

## ARTICLE OF INTEREST

### Show me the incentives

By Erica Cervini & Rachel Lebihan  
Australian Financial Review



Graduates want more than just an attractive salary package, employers need to rethink their recruitment strategies. PHOTO: KARL HILZINGER

Find out what graduates want before you hire them and they are more likely to stay, write Erica Cervini and Rachel Lebihan.

Intense competition for young professionals is forcing employers to devise new ways to attract and retain graduates.

The boom in graduate vacancies, which have grown on average by 10 per cent each year since 2002, is fuelling the demand for people with new degrees.

And if more graduates had been available last year, employers would have hired more, according to a survey of 127 employers by Graduate Careers Australia.

The most crucial issue that confronted employers hiring graduates was recruiting the "right candidate in a competitive field".

The executive director of the Australian Association of Graduate Employers, Ben Reeves, said the obvious way for employers to deal with the competition for graduates was to make their recruitment packages more attractive.

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"There's no doubt that severe competition in the marketplace is forcing employers to look at innovative ways to attract and retain people," Mr Reeves said.

"The blunt instrument is more salary, the more subtle instrument is coming up with something else, some other added benefit which may give you perhaps a bit more bang for your buck."

The 2007 AAGE graduate recruitment survey of 175 employers showed most employers offered incentives and benefits as part of their graduate packages. The most widely offered incentives included study leave and training for a professional qualification. Forty-two per cent of employers offered flexitime, while 38 per cent offered relocation packages and salary packaging.

Bonuses, including cash lump sums and sign-on bonuses were offered by 17 per cent of employers, an increase of 10 per cent when compared with 2006.

Mr Reeves said it was also common for some large companies to offer graduates iPods and laptops. Companies gained more kudos and publicity by providing these items than by giving them a few extra hundred dollars.

Westbourne Grammar, a private school in Melbourne, has offered to pay the HECS fees of former male students and provide them with a teaching job at the school if they study primary education.

The chief executive of the Association of Professional Engineers, Scientists and Managers Australia, John Vines, said that employers would face major problems if they failed to come up with interesting ways to attract and retain graduates.

"Those that don't take the issue seriously will really struggle to find, or at least attract, the high quality graduates," he said.

But Mr Vines said salary was not necessarily the primary driver, and many graduates wanted challenging work in Australia and overseas.

A 2006 APESMA survey of young professionals found that 62 per cent intended to work overseas early in their career, and that money incentives were insufficient to keep them in Australia. Mr Vines said some organisations had started to consider offering young professionals overseas placements.

"We think that's a great development in terms of retention strategy, and it's also great in terms of the development of the young professional," he said.

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He said it was particularly important for engineering graduates to have this opportunity because the profession was now global. Employers were also placing a premium on international experience when hiring middle level and senior people.

A survey by international consultancy firm Universum Communications reinforced the view that Australian graduates want international experience.

Universum surveyed 3410 students from 21 universities between July and October last year.

They voted international career opportunities top of the list of most attractive employment benefits. This was followed by a clear career path, flexible working hours and secure employment.

Having a good salary package came fifth, although more men were interested in this than women.

Additional survey data given to The Australian Financial Review outlined the incentives that graduates would most prefer in their "competitive compensation package". Company-paid training was the No. 1 preference, followed by private health insurance and an annual performance bonus. More women were interested in health insurance and more men in a performance bonus.

Significantly more men were interested in being given share options and sign-on bonuses.

The Australian manager of Universum, Douglas Welchner, said it was important that companies knew what types of benefits graduates wanted so they could adapt their recruitment and retention policies.

However, the president of the National Association of Graduate Careers Advisory Services, Peter McIlveen, said a way of establishing what measures attracted and retained graduates was to ask employers why young professionals quit their jobs.

He said poor relationships within a company was a key reason graduates left.

"They want organisations that are pretty savvy in terms of the interpersonal stuff," Mr McIlveen said.

He said the aim of university career services was to help prepare graduates to choose the right company. Many corporations are seeking graduates who project personal qualities in the interview and the workplace.

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The director of human capital at PricewaterhouseCoopers, Sharon Bell, said the firm was increasingly looking for balanced and well-rounded individuals who differentiated themselves from other candidates outside of the curriculum.

"We're looking for people who come in and present themselves well, can hold a conversation in an interview, and are comfortable working as part of the team," Ms Bell said. "Those who can differentiate themselves through life experiences; those are the criteria that come down to the crunch."

*Published: 26 February 2007*

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