

Organisations warned to improve talent management amid falling graduate retention rates

By Martin Kornacki (17-09-2009)

More than two-thirds of graduates say they are likely to leave their current employer as the UK comes out of recession, research has found.

But employers say they are finding it difficult to measure the effectiveness of graduate schemes due to low retention rates and poor talent management.

The research, commissioned by the Inspirational Development Group (IDG), a leadership development company, questioned some of the UK's largest employers, including the NHS, Thomson Reuters and the Lloyds Banking Group.

Almost half of all people managers quizzed said they had difficulty retaining graduates and 22 per cent reported that on average they lost new intakes within two years of employment.

Hana Searson (pictured), head of talent management for IDG, said: "The information we have gathered highlights a lack of measurement in terms of return on investment and a need for companies to get better at identifying the right graduates for their business.

"It seems that many companies view the high turnover of graduates at this crucial two to three year point as inevitable. Organisations need to identify potential stars early on in their placements in order to map out clear plans to retain these individuals. How companies measure the value of a graduate also needs examining."

Many survey respondents did not know when a company's investment in a new graduate reached the break-even point.

In most cases researchers said the figure given for a break even point of around three years was an estimate rather than a reliable piece of management information.

But IDG says graduate schemes should not be viewed as being all about monetary return because the enthusiasm and fresh-thinking that graduates bring to an organisation is beneficial and can be reaped throughout the duration of a graduate programme, even if individuals decide to leave once it is over.

"Those businesses that have cut or greatly reduced their graduate schemes are, in IDG's view, short sighted. Graduates remain a vital source of future capability for organisations. Yes, there's a short-term cash flow gain from removing or reducing the scale of a graduate programme, but the long-term gap in the pipeline of young, energetic, affordable, mouldable graduate talent will be much more painful in the end," concluded Searson.

