. Research carried out by Tyers et al (2003) for the Institute for Employment Studies in the UK estimates that replacement costs can be up to 150% of annual salary for key members of staff.

Graduates as well as organisations are also looking for a return on investment. Graduates will have made a significant financial investment in obtaining their undergraduate or masters degree and will be seeking a return on this from a potential employer. This return does not only refer to salary but future skills development and career progression.

Therefore, in order to encourage graduates to stay within an organisation the approach from an employer should be open and flexible to the needs and expectations of the graduate.

Further research carried out by the Institute for Employment Studies found that in the UK employer confidence in the value of recruiting and retaining graduates remains high.

The main impact on employers when graduate recruits leave is the loss of, and lack of return on, their investment.

Open dialogue is important for the management of expectations of both the employer and graduate recruit to boost retention levels.

Retaining staff is dependant on being able to offer them the development opportunities they expect or were promised at the recruitment stage. For some graduates this means matching their initial expectations with their future within an organisation.

The graduate value chain, developed by the Institute for Employment Studies, maps the key stages and processes involved in operating a graduate labour market. This moves through various stages from the supply of learners to managing and developing early graduate careers.

## The IES Graduate Value Chain

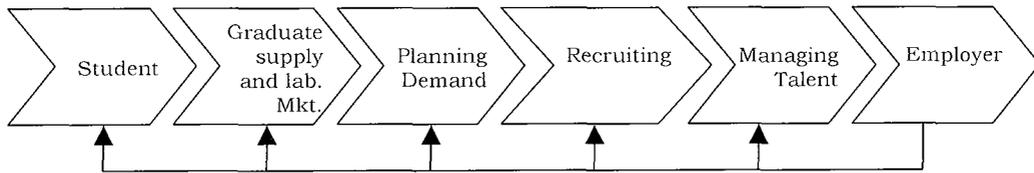


Figure 2.2

Source: Institute of Employment Studies

Employers can use this model to map the key stages in graduate recruitment, development and careers. Employers can work within any of the stages to provide bespoke solutions for their organisation. Different staff members will be involved at various stages during the chain and it is important to provide a link between the functions or to oversee the entire process.

Despite the large investment required in recruiting and supporting graduate employees through the early part of their careers a high proportion of employers do not have any monitoring system that provides insights as to why graduates leave.

For many employers the main impact of graduate turnover was a loss of their initial investment and a lack of return on their investment. The loss of graduates also impacts on service delivery and the motivation and morale of the remaining staff especially in smaller organisations or teams. Larger organisations were further concerned about the impact on succession planning and organisational competitiveness.

Tyers et al (2003) suggest that the most common reason given by employers as to why graduates leave was that they were unhappy with their role or with the organisation they had joined.

*People join companies and leave managers (Seek Communications 2004)*

The literature suggests that a poor relationship with a line manager is often the most common reason why graduates leave organisations. Therefore, creating meaningful measurements of graduate and employee retention and improving line manager skills will not only create benefits for the graduate development programme but throughout the organisation.

Organisations with high graduate retention are constantly listening to, and communicating with, employees during the graduate recruitment and training programme. Successful organisations proactively ask graduates for feedback so that areas of weaknesses can be identified and addressed quickly.

Further research by Tyers et al (2003) indicated that most employers use a range of techniques to retain graduates. The most popular technique is to offer graduates some form of technical or professional training and 90% of employers in the UK do so. Mentoring and coaching is also offered in about 80% of organisations and planned salary and career by around two thirds.

The technique considered most useful both for the graduate and future succession planning of the organisation – career progression, was not the most commonly used. However, organisations that offered professional development were also likely to offer career progression.

According to Murphy (2002) the Learning and Development Programme introduced by AIB in 1999 has led to an increase in retention during the two-year programme by twelve percent. The highest attrition rate in the years preceding the programme was in the retail-banking sector and as a result of the introduction of the programme retention improved by seventeen percent.

Tyers et al (2003) suggest that while some turnover is to be expected, and can be beneficial, unwanted turnover can be costly in terms of direct expenditure, in causing disruption to those working within the organisation, and in the loss of technical and

corporate knowledge. The cost of this loss varies between organisations and sectors but can be greater for the graduate population.

As a result, there are compelling reasons for a business to ensure that sound and targeted HR policies are in place, so as to reduce unwanted turnover. The loss of a small number of key staff could have serious business consequences, particular when new graduates leave to join competitors.

## ***2.8 Conclusion***

The current literature views graduate development programmes as a worthwhile investment in organisations but in order to succeed there must be commitment from all levels within the organisation.

It is crucial that graduates have a very thorough introduction to the organisation. Graduates will be committed only if they understand and value what the organisation is about and its mission and objectives. Graduates also want clear direction on how they can assist in achieving these objectives.

According to Graham & McKenzie (1995) a good start with a graduate can have enormous benefits, equally a bad start, even on the first day or week can sow the seeds of long-term discontentment which can ultimately result in a disillusioned person with low motivation who ultimately wants to leave the organisation.

There are many factors influencing the retention of a graduate. However, ultimately it relates to whether a person is happy and thinks they are achieving their potential within an organisation. If a graduate is happy and feels he/she is being developed and coached effectively then they are more likely to stay.

The development mix as shown in Figure 2.3 outlines the tools which can assist in keeping graduates happy and assisting them in reaching their potential.

These include:

*Culture* of the organisation – how things are done

*Job* – specific work the graduate will be doing

*Peer group* – group of graduates recruited at the same time

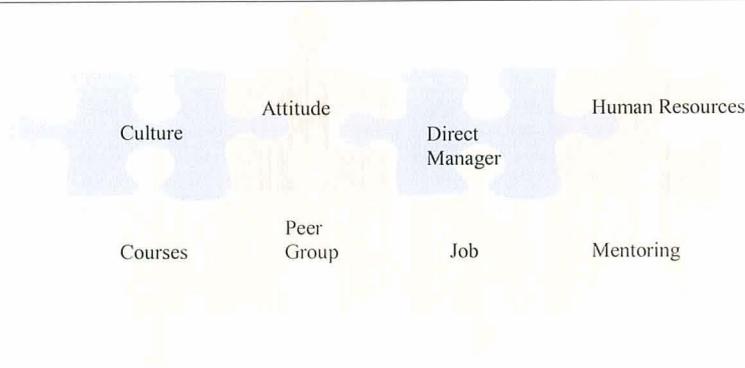
*Courses* – training provided as part of the programme

*Mentoring* – The use of a third party acting as an adviser

*Attitude* – the graduate’s attitude to their role

*Direct Manager* - their role and relationship with his/her line manager is equally important.

*Personnel (Human Resources)* play a role in recruiting and co-ordinating the programme.



*Figure2. 3 – Development Mix*  
*Source Graham & McKenzie*

Graduate programmes must directly address the key skills and attributes needed to succeed in an ever challenging and changing environment.

A prime focus of graduate training should be to practice skills in learning “on the job”. To date graduate learning has been in classrooms and they are not usually good at learning from colleagues or seeking feedback.

The literature suggests that graduate programmes should focus on developing the key skills of the graduate that accelerate their maturity, ability to work effectively in an ambiguous and political work place, and their ability to manage their own development and skill enhancement on the job.

According to Murphy (2002) an aspect that is important to the development of any graduate programme is ensuring that the programme is “culture friendly”.

The purpose of a graduate programme should be to establish an organisation as a graduate employer and to attract, develop and retain graduates in the long term. Graduate programmes also provide opportunities for line management to develop their coaching and mentoring skills.

Research conducted by Hayman & Lorman (2003) demonstrated that the short-term costs of running such graduate schemes while being substantial are relatively small when compared to the benefits of having good succession management arrangements in place.

Training and development of graduates should be on going and should not finish once a graduate has completed the programme.

A well thought out graduate development programme can build and develop satisfied, confident and capable employees and business leaders of the future. The more satisfied the graduates are the more likely they are to stay with an organisation and ultimately pay back the cost of recruiting them.

Developing new graduates is exciting and extremely important, not only for the organisation that recruits them initially but for the future of industry as a whole.

## Chapter Three Research Methodology

The preceding chapters presented the background of the study, defined the research problem, and annotated the findings of relevant literature relating to graduate development programmes and their influence on graduate retention. This also presented the theoretical underpinning for this dissertation.

The first section of this chapter describes the research design. Research hypotheses and questions are also presented. The chapter also describes the population, pilot sample, procedure for interviews and explains the data analysis to be used to test the hypotheses.

### ***3.1 Conceptual Framework***

The research focuses on the ability of structured graduate development programmes to recruit, develop and retain talented employees as the senior management of the future.

This exploratory study examines graduate perception of such programmes and explores their satisfaction with these programmes as a tool to enhance and develop their long-term career within an organisation.

### ***3.2 Research Question***

The primary research question is:

*"Are structured Graduate Development Programmes effective in recruiting, developing and retaining graduate talent as senior management of the future".*

### ***3.3 Research Objectives***

As noted in the Introduction to this report, the overall objective and aim of the research was envisaged as follows:

1. Identify the attraction of graduate development programmes for talented employees:
2. Explore the key issues that graduates experience when joining organisations from college and the influence of these factors on their long term career within the organisation:
3. Identify graduates satisfaction with structured programmes:
4. Explore the reasons why graduates leave organisations:
5. Establish whether or not structured graduate programmes are a worthwhile investment in attracting, developing and retaining talented employees.

### ***3.4 Research Design***

The methodology for this study is based on a structured interview approach to assess the impact of graduate programmes in recruiting, developing and retaining graduate talent as the senior management of the future. This design focuses on the responses of three different groups of graduates and determines the perspectives of the subjects on the benefits of graduate programmes in terms of career development and progression.

The rationale for this study is based on creating a factual representation of a subject population and their satisfaction with graduate programmes in assisting them with the acquisition of new skills and long term career development.

In pursuing this research and implementing the methodology, the aim was to create a body of information and opinion that would be of interest and use to those individuals developing graduate programmes in their organisation.

The instrument for this study is a structured interview. Three groups of graduates were chosen and asked to participate in an interview. The reason for conducting a qualitative component in this study is because by collecting information about views and observations and interviewing current and past graduates, more was learned about the subject than merely a comparison of gain scores.

The objective was to identify the components of a graduate programme and their contribution, if any, to the development, and retention of graduate talent. This was best served using interviews and structured questions to probe further into the responses from the participants. A survey of numerous graduates would have proved difficult and would not have provided the depth required to satisfactorily analyse the effectiveness, if any, of graduate programmes.

The study involved three groups of employees from IIB's lending department who are either going through the graduate programme or have recently completed it. IIB's lending unit consists of approximately 100 employees and a sample of 15 graduates who are at various stages of development were chosen and interviewed to provide a substantial base for the assertions and to increase the applicability of the findings.

The first group joined the programme three years ago and completed the programme in September 2003.

The second group joined the programme two years ago and completed the programme in April 2004.

The third group are currently three quarters way through the first year of the graduate programme.

The profile of the sample population is as follows:

<b>Male:</b>	7 males
<b>Female:</b>	6 females
<b>Age profile:</b>	Age ranged from 21 to 28
<b>Education:</b>	13 respondents have primary degrees in a business discipline
<b>Grade:</b>	2 Assistant Managers 6 Executives 5 Graduates
<b>Length of service:</b>	Service ranged from 9 months to 3 years

The data collection process occurred over a period of three weeks during June 2004. The data collection process continued until enough subjects were evaluated to provide a solid subject population for the study based on response criteria. By the end of June 13 respondents had participated in the interview process, giving a final response rate of 86%.

#### **Reasons for non-response**

The 14% (or 2 respondents) who declined to participate gave the following reasons:

- Lack of time due to work pressures
- Due to the sensitive nature of the questions did not want to participate

The scope for implementing the research methodologies was prescribed by time and resource constraints. In light of these constraints, the research should be viewed as an exploratory piece of work that could provide a foundation for future research on the

theme of graduate development programmes and their effectiveness at developing and retaining key employees.

The research comprised the following elements:

- The primary work was conducted by completing interviews with thirteen employees who are currently on the programme or have completed it within the last year
- A literature review and information gathering was undertaken using the library on-line database and use of the Internet as a search tool.

The rationale for the implementation of this methodology was to:

1. Identify and document information in relation to what other organisations in the financial services arena are providing by way of graduate development programmes.
2. Review the different components of a graduate development programme and their effectiveness at developing and retaining graduates.
3. Identify what issues are responsible for graduate turnover within organisations.
4. Review these findings against current processes within IIB Bank.

The following approach was used to gather information:

- Formal meetings with relevant individuals

To ensure that the research instrument functioned well and that the survey questions operated well, the research was piloted with a group of three graduates and the interviews lasted approximately one hour.

The purpose of the pilot was also to establish if any of the questions made the respondents feel uncomfortable or unwilling to answer. The pilot was also used to

establish if the respondents understood what was being asked of them. It also tested the flow of questions and determined whether or not some or any should be moved.

Following from this pilot the questionnaire was amended and two questions deemed not relevant to the research were deleted.

When the necessary amendments had been made research was then carried out with the remainder of the sample population.

Formal meetings were scheduled with individuals who had completed or were currently completing the graduate programme.

These meetings consisted of hour-long interviews using a structured questionnaire consisting of 22 questions.

An initial phone call was made to potential interviewees to determine their availability for interview and willingness to be interviewed. An invitation was then sent by e-mail to the individuals who had agreed to be interviewed. Accompanying this e-mail was a list of the questions that interviewees would be asked during the interview.

Disseminating the questions in advance was intended to afford interviewees an opportunity to reflect on the questions so that the time available for each interview (approximately one hour) might be maximised.

Due to the sensitive information being given by the interviewees (in relation to roles, future within the organisation, organisational issues and interpersonal relationships) the interviewer gave an undertaking not to reveal the identities of the interviewees.

Each of the interviews were conducted face-to-face and lasted approximately one hour. A Dictaphone recorder was used to record each interview. The questions asked of interviewees are outlined in Appendix 1.

## Chapter Four Analysis of Research

The analysis of the research findings will attempt to establish the effectiveness, if any, of graduate recruitment programmes in attracting, developing and retaining talented employees as senior management of the future.

The findings of the research will be analysed in terms of key themes that emerged during the interview process.

Having analysed the research conclusions will be drawn as to the effectiveness of such structured programmes and possible amendments that could be made to the IIB programme as a result of these findings.

The graduate labour market continues to grow with more students than ever entering third level education upon completing their leaving certificate and has almost doubled in the last ten years and in the areas of Commerce, Business Studies and Law has increased by 171% (Higher Education Authority 2001).

The graduate labour market is highly varied with graduates pursuing a variety of disciplines. The demand for high calibre graduates continues to grow and many organisations look to high achievers to satisfy their recruitment needs.

#### *4.1 Why graduates join a structured Graduate Programme*

All of the interviewees indicated that the main reason that they joined an organisation that offered a structured programme was because they felt it offered better long-term career development and better training than were they to enter through main-stream employment. Universities encourage their students to gain a position on a graduate programme to further enhance their skills learned during college. The graduate development programme is seen as an extension to their learning and development gained at university.

The combination of practical experience and continuous training was a primary reason why the majority of the interviewees joined the programme.

The perception amongst the interviewees was that career prospects and promotion opportunities were greater for those who entered via a graduate programme. One respondent commented as follows:

*“Graduates get the benefit of being sent on training courses and there are structures in place to measure your performance and provide feedback regularly. It is also possible to see from past graduates how your career may progress over a period of time”.*

*“Graduate Programmes, offer a structured start to your career within an organisation as Graduates are typically rotated within the company a number of times, thereby experiencing and learning different jobs and roles”*

This reason was closely followed by the view that graduate programmes offered more interesting and varied work than main stream employment and that graduates would have an opportunity to gain experience in a number of key business areas rather than being “pigeon holed” in one area where there was a fear of becoming “stuck in a rut”.

Salary and benefits did not feature and was not referred to by any of the interviewees as a reason for joining a graduate programme. The emphasis was on interesting and enjoyable work and the ability to learn and develop new skills.

Additional training and support for further education and professional development was also a reason graduates joined the organisation.

## *4.2 The recruitment process and its influence on graduates*

In a number of cases the research analysis findings is consistent with the literary review and demonstrates the interview process as an accurate and informative part of the recruitment process. This stage exerts an important influence on the perceptions and decisions of graduates.

According to the primary research carried out during this dissertation, all of the respondents received a positive impression of the bank from the interviewers, 84% of the respondents felt that the majority of interviewers were very informative and open to any questions or concerns that graduate had:

*“The rigorous process unnerved but also comforted in the sense that IIB took the scheme very seriously. Thank god for the website I found that helped me practice for the aptitude tests. My first interview was extremely daunting. It lasted about an hour and was gruelling. However, the second interview was much more relaxed and made me feel better about the job and the organisation as a whole”.*

However, although ten of the respondents indicated that the recruitment process was informative, three respondents stated that they were unsure about their new role, the job they would be doing and what it would entail. These respondents indicated stated that more information at the recruitment process as to the typical role they would undertake and tasks to be carried out would have prepared them a little more in advance of joining:

*“It wasn’t clear at any stage of the recruitment process what type of work would be involved in the graduate programme. When I got the letter offering me a position, it just stated the job title of ‘Banking Officer’, there was no description of what that entailed. I think that this confusion could be avoided by putting together some simple straightforward literature describing the lending areas that the graduates may be*

*assigned to, an outline of typical tasks that we do on a daily basis, what people can expect from the programme, maybe some feedback from past graduates”.*

All respondents agreed that their impression of the programme was that it was very much about hands on learning allied with specific training programmes aimed at increasing skills and expertise.

As the literature suggests, two key aspects of the interview are important for candidates’ reactions, the interpersonal conduct of the interview and the information supply.

Greater satisfactions tend to be achieved by interviewees when an interviewer demonstrates a genuine interest, gives a candidate the opportunity to demonstrate their ability and technical knowledge. An open and honest communication about the job and organisation tends to lead to more successful recruitment of candidates:

*“The recruitment process was very thorough, which made me believe that IIB was a professional organisation and one in which I could work. The interview was very informative and the interviewees were open to any questions or concerns that I had, this made my decision to accept the role I was offered an easy one”.*

Of the fifteen respondents, eleven indicated that empathy with the interviewers had a significant influence on their decision to accept a position with IIB, the remaining two respondents indicated that whilst they were happy with the interview process and at ease with the interviewers they wished to pursue a career in financial services and took the position when offered it by IIB because of the fact that it was a Bank and not because of any empathy with the interviewers.

These findings are not supported by the literature and in particular Rynes and Miller (1983) and Powell (1984) (cited in Papadopoulou et al 1996) argue that the recruiter has no effect at all on the perceived likelihood of job acceptance. It was apparent from the primary research that the interviewers had an enormous influence on the majority of the

graduate's decision to join the Bank. The recruiters were considered organisational representatives and typical of the organisations employees.

*I felt following the recruitment process that IIB was a progressive organisation and that came across to me throughout both interviews. I received a very positive impression of the bank from the interviewers and they were informative and put me at ease, my decision to join the bank was made easier from the impression of the organisation left with me by the interviewers.*

### **4.3 The Transition from College to Work**

As the literature suggests, (Graham and McKenzie (1995)), successfully handling the transition from college to work can be difficult and will affect most parts of a new graduate's life. The move from college life to work is a time of major change for individuals who have spent at least 18 years in education. Few graduates have practical experience in the world of work and the transition can be traumatic in the initial stages.

*"I don't think people realise that when you start work after college you shift your whole lifestyle pattern. College for me was not 9-5. Most of my days were either 11-8 or 12-9 with at least 2 hours off in between. So for me to get up even those few hours earlier and be on the go constantly from 9-6 in most cases was a huge change. This was the hardest thing to get over".*

Organisations that employ graduates need to recognise and be cognisant of the significant problems posed in the transition from college to work. This would make an enormous difference to graduate's feeling of belonging to the organisation. Simple things such as knowing where the bathroom is, how to operate the coffee machine and who are the senior management team would help enormously:

*“I felt uncertainty for the first few weeks - what should I be doing or saying, there was also an element of embarrassment. I don’t think I made myself a cup of coffee for the first few months just in case I didn’t know how to work the machine”.*

The perception amongst the graduates was that by recognising and being aware of the potential difficulties (even small issues) involved in the transition from college to work both the organisation and graduate could manage the situation proactively to ensure that the transition was as smooth as possible.

Ten of the respondents indicated that the transition from work to college posed some problems and they found the culture very different and difficult to adjust to at first. By contrast the remaining three who had undertaken either a work placement programme during their degree programme or had worked for a year after completing their degree, did not find the transition difficult, as they knew what would be expected from them in a work environment:

*“As this was not my first job and I had spent a year as a placement student during my degree, I was aware of what would be expected of me in a work environment and was aware that there would be rules and constraints that were not present in college”.*

These work placement programmes help to provide graduates with practical work experience and experience of the culture within a work environment. This can help the graduates integrate more effectively and quickly into an organisation and participate and contribute quicker than mainstream graduates.

The change in culture from college to work was significant and this is supported by the literature, as Graham & McKenzie (1995) discovered, one of the most obvious elements of the change from college to work is the change in culture, the zones of stability that graduates are familiar with have been removed.

This cultural change is most evident on the first day of employment and can be daunting and unnerving for most graduates.

The evidence from the research indicated a level of insecurity and fear amongst respondents in the early stages of their time with IIB. Graduates who are confident and sure when they leave college can quickly become disillusioned and question both their ability and choice of career. These fears can be alleviated by asking questions and being afforded the opportunity to interact with other graduates who are currently working within the organisation. The graduates had high expectations both in terms of their development and role within the organisation. They had a strong desire to learn and learn quickly and prove themselves capable within the lending environment.

Respondents who did not undertake a work placement during college were not prepared for a structured working environment. This is supported through the literature where it is suggested there is a mismatch between what employers appear to want and what higher education provides and universities have a responsibility to prepare graduates for the world of work. The problems of transition from college to work can be minimised and performance enhanced or improved if the universities took more responsibility and prepared and coached graduates effectively for the world of work.

#### *4.4 Satisfaction with Structured Programmes*

IIB Bank has a two-year structured programme of learning and development for graduates. A series of customised training courses are provided, which allied to work experience, aim to ensure that the participants are fully developed within their roles.

The primary research indicated a positive reaction to the programme from all graduates. The structured training programme is an important tool to build knowledge but the most effective training in the opinion of the majority of respondents (and where the skills are most developed) is the on the job training. Working directly with someone at a more

advanced stage is of enormous benefit and allows for a skills transfer from more experienced lenders to graduates in a structured way.

As the literature suggests there were very few occasions in a career that are so primed for intensive development. New recruits are usually enthusiastic and willing to learn. They want to quickly learn the world of work and begin to contribute.

A structured graduate programme helps to establish a level of experience which otherwise might be difficult to gain.

A graduate training programme is a good basis on which to start a career within Banking as participants gain a broader knowledge of the business sector.

The 'foot in the door' factor was perceived as the key to progression through graduate programmes and the long term the benefits of being able to gain a broad experience through such a programme should not be underestimated.

The research also demonstrated that the customised training programmes undertaken through the programme were beneficial for all graduates. Specific banking related programmes were most relevant as they helped to enhance the more theoretical issues studied in college and brought them together in a more practical way. These programmes also allowed the theory to be put into practice through the role of the graduate. Graduates felt that some programmes such as negotiations and sales skills (although not apparent at the time), helped them improve skills which they use everyday and were not only applicable in a work context.

*"The training programmes provided were beneficial to the role of a graduate, I think that the skills are always with you, however, the training provided made me more aware and more confident with to use them. The training sessions were good and facilitated interaction amongst participants and a sharing of knowledge. The Credit skills training helped considerably in assessing risk; this is a primary element of my role.*

The training sessions also facilitated the interaction with other members of the organisation and allowed for a sharing of experiences and a discussion of issues. It also broadened the graduates understand of the organisation as a whole.

While the customised training courses are very beneficial, the most important skills are learned on the job and through experience. As graduates became more comfortable and confident in different tasks, they become more efficient and capable.

The area where graduates felt the programme could be improved was through the introduction of a mentoring programme and strict maintenance of the structure of the programme through more considered timing of customised programmes:

*“I think that a more structured programme with a designated mentor for each graduate would be extremely beneficial. It is often difficult for graduates to approach their line manager with questions that they feel they should know the answer to. Regular sessions in the initial stages with a mentor to discuss concerns or queries which otherwise may be left unasked would assist in the acquisition of skills and knowledge in a more timely and efficient manner.”*

Mentoring is a powerful tool, often used in graduate development and usually involves a third party, usually a senior manager within the organisation. This senior manager is not the graduates direct line manager.

The purpose of a mentoring programme is to enhance new employees skills through informal, one-on-one discussions between a member of senior management and a new employee.

Graduates had a fear of being perceived as inadequate if they asked a lot of questions or asked for a task to be explained again. Research demonstrated that the graduates would have been comfortable with approaching a mentor, who was a senior member of the

banking team with good interpersonal skills, experience and talent, and asking for assistance or guidance on certain tasks or issues.

Eight respondents indicated a fall off in the structure of the programme during their second year by contrast the remaining five respondents are in the first year and have not experienced deterioration in the structure of the programme as yet.

Six of the respondents, and these were the ones who had completed the programme, perceived a drop in training quality (primarily on-job) as they moved through the programme. This was most evident at the end of the first year where the structure was not as rigid and they were no longer perceived as “raw” graduates and line managers no longer treated them as “trainees”. Structured off and on-job training must be reinforced at this stage to ensure commitment and motivation is maintained throughout the programme.

Research findings revealed that there is a need for both the organisation and graduate to understand what factors will impact on the graduate experience within the organisation. A regular focus group session was suggested where graduates could come together with their peers and a facilitator to share their experiences. This would bring to the fore issues, uncertainties or problems that had not previously been addressed. This would also allow members of the group to share experiences and learn from others who had coped with similar problems.

#### *4.5 Commitment and Motivation*

The sample population were asked a number of questions concerning their long term career plan, commitment to the organisation, motivation to progress and factors, if any, that would make them stay or leave.

The question elicited a variety of similar responses from the respondents indicating that graduates have similar goals early in their careers. Many placed the emphasis on the

need for affiliation and achievement. The goal for a high proportion of respondents was for overall job satisfaction, challenging work and an appreciation of their contribution to achievement of objectives.

Initially graduates are insecure in their role and take a while to adjust to the difference between college and work life and the strict rules and regulations associated with the working environment. However, after the initial settling in period they become familiar with the work and feel a lot more committed to the organisation. Due to the transition from college to work and the time it takes for a graduate to settle in means that there is often a lengthy time period before a graduate is able to make any contribution to the organisation.

Once this transition has been achieved and graduates begin to see the benefits of their contribution they are motivated to learn and succeed.

All respondents indicated that they were satisfied with their current role and were not, at this stage, looking to leave the organisation or seeking alternative employment. However, just because graduates do not express a desire to leave the organisation it cannot be assumed that they are committed.

The most important thing to ensure commitment to the organisation was the continued development of the graduate in the workplace. The more development and new experiences a graduate was exposed to the more committed they tended to be:

*“I would leave the Bank if I were not being recognised by management for the work I carried out or there was lack of appreciation from my line manager. I want to grow my career within the Bank, however, if I felt that there was a lack of career prospects I would look elsewhere to satisfy my career goals”.*

*“ A poor working relationship with my line manager and lack of respect from him would prompt me to leave the Bank”.*

As suggested in the literature people join companies and leave managers and the primary research supported this perception. The primary research demonstrate the most important factor, which would lead to a graduate's decision to leave the bank, was poor working relations with his/her line manager. A graduate's direct manager has a major influence on their job performance, motivation and ultimate satisfaction. However, the respondents reported that most aspects of interpersonal relationships with line manager and colleagues were good. They also reported good and harmonious relationships with peers and in most instances a high level of management support.

Other factors that would lead to a graduate's decision to leave the organisation are lack of development through their role, job dissatisfaction, unchallenging work and lack of appreciation for their contribution.

Career clarity, however, was generally low and the perception was that promotion and advancement would be forthcoming at the same time for members of the same graduate group. Graduates could not see clearly what career possibilities were open to them or how to achieve them as an individual.

In addition to their career and level of job satisfaction there are other factors that have an influence on a graduates commitment to the organisation.

These are factors outside work such as the social aspects of the job and the work life balance. Graduates expressed an interest in Corporate Social Responsibility and the organisation's interest in activities within the community in which it resides. Other social factors were the encouragement of interaction between staff on an informal basis through social outings and team social activities.

## ***4.6 Conclusion***

Both primary and secondary research indicates that graduates view structured development programmes as an integral part of their long-term career development and progression. Long-term career prospects and the training offered were among the main reasons graduates join organisations.

The effective employment of graduates is an important consideration for all organisations with a graduate development programme. These graduates are often the best and will be the senior management in Irish organisations in the future.

Organisations, however, must deliver on their “recruitment promise” and ensure it is delivered to avoid the “revolving door syndrome”.

The early part of a graduates development programme is crucial to building their commitment to the organisation. Organisations must be aware that first impressions will be lasting. If graduates are inducted correctly the organisation can build commitment, motivation, a sense of belonging and a desire to stay and contribute to the organisational goals.

It is important that the introduction to the organisation is a comprehensive and thorough one. Graduates will only be committed if they understand the objectives and values of the organisation they are working with and understand how they can assist in the achievement of these objectives.

The primary research backs up the secondary research where the notion that a good start can achieve long term commitment and motivation but where a bad start, especially on the first day or week, can have detrimental long term effects on the perception of a graduate and ultimately result in disillusionment, demotivation and resignation.

The development mix (Graham & McKenzie 1995) represents the main tools available to assist with ensuring that graduate programmes are successful and help graduates reach their full potential. All of the components of the development mix are of equal importance; organisations must ensure that they do not put greater emphasis on one element over another.

The importance of the role of the line manager in developing and coaching the new graduates is backed up through primary and secondary research. The relationship with the line manager is probably the biggest influence on the retention of graduates. There appears to be a link between the commitment of the line manager to the development and motivation of his/her graduate and the likelihood of a graduate developing and progressing his/her career within the organisation.

A structured and planned career progression is vital for retention of graduates. An open and honest dialogue with the graduates in relation to their long-term career within the organisation is vital to managing their future expectations.

# National College of Ireland

## Chapter Five Conclusion

The issue of attracting and retaining graduate talent is of concern to all organisations. Graduates are the senior management of the future and their initial impressions of the organisation will have a lasting effect and impact on their decision to remain with the organisation that has initially recruited them.

Therefore, IIB and other organisations need to be able to respond to the requirements and needs of their new graduate recruits in an effective and flexible way. The benefits and opportunities of a graduate programme should be highlighted (e.g. structured programme, small teams with access to interesting work and senior management. Through the participation in small teams the ability to quickly become involved in all areas of banking and rotate to other lending units).

However, to be able to deliver on the recruitment promise and avoid the “revolving door” syndrome a clear and open dialogue between line managers and graduates is essential. This will not only boost morale but aim to maintain retention levels at a high level and ensure that the investment made to the development of the graduates, both monetary and time invested, remains within the organisation.

The Bank must develop an effective recruitment and development strategy that will realise a return on its investment in recruiting and developing the graduate talent during the two year structured programme and beyond. This will also aid succession planning.

A poor relationship with management is one of the most commonly cited reasons why graduates leave an organisation. Therefore, it is essential to improve people management skills that will produce benefits not only for those on a graduate recruitment programme but other employees within the Bank.

Training should be in place to ensure managers have the relevant skills to take responsibility for developing the talent of their graduates. They must ensure that they maintain the structure of the programme and provide constructive feedback about progress and gaps, if any, during the course of the graduate development programme.

Organisations with high graduate retention are continually listening to and communicating with employees during the graduate recruitment and training programme. Successful organisations proactively ask employees for feedback so that areas of weakness can be identified and addressed quickly. This is something that all organisations should implement.

Continuous development is important to all graduates. The Bank must afford graduates the opportunity to further develop their skills on the job and through the support of external programmes. This is critical to ensuring that retention remains high.

Graduates want to be challenged and are more likely to remain within the Bank if they have interesting and challenging work.

IIB's programme of rotation through different lending units is attractive to graduates who feel that their skills are being developed and knowledge base expanded. This must be maintained.

The view that work placements reduce the problem associated with the transition from college to work is proven in both the literature and primary research. The use of such work placement programmes should be viewed as worthwhile for the future recruitment of graduates. As suggested in the primary research work placement students can be assessed during their placement programme and, if the experience of work has been a positive one, should be encouraged to apply for a graduate placement when they complete their undergraduate programme.

IIB Bank should develop a mentoring programme. Through this programme senior management should be selected to act as mentors. These individuals should have excellent interpersonal and people skills and be genuinely interested in the development of his/her mentee.

The relationship with graduates Line Managers has been proved to be a major determinant and influencing factor on whether an individual remains with the organisation. It is vital, therefore, that managers of graduates have good line management skills. Positive relationships with key managers are critical to graduates' satisfaction and ultimate success of the organisation in retaining key talent as senior management of the future.

It is essential to provide a clear path for advancement within the organisation both vertically and laterally. Succession planning must feature as a key strategy to developing and retaining graduates as the senior managers of the future. The research suggests that the graduates view of long-term career possibilities is not clear for them within the Bank, this lack of clarity surrounding their career development manifests itself in a lack of commitment and motivation and ultimately leads them to consider leaving the Bank.

It is therefore, suggested, that structured graduate programmes, if managed correctly, are advantageous and can be effective in recruiting, retaining and developing senior management of the future. Simply put, if graduates are happy and feel that they are reaching their potential and being developed they are more likely to stay.

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### Graduate Programme Questionnaire

1. Did you always intend to try and secure a position on a graduate programme?
2. Why did a graduate programme appeal to you?
3. Was the information you were given during the recruitment process a fair and accurate description of the role you are now carrying out?
4. How did the recruitment process influence your decision to accept a position with IIB?
5. What were your initial thoughts about the IIB graduate Programme?
6. What did (do you want to) gain from the programme?
7. Has the experience of work been better, worse or about the same as was expected? (Why?)
8. What were your experiences on the transition from College to Work?
9. Did IIB or your Line Manager help with this transition?
10. Have the structured training programmes been beneficial in providing you with additional skills?
11. If so how do you feel these skills helped you in your role?

12. Does a graduate programme help you in your long-term career aspirations?
  - a. If yes how
  - b. If no why not
13. What were the enjoyable aspects of the programme?
14. What would you change?
15. What is your long-term career plan?
16. What would make you leave your current role?
17. What would make you stay in your current role?
18. How positive are you about your career prospects in IIB?
19. What, if anything, do you feel is holding you back in your career?
20. How important to you is the relationship with your line Manager and would this have an influence on your future within the Bank?