AN EXAMINATION

OF THE ENGAGEMENT BARRIERS PERCIEVED TO EXIST

BETWEEN SMALL FIRMS AND GRADUATES

By

GEORGINA MAY HENRICKSEN

UNIVERSITY OF BIRMINGHAM

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ABSTRACT

Graduate recruitment in small and medium sized enterprises (SMEs) is largely neglected, overshadowed by larger enterprises more traditionally associated with graduate employment. This thesis addresses this oversight by exploring graduate employment in small firms located in the West Midlands, with a specific focus on small Business and Professional Services (BPS). The thesis examines whether attitudinal barriers deterring graduates from small firm employment, and small firm employers from recruiting graduate employees, as summarised by the concept of mutual unattractiveness, is supported by the experiences of graduates currently employed in smaller firms, and by the experiences of owner-managers that have employed them. The research specifically explores employer interpretations of graduate contributions and skills deficiencies, and graduate interpretations of training delivery and developmental practices. A qualitative approach enables the study to gain a deeper understanding of manager-graduate relations in small firms, while supplementary interviews with careers service, large firm and intermediary organisation representatives generates a multi-perspective approach appreciative of wider regional graduate employment access and engagement. The study finds that whilst graduate and employer experiences in many ways reinforce factors that deter both parties from engaging in such employment, their experience also demonstrates the positive rewards ensuing for both parties. This thesis illustrates how small firm graduate employment is complex and informed by comparative decisions. It also shows how recruitment decisions concerning small firm graduate employment require a more informed approach such that expectations may be managed accordingly.

This thesis is dedicated to three people

Without their love, kindness, support and patience, this thesis would simply not have been possible

To my parents, Rebecca and David Henricksen, I simply cannot thank you enough for everything you have done for me

And to my husband Matt. For understanding without need for explanation, for patiently listening, and for never failing to make me laugh.

I love you all very much

ACKNOWLEDGEMENTS

CONTENTS   Page

TABLES and FIGURES   **Page**

ABBREVAITIONS

AAT	Association of Accounting Technicians
AWM	Advantage West Midlands
BIS	Department for Business Innovation and Skills
BPS	Business and Professional Services
CIAT	Chartered Institute of Architectural Technologists
CIM	Chartered Institute of Marketing
CIPR	Chartered Institute of Personal Relations
CPD	Continuous Professional Development
COG	Cluster Opportunities Group
CS	Careers Services
CV	Curriculum Vitae
ECIF	Economic Challenge Investment fund
ESRC	Economic and Social Research Council
HE	Higher Education
HEI	Higher Education Institutions
HESA	Higher Education Statistics Agency
HRM	Human Resource Management
HR	Human Resources
LFS	Labour Force Survey
PSF	Professional Service Firm
RBV	Resource Based View

RDA	Regional development agency
RIBA	Royal Institute of British Architects
RICS	Royal Institute of Chartered Surveyors
SHRM	Strategic Human Resource Management
SMEs	Small and Medium Sized Enterprises
SMS	Small Business Service
WBL	Work Based Learning
WRL	Work Related Learning
WE	Work Experience
WMRO	West Midlands Regional Observatory

CHAPTER 1

THE RISING IMPORTANCE OF GRADUATE EMPLOYMENT IN SMALL BUSINESS AND PROFESSIONAL SERVICE FIRMS

Introduction

> 'Productivity is increasingly driven by skills. The ability of firms to succeed in the face of growing international competition depends increasingly on the skilled labour force they can draw from. Skilled workers are better able to adapt to new technologies and market opportunities. Higher levels of skills drive innovation, facilitate investment, improve leadership and management. For innovation to be effectively implemented, businesses must be able to draw on a flexible, skilled workforce' (Leitch Review 2006, 8, para 9)

Higher level skills form a core component of the UK's economic strategy (Chevalier and Lindley 2009; Mayhew *et al.,* 2004, Sutherland 2008; Tomlinson 2008). They are crucial to socio-economic change, essential to individual success and a vital means by which the UK can attain its place in the knowledge-driven economy (Bastalich 2010; Tomlinson 2008). The knowledge-driven economy, alongside Daniel Bell's (1973) 'information society' and Manuel Castells (1989) 'network society', centralise the primacy of information and knowledge in the economy (Bastalich 2010; Bryson *et al.,* 2000; Bryson *et al.,* 2004). The importance of knowledge for economic growth is not new, nevertheless, the change in capitalism has shown a shift in the proportion of value attached to knowledge products in advanced capitalist economies thus driving a rising interest in the role of knowledge within the economy (Bryson

et al., 2004). The emergent knowledge networks are generating new spaces of consumption, new ways of consuming and new divisions of labour, causing a progressive shift in relations across the globe (Bastalich 2010). The nascent (and widely contested) theory of the knowledge economy (Bastalich 2010) alongside the UK's drive for higher level skills as exemplified in the Leitch Review (2006) and various additional government White Papers (BIS 2008, 2009) has placed universities at the heart of the nation's drive for knowledge and education (Bastalich 2010; Tomlinson 2008). This is encapsulated in Tony Blair's address to the Labour Party annual conference in 1999 setting a bold agenda for fifty percent attendance of young people into Higher Education (HE) by 2010. Academic interest and policy gaze has since fixated on the role of universities in the economy, their relations with industry and their ability to produce knowledgeable workers that will drive innovation, promote competitive advantage and ultimately found a successful knowledge based society. The UK is not alone in this interest. Australia (Martin *et al.,* 2000), Europe (Prix 2009) and America are also keen to promote and harness the role of HE for the purposes of socio-economic prosperity, innovation and competitive advantage. The direct and linear relationship that HE credentials are considered to maintain with economic development is largely based on empirical ideas of human capital theory (Tomlinson 2008). Human capital theory in the context of education relates to the stock of knowledge and attributes gained by the individual through investments in education and experience, leading to superior economic return for the individual, firm and economy. Economically the returns are a highly skilled, flexible workforce, whilst the private returns are associated with individual's higher earnings over time, better career progression and increased employability (Blundell *et al.,* 1999; Tomlinson 2008).

The promotion of university education and higher level skill attainment has led to a staggering

increase in participant numbers in the UK. Elias and Purcell (2004b, 60) observe how in Great Britain the number of participants in Higher Education 'almost doubled in a decade, from 1.2 million students in 1990/91 to 2.1 million in 2000/1'. The current number of HE students in the UK stands at nearly 2.5 million students[1]. The 'massification' (Boden and Nedeva 2010, 37) of the Higher Education system that emerged during the 1990s, continuing to the present day has drawn much critical attention as academics question the consequences of expansion (Boden and Nedeva 2010; Foley 1999). Researchers have sought to understand the impact and implications of access, resources and the subsequent demands on academic staff (Cranmer 2006; Foley 1999). The prime concern surrounds the link between supply and demand, as the capacity of the labour market has not corresponded with an equal rise in requirements for higher level skills and credentials. The consequent over-supply or 'over-education' of students (Sutherland 2008, 50) is implicated in the lowering of the graduate earning premiums, the diversification of expectant individual returns (Elias and Purcell 2004b), HE participation in association with credentialism, over human capital investment and the colonisation of graduates in areas of the marketplace previously occupied by non-graduates (Elias and Purcell 2004b; Sutherland 2008). Harnessing the potential and ensuring the effective utilisation of human capital embodied in these highly educated individuals is thus a prime challenge for the UK's economic, education and skills policy; made ever more significant by the current economic crisis;

> 'Effective collaboration between the higher education sector, business and government will be critical to the UK's economic recovery and sustainable international competitiveness' (Forward by Sam Laidlaw, Chairman of CBI Higher Education Task Force, CBI 2009b, 4)

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    See Higher Education Statistics Agency (HESA) website: www.hesa.ac.uk (Accessed January 4th 2011).2009/10 results show HE numbers as 2, 493, 420

The present and pressing need to justify the continuation and sustainability of university attendance is warranted, as graduates, parents, stakeholders and employers question if HE is a worthwhile investment, particularly as tuition fees continue to rise whilst desirable returns decline.

One sector of the economy increasingly drawing the attention of academics and policy makers is Small and Medium sized Enterprises (SMEs) and their demand for, and utilisation of, higher level skills (Belfield 1999; Booth 2004; Holden and Jameson 1999; Holden *et al.,* 2007; Stewart and Knowles 2000). The accepted definition of SMEs in terms of employment criteria (omitting turnover and independence) as classified by The European Commission is as follows[2]:

- Micro firm: 0 -9 employees

- Small firm: 10 – 49 employees

- Medium firm: 50 – 249 employees

- Large firm: over 250 employees

The Department for Business, Innovation and Skills (BIS 2010a, 1) states that; SMEs account for 99.9% of all enterprises in the UK, employing 59.4% of all private sector workers and 50.1% of private sector turnover. While small firms are recognised as drivers of national and regional economic growth (BIS 2010b; Curran 2000; Keeble 1997), their innovative and

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    See The European Commission website as follows:
http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm
[online] (Accessed August 1st 2012)

competitive potential is considered hampered by a lack of access to skilled labour (Holden *et al.,* 2002). Encouraging the recruitment of graduates in SMEs has increasingly been seen as a means by which skill limitations in such firms can be overcome and the demand for higher level skills met (CFE 2010; Holden *et al.,* 2002). Research suggests that graduates have the potential to build SME capabilities, improve performance, stimulate growth, fulfil skills gaps, raise competency levels and stimulate latent demand for higher level skills (Freel 1999, Holden *et al.,* 2002). The ability of graduates to contribute to skill demands and fulfil skill deficiencies is however largely undermined by a distinct deficit of graduate employment research in this sector (Holden *et al.,* 2002, 2007). Large firms have traditionally been the focus for graduate employment research a consequence, in part, of SMEs being comparatively comprehended as 'non-traditional' graduate recruiters (Holden *et al.,* 2002, 2007; Stewart and Knowles 2000). As a result of this oversight there is an emergent paucity of research understanding surrounding graduate recruitment, utilisation and contributions to SMEs (Holden *et al.,* 2002, 2007). An appreciation of the aforementioned characteristics in SMEs is further accentuated by the continued and widespread use of quantitative data sources in graduate employment research, which often overlooks the intricacies of the relationship between graduates and their SME employer, alongside personal interpretations and experiences of recruitment processes, skill contributions and internal human resource management practices (Holden *et al.,* 2002; Johnson 2003).

Constraints and barriers

SME graduate employment research to date reveals a number of constraints and barriers relating to both demand-led and supply-led participation (Holden *et al.,* 2002, 2007). From a demand-led recruiters' perspective, small firm employers perceive graduates not to be work-

ready, have a limited capacity to meet their needs and an inability to add value due to inappropriate skills. Furthermore there is a wider concern amongst such employers that they will be unable to fulfil graduate expectations of employment (Hart and Barratt 2009; Harvey *et al.,* 1997; Holden *et al.,* 2007). From a supply-led, employee perspective graduates are reportedly unconvinced of the opportunities in smaller firms comparative to their larger counterparts (Holden *et al*., 2002, 2007). As Westhead (1998) suggests, there is an attractiveness barrier. Graduates are cautious about the financial remuneration and promotional opportunities in smaller firms. As Holden *et al.,* (2007, 9) reflect in their review of demand-led and supply-led approaches, this relationship between SMEs and graduates, whether the product of ignorance or market forces, is one that can be broadly categorised as one of 'mutual unattractiveness'. If SME demand for graduates is to be enhanced and their capitalisation on higher level skills encouraged, research needs to address these perceptual and attitudinal barriers by examining the *actual* employment experiences of graduates and their SME employers. Furthermore researchers need to question how such realities of employment are then relayed back to potential employees and employers; whether policy advice and support are actually effective in targeting small firm engagement and graduate utilisation or whether redirection is necessary (Holden *et al.,* 2002, 2007). As Holden and Jameson (2002, 271) suggest, research requires;

> '...a richer understanding of the real experiences of graduates and their managers in relation to employment in an SME and the implications of such for both the supply and demand sides of the graduate labour market.'

To date, research that focuses on the realities of graduate employment in small firms exposes a worrying concern for under-utilisation and further inefficiencies in the matching of graduate level skills to graduate level roles (Elias and Purcell 2004b; Holden *et al.,* 2007). Researchers

have found that graduates lack certain transferable, or employability skills, and as a consequence do not necessarily regard graduates capable of delivering the skills they require (Holden *et al.,* 2007; Pittaway and Thedham 2005). This view may be attributable to either demand-led or supply-led inefficiencies such as the inappropriate matching of graduates to jobs or simply a lack of requirement or need (Holden *et al.,* 2007). This outcome is of concern to: employers looking to reduce skill deficiencies in their workforce; graduates seeking a rewarding and fulfilling career and the UK economy pursuing the uptake and absorption of higher level skills.   Reported underutilisation also reaffirms concerns and perceptions currently deterring small employers and recent graduates from entering into an employment relationship, thus exacerbating the difficulties faced in encouraging supply and demand. A small, but increasing, number of studies has demonstrated that small firm graduate employment can be rewarding and successful for both graduate and employer (Arnold *et al.,* 2002). However, further research is required on this relationship in order to substantiate the dynamics of utilisation; to ensure that support, targeting this sector, is not misdirected and that advice and recommendations are informed by the realistic needs and requirements of both parties (Holden *et al.,* 2007).

This thesis seeks a more enriched understanding of the realities of small firm employment experiences and a deeper appreciation of the relationship between employers and recent graduates within such firms. In doing so this research challenges whether perceptual notions of mutual unattraction towards small firm graduate employment are founded in the realities of actual employment experiences between recent graduates and their small firm employers. This thesis therefore aims to;

Examine whether the case for mutual unattractiveness is supported by graduate and

employer experiences in small BPS firms

By exploring the experiences of participants engaged in this recruitment relationship this thesis will build on current research examining the utilisation of graduates in small firms. It will achieve this by providing an in-depth insight into employer and graduate interpretations of skill contributions and training and development opportunities. Data collection is methodologically informed by a purely qualitative approach. The use of interviews throughout the research facilitates the production of a richer text on which a more interpretive understanding of graduate employment in small firms can be constructed. This approach also enables the thesis to present an insightful data source ensconced in the complexities of sector, or rather sub-sector, dynamics, as rarely considered within small firm graduate employment literatures (Arnold *et al.,* 2002; Holden *et al.,* 2007; Pittaway and Thedham 2005). Business and Professional Services (BPS) have been chosen to represent the focus sector of this thesis; BPS are an exciting cornerstone of the service sector, offering a fascinating context in which to explore higher level skill demand and graduate utilisation. The rise and role of BPS is explored in further detail later in the chapter.

The study also considers the implications of geographical location on small firm employment. This thesis recognises that the graduate marketplace is global; where the migration of graduates between countries, cities, regions and continents is drawing increasing attention from geographers (Thiem 2009). Whilst there is a need to appreciate the global context of higher education and graduate migration (Olds 2007), there is also a need to remain closer to home. The "local" region is still an important level of analysis in the study of employment and education dynamics (WMRO 2008a, 2008b). The attraction and retention of graduates

within regions has received increasing attention from academics interested in the movement of human capital between regions and implications for economic growth (Faggian and McCann 2006, 2009). Regional policy gaze has increasingly recognised the need to critically appreciate the graduate marketplace at the regional level in response to concerns over unemployment, underemployment and the pull of graduates towards London or abroad;

> 'London stands head and shoulders above all other regions in its powers
> of attraction on newly qualified graduate labour and it is easy to see its
> advantages as self-reinforcing and cumulative'
> (Hoare and Corver, 2010, 491)

By adopting a regionally informed qualitative approach, the research is able to situate an understanding of graduate recruitment and utilisation at a more local level, subsequently generating both a multi-actor and location-specific interpretation of graduate employment. This approach enables the inclusion of voices that may otherwise not be heard and an acknowledgement of sub-regional contexts that may otherwise be overlooked. The region chosen as the basis of this research is the West Midlands (returned to later).

Coal to stoke the fire

BPS firms provide services that are sold primarily to other businesses as well as governments (Bryson *et al.,* 2004), and include a complex heterogeneous array of business activates including – computer services, management consultancy, accountancy, architectural services, legal services, design, public relations and marketing (Bryson *et al.,* 2004; Bryson *et al.,* 1993). BPS are deemed to play an increasingly strategic role in raising the productivity and competitiveness of both goods

production and service activities (O'Farrell *et al.,* 1993), promoting innovation and technological change (Coffee and Bailly 1991). The recognised importance of BPS in industrialised economies in recent decades has fuelled the exponential growth of academic literature and policy discourse concerning the role, function and interactions these businesses maintain with other businesses in regional, national and global markets (Beyers and Nelson 2000; Bryson *et al.,* 1993; Bryson and Taylor 2006; Keeble and Nachum 2002). Consequently, this sector is heavily implicated in regional growth policies concerning formation rates (Keeble 1997), spatial configurations (Beyers and Lindahl 1996) and networking capabilities (McEwan *et al.,* 2005; Search and Taylor 2002) so that local economies may harness the innovative, productive and financial benefits they bring (Keeble 1997). As well as presenting rapid growth during the past twenty years (Bryson *et al*., 2004) BPS are also leading indicators of the structural shift towards services during the second half of the 20th century (Daniels and Bryson 2002, Greenwood *et al.,* 2005). Whilst researchers have already begun to unravel distinctions in growth dynamics (Bryson and Daniels 2006), and distinguish between locational configurations (O'Farrell *et al.,* 1993; Sassen 2001), the academic community still knows relatively little about their function, characteristics and growth within economies (Greenwood *et al.,* 2005), particularly in contexts outside global cities (Bryson *et al.,* 2004; Sassen 2001). The continuation of recent research trends upon BPS is arguably necessary, if not vital, to our understanding of contemporary economic change within advanced economies (Bryson *et al.,* 1997).

Knowledge brokers

BPS maintain a complex relationship with and central dependency on knowledge as both an input and output of production (Greenwood *et al.,* 2005, 661). Due to the dependence of BPS on knowledge as a primary source of competitive advantage, these firms are frequently associated with such concepts as the new economy (Beyers 2002) and knowledge economy (Bryson *et al.,* 2004), and are occasionally referred to as 'knowledge based organisations' (Morris and Empson 1998);

> 'We define professional service firms as those whose primary assets are a highly educated (professional) workforce and whose outputs are intangible services encoded with complex knowledge'
> (Greenwood *et al.,* 2005, 661)

BPS firms not only display a capacity for enhancing the assimilative capacities of other firms to digest knowledge (Greenwood *et al.,* 2005), they are also regarded as providing an essential role within the economic system for managing and introducing new forms of knowledge (Bryson *et al.,* 2004; Ofek and Savary 2001). Hargadon (1998) would go so far as to suggest that the Professional Service Firm (PSF) is a 'knowledge broker'. Because of its central position, 'the broker can identify and transfer solutions (or experience) between relatively isolated sectors of the economy' (*in* Ofek and Savary 2001, 1443). BPS depend upon employees with higher level skills able to deliver the knowledge and expertise demanded by clients (Bryson and Daniels 2008). This requirement is not only increasing with the comparative growth of BPS in the UK, and across industrialised and industrialising economies (Daniels and Bryson 2006), but also as a consequence of skills substitutions in jobs previously occupied by non-graduates

(Elias and Purcell 2004). BPS therefore embody a number of potentials for growing graduate employment due to a continued and rising demand for higher level skills. However, while these firms constitute a wide-ranging potential for graduate employment, the nature and dynamics of graduate employment in small BPS firms is less well understood. Research predominantly focuses on large and multinational business investment in training and recruitment (Greenwood *et al.,* 1999) thus drawing graduate attention towards the more visible recruitment firms in this sector such as KPMG and Price Waterhouse Coopers [PWC] (Stewart and Knowles 2000; WMRO 2006). Studies that have explored graduate recruitment and utilisation in small BPS firms reveal similar restrictions as those reported by SME graduate employment research in alternate sectors (Pittaway and Thedham 2005) i.e. the infrequent recruitment and caution towards costly expenditures on training and development outlays (Daniels and Bryson 2006). An appreciation of small BPS, together with an appreciation of their use of and demand for higher level skills, is however warranted. SMEs constitute a substantial and growing proportion of this sector (Bryson *et al.*, 1997; Bryson 1997; Keeble *et al.,* 2002) and therefore their contribution to higher level skills demand cannot be overlooked (Bryson *et al.,* 2004; Daniels and Bryson 2002).

Aims and objectives

The evaluation of the thesis' aim is essentially divided into an appreciation of both demand-led and supplier-led interpretations. From the perspective of employers this thesis addresses small BPS employer's reasons for initial entrance into the employment relationship and their subsequent experiences of graduate employee skill contributions. The first two objectives are therefore;

- To explore why small BPS firms recruit graduates

- To examine the contributions that graduates make to small BPS firms and how that contribution is interpreted by graduate employers.

From the graduate's perspective research suggests that there is a perceived concern over training and development; a lack of formalised and structured approaches compared to larger enterprises (Holden *et al.,* 2007). This thesis therefore seeks a more enriched understanding of the structure and delivery of training and development within such firms and graduate experiences of such practices. Therefore, the third objective is to;

- Examine small BPS firm approaches to graduate training and development and how these approaches are interpreted by graduate employees.

Due to the current limited research on small firm utilisation of graduates in employment this thesis draws on small firm Human Resource Management (HRM) literature as an explanatory tool to support an evaluation of training and development delivery within such firms. It draws primarily on HRM literatures concerning the practices of recruitment, training, development and performance management to facilitate a more complete interpretation of these procedures.

The objective of the thesis is not to deliver an evaluation of underutilisation, but instead to offer a more open account of graduate skill contributions to small firms alongside the delivery and receipt of training and development. A review of HRM studies into graduate employment reveals a similar oversight. There is a tendency to focus on larger businesses; assuming that the HR potential of small firms is limited (Cardon and Stevens 2004; Mayson and Barrett 2006). Regrettably this imposes limitations on the extent to which it may be used as an explanatory tool in this thesis. However, by focusing on the delivery of these practices this thesis is able to complement and supplement current research within this field.

Furthermore, in recognition of the regionally specific context of graduate employment, the wider mediation of information flows and their impact on attitudinal change, the small firm engagement and recruitment process, the role of Higher Education Institutions (HEIs) and intermediaries in small firm graduate employment is also explored. It is essential that Higher Education and intermediaries are included in this evaluation. They also provide an essential role in the relaying of recruitment information to both potential employees and employers and the promotion of employment opportunities within the local marketplace (Holden *et al.,* 2007). The final objective is therefore;

- To examine how graduate employment is mediated within the West Midlands, with particular reference to Higher Education and intermediaries and how this informs an understanding of small firm engagement in graduate employment.

The following section briefly explores the region chosen as the basis of the investigation followed by a review of the thesis chapters.

The West Midlands: attraction and retention

The attraction, retention and utilisation of graduates is of central importance to regional skills policy as Regional Development Agencies (RDA) and local councils attempt to encourage and maximise the use of higher level skills entering, returning to and graduating from their respective regions (WMRO 2008a, 2008b). The region of interest chosen for this thesis, the West Midlands, is no exception to this rule. As illustrated in the West Midlands Regional Observatory (WMRO) report (2008a) *Graduate retention, attraction and employment study 2008*; enhancing the number of people with graduate level skills and increasing the number of employees recruited with higher level skills (NVQ Level 4 and above) is a key focus for the region's skills strategy;

> 'The West Midlands must compete more effectively on the basis of its skills, ingenuity and know-how. The region needs to encourage greater numbers of the graduates produced by our universities to stay and work in the West Midlands and to stimulate a stronger flow of graduate level skills from within the workforce. There is evidence to suggest that the region doesn't currently make the best use of the graduates it does retain and the skills they possess.' (WMRO 2008a, 4)

Despite the presence of nine universities; Warwick, Keele, Coventry, Birmingham, Aston, Birmingham City, North Staffordshire, Worcestershire and Wolverhampton, the West Midlands lags behind the national average in demand for higher level skills and can be considered a 'loser' region in terms of the overall catchment of graduates leaving university (Hoare and Corver 2010, 484). An additional report published by the WMRO on the 'University Challenge' (2008b, 7) revealed, in 2007, less than 24% of employees working in private sector industries in the region have higher level skills and qualifications. The national average is 28%; 'reflecting a less well developed 'knowledge economy'' (WMRO 2008a,7).

The Regional Observatory does however find that there is a potential demand for higher level skills in the region. Graduate employers sampled did report higher level skills as being critical to future business with '68% of small and micro businesses' holding this view (WMRO 2008a,8). A demand-led approach to regional skills growth is however hampered by a number of issues such as employer concerns towards the difficulties of meeting graduates' salary expectations, alongside skills gaps and deficiencies (WMRO 2008a). Further investment in higher level skills attainment and the provision of additional qualifications by employers is also found to be hampered by concerns over the cost and time involved in organising and running training with only 20% of small and micro businesses offering any form of formal or systematic training (WMRO 2008a).

As illustrated in Figure 1a, the West Midlands comprises of the counties of Worcestershire, Warwickshire, Shropshire and Staffordshire; the unitary authorities of Stoke-on-Trent, Telford and Wrekin and Herefordshire, together with the seven metropolitan districts; Birmingham, Dudley, Sandwell, Solihull, Walsall, Coventry and Wolverhampton (Bryson and Taylor 2006). The West Midlands economically, socially and culturally presents an interesting case for regional change and socio-economic transition. Previously known as the workshop of the world or the cradle of the industrial revolution (Bryson and Taylor 2006) the West Midlands, since the 1960s, has experienced a shift from its industrial past towards a more dynamic, multicultural, global (McEwan *et al.,* 2005) and service-orientated economy (Bryson and Taylor 2006; Daniels and Bryson 2006), in which BPS play a key role;

> 'Professional services have become a vital source of knowledge and
> information for all branches of the economy that are of strategic
> importance for the competitiveness of a nation, a region, or a locality
> such as Birmingham and the West Midlands'
> (Daniels and Bryson 2002, 11, para 2.1.3)
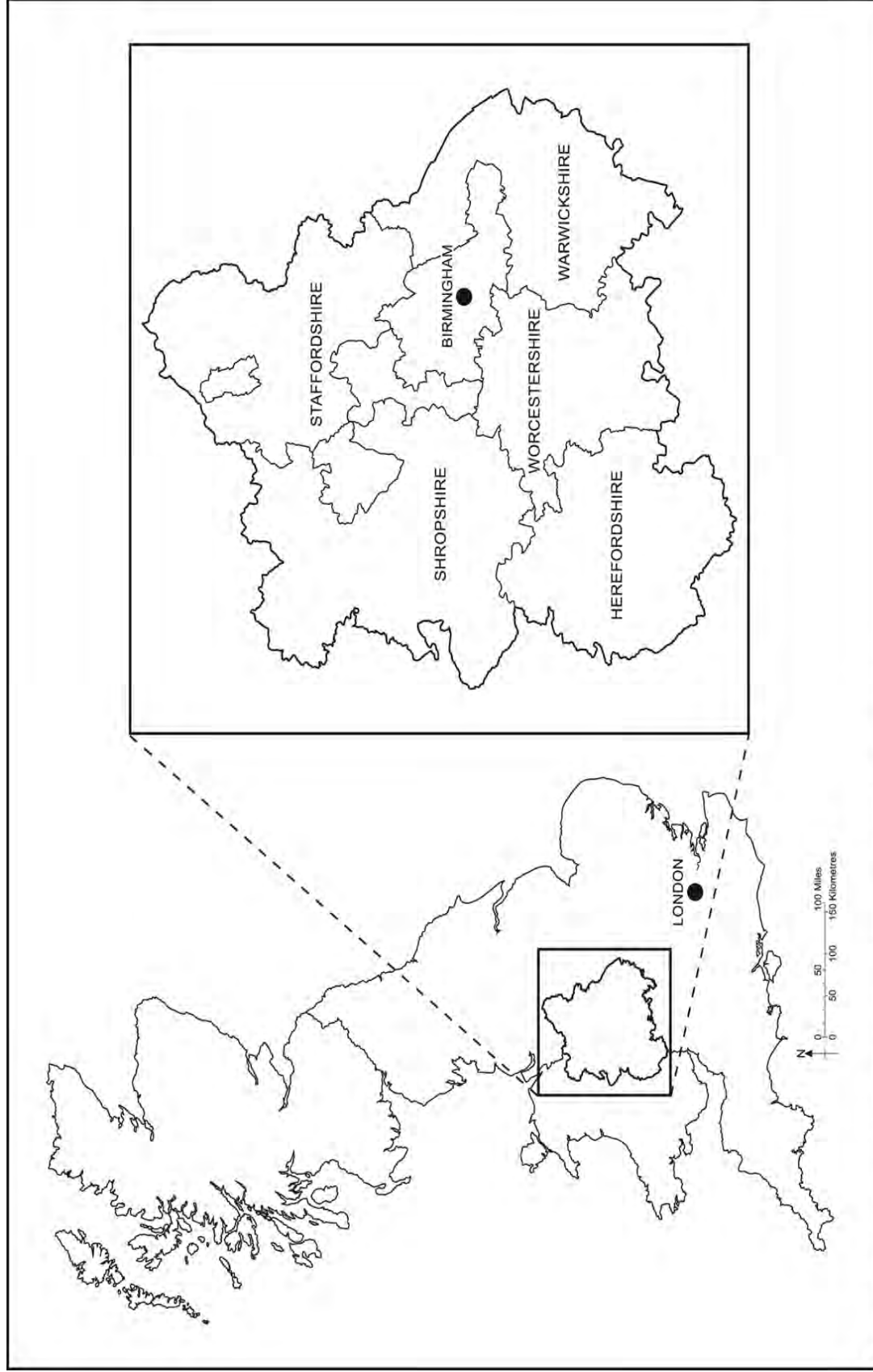
Figure 1a The location of the West Midlands within the UK

Recent studies have shown that the region is the 'largest financial and business services centre outside London' (Bryson and Taylor 2006, 58). The growth in this sector represents a positive potential for the region and its ambitious targets for higher level skills growth (WMRO 2008a); for private sector engagement in graduate employment (WMRO 2008a, 2008b) and for the move towards a more knowledge orientated economy (WMRO 2008b). A recent report on the strengths, weaknesses and opportunities facing professional services in the West Midlands found that a shortage of graduate recruits and a lack of access to skilled staff was a threat to the growth and productivity of BPS (Daniels and Bryson 2002). However, without a detailed account specifically targeting BPS employer views and perceptions towards higher level skills access and subsequent use it is difficult to appreciate the extent to which access truly undermines BPS potential. In particular, a more detailed interpretation of wider supply and demand implications according to sub-regional variations is required since employee skills levels and BPS distribution present an uneven picture across the region's counties, metropolitan districts and unitary authorities (Daniels and Bryson 2002).

If the region is to: stimulate latent demand for higher level skills; harness the potential of BPS regional skills strategies it requires better information on how to: target current weaknesses, exploit existent opportunities and overcome hindrances undermining access and utilisation of graduate employment in small BPS firms. This need is made ever more pressing by the current economic crisis. The impact of which has had a devastating effect on the West Midlands, which in January 2011 suffered from the highest proportion of unemployment in the UK. The context for graduates at both a national and regional level is rather bleak. The Office for National Statistics reports that the unemployment rate for new graduates was as high as 20% in the third quarter of 2010, the highest rate for new graduates in a decade,

double the rate before the start of the recession. The need to capitalise on and encourage the uptake of higher level skills amongst a wider proportion of the market is thus a current and critical concern for the UK. As the West Midlands WMRO (2010, 22, para 2.5.2) report *The West Midlands Economy Post Recession: Key issues and challenges*, describes;

> 'To boost the scale and pace of economic recovery in the region and stimulate more demand for higher level skills it will be important to attract and develop more businesses and jobs in higher skilled and value added clusters.'

It is important to state that, whilst the research is informed by this heightened and pressing interest in higher level skills uptake for economic recovery, the purpose of this thesis is not to evaluate the West Midlands response to economic recovery.

Chapter outline

The subsequent chapters are ordered systematically in accordance with the primary themes of the thesis; the following chapter explores the literary context in further detail, preceded by a closer inspection of the methodological tools and techniques in chapter 3. The next three chapters present the core empirical findings, which are then brought to a conclusion in chapter 7 with a summary of results and acknowledgements of policy implications, limitations and further avenues for theory and research to explore.

Chapter 2:   Explores the current parameters of graduate employment research in small firms, evaluating the current strengths, weaknesses and opportunities of previous and current research regarding small firm graduate recruitment, management and utilisation. The literature review is assisted by the integration of small firm HRM and BPS literatures which support and enhance an understanding of the challenges faced by small firms recruiting such employees.

Chapter 3:   Explores the thesis' methodological reasoning, geographical specificity, data collection techniques and respondent access strategies. An account of interpretation, analysis and methodological limitations is also included.

Chapter 4:   Provides an open account of managerial recruitment motivations and competency evaluations towards graduate employees. Managerial interpretations are supplemented by the inclusion of graduate perspectives on

competencies, skills and attributes considered introduced via their recruitment.

Chapter 5: Delivers a complex and in-depth examination of small BPS firm training and development practices towards graduate employees, exploring the approaches taken by smaller firms and graduate interpretations of receipt. The chapter also evaluates performance management practices used in small firms and how these practices inform a graduate's role within the firm and career development.

Chapter 6: Examines the formation of Higher Education – SME and intermediary – SME relationships and the subsequent opportunities for SME recruitment access and engagement. The chapter also explores the comparative roles of HE and intermediary support in developing the profile of smaller firms in graduate recruitment, alongside the specific delivery of work experience.

Chapter 7: Concludes the thesis exploring key points found and summarising the primary implications for academic and policy agendas.

CHAPTER 2

A SECTOR OVERLOOKED; OPPORTUNITIES, ACCESS AND RECRUITMENT DECISIONS TOWARDS GRADUATES IN SMALL FIRMS

Introduction

This chapter explores the current parameters of graduate employment research on small firms. The following sections evaluate the strengths, weaknesses and opportunities present in previous and current research exploring small firm graduate recruitment, management and utilisation. The literature review is a selective account of graduate employment research. It therefore cannot be considered to be a rigorous and all-encompassing evaluation of graduate employment in the UK. This academic evaluation is assisted by the integration of small firm Human Resource Management (HRM) literatures and Business and Professional Services (BPS) research. These literatures support and enhance an understanding of the challenges faced by small BPS firms recruiting graduate employees. Small firm HRM research also facilitates a more detailed depiction of the resource constraints, managerial decisions and inter-firm relationships involved in small firm employment. The vast and growing body of BPS literature provides an invaluable source of information upon which current assumptions regarding graduate employment may be evaluated; specifically skills utilisation and training provision. However, a deficit of BPS research on graduate recruitment in smaller enterprises is a limiting factor. Small firm HRM research presents similar limitations to its use as an explanatory tool for graduate employment. Despite these limitations, they still provide a

sufficient understanding and insight upon which an appreciation of small BPS firm graduate employment may be constructed. By recognising the weaknesses and limitations of these research areas this thesis can also address current deficiencies, enabling targeted rectification of research gaps.

The first section of this chapter explores, in detail, the research areas of small firm graduate employment and HRM. It questions why, to date, small firms have been over looked and why these areas are now attracting a growing level of research attention. This review is followed by an examination of recruitment trends, focusing on the potential of small firms, and specifically small BPS firms, to recruit graduates. The analysis is supported by a review of data provided by the Higher Education Statistics Agency (HESA). Subsequent sections systematically review graduate employment; from the initial stage of recruitment decisions, through skills considerations and selection, to the dynamics of employment. The latter section, in particular, focuses on training and development. Finally, career trajectories, retention and the use of incentives and rewards to ensure loyalty and commitment are explored. By considering these factors the review questions the longevity and sustainability of graduate employment in smaller enterprises. Throughout the chapter issues concerning the research limitations of small firm graduate employment, BPS and HRM literature are addressed; with particular reference to the continued and persistent neglect of small firms.

Entering the twilight

In 2002 Leeds Metropolitan University was commissioned by the Small Business Service (SBS) to conduct a review of the contribution of graduates to small business success. The

impetus was driven by concern amongst policy practitioners that, after a number of years of channelling efforts into stimulating graduate demand in SMEs, a deficit remained. By understanding the impact of, and added value brought by, graduate recruits to these firms an attempt could be made to assess, if and how, the relationships worked (Holden *et al.,* 2002). After extensively reviewing research progress in understanding graduate recruitment, development and utilisation Holden *et al.,* (2002) conclude the evidence base for graduate contribution and impact within SMEs to be weak and often insubstantive. Consequently, Holden *et al.,* (2002, 11) call for greater attention to be paid towards SME graduate recruitment, particularly if policy makers are to avoid 'running blind' in their response to the challenges of supply and demand in this marketplace. Five years on, Holden *et al.,* (2007) published a second review in order to establish the extent of academic progress in this field since their earlier recommendation in 2002. The report finds that whilst progress had been made in appreciating small firm employment associated with graduate entrepreneurship and firm start up, overall, the research area has remained limited, particularly in understanding graduate utilisation in small firms. Holden *et al.,* (2007, 225) conclude that whilst there are some 'glimmers of light' in graduate employment research, understanding recruitment and utilisation of graduates remains in the 'twilight'.

The primary cause of this oversight is attributed to the comparative dominance and presence of larger enterprises in the graduate marketplace (Holden *et al.,* 2002, 2007). Large employers and the public sector (WMRO 2008a) have traditionally recruited and continue to recruit a large proportion of graduates (Arnold *et al.,* 2002). Their presence in the marketplace is reinforced by their position as a desirable destination for students leaving university. The 'brand names', graduate schemes and promising career trajectories entice a ready and willing

cohort of potential candidates to their door. Large firms maintain their prominent position through high visibility recruitment campaigns, adverts, promotions in glossy graduate magazines, on campus presentations and 'milk-round' visits (Holden *et al.,* 2007). They are supported by dedicated recruitment teams, which have the resources and time to generate a high profile (Branine 2008; Harvey *et al.,* 1997)[3]. By comparison SMEs have an almost insignificant profile; attributed to a number of factors, namely, resource limitations, HR restrictions and a lack of time (Branine 2008). In addition smaller enterprises simply do not have the capacity or need to recruit as many candidates; thus recruitment is often considered an infrequent event (Daniels and Bryson 2006). However, this does not however mean that SMEs do not have a vital role to play. SME graduate employment *is* rising on the research agenda. A better understanding of the destinations of graduates alongside the need to harness higher level skills more readily and efficiently within the UK economy is required (Holden *et al.,* 2002, 2007). The Association of Graduate Recruiters (AGR) (1995, 5 *in* Branine 2008, 499) go so far as to predict that in the graduate labour market; 'the greatest potential is likely to be in smaller businesses that have not tended to recruit graduates in the past'. However, as increasing attention is paid to this sector and the potential that it offers the graduate marketplace, caution is required. SME recruitment and utilisation of graduates is not a model in miniature of the larger employers' approach (Hart and Barratt 2009); these firms need to be understood and appreciated in their own right as a separate marketplace (Holden *et al.,* 2002, 2007). Accordingly this thesis does not attempt to approach an understanding of graduate recruitment with pre-fixed ideas or a pre-determined framework informed by graduate

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     'Milk-round' refers to events that happen once a year when representatives from companies visit colleges and universities to give presentations, meet prospective employees and interview students interested in working for them (Branine 2008)

employment in larger enterprises. The intention is to appreciate and understand the dynamics of graduate employment in small firms in their own right. Nor does it use current small firm graduate employment literatures as a blueprint within which these firms should be understood; instead current academic research is used to guide and inform an appreciation of recruitment, training and development in small firms.

A tool to navigate

> 'Once a new venture is founded, becomes an organisation and hires its first employees, human resource issues and forces that exist in – and influence the success of – all organisations come to play'
> (Baron 2003, 253)

For the last decade researchers have emphasised the effect of human resource management (HRM) practices on organisational performance (Altinay *et al.,* 2008; Storey 2007). A rising interest in HRM practices follows academic recognition that knowledge, information and skills will become more valuable as a factor of production than primary or secondary sources in the 21st century, diminishing the primacy of capital and labour (Brint 2001; Marshall 2008). Because Human Resources (HR) and the knowledge they possess are not easily imitated by competitors, HRM becomes essential to the attainment of competitive advantage (Altinay *et al.,* 2008). HRM literature largely draws on the Resource Based View (RBV) of the firm; originating in the work of Edith Penrose (Reed *et al.,* 2006). At the heart of the RBV is the view that the physical, organisational and human resources, that are rare and not easily imitated, sustain competitive advantage (Reed *et al.,* 2006). Therefore rather than decisions being driven by cost they are driven by their effect on 'the stock of resources and capabilities supporting the competitive advantage' (Ordanini and Silvestri 2008). The RBV can be classified as a socio-economic theory of the firm (Taylor 2006b). While rationalist theories of

the firm are associated with a firm's desire to make profits and products, socio-economic theories make an effort to understand social processes within, between and surrounding firms (Taylor 2006b). In particular there is growing attention towards the contribution of HRM practices towards small service firm growth (Altinay and Altinay 2006; Altinay *et al.,* 2008). Services are dependent on the competencies and capacities of their employees to deliver commercial knowledge to clients; the encouragement and management of human resources in service firms facilitates competitive advantage as the knowledge, skills and attributes of these employees is leveraged for maximum commercial return. Whilst interest is growing; to date there remains a paucity of understanding of the relationship between HRM practices such as training, empowerment, recruitment and growth of small businesses in the service sector (Altinay *et al.,* 2008). A continuation of HRM and Strategic Human Resource Management (SHRM) research can be considered as vital in the professional services sector where investment decisions are primarily 'people acquisition, training and retention decisions' (Bryson and Daniels 2008, 250).

Because of the deficit graduate employment research into graduate utilisation in SMEs (Holden *et al.,* 2007) this thesis draws upon small firm HRM research as a tool to facilitate a wider understanding of graduate – employer relations in smaller enterprises. Throughout this chapter, current knowledge surrounding small firm HRM practices will be used to offer a wider interpretation of graduate utilisation in these firms. Small firm HRM literature does however suffer from a series of research limitations, which impinge upon its use as an explanatory tool. The following section explores the cause of these limitations and the extent to which they limit the application of small firm HRM as a research tool.

Despite the volume and diversity of HRM research, relatively little is understood about small firms' HRM needs, practices and behaviours (Bartram 2005; Heneman *et al.,* 2000; Hornsby and Koratko 2003; Mayson and Barrett 2006; Tansky and Heneman 2003). After an early surge of interest in small firm HRM practices in the early 1990s, research interest dipped in the following decade (Hornsby and Kuratko 2000). Growing interest in HRM and entrepreneurship has however led to a recent resurgence in HRM practices in small firms (Mayson and Barrett 2006, Heneman and Tansky 2003). Despite this increase small firm HRM practices remain poorly understood. Studies concerning small firms have largely been avoided as HRM is considered to be mainly a large company phenomenon (Harney and Dundon 2006; Katz *et al.,* 2000). Data on HRM is usually obtained from HRM departments; however, firms with fewer than one hundred employees are considered less likely to develop formal HR functions or departments. Therefore they do not offer substantial evidence on the dynamics and practices of such functions (Cardon and Stevens 2004; Gilbert and Jones 2000; Hornsby and Kuratko 1990). This lack of information also creates difficulties for academics seeking data and information extraction on the HR functions of SMEs (Katz *et al.,* 2000). Despite a lack of formal HR practices small firms are still considered to exercise some form of HRM (Mayson and Barrett 2006). These functions are however primarily considered to be 'ad hoc' and 'informal' (Mayson and Barrett 2006, 449). What this informality means is that;

> '..the practices used to recruit, select, manage and appraise employees' performance are not written down (for example, a list of skills and qualifications for each job), regularly applied (for example, yearly performance reviews) or guaranteed they take place (for example, employers sponsored training)' (Barrett *et al.,* 2007, 688)

When faced with the challenges of entering unknown industries and groups, new ventures in particular, are thought to suffer from the limitations of smallness and newness. Their size also

prevents the search for new opportunities or advantages in the market (Cardon and Stevens 2004). Whilst informality is thought to be easy and convenient for owner-managers in the short term it may not to deliver the best results longer term (Mayson and Barrett 2006) potentially it may even damage a firms' success (Hornsby and Kuratko 2003). Harney and Dundon (2006, 49) find research in this area to be split between 'small is beautiful', where informality allows for flexibility, versus 'bleak house', where informality is detrimental to firm productivity. Instead they suggest that HRM practices are best viewed as 'complex', allowing researchers to better understand the multiple factors that influence HRM dynamics in small firms. In a similar light, Gilbert and Jones (2000, 66) suggest that as researchers 'we need to revise the way we interpret and judge this [small firm] informality'. It is essential to continue research on HRM in small firms. HRM functions such as recruitment, motivation and retention are considered key to small firm productivity and survival (Cardon and Stevens 2004; Gilbert and Jones 2000; Hornsby and Kuratko 2003).

Recruiting a highly educated workforce

It is believed that most graduates find employment in larger enterprises (Hart and Barratt 2009; Holden *et al.,* 2002, 2007), and that graduate employment increases with firm size (Williams and Owen 2007). Large firms are therefore often referred to as 'traditional' graduate recruiters; smaller enterprises are considered non-traditional (Holden *et al.,* 2002, 2007; Pittaway and Thedham 2005). Graduate attraction to larger firms is often linked to the rewards, such as higher salaries and better career potential (Hart and Barratt 2009; Westhead and Matlay 2002). However the ability of large firms to absorb the increasing numbers now graduating is being questioned. Accordingly a reassessment of the potential of smaller firms

to enter this marketplace is being undertaken (Holden *et al.,* 2002) There is also an increasing recognition that smaller firms, especially growing or 'grown' enterprises, do actually have the capacity and need to recruit graduates (Hart and Barratt 2009; Holden *et al.,* 2002)

Having recognised the different motives guiding the small firm approach to graduate recruitment, there is also a need to appreciate the needs and demands for graduate level skills in sectors of the economy increasingly inhabited by SMEs. Elias and Purcell's (2004a, 2004b) acclaimed study, examining the way in which Standard Occupational Classifications (SOC) are defined according to graduate requirements (traditional, modern, niche and new), has facilitated academic comprehension of the changing occupational structure of the UK labour market and the rising demand, for graduate level knowledge and skills, amongst those occupations (Elias and Purcell 2004b). The following distinctions are made; in 'traditional' graduate occupations the employer typically requires the individual to have a degree due to the nature of the task to be performed (Elias and Purcell 2004a, 2004b); 'modern' occupations reflect the newer professions that graduates have entered 'since educational expansion in the 1960s' (Elias and Purcell 2004b, 61); 'new' occupations reflect those where graduates are increasingly recruited in large numbers. Whilst the majority of individuals within 'niche' occupations do not have a degree; and most jobs so classified do not require a degree, those within this classification show scope for the use of degree level knowledge (Elias and Purcell 2004a, 2004b). A non-graduate occupation is one where the individual is inappropriately placed in the labour market compared to the skills and knowledge they offer. BPS, as listed by Elias and Purcell (2004a) can be found in 'traditional' (solicitors and architects), 'new' (chartered and certified accountants, quantity surveyors, PR officer) and 'niche' (graphic designers) occupations. While BPS firms are shown to inhabit Elias and Purcell's (2004a,

2004b) employer occupational classifications, requiring the knowledge and skills of graduates, there is little specific evidence amongst graduate employment researchers as to the size stratification of this growing demand and requirement. Is it smaller BPS firms driving demand or their larger counterparts?

Professional potential

As Daniels and Bryson (2006, 47) describe, a BPS firm's:

> 'Success is very dependent on the workforce being adequately skilled and able to acquire new expertise and competencies that ensure that BPS firms can properly function as agents of economic restructuring and facilitators of competitiveness'

BPS have a high requirement for educated employees able to offer clients the knowledge and expertise they demand (Bryson *et al.,* 2004; Greenwood *et al.,* 2005). Access to a ready pool of talented and educated workers therefore underlies the success of such firms (Bryson and Daniels 2008; Daniels and Bryson 2002). While graduates are traditionally associated with employment in sectors such as law and architecture the growth and proliferation of new service sub-divisions is also associated with a growing demand for graduate talent (Purcell *et al.,* 2004). As Mason (2002) finds in his study of retailing, computer, transport and communications services, graduates are increasingly being substituted for non-graduates in a range of business service occupations. These employers increasingly require higher levels skills and knowledge to compete effectively. Mason's (2002, 431) examination of the HESA First Destinations data in 1998 reveals that the highest number of first degree graduates (21.4%) entered into business services, research, property, development and renting (etc). Whilst Mason's statistics are promising; in 2002, the latest statistics published by the HESA reveal that this percentage has dropped over the past ten years (Table 2.1). The figures show

that property development, renting, business & research activities is now around 14% (2008/09); with financial activities remaining low, even dropping from around 8% in 1998 (Mason 2002, 431) to about 5% in 2008/09 (Table 2.1). However, the service sector is not alone in experiencing a decline in graduate entrants; manufacturing has experienced a more dramatic decline from around 11% in 1998 (Mason 2002, 431) to around 4% in 2008/09. Sectors such as the wholesale and retail trade, education, hotels, restaurants and health and social work have steadily increased since Mason's (2002) study. They have even increased within the time frame set in Table 2.1. The decline in the service and manufacturing sectors may be a reflection of the economic crisis as places on professional service graduate schemes become scarcer and employers defer recruitment until productivity resumes. Despite the potential or actual implications of the economic circumstances for this sector of the economy, the results are disappointing. Business services have simply been unable to raise recruitment above 21% (Mason 2002) over the past ten years; Table 2.1 shows how in 2006/07, even before the full force of the crisis, graduate destinations in property development, renting, business & research activities were still only around 20%. Is the UK not encouraging this sectors' involvement in graduate recruitment? Or are large firms simply at full capacity? Are they unable to compensate for the growing number of individuals leaving education?

Table 2.1 Percentage graduate employment by Industry 2006/07 – 2008/09

Standard Industrial Classification (SIC)	2008/09	2007/08	2006/07
Manufacturing	4%*	4%	7%
Electricity, gas & water supply	1%	1%	1%
Construction	1%	2%	2%
Wholesale & retail trade/repair(2)	17%	14%	12%
Hotels & restaurants	6%	5%	4%
Transport, storage & communication	6%	7%	3%
Financial activities	5%	6%	7%
Property development, renting, business & research activity	14%	16%	20%
Public administration & defence/social security	6%	7%	6%
Education	13%	12%	11%
Health & social work	20%	19%	18%
Other community, social & personal service activities	7%	6%	8%

Source: HESA Destination of Leavers survey 2006/07; *percentages to the nearest whole number

A closer inspection of the HESA Destination of Leavers Survey reveals an interesting dynamic between graduate recruitment patterns between large and small firms in the BPS sector. The assumption, as aforementioned, surrounding SMEs is that because of their size, they recruit less frequently and therefore play a less prominent role in graduate recruitment compared to larger enterprises. Examining HESA statistics for graduate destinations according to firm size (as based on employee numbers) compared to SIC (2003) codes J and K (representing the BPS sector) (Bryson and Taylor 2006) (financial intermediation and real estate, renting and business activities respectively) reveals how graduates employed in the real estate, renting and business activities sector are relatively evenly distributed between small (1 – 49 employees) and large (250 employees or more) firms between the years of 2002 and 2007 (Table 2.2). In financial intermediation larger enterprises do however tend to dominate graduate recruitment (Table 2.2); professional services in this category include banking and

insurance activities. The consistency of employment percentages by year in Table 2.2 also demonstrates how graduate destinations according to firm size in the BPS sector have not altered significantly over the years; a trend also reflected in the aggregate data for graduate destinations by all sectors between 2002/2009 (Table 2.3). The aggregate data (Table 2.3) illustrates how around a quarter of graduates find themselves in 'small' firms six months after graduating; an outcome seemingly not communicated to students during their degrees. Comparing the results of Table 2.2 and 2.4 also illustrates how graduate employment in real estate, renting and business activity actually exceeds the average percentage for graduate destinations by employer size. The most recent HESA figures of graduate destinations by employer size show how in 2008/09 BPS have continued to recruit a large proportion of graduates in smaller enterprises (Table 2.4); even financial and insurance activities recruit 10% of graduates into smaller enterprises. Due to the SIC code changes, SIC codes J and K have now been divided between four instead of two categories (ONS 2009); hence attention is directed toward four industries instead of two (Table 2.4). The relatively high recruitment of graduates within smaller firms in the BPS sector is possibly unsurprising as the majority of firms that inhabit these sectors is either micro or small (Table 2.5); and therefore, whilst they may be considered to recruit less frequently, cumulatively, their contribution is significant. The outcome illustrated in Table 2.4 provides positive evidence that there is a wide potential in small firms to recruit graduates.

Table 2.2 Graduate entrance into BPS employment by firm size and year

Year	Employer size by number of employees				
	1 – 49	50-249		250 and above	
	SIC Code J*	SIC Code K	SIC Code J	SIC Code K	SIC Code J
2006/07	8%*	35%	10%	20%	82%
2005/06	8%	36%	11%	21%	81%
2004/05	8%	37%	11%	21%	82%
2003/04	8%	38%	11%	21%	81%
2002/03	10%	41%	11%	21%	79%

Source: HESA Destination of Leavers survey 2002/03 – 2006/07

*SIC Code J Financial intermediation; SIC Code K Real estate, renting and business activities

**All percentages are rounded to the nearest whole number

Table 2.3 Graduate entrance into *all* employment by firm size and year

Year	Employer size by number of employees	
	1 – 49	50 – 249
2008/09	25%*	16%
2007/08	23%	16%
2006/07	24%	17%
2005/06	24%	18%
2004/05	24%	18%
2003/04	24%	18%
2002/03	25%	18%

Source: HESA Destination of Leavers survey 2002/03 – 2008/09

*All percentages are rounded to the nearest whole number

Table 2.4 Graduate destinations 2007/08 – 2008/09 by sector and firm size

SIC Group	1 – 49 employees	50-249 employees	250 + employees
Agriculture, forestry and fishing	74%	9%	16%
Mining and quarrying	5%*	10%	85%
Manufacturing	20%	15%	65%
Electricity, gas, steam and air conditioning supply	7%	8%	85%
Water supply, sewerage, waste management and remediation activities	14%	11%	75%
Construction	27%	17%	56%
Wholesale and retail trade, repair of motor vehicles and motor cycles	22%	9%	69%
Transport and storage	17%	11%	73%
Accommodation and food service	52%	14%	34%
Information and Communication	40%	17%	43%
Financial and insurance activities	**10%**	11%	79%
Real estate activities	**36%**	18%	46%
Professional, scientific and technical activities	**43%**	18%	39%
Administrative and support service activities	**33%**	20%	47%
Public administration and defence; compulsory social secruity	7%	9%	84%
Education	26%	33%	41%
Human health and social work activities	15%	7%	78%
Arts, entertainment and recreation	52%	20%	28%
Other service activities	43%	17%	40%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	96%	2%	2%
Activities of extraterritorial organisations and bodies	23%	12%	65%

Source: HESA Destination of Leavers survey *Percentages rounded to the nearest whole number

Table 2.5 BPS SIC Groups (K, L, M & N) and by size of employers 2010

SIC Groups	Employer size by employee numbers		
	0 - 9	10 - 49	50 - 249
Financial and insurance activities	79%*	17%	3%
Real estate activities	92%	7%	1%
Professional, scientific and technical activities	91%	7%	1%
Administrative and support service activities	85%	11%	3%

Source: Office for National Statistics (2010) UK Business Activity, Size and Location – 2010

*Percentages rounded to the nearest whole number

Whilst the aforementioned tables produce a positive picture for graduate recruitment in small BPS firms, it is important to acknowledge the limitations of the trends represented by the HESA Destinations of Leavers survey. Whilst the HESA survey provides a unique insight into the employment patterns and trajectories post-graduation, it can also be seen as a 'premature indication' (Elias and Purcell 2004b, 62), a 'snapshot' (Shah *et al.,* 2004, 9) of the career pathways undertaken by graduates. The survey is undertaken just six months after their graduation. As Elias and Purcell (2004, 63) suggest, the length of time it takes for graduates to find graduate level jobs needs to be 'addressed'. Not all graduates will find a graduate level job directly after graduation. With increasing numbers now leaving education there may be a slowing down of graduates moving out of non-graduate jobs which individuals may have accepted on a temporary basis whilst they search for alternate employment opportunities (Elias and Purcell 2004b). This outcome is also evidenced by Shah *et al.,* (2004, 24) who find graduates taking 'longer to settle' into their careers than in previous decades; where individuals experience several different periods of employment before acquiring a professional position. In light of these findings it is important that the results presented in Tables 2.1 – 2.5 are treated cautiously. The percentages by firm size and industry may be only

illustrative of a temporary trend. Those graduates who are employed in small BPS firms may only be assuming temporary employment, before moving on to a graduate scheme in a larger firm. Although the HESA does provide information on graduate destinations by sector, size and occupational level, the purpose of this thesis is not to provide a statistical or quantitative evaluation of graduate destinations and therefore this level of detail is not included here. Such evidence does not reveal graduate utilisation in their role, managerial motivations for recruiting these individuals or whether they are being managed effectively. What the results have shown is that if BPS are to grow their role in the graduate labour market beyond 21% (Mason 2002), to do so smaller enterprises will form a large part of that group.

Supply and demand: an uneven platform

> 'Too often the description of what happens inside the firm in terms of HRM practices ignores what happens outside the firm and how this interplays with internal factors' (Mayson and Barrett 2006, 451)

Addressing external considerations Harney and Dundon (2006) argue that adopting an open systems approach to analysing HRM in small firms offers a better appreciation of how and why certain HRM practices emerge. Consequently they suggest that the embeddedness of small firms in their wider environment needs to be taken into account when interpreting HRM practices in SMEs. Following Harvey and Dundon's (2006) suggestion, this thesis adopts a wider appreciation of the external environment and the potential implications this has on internal management decisions towards graduate employees. More specifically, it takes into account the external influences of supply and demand on small BPS firm graduate employment in the West Midlands. Using two in-depth studies undertaken on BPS location (Bryson and Daniels 2002) and skill requirements (Daniels and Bryson 2006) in the West Midlands, the following section explores sub-regional disparities in the BPS marketplace;

38

questioning the potential implications these hold for small firm graduate employment within the region.

Daniels and Bryson's (2006) *Skills needs of Business and Professional Services in objective two Areas of the West Midlands*, offers the most comprehensive review of West Midlands BPS firm skill requirements to date. The report, recognising the need to appreciate the changing skills requirements and needs of BPS in the region, sought to establish the skills gaps, recruitment difficulties, and training approaches of BPS firms located in Birmingham, Solihull, the Black Country, Coventry, Warwick, Herefordshire, Worcestershire, Shropshire and Staffordshire. The report finds that the recruitment and retention of trained staff is an issue for all LSC (Local Skills Councils) regions and that the distribution of qualifications and hard to fill vacancies is irregular. The best qualified are to be found in the areas of; Shropshire, Herefordshire and Worcestershire (Table 2.6); NVQ Level 4 equates to a degree level qualification. The primary reason for the difficulties in filling vacancies in the 'hard to fill' category was, simply, a shortage of applicants with the required skills (Daniels and Bryson 2006). Whilst the report does not offer a comprehensive view of the dynamics of graduate employment, it does however suggest how firms, unable to recruit graduates, especially into professional vacancies, are 'turning to school leavers who are then trained to the required level' (apart from in Birmingham and Solihull) (Daniels and Bryson 2006, 21). As Grugulis (2007, 2) describes, a firm can either develop skills internally by training or externally by employing workers with the required expertise. Although Daniels and Bryson (2006) do not exclusively focus on the recruitment of graduates across the West Midlands, what their findings do show is how the supply at this level of skill is uneven across the region. Consequently, certain firms are turning to alternate recruitment practices in order to

compensate. Recognising this unevenness, and the implications that it holds for firms within the region, this thesis will focus on the West Midlands sub-regional variations in graduate supply and the implications they hold for small firms within this location.

Table 2.6 Counties, West Midlands: Qualification levels (%) of working age population, 2003 -2004

Qualification level	West Midlands Country	Worc	Hereford	Shropshire	Staffs	Warwicks	West Midlands Region	GB
NVQ4 & above	20.1%	24.5%	23.9%	26.1%	21.6%	23.3%	21.1%	25.2%
NVQ3 and above	37.0%	42.6%	41.1%	43.1%	40.0%	43.7%	38.8%	43.1%
NVQ2 and above	54.5%	59.7%	61.1%	64.4%	59.2%	61.7%	57.0%	61.5%
NVQ1 and above	69.8%	76.9%	78.2%	76.9%	75.5%	77.0%	72.7%	76.0%
Other qualifications	9.4%	6.2%	7.2%	9.1%	8.8%	7.0%	8.6%	8.8%
No qualifications	20.7%	16.8%	14.6%	14.0%	15.8%	16.0%	18.7%	15.1%

Source: Local Area Labour Force Survey (March 2003 – February 2004), extracted from Nomis, accessed 12 October 2005 *in* Daniels and Bryson (2006, 50)

Moving from a supply to a demand-led perspective; it is also essential to acknowledge that BPS are also unevenly dispersed within the West Midlands. A report produced by Bryson and Daniels (2002) *Professional Services in Birmingham and the West Midlands: Strengths, Opportunities and Threats*, demonstrates how BPS firms within the West Midlands are clustered in certain areas and more dispersed in others. The report identifies a number of important location features; these include (Bryson and Daniels 2002, 3-4):

- A high concentration of professional services in Birmingham city centre

- A lower density inner ring to the south west and north of the city centre

- A high density outer arc to the east and south of Birmingham

- A professional services 'corridor' linking central Birmingham to Coventry and Rugby

- Local clusters on county/country towns across the region

- An incipient 'Borders' arc extending north-south in the west side of the region from Bridgenorth to Ross-on-Wye

Out of these clusters, Birmingham represents the largest, most diverse professional services concentration (Bryson and Daniels 2002). Firms in Birmingham city centre are also the most likely to have international clients (ibid). The report also identifies how a significant share of the region's firms is also located in Coventry, Leamington Spa, Newcastle-under-Lyme and Stoke-on-Trent (Bryson and Daniels 2002, 15). Professional services in areas like Staffordshire are however primarily servicing 'local demand' such as the potteries (Bryson and Daniels 2002, 66). What their study demonstrates is how BPS in different sub-regions of the West Midlands operate in different markets and represent different sizes of firm, with alternate needs and varied agendas; how these sub-regional differences within the West Midlands impact on small firm graduate recruitment within such locations is however, as yet, poorly understood. This thesis will therefore address these potential sub-regional differences in its understanding and interpretations of small BPS firm graduate employment.

Finding the 'right' candidate

Higher education has not only enjoyed greater numbers, but also a more diverse and varied population of students in recent years (Branine 2008; Sutherland 2008). No longer is higher education solely attended by the elite few. It now represents a more demographically diverse mass of students (Elias and Purcell 2004b). Finding what graduate to select, amongst this varied mass, means that the selection process used by firms has become ever more critical to the employment of the 'right' candidate (Barrett *et al.,* 2007; Branine 2008). While large firms have HR resources dedicated to the selection of graduates, smaller firms predominantly use informal recruitment channels and selection techniques (Cardon and Stevens 2004). The dependency on informal selection methods is associated with a lack of time and resources to dedicate to marketing and advertising for positions or allocating personnel to HR to guide the firm through the process of finding the 'right' candidate (Barrett *et al.,* 2007). Selecting the wrong graduate may leave the firm with a poor impression of graduate competencies and abilities. It could also hinder the capacity of the individual to contribute and add value to the firm. Thus, recruiting the wrong individual for the role can prove detrimental and costly for the firm;

> 'Failure to recruit workers with appropriate competence will doom the firm to failure or, at the very least, to stunted growth'
> (Boxall and Purcell 2003, 140)

Sophisticated techniques of selection are considered increasingly necessary for the firm to navigate the ever complex and wider demographic of students (Branine 2008); but are small firms equipping themselves adequately to respond to the widening demographic?

One degree please, and a personality

What is it that BPS firms looking for when they are recruiting? In the past few years employers have been widely consulted on the types of competencies they seek in graduate candidates (Cardy and Selvarajan 2006). This surge of interest is primarily led by government funded surveys and business lobbying groups in search of a generic set of competencies desired by recruiters to improve upon graduate employability. Competency can be seen as both a characteristic of the individual and the firm (Cardy and Selvarajan 2006). According to Sveiby (1997 *in* Boydell *et al.,* 2008, 212) an individual's competence is a completion of explicit knowledge (facts, often learnt through formal education), skills (practical proficiency acquired through training and practice), experience (acquired mainly through reflections on past mistakes and successes), value judgements and social networks. Alternatively, Hodges and Burchell (2003) describe competencies as a combination of cognitive skills (technical knowledge, expertise and abilities) and personal or behavioural characteristics (principles, attitudes, values and motives) which are a function of the individual's personality. Successful performance is dependent on a number of factors, but will require the presence of both of these components (Hodges and Burchell 2003). Competencies are not the only form of selection criteria used by employers, as Harvey *et al.,* (1997) describe employers also look at age, qualification (and qualification level), the institution from which qualification was obtained and the degree subject. These competency requirements are usually assessed using surveys and questionnaires, which rarely reveal tendencies according to size of firm, sector or geography (Pittaway and Thedham 2005). Surveys also overlook why particular competencies are more valuable to certain firms. They lack the interpretive insight required to facilitate a deeper and more complex understanding of motivations and reasoning.

Research into the most desired skills by graduate recruiters reveals employer precedence appears to have shifted from finding the right degree to looking of a variety of softer skills. Reference to 'soft skills' is often used interchangeably with a wider range of terms including personal attributes, generic skills, individual qualities, transferable skills and social skills. As Grugulis (2007, 2) suggests, the boundaries between these terms can often appear blurred, but this range of terms do have features in common, namely 'a concern with personal qualities, particularly the way an individual feels about their work and how they work rather than what they do'. Whilst soft skills such as communication and reshaping work are common to almost every workplace, the growing demand for such skills can be considered as associated with the growth of service industry where,

> '…the process of being served is as much a part of the sale as any
> physical products that may be involved […] [therefore] the way workers
> feel and the feelings they produce in others are important'
> (Grugulis 2007, 80)

Wellington and Bryson (2001) highlight the growing importance of the body in their study of image management in the service industries, where emotions and personality are sold alongside the service. Daniels and Bryson (2006, 24) also find evidence that the competitiveness of BPS firms is derived from a combination of technical competence, soft skills, support staff and the individual's personality. They reflect on how this result illustrates that;

> '… academic excellence and world class technical competence do not
> provide the platform for commercial success; it is also crucially founded
> upon relationship building, soft skills and personality.'
> (Daniels and Bryson 2006, 24)

As Bryson and Daniels (2008) describe the intangible softer skills of personality, ability to

relate to people and communication are also required to maximise the commercial advantage of technical skills which are easily codified (Taylor 2006b). The comparative importance of the degree to BPS would appear less well understood. A number of researchers would suggest that the degree is becoming a more basic requirement of employment (Moreau and Leathwood 2006) a 'tick box' (Tomlinson 2008, 51) on the recruiters agenda. As Grugulis (2007, 15) explains;

> '…qualifications so valued in recruitment are proxies for skills, rather than skills themselves, and their value stems from the knowledge, know-how or dexterity they are assumed to certify'

This relative devaluation of the degree can be seen as resembling the growth in credentialism (Sutherland 2008). The credentialist interpretation follows the consequences of potential lower rates of individual return from education, rather than the development and enhancement of human capital (Atkins 1999). The credentialist interpretation is based on primarily Weberian notions of power and monopoly, suggesting that social groups use credentials to mobilise cultural and economic advantage (ibid). The implications that such changes hold for smaller firms is however a relative unknown; are smaller firms as concerned as their larger counterparts about the comparative needs and desirability of softer skills versus a degree?

Knocking on the ivory tower doors

> 'Higher education needs to be aware of the changing nature of the workplace and of the requirements of employing organisations. It needs to be responsive to these changes and demands. Higher education has a responsibility to its principle stakeholders – students – to equip them with more than a profound knowledge of an academic subject area' (Harvey *et al.,* 1997, 2)

The need for graduates to develop a range of skills beyond an individual's academic and

vocational knowledge is becoming increasingly recognised amongst academics and policy discourse, especially as employers remain dissatisfied with graduate preparations for working life (CBI 2009; Shah *et al.,* 2004). Recognition that transferable, or 'employability skills', are required in addition to the degree is increasingly being acknowledged and accepted by universities (Shah *et al.,* 2004), subsequently evoking change in curriculum delivery and employment preparation (Cranmer 2006; Foley 1999). Graduate employability embodies a vast and growing set of literatures (Little 2001; Hesketh 2000; Gore 2005; Hartshorn and Sear 2005). As Martin *et al.,* (2008, 8) suggest, employability skills can be defined as:

> '…a set of attributes, skills and knowledge that all labour market participants should possess to ensure they have the capability of being effective in the workplace – to benefit themselves, their employer and the wider economy'

Whilst for employers employability can mean work readiness (Martin 2008), for academics and government reports, the term extends beyond immediate contributions to include an understanding of an individual's ability to move within the labour market, to maintain employment (Houston 2005; Martin *et al.,* 2008). The use of the term employability presents difficulties not only because of its lack of clarity, multiple meanings and interpretations (Gore 2005, Martin *et al.,* 2008), but also due to its intermittent use in combination with similar terminology such as 'core skills' or 'transfer skills' (Davies 2000, 428).

The pressures on universities to produce work-ready graduates is not new; the 21st century has seen a constant waxing and waning of debates considering the purpose of HE and in

particular its association with and relation to industry. Recent decades are however experiencing a greater level of attention towards this relationship than any other time; primarily due to funding changes, rising numbers attending (Foley 1999) and the increased use of monitoring devices such as the HESA leaver's survey, enforcing greater university accountability for graduate employment (Smith *et al.,* 2000). Industrial restructuring, technological development and the balance of skills and competencies required by employers is also changing (Pitcher and Purcell 1998); reinforcing the need for universities to maintain a more continuous dialogue with employers over what skills are needed for employment success. The pressure for universities to change has not been met without resistance. Universities question their role and autonomy within the economy and their roles as innovators or servants to employers. Academics are also concerned that the industry-driven initiatives will erode 'academic integrity' (Foley, 1999, 14), whilst questions are raised as to whether companies are emphasising short-term needs over longer-term requirements (Foley 1999; Atkins 1999). Despite the recent attempts at reform employers continue to report skills shortages amongst graduates (Dixon 2006; Elias and Purcell 2004b), voicing concerns that universities are still not producing work ready graduates (Harvey *et al.,* 1997). It is important for the thesis to acknowledge these changes throughout the research and the implications they potentially hold for small firm graduate employers.

Capitalising on higher education

Investments in Higher Education are often interpreted from the employee's perspective, such as the attainment of higher salaries (Connor and Brown 2009; Rodgers 2007), an earnings

premium (additional earnings associated with higher education attendance (Elias and Purcell 2004b)) and the prospect of a rewarding career. There are far fewer employer views on graduate contributions to the workplace and firm success (Connor and Brown 2009; Harvey *et al.,* 1997). Employer valuations of graduate employees are often left to statements (Connor and Brown 2009), such as; graduates bring 'fresh perspectives' to the workplace (WMRO 2008a, 21) or they 'add an element of innovation' (Hart and Barrett 2009, 7). Beyond speculative accounts of the graduate's positive contribution to small firms, few studies have actually attempted to assess, in any realistic way, the benefits of employing graduates and how those contributions impact upon the firm (Harvey *et al.,* 1997). Whilst this thesis could approach 'contributions' by evaluating the number of graduates and/or higher level skills present in a small firm's workforce against factors such as profitability and productivity (Connor and Brown 2009), this would not facilitate a better appreciation of the dynamics of graduate recruitment in small firms and the factors that shape and inform the contribution they make or the way that contribution is interpreted. The intention of this thesis is not to evaluate graduate contributions against a set of pre-prescribed determinants of firm success.

Train to Gain

Training investments are often associated with a firm's success (Bastalich 2010); safeguarding productivity (Grugulis 2007) and enhancing skills and knowledge within the workforce (Bryan 2006; Daniels and Bryson 2006). In BPS training enables firms to overcome skills limitations, help keep staff up to date and serves as a motivation for employees (Daniels and Bryson 2006). Evidence suggests that small firms which undertake training are more likely to survive and enjoy growth in employment and sales turnover than their non-training counterparts (Freel 1999). Despite this a number of researchers studying HRM in small firms

have found formal training less likely to occur (Boxall and Purcell 2003; Daniels and Bryson 2006; Mayson and Barrett 2006; Storey 2004). Daniels and Bryson (2006) report how large, urban-based, multi-site BPS firms are more likely to make training available to staff and how larger firms in the West Midlands are also more likely to provide formal qualifications to staff. Comparatively, training in small firms is more on a 'needs must' basis (Daniels and Bryson, 2006, 21). Storey and Westhead (1997 *in* Storey 2004, 112) describe two potential explanations for training provision differences between small and large firms; firstly, training is less likely in small firms because of 'ignorance' where the potential benefits of training (workforce and managerial) are underestimated. The second is 'market' driven; training provision is less likely, not because the manager is uniformed, but because the 'small firms face proportionally higher costs of training provision and lower benefits than large firms' (Storey 2004, 113). Amongst BPS in the West Midlands, Daniels and Bryson (2006) reveal that there is tendency for firms to lean towards the ignorance approach. They find BPS maintain a level of scepticism over the value of training; finding that many BPS firms do not acknowledge a link between competitiveness and skills preferring to cite, quality of service, professionalism, careful response to client needs, competitive pricing and expertise of staff as more important factors of success (Daniels and Bryson 2006). They also find that BPS are concerned about the costs of training including; management time identifying skills needs, time invested in finding suitable courses, fee earning time lost (Daniels and Bryson 2006). Whilst formal training may be less well represented amongst small firms Boxall and Purcell (2003) suggest that this approach should not be criticised. It demonstrates a pragmatic attitude to training investment as the firms are acting in a more economically rational manner. They go on to say;

> 'Even the most powerful firms, seemingly in control of their environment will eventually face some kind of turbulence that threatens their position. Those who fail to understand their environment will fall foul of it' (Boxall and Purcell 2003, 30)

In comparison, informal and on-the-job training preferred by smaller firms enables them to respond flexibly to their external environment (Cardon and Stevens 2004; Daniels and Bryson 2006). As Daniels and Bryson (2006, 14) find, this form of training is not only preferred by small firms it is used by firms of all sizes within the BPS sector (used by 81.1% of the 920 "training" firms'). Whilst on the job training is often cited as popular amongst small firms, there is limited consensus as to what 'on the job training' specifically refers to in small firms (Cardon and Stevens 2004). Studies examining HR training practices in small firms find that roles are not necessarily specific and that the individual shifts between tasks and thus multitasking is important. However, whilst this flexible approach may be beneficial to the firm by facilitating its responsiveness, there is limited empirical evidence of the specific advantages of multitasking to the firm, particularly to graduate recruits who may not value and appreciate this form of training. There is also limited understanding of the costs involved in this form of training and whether small firms find training graduates on the job costly and thus detrimental; for example, managerial pre-occupation with graduate training may distract them from other duties that relate more directly to profitability and firm success (Mayson and Barrett 2006).

Directing, encouraging, retaining

Performance management is considered essential for firm development and growth by identifying goals, directions and values; then communicating these between employee and employer so that both are moving in the same direction i.e. forwards. Performance

management is an integral and continuous process that develops and informs the future direction and values of the organisation, as well as day to day management and employee support (Roberts 2001). As Roberts (2001, 538) details, performance management ensures that the following are developed and carried out:

- setting of corporate, department, team and individual objectives

- performance appraisal system

- reward strategies and schemes

- training and development strategies and plans

- feedback, communication and coaching

- individual career planning

- mechanisms for monitoring the effectiveness of performance management system and interventions

Performance management is continuously monitored and reviewed through a cycle of direction planning, coaching, support, reviewing and evaluation (Roberts 2001), together with techniques such as recruitment and selection through to termination of employment contracts (Boxall and Purcell 2003). An individual performance is interpreted as a function of their abilities, motivation and opportunities to succeed in a specific context (Boxall and Purcell 2003). As Cardon and Stevens (2004) find, there has been virtually no work done concerning performance management in entrepreneurial or small firm HRM literature. This is potentially a consequence of the rarity of formalised procedures associated with small firms for managing performance reviews, disciplinary processes or dismissals of workers (Cardon and Stevens 2004, 312);

'It could be a philosophical approach issue, where managers of young or

> small firms prefer informal ongoing communication and feedback to highly formalised performance appraisal procedures'

Performance management is also important to training delivery in that it ensures 'that appropriate and sustained training needs are identified and provided' (Daniels and Bryson 2006, 73). Daniels and Bryson (2006) find in their study of BPS firms that whilst small firms acknowledge the importance of an appraisal they tend to be an infrequent activity in such firms. Performance management is also important to ensure that employees act in the desired manner;

> Motivated capability is the quality that firms most need from individuals. This means that firms must offer workers sufficient incentives to attend work and do an adequate job (Boxall and Purcell 2003, 146)

Providing incentives and rewarding employees as part of performance management is essential; ensuring that employees are motivated and retained. The latter issue is particularly prevalent in BPS where individuals are highly mobile workers (Greenwood *et al.,* 2005). As Greenwood *et al.,* (2005, 665) state, retention is a 'prime challenge' for BPS firms. An issue that has significant consequences for the firm;

> 'Loss of senior professionals is especially costly to a professional service firm, not only because it depletes the ability to deliver customised services, but because it severs relationships with clients and is often followed by client defections' (Greenwood *et al.,* 2005, 665)

Whilst staff turnover can have positive influences such as refreshing organisational learning (Starbuck 1992), 'on balance the ability to retain senior professionals is critical for performance' (Greenwood *et al.,* 2005, 665). The impact of individuals leaving can be minimised by the use of incentives, the promise of promotion or prevention tactics such as 'professional handcuffs' in the form of a contract. Partnership is often offered as an attractive incentive for employees to remain with the firm; 'The attraction of the partnership format has

been credited with high commitment and productivity' (The economist 2000 *in* Greenwood *et al.,* 2005, 665). Compensation in the form of financial rewards such as pay incentives, bonuses, salary increases and pay mixes are also essential to recruitment and retention; 'if they [small firms] cannot pay applicants enough, then they cannot recruit, retain critical skills or knowledge they need to operate effectively' (Cardon and Stevens 2004, 304). As Cardon and Stevens (2004) describe, short term pay incentives in small firms can include profit and stock sharing; long term pay incentives may include equity ownership and other stock options, where part ownership in the firm may encourage employees to act more in line with the best interests of the firm.

The ability of small firms to ensure employee commitment, loyalty and performance through incentives, rewards and compensation is considered limited by their size. Training, as previously mentioned, is primarily regarded as delivered on an informal basis with fewer opportunities in such firms to receive desirable, formal training and professional accreditation. Compensation practices are often 'uncoordinated and ad hoc' (Cardon and Stevens 2004, 307), while promotional opportunities are limited by flat hierarchical structures (Cardon and Stevens 2004). These stinted opportunities can deter graduates from considering employment in smaller firms as such rewards do not match their own personal investment in higher education (Moy and Lee 2002); an issue only likely to continue with spiralling tuition fees. Concern over career trajectories should however be interpreted as situated in wider market changes, where shorter term career opportunities may no longer be solely influenced by firm size (Granrose and Baccilli 2006; Currie *et al.,* 2006). The implications and impact of graduate career sustainability and longevity on managerial perceptions towards graduate value is unknown.

Conclusion

Following the review of the strengths, weaknesses and opportunities in previous and current graduate employment, HRM and BPS literature the following framework has been constructed. This framework does not serve as a rigid format for the evaluation of the thesis' aims and objectives. Rather, it is a guide posing a number of research questions that will help to shape the following empirical chapters:

Demand-led attraction:

- **Objective 1:** To explore why small BPS firms recruit graduates

When exploring the drivers behind the initial investment or recruitment decision, the following questions will be considered; do small firms strategically engage with graduate recruitment or are they accidental recruiters? What value do they see in graduates as employees? Is a sense of value derived from the knowledge and higher level skills graduates bring to employment from their education? What is the comparative gain from investing in graduates as opposed to non-graduates or senior employees?

- **Objective 2:** To examine the contributions that graduates make to small BPS firms and how these are interpreted by graduate employers.

This thesis does not provide a quantitative evaluation of contributions such as impact on productivity or turnover. In terms of contributions it focuses on employer and employee interpretations of graduate skills exhibited and/or deficient. The following questions will be considered; what skills sets do graduates lack? Are skill deficiencies interpreted differently between small BPS firms? What impact do skill deficiencies have on small BPS firms? How do managers interpret graduate contributions? How do managerial interpretations of contributions compare to graduate interpretations?

Supply-led attraction;

- **Objective 3:** To examine small BPS firm approaches to graduate training and development and how these approaches are interpreted by graduate employees.

Graduates are considered to be deterred by SME recruitment because of the informal and ad hoc approaches these firms are considered to maintain towards training and development. Therefore the following questions will be considered; are ad hoc and informal approaches to graduate training in small firms present? If so, how are these experiences interpreted by graduates? If formal training practices are used by managers, what are their motivations for doing so? Is the primary deterrent towards formal training delivery the financial cost? What other developmental techniques do small firms use towards graduate trainees? What career can small BPS firms offer graduates?

Employment mediation;

- **Objective 4:** To examine how graduate employment is mediated within the West Midlands, with particular reference to Higher Education and intermediaries and how this informs an understanding of small firm engagement in graduate employment.

In order to appreciate the influence of wider regional factors on graduate recruitment, the following questions will be considered; how do wider regional factors impact information flows? Are SME employment opportunities uniform across the region? Does a firm's location influence decisions made and practices adopted? Do wider university changes impact upon graduate recruitment and selection by SMEs? Do universities act alone in the generation of SME relations? What role do intermediaries play in regional SME recruitment? How do intermediaries and universities compare in terms of SME engagement?

CHAPTER 3

ADOPTING A QUALITATIVE STANCE IN A PREDOMINANTLY QUANTITATIVE DISCOURSE; IN-DEPTH INTERVIEWS, MULTIPLE ACCOUNTS AND A GEOGRAPHICAL VOICE

Introduction

This thesis provides an original qualitative interpretation of graduate employment in small Business and Professional Service (BPS) firms. The methodological aim is to open a research window into the realities of graduate experiences of small firm training and development, together with managerial experiences of graduate skills and contributions. The methodological objective is to construct a unique data source that will provide an in-depth view of the relationship between graduates and small firm employers. Data collected on the experiences of graduates and managers will then be examined; questioning whether reported mutual perceptions of unattractiveness are founded in experiences collated. This qualitative method of data collection achieves a depth of understanding and a level of detail often overlooked by more quantitative methods. Furthermore, interviews facilitate the construction of a rich respondent-researcher dialogue unveiling the complexities of daily activities often neglected in surveys and questionnaires. Data collection is principally focused on interviews with managers and graduates in the same firm – referred to as 'case firms'. This thesis also expands beyond the bounds of the firm to include interviews with careers service, large firm and intermediary organisation representatives. In doing so this thesis is able to attain a wider

regional perspective on graduate recruitment in small firms, inclusive of regional actors not usually heard alongside or considered in conjunction with employers and graduates.

This chapter explores the thesis' methodological reasoning, geographical specificity, data collection techniques and respondent access strategies. The geographical context is illustrated in further detail alongside a description of case firm locations; Birmingham and North Staffordshire. It concludes with an account of interviews collected, data interpretation and methodological limitations.

A qualitative island in a sea of surveys

Despite an increasing research interest in SME graduate employment (Ahmadi and Helms 1997, Hart and Barratt 2009, Holden and Jameson 2000, Woods *et al.,* 2001) the research agenda suffers from a deficit of original qualitative data collection (Johnston *et al.,* 2007). Research agendas are primarily based on survey and questionnaire evidence (Johnson *et al.,* 1993, McLarty 2000, Arnold *et al.,* 2002). This form of data collection tends to dominate graduate employment research as a whole (Johnson 2003, Arnold 2002, Courtis and Zaid 2002). The most common sources of survey evidence used are; the Labour Force Survey (LFS), the British Household Panel Survey, and the Destination of Leavers Survey derived from the Higher Education Statistics Agency (HESA) (Brynin 2002; Elias and Purcell 2004a, 2004b; Perryman *et al.,* 2003). The favoured position of such techniques is, as Johnson (2003, 414) explains, a possible consequence of the positivist paradigmatic stance preferred by many graduate employment researchers; 'which offer, superficially, universally true and scientific answers'. These approaches undoubtedly provide an invaluable contribution to graduate

employment research, illustrating trends, employability rates, mobility rates, career outcomes and trajectories (Elias and Purcell 2004a; Johnston *et al.*, 1993; Perryman *et al.,* 2003). These methods do however present limitations. Surveys can be subject to over-interpretation, employability figures can sometimes prove untrustworthy (Little 2001) and questionnaires can be longitudinally limited by providing snap-shot evidence (Johnson 2003, Shah *et al.,* 2004). In recent years there has been a growth in the number of qualitative studies in graduate employment research (Holden *et al.,* 2007; Pittaway and Thedham 2005). Researchers increasingly use interviews to either complement survey evidence or use them in their own right (Barratt 1999; Pittaway and Thedham 2005). Interviews allow researchers to gain a deeper, more interpersonal appreciation of workforce dynamics (McDowell 1998). This thesis continues this trend by using interviews to generate a qualitative data source. This is in part a response to calls for graduate employment researchers to use more qualitative methods (Johnson 2003; Holden *et al.,* 2002, 2007). It is also due to the underlying geographical stance of this thesis and the interpretive nature of the study.

> Qualitative methodologies, which explore the feelings, understandings and knowledge's of others through interviews, discussions or participant observation, are increasingly used by geographers to explore some of the complexities of everyday life in order to gain a deeper insight into the processes shaping our everyday worlds (Dwyer and Limb 2001, 1)

Qualitative methodologies are popular amongst economic geographers. They are used to provide investigative insight in to workforce structures and relations (McDowell 1998; Schoenberger 1991). This thesis' dependence on qualitative methodologies places it firmly within the grounds of interpretivism. As Grix (2010, 83) explains below, interpretivists seek to generate data sources reflective of the subjects being studied;

> '...positivists seek objectivity while interpretivists believe in subjectivity; positivists tend to model their research on the natural sciences while interpretivists believe there is a clear distinction to be made between the natural and the social world, and therefore we need a methodology and methods of gathering data that are more in tune with the subjects we are studying'

Interpretivism is about understanding people and the way in which they construct their reality. Interpretations are likely to be open-ended rather than complete (Grix 2010).

Case firms

Interviews in graduate employment research are usually undertaken with either employers (Johnson *et al.,* 1993; Hart and Barratt 2009) or with graduates (although less common) at the stages of pre- and post-graduation (Jameson and Holden 2000; Johnson 2003). Research including interviews with both graduates and employers are usually separate; rarely are they undertaken within the same firm (Jameson and Holden 2000; McLarty 2000). If they are, the inclusion of both parties is not necessarily a research priority (Hart and Barratt 2009). Breaking from this norm, this thesis purposefully conducts interviews with both managers and graduates in the same small firm. The impetus for doing so is to generate a matched perspective of the relationship between both graduate(s) and employer. Furthermore, where possible, interviews with line-managers overseeing graduate training and development in small firms is also included. In this respect the investigation adopts a 'case study' approach to data collection. Case study analysis can be defined as;

> '…[a] detailed investigation of one or more organisations, or groups within organisations, with a view to providing an analysis of the context and processes involved in the phenomenon under study'
> (Meyer 2001, 329)

While this intensive approach presents limitations in terms of wider applicability, it does provide a unique insight into the relationship between employers and employees in small firms. Firms used as case studies will be henceforth referred to as 'case firms'.

A multiple actor approach

Regionally based studies examining graduate retention, attraction and employment are predominantly based on the views of employers and graduates situated within that region (WMRO2008a, 2008b, Daniels and Bryson 2006). Regional employment relations are not limited to graduates seeking work and employers considering graduate recruitment. Instead regional graduate recruitment relations are shaped by many different stakeholders, institutions, organisations, companies and individuals. In order to move beyond the bounds of the firm, to generate a more geographically situated interpretation of graduate employment, this thesis also includes interviews with; (1) large firm representatives, (2) careers service representatives and (3) intermediary organisations. Their inclusion offers this thesis a more regionally informed perspective on SME employment. It also provides a more balanced and contextualised perspective on the realities of graduate employment beyond the views of employees and employers.

SME graduate employment research that includes large firm perspectives tends to focus on explorations of graduate recruitment according to firm size (Holden *et al.,* 2002) or speculations towards working life comparisons (Ahmadi and Helms 1997). This thesis uses large firm interviews to facilitate a comparative insight into large and small firm interpretations of Human Resource Management (HRM) approaches. It does not attempt to evaluate the experiences of graduates in large and small enterprises. The inclusion of large

firms in this study was also considered necessary due to the timing of the fieldwork (October 2008 – October 2009). It was important to gain a wider firm perspective, particularly in relation to recruitment, to acknowledge the wider considerations of the economic crisis.

Careers service (CS) representatives are used to represent their respective universities. University CS feature strongly in higher education (HE) research. They perform a central role in curriculum change and employability skills dissemination (Cranmer 2006). CS are however often poorly represented or critiqued for deficient provision of services without allowing representatives to voice their perspective. Interviews with both pre- ('old') and post-1992 ('new') universities are included in this thesis. Researchers have identified that old and new universities have differential rates of graduate retention and approaches to employability skills (Moreau and Leathwood 2006; WMRO 2008b). It is therefore important that this thesis acknowledges these variable stances and does not attempt to refer to universities as a homogeneous entity.

In the context of this thesis 'intermediary organisation' refers to; an organisation(s) that delivers either private schemes or public initiatives targeted at stimulating graduate retention and employment in the West Midlands (either directly or indirectly). The inclusion of intermediaries within this thesis follows increasing interest in their presence and role in regional graduate recruitment (Brenner 2003; Holden *et al.,* 2007). Both employers and employees are found increasingly to turn to 'third party' intermediaries to help them 'navigate the job market' (Benner 2003, 621). To date, academic research evaluating their impact remains relatively scarce (Benner 2003; Holden *et al.,* 2002).

This thesis does not consider the inclusion of these three additional respondent groups to offer an all-inclusive account of graduate employment in SMEs. The aim is simply to generate a wider debate beyond case firm perspectives on graduate employment relations.

A geographical investigation

The impact and implications of SME firm location on graduate recruitment and management are rarely considered within graduate employment research. Within the field of Geography this research area is also fairly limited (Daniels and Bryson 2002). Studies are primarily concerned with graduate migration between UK regions and the implications for human capital accumulation (Faggian and McCann 2006, 2009) and city infrastructure (Chatterton 1999). Research on migration also tends to focus on retention and attraction from the singular perspective of the employee (Belfield and Morris 1999; Fielding 1992; Hoare and Corver 2010). Employer perspectives on sub-regional geographies and the implications they hold for graduate recruitment are rarely considered. By drawing on both employer and graduate perspectives this thesis is able to present both supply-led and demand-led views on the influence of sub-regional locations and the implications for employee attraction and retention.

Research focusing on the dynamics of graduate employment in the West Midlands is principally explored by the West Midlands Regional Observatory (WMRO) (WMRO 2008a, 2008b). The WMRO has produced a number of reports examining; university employability challenges, graduate destinations and employer perspectives on graduate skills and contributions (WMRO 2008a, 2008b). This set of reports does not however offer an academic context for interpretation. It also does not expose the variable implications of sub-regional

geographies on supply and demand. A more critical and detailed exploration of employer requirements according to sub-regional variations is provided by Daniels and Bryson (2006). Their research focuses on Learning and Skills Council Objective 2 areas. It demonstrates how BPS firms have uneven access to, and demand for, higher level skills according to their location. Although the study includes a focus on NVQ4 level (equating to degree level) and above, it does not focus exclusively on graduates. It does however illustrate how firms located within these sub-regions do not have a uniform approach to recruitment and training.

This thesis offers an insight into regionally contextualised graduate recruitment, as provided by WMRO reports, and applies a sub-regional view, as adopted by Daniels and Bryson (2006). Unlike Daniels and Bryson (2006) this thesis does not cover all areas of the West Midlands due to time and resource constraints. Instead, the study focuses on two specific areas; Birmingham and North Staffordshire. The areas are chosen specifically due to their contrasting geographies and industrial/historical profiles, as explored in the following section.

Birmingham

Birmingham, the UK's second city, is situated at the centre of the West Midlands (Figure 3a). It is the business and cultural capital of the region. During the 18th and 19th centuries Birmingham was an important political and economic cog in the 'British imperial machine' (Henry *et al.,* 2002, 120). Growth, prosperity and industrial expansion was primarily based on small workshops in the metalworking industries. This earned Birmingham the nicknames - *city of a thousand trades*, and, *workshop of the world*. The city also maintained a number of other important industries such as car manufacturing and food and drinks production (i.e. Cadbury's). In the 1960s and 1970s Birmingham experienced economic decline as a
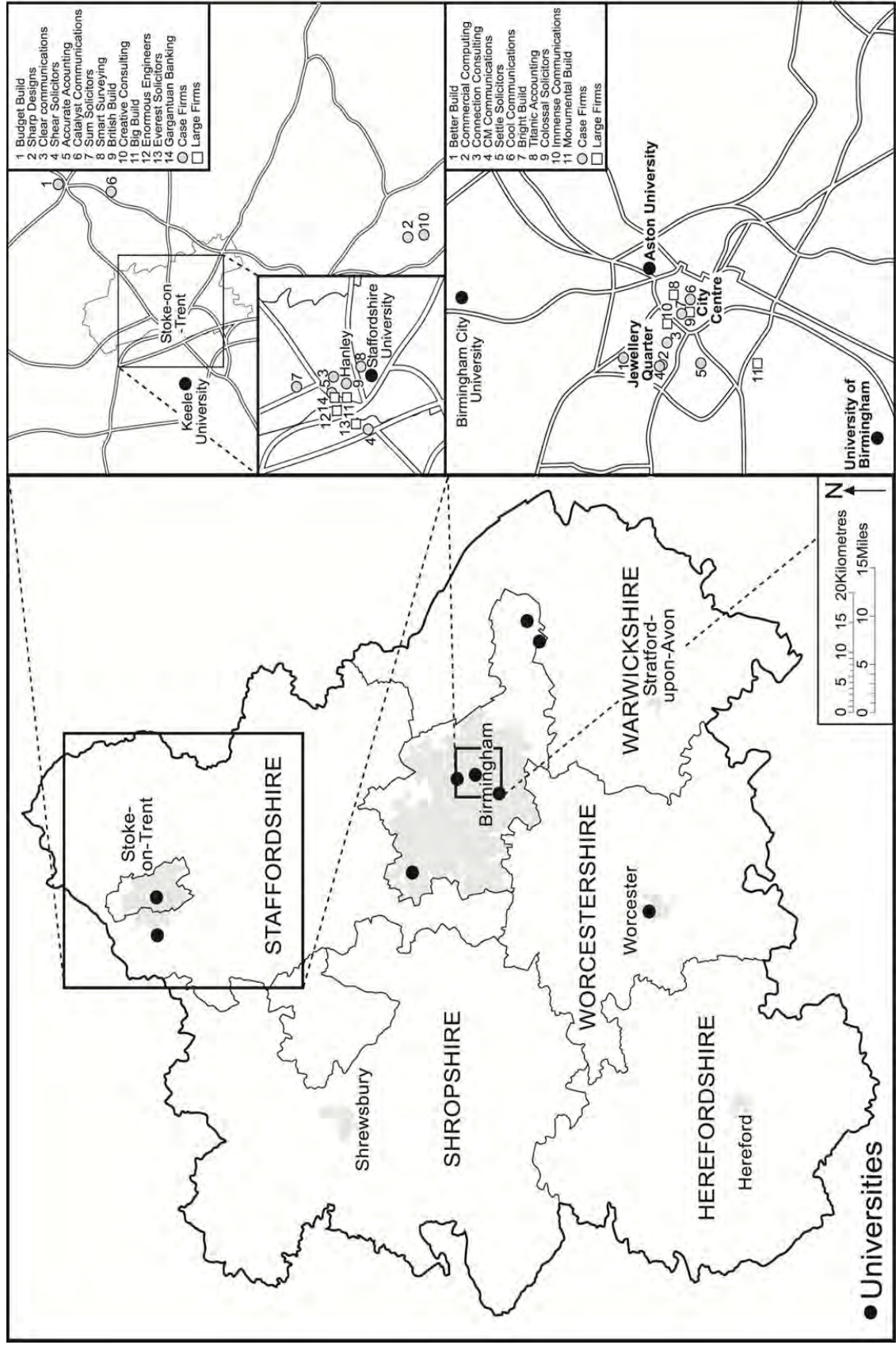
Figure 3a The location of participant firms within the West Midlands

Keys for the insets:

Stoke-on-Trent area:
1 Budget Build
2 Sharp Designs
3 Clear communications
4 Shear Solicitors
5 Accurate Acounting
6 Catalyst Communications
7 Sum Solicitors
8 Smart Surveying
9 British Build
10 Creative Consulting
11 Big Build
12 Enormous Engineers
13 Everest Solicitors
14 Gargantuan Banking
○ Case Firms
□ Large Firms

Birmingham area:
1 Better Build
2 Commercial Computing
3 Connection Consulting
4 CM Communications
5 Settle Solicitors
6 Cool Communications
7 Bright Build
8 Titanic Accounting
9 Colossal Solicitors
10 Immense Communications
11 Monumental Build
○ Case Firms
□ Large Firms

● Universities

consequence of deindustrialisation (Daniels and Bryson 2005, 507). The city's response was to inject investment into the service industries (Henry *et al.,* 2002). Consequently, between 1986 and 1992 the City Council reportedly spent around £276 million on a number of flagship schemes to reinvigorate the economy (Henry *et al.,* 2002). Birmingham has continued to reinvent itself with the commissioning of projects such as the Mailbox, Millennium Point and the Bullring. Such projects have aided the status of the city as a desirable place to visit, live and do business.

The Birmingham and Solihull LSC area is home to the 'largest concentration of BPS firms and employment in the West Midlands' (Daniels and Bryson 2006, 99). The area presents a diverse mix of BPS firms who have developed clients not only locally but also nationally and internationally (Daniels and Bryson 2006). Large BPS firms are more dominant in Birmingham than elsewhere in the region (ibid). While 'hard to fill' vacancies are not a serious problem for the area, Birmingham does suffer from a professional retention issue; the best locally trained BPS professionals are often found to 'migrate to London in order to enhance their careers' (Daniels and Bryson 2006, 99). Despite the presence of three of the region's universities; Birmingham, Aston and Birmingham City University, Birmingham experiences difficulties with graduate attraction and retention (Daniels and Bryson 2002). Small firms are not however considered to suffer to the same extent as their larger counterparts as recruitment is found to be an infrequent and unique occurrence (Daniels and Bryson 2006).

North Staffordshire

North Staffordshire encapsulates the borough of Newcastle-under-Lyme, Staffordshire

Moorlands and the city of Stoke-on-Trent. The area stands on the periphery of the West Midlands (Figure 3a). Staffordshire, like Birmingham, has a history of manufacturing innovation. The predominant manufacturing industries in the area are engineering, brewing and ceramics. The area was particularly renowned for its pottery industries (Popp 2005); 'Stoke-on-Trent is to this day a globally significant site of pottery manufacture, whilst all other regions of importance in the industrialization of Britain have been stripped of their original economic, business and related social structures' (Popp 2003, 318)[4]

This conurbation is however facing changes as it experiences economic decline similar to Birmingham. Between 1998 and 2003 the area lost 18,000 jobs in manufacturing. Over the last twenty years the area has seen a decline in all four of its cornerstone industries; coal mining, ceramic manufacture, steel manufacture and tyre manufacture. Manufacturing in the area has suffered a more recent blow with Wedgwood going into administration in 2009. The area is recorded as having one of the most 'static' populations in Europe with several generations of a family living within a radius of a few miles. This 'parochial culture' has meant that many families have at least one member affected by the declining industries (George 2008).

In relation to the service industry, North Staffordshire is considered to be underrepresented in knowledge based sectors. Banking and finance as a share of employment lags behind Birmingham 15.9% compared to 6.8% in Stoke-on-Trent (Bryson and Taylor 2006).

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[4]

    'The potteries'; collectively the areas of Tunstall, Burslem, Hanley, Stoke, Fenton and Longton (now known as Stoke-on-Trent) formed the centre of ceramic production in the UK in the 17th century

Staffordshire experiences similar location difficulties as Hereford, Worcester, Shropshire, Coventry and Warwickshire, in that it must compete with Birmingham for the attraction and retention of professional employees (Daniels and Bryson 2006). Staffordshire can be considered to be doubly disadvantaged due to its proximity to the major urban centre of Manchester.

In selecting locations with contrasting geographies and economies this thesis aims to generate a better understanding of sub-regional demand and supply relations and the impact these may have on SME graduate employment.

Gatekeepers

Initial fieldwork preparation was facilitated by the support of funding partners Advantage West Midlands (AWM). Both AWM Supervisors, Mo Trudel and Claire Holden, acted as gatekeepers; advising, supporting and encouraging. They provided access to other key individuals involved in the West Midlands BPS sector via introductions and invitations to specialist events and meetings. Gatekeepers can be defined as;

> '...those who provide – directly or indirectly – access to key resources
> needed to do research, be those resources logistical, human, institutional,
> or informational' (Campbell *et al.,* 2006, 98)

Gatekeepers are a key means of access in geographical fieldwork (Campbell *et al.,* 2006; Valentine 2001). They help to negotiate access to elites and interpret cultural and political issues (Campbell *et al.,* 2006). Gatekeepers can even shape the research agenda itself (ibid).

As Cheek (2000, 402) describes, funding for projects can not only be financial in nature, but in some cases 'in-kind'; supporting the researcher with 'access to specialist staff or equipment'. Both AWM supervisors can be considered high-level gatekeepers (Campbell *et al.,* 2006). They enabled access to a range of second-tier gatekeepers involved in AWM's Cluster Opportunities Group (COG). The COG consists of BPS networking group chairs and coordinators, representing their respective areas of the West Midlands. Table 3.1 provides a breakdown of the BPS networks and their associated locations. A number of the networks were initiated by AWM and now either remain dependent on AWM funding or run independently. The primary aim of the networks is to facilitate and support BPS development in their designated areas; Telford, the Black Country, Staffordshire, Coventry, Warwickshire and Birmingham. Worcestershire and Herefordshire do not have a BPS network.

Table 3.1 Networks that form the BPS Cluster Opportunities Group

Network name	Associated area*	Website
Telford Business Partnership	Telford	http://www.telfordbusiness.org/
Alliance 4 the Black Country	Black Country	http://www.alliance4theblackcountry.co.uk/
SucceSS	South Staffordshire	
Finest Future Finest (young professionals)	North Staffordshire	http://www.finest.org.uk/
Coventry and Warwickshire First	Coventry and Warwickshire	http://www.coventryfirst.co.uk/
Birmingham Forward Birmingham Future (young professionals)	Birmingham	http://www.birminghamforward.co.uk

* Worcestershire and Herefordshire do not have a BPS network

An invitation to three of the group's quarterly meetings, alongside individual one-to-one sessions provided an invaluable opportunity to showcase the research and gain feedback. These meetings often led to an invitation to a professional services event.

Professional expertise provided by gatekeepers and network members acted as a vital resource of information and advice. The most useful recommendation made by the gatekeepers was the production of a Participant Information Sheet (POI) for potential participants (Appendix A). The information sheet acted as a form of marketing, condensing the thesis' aims and objectives into a more business-friendly format. The attached AWM logo (following the consent) also demonstrated the research as regionally supported. The POI was given to every potential participant. The 'benefits of participating' included a choice for participants to receive an executive summary of the thesis on its completion. The executive summary can be considered the main 'payoff' (Silverman 2005) for those participating. Executive summaries will be carefully constructed so as not to jeopardise research outcomes and interviewee confidentiality.

Data collection

All interviews in this thesis are semi-structured. The advantage of this approach is that;

> '…it is sensitive and people-orientated, allowing interviewees to construct their own accounts of their experiences by describing and explaining their lives in their own words' (Valentine 1997, 111)

Semi-structured interviews guide respondents through a series of pre-determined themes, while offering participants the chance to explore issues they feel are important (Longhurst 2003). This flexible format allows the research to engage in issues that previuosly may not have been reported or considered. The conversational style also creates a more relaxed atmosphere where sensitive and personal topics can be approached. The structure of the interview does however mean that control must be maintained so that interviewees do not

wander into unnecessary topics. The interviewer must also be cautious not to lead the interviewee, guiding participant's answers rather than allowing individual interpretation.

All interviews were conducted face-to-face except one case firm interview (Connection Consulting) and four large firm interviews (Gargantuan Banking, Enormous Engineers, Titanic Accounting, Colossal Solicitors). This technique overcame issues of distance (large firm HR representatives were often situated outside of the West Midlands), limited access and time allowances (Sturges and Hanrahan 2004). Telephone interviews can however end up stinted and uncertain as the distance between researcher and researched makes building a rapport difficult. Especially in relation to the lack of visual clues (Sturges and Hanrahan 2004; Cook 2009).

Ethical considerations

The methodological dependence on interviews raises a number of ethical considerations. The primary considerations include; anonymity in data presentation and confidentiality throughout data collection and subsequent publication (Cheek 2000). In order to minimise any adverse impact on participants a research proposal detailing methodological intentions and considerations was submitted to the University of Birmingham's ethical review board prior to conducting the fieldwork. The proposal was both checked and approved.

Confidentiality and anonymity assurance were vital to interview data collection. Without this affirmation participants may have felt threatened and exposed (Cheek 2000). A statement of informed consent (Appendix A) detailing the use and storage of interviews (Israel 2006) was sent to each interviewee a week before the interview. This allowed respondents time to

understand why the interview was being undertaken and for what use. It also enabled them to raise issues they felt uncomfortable with prior to the interview. Each interviewee signed a copy of the statement prior to the interview. While some interviewees were happy to have their names included in the research, the majority of interviewees preferred anonymity. Therefore, for consistency purposes, no real names are used in the thesis. In addition to considerations of interview conduct, in the interests of personal safety, a third party was always informed of the researcher's location and the time of interview.

The following section explores participant selection, questions, methods of access, and data collection limitations for each of the research groups.

Case firms

Case firm interviews took place between December 2008 and September 2009. Case firm selection can be regarded as purposeful sampling (Black 2002; Longhurst 2003). This non-random technique was regarded as appropriate due to characteristics sought and means of access available. Purposive sampling allows researchers to 'choose a case because it illustrates some feature or process in which we are interested' (Silverman 2005, 129). Firm and graduate interviewee characteristics were pre-determined prior to entering the field as the research is based on a specific firm and employee parameters. These are as follows;

Case firm parameters:

- *Firms with fifty employees or less:* the intention of the investigation is to study graduate employment in 'small' firms. The definition of small in the context of this thesis was based on employee numbers (fifty or fewer employees) and not turnover.

- *BPS variety:* The BPS sector includes a vast array of sub-groups (Bryson *et al.,* 2004).

Appreciative of the diversity of this sector, a range of firms was included in the study. The range chosen was influenced by funding supervisors with advice from gatekeepers surrounding access/size ranges of firms attending cluster networks.

- *Matched location sample:* Equal numbers of small BPS firms from Birmingham and North Staffordshire were targeted and equal numbers of sub-sectors were targeted in each location. For example; the inclusion of an architectural case firm in Birmingham, would mean obtaining an architectural case firm in North Staffordshire.

Legal status, turnover, market orientations and the number of firm sites were not included as parameters of firm selection criteria. While these parameters are recognised as important variables influencing employment relations (Archer and Davison 2008; Bryson and Taylor 2006), they are not considered a priority for this research. The addition of further variables may have compounded issues of access.

Case firm interviews requested;

- ⚔ *Singular owner/manager:* Appreciative of time restrictions and a busy schedule, a single interview with the owner/manager or partner/managerial representative was requested. If the case firm presented more than one manager, an interview was requested with the individual primarily responsible for graduate training and development.

- ⚔ *Line-managers*: In case firms where line managers were primarily responsible for graduate training and development (rather than the manager), interviews were requested with these individuals too

- ⚔ *Interview(s) with graduate(s):* Interviews were sought with all graduates matching the

selection criteria (below) in the case firm

Graduate parameters requested;

- ⚔ Completion of a first degree at university in the past five years or less (allowing time for professional training)

- ⚔ Preferably in their twenties (although not exclusively – ideally seeking individuals in the early stages of career development)

- ⚔ Current position in the first full-time professional role since graduating; data collection focused on small firm employment and the graduate's first step in their career.

- ⚔ Professional accreditation; either looking to undertake professional training, in the process of undertaking professional training, or recently completed professional training (past year or less)

- ⚔ Where professional accreditation was not required for professional practice; employed in a trainee-level position for professional practice i.e. trainee consultant

Data collection: In total seventeen case firms were used, including; seventeen managerial interviews, four line manager interviews and twenty six graduate interviews. The firm sub-sectors included four architects, three solicitors, one accountant, one quantity surveyor, three consultancies (IT/training/strategic), three personal relation firms (PR), one marketing firm and one engineering design company. Figure 3a illustrates the location of case firms. In total seven case firms are located in Birmingham and ten in North Staffordshire. Respondents in Birmingham are clustered around both the city centre and the Jewellery Quarter. Respondents in North Staffordshire have a more dispersed presence, reflective of the multiple areas that

form North Staffordshire. In terms of data saturation, seventeen case firms were considered to represent a reasonable number of interviews. Limiting case firm data collection to seventeen was determined by the attainment of the desired quota within the designated time frame and resources available. Quota sampling, as Brown (2002, 55) details; 'involves the researcher in non-randomly selecting subjects from identified strata until desired numbers are reached'.

Appendix B presents a summary of the Birmingham and North Staffordshire case firm interviews (Table B1 and B2 respectively). All names have been made-up in order to ensure respondent confidentiality; names reflect the firm's sub-sector. One of the firms 'Sharp Designs' listed alongside the case firms, represents an interview with a single manager. Inclusion was the consequence of confusion over research purposes. Only four line manager interviews are presented. This is reflective of the fact that a number of the small firms did not have dedicated HR personnel. If they did, a separate interview was not always granted (Budget Build). Appendix B also provides a breakdown of the time frame (approximate) within which each firm was established and the number of employees currently working at the firm (Table B3). One business had just over fifty (but under sixty) employees; this firm had expanded over the required threshold following the request for interviews (Bright Build). Appendix C presents a summary of Birmingham and North Staffordshire case firm graduate characteristics (Table C1 and C2 respectively). Gender and age are not included as they are not considered a necessary variable in this research. The graduate's involvement in professional training was varied. Appendix C provides a summary of training provided by BPS (see Table C3) and details on professional training received by graduates.

Two key methods were used to access case firms; (1) gatekeepers and (2) cold calling.

- *Gatekeepers:* In Birmingham, Richard Brennan (Birmingham Forward) and Amanda Porter (Birmingham Future) acted as the gatekeepers of their respective networks. The Birmingham Future Leadership Team also sent details of the study, along with the POI, to one hundred and six network members (with fifty employees or less) on March 17th 2009 urging them to participate. In North Staffordshire Mo Trudel (case supervisor) and Daryl Williams (Fine*st*) acted as gatekeepers. Their introductions assisted in the minimisation of managerial reserve towards participation. There were however occasional issues regarding miscommunication and misinterpretation of research aims.

- *Cold calling:* A database of company names and contact details of BPS in Birmingham and North Staffordshire was generated from a series of websites, including; yell.com, Birmingham Chamber of Commerce and Birmingham Forward and Fine*st's* online membership and delegate lists. In total eighty six firms were cold-called in Birmingham and eighty two in North Staffordshire; calls focused on architects, accountants, quantity surveyors, ICT companies, PR and marketing, consultants, solicitors and engineering design (criteria appropriate). Following a brief introduction about the research, managers with firms matching the requested criteria were emailed to request participation. Cold calling was time consuming; numbers listed on websites were often disconnected, phones left unanswered and many respondents were resistant to research participation.

Limitations regarding case firm access primarily fall into two key areas; (1) firm withdrawal/ decline for interview and (2) unmet sampling criteria.

- *Withdrawal and decline:* A number of graduates were made redundant between the first point of research contact and the follow-up interview confirmation. Certain managers withdrew as they felt it was inappropriate to take part when employees were facing redundancy. Due to access difficulties unequal numbers of case firms were obtained in Birmingham and North Staffordshire (7/9, Birmingham/North Staffordshire rather than 8/8). The range of firms is also skewed - architects and solicitors are better represented than other groups.

- *Unmet sampling criteria:* Requesting more than one interview in the firm was difficult. The original intention was to interview all graduates in the firm alongside their line managers. Often participating firms could only allow interviews with one or two graduates (time and resource constraints). This accessibility raises questions over representation. Respondents responsible for arranging interviews within their respective firms were sometimes confused over criteria characteristics. In North Staffordshire, following confusion over 'trainee' parameters, interviews were conducted with two 'non-graduate' technologists. On three occasions graduate interviewees revealed (during the interview) that they had worked elsewhere in a professional capacity prior to their current employment (Shear Solicitors – G, Creative Consulting – G, Settle Solicitors - G). There are unequal numbers of case firms in each location, with unequal numbers of firm sub-sectors.

Despite parameters not being matched exactly, the evidence gathered is still able to provide an insight into the relations between managers and graduates in small BPS firms. This

compromise in data collection was potentially the result of an over-ambitious set of parameters and the unrealistic expectation that case firm managers could give an extensive time and resource commitment to the interview. In future, this limitation could be overcome by the use of fewer case firm parameters, alongside the use of a less time-intensive telephone survey.

Interview structures: Guided by the research objectives, managerial interviews focused on:

- Recruitment motivations

- Experiences of graduate skills and contributions

- Training and development approaches

- External relationships (universities and networks)

Examples of managerial interview structures and examples of two managerial transcripts (Accurate Accounting – M and Budget Build – M) are provided in the Appendix D. The same interview structure was used for line managers. The two transcripts chosen are similar in that they present the perspectives of two managers from small (rather than micro) firms, where professional training is supported. However they differ in that they highlight contrasting interests in skill requirements; 'Accurate Accounting - M' is interested in softer skills and 'Budget Build – M' is interested in practical ability. The manager of 'Accurate Accounting' also maintains a different approach to training and development than 'Budget Build – M'. The interview transcripts demonstrate how questions are not necessarily asked in the same order as interview structures. This was to facilitate dialogue fluidity. Graduate interviews were structured such that their perspectives, experiences and the reasoning behind small firm employment could be established. An example of an interview transcript with 'Accurate

Accounting – G1' is also provided in Appendix D. Guided by the research objectives, graduate interviews focused on:

- Training and development receipt

- Career opportunities

- Motivations for small firm employment

Large firms

Interviews with large BPS firm representatives were conducted between April 2009 and August 2009. Large firm respondent characteristics were pre-determined prior to entering the field. Those targeted for interview were individuals involved in graduate recruitment and/or training. The purpose of these interviews was to understand graduate recruitment and employment from a large BPS firm perspective. Large firm parameters included;

- *Firms with 250 employees or more:* Department for Innovation and Skills defines large firms as those with 250 or more employees

- *Matched sample against case firms:* the intention was to include large firm representatives from the same sectors as smaller firms

- *Matched location sample:* equal numbers of large BPS firm representatives from Birmingham and North Staffordshire

In total ten interviews from eight different firms were conducted with large firm representatives. Representatives were either managers or dedicated HR personnel. Appendix E provides a summary of companies involved and individuals interviewed (Table E1). No original names are used. Names provided reflect the sector and the size of the firm.

Interviewee location was targeted specifically to match with case firm locations (see Figure 3a). The BPS sub-sectors represented are; banking (1), architecture (2), law (2), accountancy (1), engineering (1) and law (1). An equal number of large firms were included from both Birmingham and North Staffordshire (4/4). In two instances more than one representative was interviewed from the same firm ('Everest Solicitors' and 'Immense Communications'). In both cases interviews were established following an initial meeting and introduction with respondents keen to offer more than one perspective.

While the intention of large firm selection was originally purposeful sampling, the final sample can be considered to be quota sampling following access difficulties. This form of sampling makes it difficult to make inference to a larger population (Brown 2002). Access was primarily established by gatekeeper recommendations. Only three interviews were gained by cold-calling (Big Build, Monumental Build, Titanic Accounting). Calls to large firms were often passed back and forth between several departments as respondents sought an appropriate individual for interview. When eventually found, interview requests were either declined as respondents did not have time to participate or simply did not respond. There are a number of limitations associated with large firm interviews. These inconsistencies are essentially derived from access limitations, dependency on gatekeepers, events and time restrictions.

- *Variable respondents:* Maintaining the original selection criteria was often hindered by graduate training responsibilities being shared by so many individuals within the company. This made it difficult to pinpoint the most appropriate respondent.
- *Matched sample:* The range of large firms does not correspond exactly with the

sample of case firms. Due to time restrictions this balance could not be achieved.

- *Variable employee numbers:* The original intention was to include large firms who maintain employee numbers over 250 ('large' firm); the final sample actually includes firms with less than 250. If cold-calling had been used more extensively as a means of access this may have provided a more accurate and controlled sample.

While representation is not necessarily consistent, large firm interviews are still sufficient to provide an alternative perspective on the demands of graduate training and management, offering a contrast to the experiences of small firms. These interviews have a more supplementary or 'supportive' role within the thesis, such that speculation about graduate employment in larger enterprises may be challenged. Large firm respondent limitations could have been more reasonably controlled by collecting data earlier and by using telephone based interviews. Interviews with large firm respondents focused on similar topics to case firm interviews;

- Recruitment motivations

- Graduate contributions

- Training and development

- External relationships

Examples of large firm interview structures are provided in Appendix D.

Careers Services

Interviews with Careers Service (CS) representatives were carried out between May 2009 and July 2009. CS selection can be considered as quota sampling. Subjects were non-randomly

selected until desired numbers were reached (Brown 2002). Interviews were requested with one CS representative from each university in the West Midlands. The intention was to obtain a holistic appreciation of the impact and engagement agendas of each university in that region. Both pre- and post-1992 universities in the West Midlands are included in the data sample. This balance was targeted specifically to explore whether differences exist between their approaches to SMEs. Appendix F provides information on CS respondents and their relative university status (Table F1). The table does not provide details on the universities location or the original names of respondents to maintain confidentiality. Figure 3a provides a general indication of the locations of universities within the region.

Accessing CS representatives was a straightforward task as respondents were contacted directly via using university website information. They were quick to reply and keen to participate. Only two universities from the region are not included; one declined and the other failed to respond in time (prior to fieldwork completion). Limitations presented by CS interviews include;

- *Best representation:* The primary limitation concerning CS interviews is that respondents interviewed did not always feel they were best qualified to answer all questions. Inability to answer questions was mostly found when CS departments were larger and more fragmented. CS representatives were often associated with a particular department(s) rather than overseeing CS as a whole. Consequently, respondents were given the option of deferring questions to another individual or emailing the answers to the researcher at a later date. Three universities presented more than one interviewee (University2, 3 & 7). University2 included one careers officer retiring and the individual taking her place. University3 included the head of careers (R1) and one

of her support staff (R2). University7 involved interviews with the head of careers (R1), a module engagement representative (R2) and a business engagement representative (R3).

These limitations may have been controlled if the study had included a smaller university sample; one that provided a more intensive study on university comparisons of employer engagement. However, this may have changed the research focus from understanding small firm graduate employment to a more intensive study of university-firm engagement. The purpose of CS interviews was to appreciate what their current position was in terms of SME graduate recruitment. CS were also asked about work experience provision – this particular topic became more of a research interest following reference to its positive application by case firm interviewees. Examples of university interview structures are provided in Appendix D.

Intermediary organisations

Interviews with intermediary representatives were carried out between October 2008 and July 2009. Intermediaries targeted were those primarily involved with gatekeeper networks. Therefore, to an extent, their involvement can be considered guided by the funding opportunities of this thesis. Two additional high profile schemes (Prize Placements and Perfect Placements) were included after gatekeepers and other intermediaries referred to their involvement in the region. Intermediary sampling was both convenient and 'snowball'. Snowball sampling, as Brown (2002, 55) describes 'involves the researcher identifying a small number of subjects with the required characteristics, who then in turn identify others, etc.' Intermediary interviewees were either a manager or key person within their respective

organisations. Each organisation was directly involved with graduate employment within the West Midlands region.

Appendix G (Table G1) illustrates the service provided by each organisation. Participant names provided reflect the focus of their delivery. Although number of intermediary representatives included was restrained by time the information provided the sample of intermediaries is sufficient to satisfy the research objectives. Their perspectives provide a supplementary insight into wider regional SME recruitment relations. Accessing intermediary organisations was relatively straightforward. In many cases those overseeing the schemes were keen to promote the work they were doing and happy to participate in work funded by AWM. Data collection was limited by a West Midlands focus; a regional comparison of intermediary delivery may have enabled a clearer depiction of their role, function and sustainability. Intermediary interviews focused on: services offered; their role in promoting graduate recruitment in small firms, the benefits of work experience, experience of working with SMEs, the state of graduate employment and training in small West Midlands based firms, views on work experience delivery and HE-employer engagement. Intermediaries offered a more impartial view on graduate issues, particularly concerning small firm and higher education engagement.

Interview database

In order to keep a record of those contacted an interviewee database was constructed. The database logged details such as; firm name, firm type, employee numbers [estimation], graduate numbers [if known], location and a record of whether an interview had been undertaken or if a date for the interview had been established and notes on request progress. If

the firm had declined to participate details of why they had declined were listed. The maintenance of such a database ensured that the same firm was not contacted twice thus avoiding duplication and harassment. The database served as a reminder over who needed to be contacted each week and why. Each interviewee was called one to two weeks after the email request. During the follow up call information received was confirmed and participation requests made. While some interview requests proved straightforward, the majority required several emails and follow up calls, which confirmed the database as an essential method of recording contact.

Location and self-reflection

> …the micro-geographies of locations construct participants' power and expertise, meaning that different locations might situate participants differently in terms of power in the research process and their sense of the contribution that they might make to questions being asked'
> (Elwood and Martin 2000, 654)

The majority of this thesis' interviews took place in the respondent's office or a separate conference room. As Valentine (2001, 117) details talking to people on their own 'territory', for example their home, can facilitate a more 'relaxed conversation'. One set of case firm interviews took place at the individual's house (Catalyst Communications). The manager had just split with his business partner and had therefore recently lost his official premises, leaving both manager and graduate to work from the family home. Whilst made to feel welcome, the non-professional atmosphere made for a more uncomfortable interview. Some offices were open plan; therefore no separate room was available for interview. Exposure to other colleagues whilst answering interview questions may have lead to modified responses. As an alternative space, kitchens and local coffee houses were used as interview locations. Unfortunately these spaces were often disruptive or noisy making it difficult to concentrate,

however, their use did mean answers could be kept confidential.

Who am I? Who are you? Interviews were undertaken with a mixture of professionals at different stages in their career. The dynamic between researcher and interviewee tended to vary according to age and gender comparisons and present power relations. McDowell's (1998) study on elite professionals in the city of London provides an insight into the trials and tribulations of interviews with professionals. As McDowell (1998, 2137) found, directors are:

> '…always powerful and usually knowledgeable, often on their guard,
> sometimes keen to demonstrate their relative power and knowledge and
> your relative powerlessness and ignorance'

Managers interviewed did on occasion display their indifference towards both the interviewer and the research 'project'. This reaction was however relatively rare. The power dynamic between 'elite' professionals (Rice 2010) and researcher was to an extent influenced by the method of access; gatekeeper referral and backing alleviated reservations, caution and hierarchical dominance (Campbell *et al.,* 2006). Alternatively, graduate interviewees tended to be unresponsive and shy in the interview. Their caution may have been derived from the anxiety that answers would leak back to employers (confidentiality was assured). The fear of job loss during the economic recession was particularly influential. Graduate interviewees were reassured that if the question was too invasive they could 'pass'. Prior to the interview interviewees were also offered a brief explanation about the research. This routine helped to relax participants making the situation feel less like an interrogation and more like a chat. Personal stories were also used to make respondents feel more at ease; however caution was exercised to ensure that such accounts did not provoke certain responses or ethically compromise the interviewer. Only one interviewee expressed a distinct reservation around

85

being recorded. Persistence in requesting elaboration on answers was also employed to draw out questions from reserved participants.

The qualitative basis of the study also raises questions about the position, or 'positionality' of the researcher; 'no observer can be 'objective' because they live in the social world and are affected by the social constructions of 'reality'' (Marsh and Furlong 2002, 19). When the research is subjectively positioned, 'it is important to reflect on who you are and how your own identity will shape the interactions that you have with others' (Valentine 2001, 113). This is sometimes called the double hermeneutic. This is where 'the world is interpreted by the actors (one hermeneutic level) and their interpretation is interpreted by the observer (a second hermeneutic level) (Marsh and Furlong 2002, 19). In geography it is commonplace amongst qualitative researchers to provide a self-reflexive account, where the researcher reviews how their background and positioning could potentially affect the research process. This positioning helps to situate the research project and enhance understandings of the topic under investigation (ibid). It is however worthwhile noting two key areas in which the interviewer's positionality can be considered influential on research outcomes; (1) research funding and (2) the researcher's position as a recent graduate.

A time specific study (?)

Unintentionally, the timing of data collection coincided with the UK's economic recession. The crisis imposed several consequential difficulties for interviewees; affecting university and employer recruitment agendas and graduate job searches in particular. The following section therefore questions the extent to which the thesis can be considered 'time specific'; are the

pressures experienced and concerns held by participants restricted to the recession? Or can the research claim to be a valuable study that maintains its importance regardless of the economic context within which it was conducted? As the UK claws its way out of recession will a study on graduate employment in small firms still be valid or even necessary?

> 'Leading employers have already cut graduate vacancies for 2009 by seventeen per cent, according to the latest research, leaving this year's crop of 300,000 facing the toughest labour market in a generation' (Daily Mail, 17th January 2009)
>
> 'Graduate employment has increased by 44% in twelve months and is now at its highest for twelve years' (The Guardian, 2nd November 2009)
>
> 'Graduates are facing a struggle to land jobs with companies, which can afford to pick and choose who they take on as more candidates chase fewer vacancies in the teeth of the recession'
> (The Guardian, 24th August 2009)

The transition from university to workplace is well documented as a stressful and disconcerting time for graduates, full of uncertainty and mixed expectations (Fraser *et al.,* 2006; Walmsley *et al.,* 2006). Entering the graduate job market at a time of economic crisis is however especially difficult as a firms close their doors, defer recruitment, or cease recruiting completely. Media reports, such as those above, portray the situation for graduates to be worse than ever before as university leavers not only have to compete with their own peer, but also last year's stragglers still looking for work and returners from gap years and postgraduate study. The previous UK recession (the last recorded in 1990-1) also had a negative impact on employment rates; current repercussions for graduate recruitment are however considered more extensive. The numbers leaving universities are greater now than they have been in previous decades. The following section examines in detail the experiences of graduates seeking employment, firms recruiting and universities assisting, to reveal a more precise

picture of the difficulties faced.

Graduates reported having to modify their job search and lower their employment expectations whilst recruiters could demand more, offer less, and change their minds. Reflecting both on their own and their friends' experiences of the recruitment process during 2008 and 2009 graduates found they faced high levels of competition for jobs; "In London there was a company that I applied for - 440 people went for it!". (Clear Communications – G1) They also had to contend with the withdrawal of employers during the selection process (Clear Communication – G2, Catalyst Communications - G). After passing the first round of telephone assessments and face-to-face interviews companies would occasionally turn around and "say sorry, we have actually pulled this for this year" (Connection Consulting – G2). Two graduates reflected on the "catch 22" situation employers created through employers inflated requirements; demanding experience as well as qualifications (Bright Build – G1). Unfortunately work experience and placements were just as difficult to obtain as a full-time position (Clear Communications – G1). Many graduates had to wait a significant period of time to get a job after graduating (Clear Communications – G2); "it's taken me, like, a whole year" (Commercial Computing – M). Some of their friends were (at the time of interview) still in the process of searching for opportunities. At returner days and graduations respondents found that many of their peers had either been made redundant or had been forced to accept lower pay (Bright Build – G1);

> "[At a University recall day] there were about 35 people there out of 100 people that did our course and they got jobs, and then [laughs] at the next one, half of them had been made redundant" (Bright Build – G1)

When seeking work graduates admitted they had become less fussy towards what they

found acceptable; "I just need to take what I can really" (Clear Communications – G2), "taking what they could to fill the time" (Catalyst Communications – G), "I was doing sort of temping and recruitment[…]filling the gap" (Connection Consulting – G2). Some had contemplated further study (Connection Consulting – G1) a move that CS representatives frequently referred to as a knee-jerk reaction (not in all cases) alongside individuals opting for gap years. Their concern was that this choice may lead to a consequential backlog of students the following year looking for work. Removing oneself from the marketplace search may also lead to missed opportunities when firms start to recruit again (University1). Not all graduates struggled to the same extent with their transition into the marketplace. Their job search had been made easier by preparing and applying early (Accurate Accounting – G2) and by undertaking previous work experience (Shear Solicitors – G). As aforementioned, not all found work experience so easy to come by, this issue is returned to in chapter 5.

Overall CS representatives were more positive than graduates about the recruitment situation, whilst also remaining realistic about the impact the recession held for them; "The recession will continue to hurt in areas for a considerable amount of time. We are not fooling ourselves on that" (University1). Several CS admitted that they did not expect to hit their recruitment target in 2009 (University3, 4 & 5) and related how employment opportunities in banking, finance, law and construction had dramatically decreased (Univerity2 – R1, University6). CS representatives were however keen to assert that other sectors were still actively recruiting such as education and teaching (University6) and some had even seen a recent rise in vacancies listed; "[Between] January to March we advertised 20% more vacancies than we did last year" (University2 – R1). One CS representative remarked that recruitment during the

current recession was not as catastrophic as previous recessions (in the last two decades) as graduate recruiters had learnt a valuable lesson from dropping intake and cutting all places on previous occasions (University6); "you cannot recruit from that position. It takes years to get back the trust of careers services, students, academics and parents" (University1). Large firm interviewees support this observation (Titanic Accounting, Immense Communications); "you would never let your graduate recruitment go until the eleventh hour. Unless you absolutely had to" (Gargantuan Banking). Some are however slowing recruitment (Enormous Engineers, Monumentous Build) or are planning to let a number of their trainees go following the completion of professional qualifications (Colossal Solicitors).

Small firm managers reported a number of unusual recruitment trends following the impact of the recession. Several managers had seen a rise in the number of applications (Bright Build – LM); "[we have been] bombarded by graduates half way through, or all the way through looking for work" (Better Build – M). Whilst another firm in North Staffordshire had conversely struggled to generate applications for a new graduate position they were advertising; "I have less applications from students than any year … which is bonkers because I thought I would be inundated" (Budget Build – M). The actual recruitment agenda amongst small firms at the time of interview was mixed; some had continued to recruit (at least for 2009) (Bright Build – LM, Commercial Computing – M, CM Communications – M, Clear Communications - M), others had lowered recruitment intake (Shear Solicitors – M) and some had ceased all together (at least for the time being) (Better Build – M, Sum Solicitors - M). Those continuing to recruit had a number of reasons for doing so; either their clients are based in sectors less badly affected (Clear Communications – M) or members of staff are leaving so a replacement is required (CM Communications – M). One manager from Birmingham was

looking to grow a new section in the company (Commercial Computing – CM), whilst another approached his recruitment directive in a similar way to large firms; continuing to invest and recruit for fear that ceasing may affect the firm's long-term objectives; "we thought, we can't get too small" (Connection Consulting – M).

Same as any other time

> "[...] when [the students] come in and I say how can I help you – "oh I thought I had better come and see you" – and it's like great I do not have my magic wand with me today, but this is the kind of thing that you can get involved in" (University4)

Despite CS reporting a rise in the number of students seeking advice and attending workshops few had actually put on additional services specifically to support graduates during the economic crisis (University1, University5). Help usually came in the form of an information document attached to the website or the establishment of additional careers guidance appointments (University2). This outcome is potentially skewed by the fact that CS interviews were conducted during/approaching the summer term when careers workshops and advice increases anyway (University3 – R1). One university had been provided with Higher Education Funding Council for England (HEFCE) support to provide additional help to concerned students and graduates across the region (University4); consequently they had opened access to their workshops and increased the number of schemes available. Some CS representatives believe there is no need for additional services; instead, their prerogative is to keep graduates calm and signpost students to opportunities already available;

> "[Our advice] is that everything we have said to you in the past, about preparing yourself through understanding what your all about, understanding the sector, understanding the employer, understanding where you want to go with your career, understanding where they might

take you, putting all of that together. Basically all you have to do now is do that, even more rigorously, in order to compete effectively. But the opportunities are out there" (University6)

"[If] students and graduates are willing to diversify and be more open minded about the job that they are looking for then they will be absolutely fine, it's those students that have got a particular job [in mind, in] a particular organisation for a particular wage in a particular location, that are probably going to find it quite hard" (University2 – R1)

A graduate based in Birmingham reflected on an attitude change amongst her own friends;

"I think people are probably changing attitudes now, but up until probably a year ago, even six months ago people, graduates were probably being quite snotty about the firms they went to, and they wanted the big brand, they wanted the big name on their CV" (Connection Consulting – G2).

Getting the message across to all students about the need to remain flexible is however hindered by a number of issues. CS has a number of problems engaging the disengaged and with students leaving preparation to the last minute. These engagement concerns are however present regardless of the economic context, but compounded further by recent press coverage (University1 & 5). CS representatives find that the media's portrayal of the recruitment situation is fuelling graduate despair and despondency leading many to give up before they have started.

"[...] it does not matter how many good news stories we put on our website, how many fairs we put on and events we put on. They are pretty much determined that there is not a job for them. And if they have not got one fixed up by now it is not going to happen" (University1)

Following a review of the concerns and experiences of graduates, universities and firms this

thesis concludes that the recession does not cause the research to be a time-specific. Rather, the recession should be viewed as a catalyst, exacerbating issues *already* present in the graduate marketplace. Although the outlook and prospects for students is understandably disconcerting at this time, issues affecting their status and experience are not necessarily constrained to the present economic situation. Academic and government reports prior to the recession had already identified the increasing difficulties of university-workplace transitions as a consequence of increased competition amongst a rapidly expanding and diverse cohort of university leavers. Advisors had already suggested the need to remain flexible and open minded about career outcomes following university; however this message appears to have been lost in a mix of panic and concern. As Rae (2008, 757) observes, students should see their career as their own 'personal enterprise' where decisions are better informed by emerging trends in the economy and where individual adjustments to career paths and job seeking strategies are made accordingly.

In an economy where a portfolio approach to career is now considered increasingly common (King 2003), graduates should possibly also expect an increasing number of lateral moves between jobs prior to finding the right position. As this thesis has illustrated, large recruiters are actively limiting places, whilst small firms do not reactively compensate with increased opportunities for employment. This outcome is to an extent an acceleration of the 'norm'. However, as student numbers participating in higher education continue to rise, without the establishment or increased visibility and promotion of employment alternatives (beyond the milk-round of larger enterprises), this temporary glitch may become a longer-term reality for students. Thus the need to explore small firm graduate recruitment remains important. The responses of small firm managers did not suggest that the potential impact of the recession on

internal HRM decisions had influenced their business in a way that would affect their relationship with the graduate. In those firms who declined, during the research's fieldwork selection phase, to participate were struggling the impact may have been greater. Small firms are constantly under pressure from external conditions; meaning that they are constantly starting up and stopping even outside of the recession. Some managers only referred to the deference of recruitment during the recession; in a sector that recruits infrequently this outcome is surely not outstanding.

Interpretation and analysis

Interviews were transcribed during and after the fieldwork, to gain a sense of thematic categories arising during the research process. The majority of transcripts were undertaken by the researcher to achieve a better understanding of key themes arising from each interview. Only ten transcriptions were outsourced due to time restrictions (confidentiality assured). Transcripts were subsequently coded and analysed by the researcher between the dates of October 2009 – January 2010. As Basit (2003) describes, analysis of qualitative data is a 'dynamic, intuitive and creative process of inductive reasoning, thinking and theorising'. Throughout the qualitative research process, researchers attempt to gain a deeper appreciation of what has been studied and refine subsequent interpretations. During data collection and transcription, a fieldwork notebook was kept in order to record emerging themes and relationships.

Coding: After the completion of transcription the data sets were then uploaded to NVivo. NVivo is a form of computer-aided qualitative data analysis software (CAQDAS) (Robertson

2008). It is a software package increasingly used for qualitative data analysis and interpretation in social sciences. The analytic procedure for NVivo coding followed a grounded-theory approach. This approach is used extensively throughout qualitative research (Walker and Myrick 2006). In grounded theory description begins with a basic format, which moves onto conceptual ordering and then theory building (Walker and Myrick 2006). Grounded theory researchers tend to frequently revisit the data as new themes emerge and data analysis progresses.

The initial coding process involved open coding – this often takes place in the initial stages of the process where text is divided into broad themes as the researcher familiarises him/herself with the data and research content; open codes included 'university-SME relationships' and 'SME training provision'. The process of coding, or data categorisation, is an important part of the analysis process. It involves the subdivision of data and the application of labels or tags used to describe/reflect meaning, or categories of information; 'Coding is an iterative, inductive, yet reductive process that organises data, from which the researcher can then construct themes, essences, descriptions, and theories' (Walker and Myrick 2006, 549)

Codes are attached to 'words, phrases, sentences or whole paragraphs, connected or unconnected to a specific setting' (Basit 2003, 144). Through the use of NVivo and reassessment of open codes, data categories were divided further. Codes are referred to as 'Nodes' in NVivo. As Robertson (2008, 84) explains;

> 'Nodes: These are containers for categories and coding. There are free nodes that are ideas that have yet to be incorporated in a larger structure, tree nodes that are arranged in a hierarchical structure of categories and subcategories, and case nodes for all the information pertaining to one case, for example a particular participant, can be stored'

Using hierarchical tress nodes, data categories were divided into 'parent' and 'child' node categories, enabling a more detailed and organised analysis of themes. An example of parent and child node categorisation is as follows;

Training (Parent) ⟹ Formal training (Child) ⟹ Internal (Child)

⟹ External (Child)

⟹ Professional (Child)
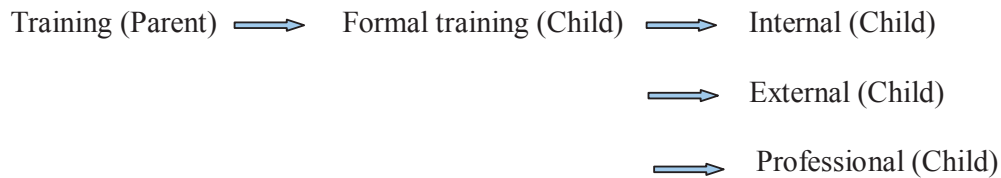
When reviewing each transcript, text relating to an existing or new node(s) was highlighted and then dragged into the relevant nodal box. After repeating this action for each transcript the nodal boxes within NVivo accumulated a variety of excerpts from interviews. Each quote taken from a transcript has information attached relating to who the quote was from; this enables qualitative researchers to establish who said what and how many people agree or disagree in relation to that particular theme. After revisiting the data on several occasions for the process of coding and concept refinement, emergent themes and the relationships between nodes were explored using the NVivo modelling tool. These modelling tools enable researchers to investigate coding patterns without interrupting the data source.

The extent to which theory can be effectively formatted from such a small sample as collated in this thesis is potentially limited. Data interpretation is also very subjective as it is based on an individual researcher's selection of what quotes and themes relate to which codes or nodes. The dominant perspective of a singular researcher could have been controlled by the inclusion of multiple researcher involvement in data coding and analysis. The emergent categories, themes and relationships presented by this thesis do however present a richness of insight

which draws new light and questions assumptions about graduate employment in small firms. While not all qualitative researchers are comfortable with the use of computer packages, suggesting its limitations of interpretive freedom, NVivo was seen to add value to the investigation. It improved the researcher's ability to view large sections of qualitative data while maintaining a consistent view of the research themes and codes.

Representation and power: The way in which interviews are used and presented in text raises a number of questions about representation and power. Who has the power to tell the reader what has been found? Who chooses what should be shown?

> '[...] no need to hear your voice when I can talk about you better than you speak about yourself. No need to hear your voice. Only tell me about your pain. I want to know your story. And then I will tell it back to you in a new way' (Hooks 1990, 151-151 *cited in* Cloke *et al.,* 2000, 133)

Throughout the empirical chapters that follow, as already presented in the discussion on time-specificity, direct quotes from participants are used so that the dominant voice is that of the researched, not the researcher (Butler 2001). Quotes are used verbatim, so that a more precise record is presented. Attention is paid so as not to change the meaning and put words in the interviewee's mouth (Butler 2001). Due to word limits, transcript text is presented to shortened snippets, sentences and paragraphs (ibid). The removal of text is shown by using square brackets […] and words added to enhance clarity are also shown [in this way]. The complete removal of the researcher's dominance in interpretation and representation is not achievable, so some level of subjectivity is to be expected. The use of direct quotes throughout the text still presents a level of clarity and insight often overlooked by texts derived from surveys and questionnaires.

Limitations and further research

The primary limitation of fieldwork collected is data representation. The small number of samples collected in each group limits the representativeness of the samples collected. The limitations of such a study means that it is, as Brown (2002, 60) describes, 'more difficult to justify extending the results and conclusions to larger populations'. The difficulty in accessing case firms and the time consuming manner of this approach meant that only sixteen full case firm interviews could be achieved. This does not represent the sector as a whole, or offer a full cross-section of small BPS firms within the region. The methodological approach could be strengthened in four specific ways; firstly via the incorporation of focus groups, secondly by triangulating methods used, thirdly by the use of less intensive research methods and finally by extending the method longitudinally and regionally.

- *Focus groups:* Initially intended to form part of the methodology. Leadership teams from both the Fine*st* and Birmingham Forward networks were going to be used as the focus groups. Outcomes of the research were to be related to these individuals once interviews were completed and analysed. The intention was once again to minimise the presence of the researcher's overriding interpretive voice; focus group comments would reinforce or challenge the key trends drawn on throughout the thesis. This methodological approach was however sidelined as it was considered to be unfair and bias to allow only two regional groups to comment on the research results, when the other regional networks (Appendix A, Table A1) may have held their own opinions. If further time and resources were available to the thesis, focus groups from each regional network would be incorporated.

- *Triangulation:* The research could also be extended through the use of triangulation. This would involve the use of more than one methodological technique to explore

graduate employment in small firms. For example, the thesis could use a similar approach to that taken by Daniels and Bryson (2006). In their study a questionnaire survey was used initially to generate a broader regional picture of small firms. This was then followed by interviews to supplement a more in-depth perspective. Finally a focus group were used to discuss general results. The key reason for not including further research methods was due to the unanticipated length of time that it took to gain interviews with managers and graduates in case firms.

- *Longitudinally and regionally:* if further time and resources were available, the study would benefit from an extension both longitudinally and regionally. Currently this thesis only allows for location-specific interpretations as based on the sites of Birmingham and North Staffordshire. Although this creates a better understanding of a sub-regional context, it could be strengthened by the incorporation of case firm examples also used in Warwickshire and Herefordshire (for example). Although this thesis has defended its place as a non-time specific piece, the research could benefit from longitudinal extension. This could either be in the form of returning to the interviewees or a second study applying the same framework post-recession. This would help the thesis' claims surrounding time-specificity and would also generate a better appreciation of how graduate employment in SMEs changes over time.

Conclusion

The methodological approach adopted by this thesis has enabled the construction of an invaluable and insightful text from which a better understanding of graduate employment with SMEs can be generated. The following empirical chapters examine the interview findings, exploring patterns and trends highlighted, comparing evidence to current knowledge and offering new avenues for thought and discovery. The following text draws on respondent interpretations concerning graduate employment and SME issues in their own words, using their own terminology. In so doing this thesis is based on real life experiences of real people going about their daily life in small BPS firms.

CHAPTER 4

DESIRABLE EMPLOYEES? MANAGERIAL EXPECTATIONS AND EXPERIENCES OF GRADUATE RECRUITS

Introduction

Despite an increase in the numbers of graduates entering into SME employment over the past decade, and claims that graduates bring added value and benefits to their employers (Hart and Barrett 2009; McLarty 2000, 2005; Hanage *et al.*, 1994), academic research and policy reports have failed to identify sufficient evidence of recruitment motivations, competency requirements or graduate contributions to SMEs (Holden *et al.,* 2007). To date, few studies have attempted to move beyond anecdotal or speculative evidence (Holden *et al.,* 2007) to provide a more realistic and in-depth view of; skills and attributes desired by SMEs (McLarty 2005), the impact and implications of transferred skills, or skill deficiencies (Harvey *et al.,* 1997; McLarty 2000, 2005). In contrast to academic and public policy interest in the rising role of SMEs, and their absorption of higher level skills (Holden *et al.,* 2007), research conducted on SME employment engagement exposes employer apprehension and reluctance to recruit new graduates (Bowen *et al.,* 2004; Westhead and Matlay 2006). This resistance is founded on a number of negative perceptions that SME employers have about new graduate recruits (Bowen *et al.,* 2004; Holden *et al.,* 2002, 2007; Pittaway and Thedham 2005; Westhead and Matlay 2006). These perceptions include;

- a lack basic employment skills
- employer perceptions that graduates would not like to work in the business

- that the business does not need graduate skills

- that graduates will not fit in with the current workforce

- a lack of flexibility and practical skills

- the cost of new recruits

- insufficient contribution to enhancing performance

Academics (Hart and Barratt 2009; Holden *et al.,* 2002, 2007) and policy makers (DfEE 1998) have called for this culture of apprehension to be addressed. There are concerns that SME resistance to graduate recruitment will restrict graduate employment growth (Hart and Barratt 2009). Thereby contributing to graduate unemployment and underemployment (Hanage *et al.,* 1994; Holden *et al.*, 2002, 2007; Martin and Chapman 2006), hampering the effective utilisation of higher level skills by smaller businesses (Holden *et al.,* 2007);

> 'The problems of ensuring that a supply of graduates meets demand or
> that demand soaks up the supply of graduates have not disappeared'
> (Holden *et al.,* 2007, 8)

Imperfect and distorted knowledge on the benefits and contributions of employing graduates is considered a key factor in fuelling misconceptions and uncertainty towards SMEs engaging in graduate recruitment (Hart and Barrett 2009; Holden *et al.,* 2007). Researchers attribute this distorted knowledge to either ignorance or market failure (Hart and Barrett 2009; Holden *et al.*, 2007).

Factors considered to contribute to owner/manager ignorance include;

- SMEs being less likely to have recruited graduate employees previously

- Limited opportunities for SMEs to interact with universities

Factors considered to contribute to market failure include;

- A lack of knowledge and appreciation on the return to investment
- Human resource management difficulties in being unable to interact with an unfamiliar pool of employees

In response to a lack of owner/manager appreciation and understanding towards a return on graduate recruitment, researchers have attempted to address actual employer experiences of graduate contributions. Research examining graduates contributions and the impact and implications of skills deficiencies on smaller firms is however inconclusive and ambiguous (Holden et al., 2002, 2007). If imperfections and distorted knowledge are to be addressed, further research is required such that positive contributions, if evidenced, can be communicated back to apprehensive employers. Likewise skill deficiencies, if found, can be addressed by public policy interventions designed to promote recruitment and ensure the effective utilisation of graduates in SMEs (Hanage *et al.*, 1994; Holden *et al.,* 2002, 2007).

This chapter examines the experiences of small BPS firm graduate employers and their interpretations of graduate contributions and skill deficiencies. In doing so it challenges whether employer apprehensions and perceptions about new graduates lacking skills, and thereby being unable to contribute effectively, is justifiable. The following sections also examine managerial motivations behind initial recruitment decisions, questioning whether case firm engagement in graduate recruitment is proactive or whether owner/managers had no perceived requirement for graduates. Managerial interpretations are supplemented by the inclusion of graduate perspectives on competencies, skills and attributes considered introduced via their recruitment.

The first section questions small firm manager motivations towards graduate recruitment and whether the decisions made can be categorised into Hart and Barratt's (2009, 9) distinctions of 'strategic', 'occupational' or 'accidental' reasoning. This is followed by an in-depth assessment of the skills and competencies sought by managers when recruiting potential graduates. Particular attention is focused on the desirability of a degree during selection and the location-dependent interest in 'geographic connection' as a desirable attribute. Moving from skills and attributes desired to those experienced, the chapter then explores managerial interpretations of graduate contributions, assisted by the use of Harvey *et al.,'s* (1997) graduate continuum and assessments made by graduate recruits.

The second section draws attention to the skills gaps of graduates and the implications these deficiencies appear to have on graduate contributions. This section explores terminological use and meaning with specific reference to basic and practical skills and the role of Information Technology (IT) as a catalyst in the polarisation of desirable skills.

The final section explores the relationship between firm size and competency expectations from an interpretive stance and the role of recruitment selection in filtering skills and competencies prior to a graduate's recruitment.

Occasional recruitment

Despite growing attention towards graduate recruitment in small firms, exactly *why* small firms recruit graduates remains poorly understood (Holden *et al.,* 2007, Altinay *et al.,* 2008). This is in part a consequence of small firms being conventionally seen as non-traditional

graduate recruiters (Hart and Barrett 2009; Holden *et al.,* 2007). Recent studies have however increasingly begun to recognise the potential of small firms as strategic and purposeful recruiters of graduates (Hart and Barratt 2009); particularly small firms pushing for growth and expansion (Holden *et al.,* 2002, 2005). The intention of this section is not to evaluate whether small firms included in this thesis are growing or stable. This study is concerned with reasons why case firm BPS managers recruit graduates to add to current literature which seeks to understand their SME demand - can they be considered 'strategic' in their approach, actively targeting graduates for recruitment, or do graduates find their way 'accidentally' into the firm where the employer is not concerned about the employee's status as a graduate?

Table 4.1 illustrates the list of managerial motivations for recruiting new graduates. The list is comprised of reasons referred to directly and also indirectly (implied in the descriptions of recruitment objectives which can reasonably be categorised into abbreviated groups). Number frequencies associated with each category represent the number of managers and line managers (total 20) who cite the reason and *not* the number of occasions each motivation was referred to. This approach facilitates a more interpretive account of recruitment reasoning rather than restricting managers to pre-determined lists from which they must choose.

Table 4.1 Manager and line manager motivational reasoning for recruiting graduates

Motivation for recruitment	Total number of managers and line managers citing (N = 20)
Succession/fulfilment of key roles	10
Organic growth	5
No reason/no choice	4
Recruitment follows work experience	4
Altruistic	3
Balance	2
Build/grow role	2
Age	1
Future investment	1
Training success	1
Development of specialism's	1
Client appeal	1
Level of education	1
Professional requirement	1

Source: Author (Field survey October 2008 – September 2009)

The results show that the primary motivation for recruiting graduates is for the purpose of succession. Succession refers to the managers' desire that the graduate will one day be promoted into a senior position fulfilling a key role within the firm (Table 4.1).

> "I've got a young team and I'm trying to build them up because I believe they are an integral part of the future of this practice" (British Build – M)

> "They become associates in the practice, so they become part of the management" (Bright Build – M)

> "…."CM Communications – G" will sort of shuffle up a couple of levels and start to work towards a far more senior role" (CM Communications – M)

Managerial motivation towards recruiting graduates for this particular purpose can be interpreted as positive for graduates as it shows how small firm employers associate graduates with longer term objectives and a sustained contribution. This reasoning also suggests that the majority of small firm recruiters in this study are proactive in their approach to graduate recruitment, driven by a longer term strategy where the graduate may one day fulfil a more senior position. To an extent this can be considered reflective of Hart and Barratt's (2009, 9) 'strategic' recruiter typology, where graduate recruitment decisions are 'driven by company strategy and skill requirements'. Although succession and role fulfilment are reasons for recruiting graduates this recruitment motivation is not necessarily exclusive to graduates. Only one manager stated an *exclusive* graduate recruitment practice within his firm;

"There's no role in the business for a non-graduate educated person. So you know it is an intellectually challenging business we're in so we only recruit graduates."(Connection Consulting – M)

This finding shows that, although graduates are positively associated with the longer term objectives of succession, motivations are not necessarily restricted to a graduate cohort as case firm recruiters do not appear to maintain a dedicated 'commitment to recruiting graduates' ('strategic' recruiter definition, Hart and Barratt (2009, 9)). Instead case firm managers exhibited 'no deliberate graduate recruitment policy', but maintained a 'positive view of graduates' reflective of an 'occasional' recruiter typology (Hart and Barratt 2009, 9). One manager described how recruitment is instead "role led" rather than motivated by an individual's attainment of a degree; "I would say we have gone for graduates where the position has demanded it, but not for graduates for graduate's sake" (Creative Consulting – M). Another manager described how recruitment for those undertaking the Association of

107

Accounting Technicians (AAT) route into accountancy is candidate-led; university attendance is not a prerequisite.

> "So, if I've got somebody that had got *very* good A-levels and got a *very*
> good pass at the AAT I would go down that route as well"
> (Accurate Accounting – M)

In the established professions of architecture and law, categorised by Elias and Purcell (2004) as 'traditional' graduate occupations, where historically the normal route into employment has been via an undergraduate degree programme, a degree may expectedly have been a specific recruitment requirement. However, these findings show that these case firms do not singularly recruit university attendants and that the route taken in completing a degree is not necessarily a separate experience from employment. Some of the graduates had not started their degree prior to recruitment and were being supported via part-time employment during their studies. Some graduates had even decided to continue as part-time students at the firm after the completion of their first degree (Budget Build – G1). One firm in particular (British Build) had a preference for taking on school leavers and supporting them in their technologist (technologists focus on the more technical side of architecture and do not require a degree) rather than architectural training. Trainee solicitors within law case firms were all graduates at the time of interview, consequently managers tended to assume the graduate track as a given. While this route is seemingly preferred it was not necessarily an exclusive requirement as one manager detailed;

> "So whilst the lawyers have to be graduates, actually that's not true,
> because some come up the 'ILEX' [Institute of Legal Executives] route.
> Generally they've come into the profession without going the long way;
> although I think we've got one chap here who came up the hard way. But
> the vast majority have been to university." (Shear Solicitors – M)

This result demonstrates that case firm managers do not *specifically* look to recruit a graduate even within professions where a degree is seemingly a prerequisite. In addition to managers drawing attention to graduate-track versus non-graduate track recruitment considerations, one employer made reference to the fact that although they recruit graduates, these graduates are not 'recent' graduates. Instead they tend to have few years of experience in the consultancy profession prior to employment. "I think there is a little bit of world sort of wisdom; I suppose from already having worked in one or two organisations already" (Creative Consulting – M). Data collection for this thesis primarily focused on graduates in general, therefore any comparison of recent graduates against school leavers or more experienced graduates is entirely incidental.

One reason which may explain any comparative interest between recent and experienced graduates is 'organic growth'; the second most frequently cited explanation for recruiting graduates (Table 4.1).

> "[...] own grown graduates or technologists are still better than getting people in from the outside, […] because they get used to your way of working and they sort of focus on the points that you think are important" (British Build – M).

Managerial respondents interpret organic growth as graduates being developed and trained specifically for a role in the firm rather than buying in a more experienced professional pre-qualified for the role.

> 'When a firm needs skills it may either develop them internally (by training staff) or advertise for new workers who possess the required expertise' (Grugulis 2007, 2).

This research finds that organic growth is associated with two particular advantages in case firms. Firstly, by taking on a graduate without a professional qualification, and then subsequently training them for the role means that managers can have more control over 'fit'. Fit being defined by managers in this context as graduate development being coordinated with, and tailored to, the needs and values of the firm. As Grugulis (2007) explains: the alternative of buying a trained professional is seen as costly and also less likely to guarantee conformity to the firm's way of doing things. Supporting the professional development of a graduate in house rather than 'buying in' also means that firms, with a less accessible pool of professionals in their area, are more able to attain an individual suitable for a professional role in the firm: "One way that we can get the calibre of solicitors that we want is to grow our own" (Everest Solicitors – M).

> "We try and tempt people from larger firms with the fact that they can potentially become head of department if they strive to be a director, shareholder or whatever, but it's still difficult. So a slightly *easier* way of doing it is to recruit graduates and train them ourselves." (Connection Consulting–M)

The desire to train graduates for a role in the firm is not only associated with embedding and retention, but also altruistic reasons. Two managers had recruited graduates in order to give these individuals a "chance" (Settle Solicitors – M), because of a "sense of duty" to the profession (Better Build – M). This sense of duty was seemingly grounded in a manager's personal experience of professional training; someone once gave him a break as a trainee and therefore he was now keen to do the same for others (Settle Solicitors – M). This reason tends to contradict business rationale that suggests firms do not invest in people for altruistic reasons (Baruch *et al.,* 2005). This altruistic stance and sense of duty may be dependent on the manager being a graduate. Due to the limited historical background that this research was able to obtain on managers themselves it is difficult to judge what correlation this may have.

While the majority of respondents provided positive reasons for the recruitment of graduates a small number appeared representative of the Hart and Barratt's (2009, 9) 'accidental' recruiter typology. This typology specifies that managers either have a lack of requirement, no specific desire to recruit graduates directly from university (Accurate Accounting – LM, Clear Communications – M), or feel that they have been left with no choice but to recruit a graduate (Creative Consulting – M and Sharp Designs – M). This is not a direct description of Hart and Barratt's (2009, 9) typology, however, it can be seen to represent a similar level of reasoning; one where there is 'no graduate policy' and 'ambivalence to their [graduate] value'. One manager based in North Staffordshire believes that the growing number of individuals leaving university leaves him with little choice *but* to recruit students (Clear Communications –M);

> "[...] we would recruit non-graduates and we would interview them, but they would tend to be graduates [...] just the level of what people are nowadays. We have never had a non-graduate".

A line-manager from 'Accurate Accounting' felt that opportunities for individuals to use alternative routes into Accountancy (such as the aforementioned AAT) where a degree is not a prerequisite are declining. This concern was supported by an Engineering Design manager in North Staffordshire who felt that apprentices would be more appropriate for the junior level positions in his firm than a graduate, but found that there is now little choice but to take on a graduate (Sharp Designs - M). The potential risk for graduates in this scenario is that managers might place them in lower-level jobs underutilising their skills' set. The employers' perception being that the higher level skills they possess are unnecessary for the role (Holden and Jameson 1999; Pitcher and Purcell 1998). This outcome relates to concerns of oversupply and whether individuals are being encouraged down the graduate-track when their higher level skills may not be in demand.

This research finds that smaller firms not having a graduate specific role is not necessarily a fixed condition. Two managers described how they had previously recruited graduates in order to develop and grow a role within their firm (Settle Solicitors – M, Cool Communications – M). The employment of graduates to grow a job, or role, may potentially become a more widespread phenomenon as a more varied pool of employers are increasingly drawn into graduate recruitment, searching for higher level skills and looking to take advantage of an increased supply of graduate talent (Harvey *et al.,* 1997; Mason 2002; Pitcher and Purcell 1998). As Elias and Purcell's (2004) research has already shown there are occupations outside the more traditional graduate professions where graduates are increasingly represented in numbers. These are defined as (Elias and Purcell 2004, 6-7);

    ⚔   *Modern graduate occupations:* The newer professions, particularly in management, IT and creative vocational areas, which graduates have been entering since educational expansion in the 1960s.

    ⚔   *New graduate occupations:* Areas of employment, many in new or expanding occupations, where the route into the professional area has recently changed such that it is now via an undergraduate degree programme.

    ⚔   *Niche graduate occupations*: Occupations where the majority of incumbents are not graduates, but within which there are stable or growing specialist niches which require higher education skills and knowledge.

The ability of graduates to transform and develop roles within small firms deserves further research attention; particularly in a sector such as BPS where services and jobs are constantly evolving (Bryson *et al.,* 2004). In addition to graduates growing their role, interviews with

case firm respondents also reveal how a number of graduates, currently and previously employed, gained their position in the firm following an initial period of work experience. As one manager described his "temporary" requirement grew into a more full-time need as he came to appreciate the beneficial skills of the graduate recruit (Sharp Designs – M). This finding illustrates how work experience may be playing a key part in the transformation and evolution of roles.

It should be acknowledged that due to the research data collection technique managerial recruitment motivations were often given in hindsight. This factor may limit opinions and reasoning to reflective motivations since few managers were, at the time of interview, looking for a new recruit. This section does however offer an insight into demand-led motivations. Highlighting how case firm manager decisions are comparative, transient, dependent on longer-term prospects and, in some cases not always made out of choice.

Desirable competencies

The majority of studies examining what employers want, or perceptions of what they want, from graduates tend to approach respondents with pre-set, pre-determined lists of competencies which employers are then requested to rank according to their personal preference (Coll and Zegwaard 2006; McLarty 2000, 2005). Employers are then invited to suggest additional qualities not present on the list. There are however a number of drawbacks associated with this approach. For example, it does not provide a significant depth of understanding or clarity when deciphering or comprehending what employers mean by generic competencies such as 'team working' or 'communication' (Harvey *et al.,* 1997,

113

Martin *et al.,* 2008, Perunicic and Palmquest 2007). It also has the potential to cause misrepresentation of desirable qualities as lower ranks are attached to those skills 'considered a given' (Archer and Davison 2008, 8). This section therefore adopts an approach similar to the style presented by Harvey *et al.,* (1997) where the use of pre-determined lists are avoided, thus allowing respondents to contribute their own interpretations of competencies and skills desired. Whilst it is impossible to describe the 'ideal graduate' (Harvey *et al.,* 1997, 65) it is possible to get closer to an understanding why firms, of certain sizes and sectors, located in specific areas, believe particular characteristics to be a better match for their firm than others.

Table 4.2 summarises the key desirable competencies and skills requested by managers and line managers of new graduate recruits. Characteristics in the table are based on descriptions of desirable qualities referred to either directly or indirectly (as interpreted from the managers' description) in response to questions such as:

- 'what do you look for most when recruiting?' and
- 'what skills would you desire most in a new recruit?'

The numbers attached to the skill, competency or attribute represent the number of managers and line-managers referring to that point, not the frequency of times cited or rank given to importance.

Table 4.2 Skills, competencies and attributes desired by managers and line-managers

Skill/competency/attribute	Total number of managers and line managers citing characteristic (N = 20)
Personality and fit	7
Future potential	6
Information technology	5
Articulate and communicative abilities	5
Previous experience	5
Geographic connection	5
Relevant degree	4
Positive attitude/motivated	3
Willingness to learn	3
Application	2
All-rounders	2
Common sense	1
Flexibility	1
Technical skills	1
Degree grade	1
Presentation skills	1
Problem solving	1

Source: Author (Field survey October 2008 – September 2009)

This research does not find an *exact* correlation between skills listed in previous SME graduate employment studies conducted on desirable attributes and the list of skills provided in Table 4.2. The list produced by the respondents does however present similarities with *priority* skills found in similar research such as; flexibility, personality, IT competence, reliability, communication and work experience (Harvey *et al.,* 1997; Perunic and Palmquest

2007; McLarty 2005). The following section explores why managerial respondents consider certain competencies and skills desirable and examines whether skills desired supplement our understanding of demand-led motivations.

> "Character and personality, how well they'll fit" (Accurate Accounting – LM)

> "…really we are just looking for personality" (Connection Consulting - M)

> "It's not just their skills, it's obviously their personality and everything as well" (Commercial Computing – M)

> "What we want from people is the right personality" (Smart Surveying – M)

The most frequently mentioned qualities referred to by managers when seeking new graduate recruits was "personality" and/or "fit" (Table 4.2). Personality and fit are subjective attributes. How they 'fit' in relation to a firm's strategy, culture and structure will vary from employer to employer (Harvey *et al.,* 1997). The requirement of new recruits to 'fit in' is often associated with the employer's desire for new employees to get on and work with other people within and external to the firm. As Harvey *et al.,* (1997, 75) comment; 'it is about adding value quickly rather than rocking the boat'. Researchers have found that the need to add value quickly can be associated with firm size (Johnson and Pere-Verge 1993; Harvey *et al.,* 2004) as SMEs often want new employees to be effective from the outset (Harvey *et al.,* 1997). Case firm managers support this desire with the majority of respondents citing the need for graduates to "hit the ground running" (Connection Consult – M) or to be "mucking in and contributing fairly quickly" (Creative Consult – M) as "every pound counts" (SharpDesigns – M). Identifying the ideal 'fit' and adding value quickly in accordance with a firm's size or sector is however difficult (Archer and Davison 2008, Hanage *et al.,* 2004, Harvey *et al.,* 1997). No employer wants to risk wasting graduate talent or management time if a new recruit

is unable to fit into an existing team and understand the nature of the business quickly (Hanage *et al.,* 2004).

The importance of personality could also be interpreted as being particularly significant to small BPS case firms in the service industry (Archer and Davison 2008; Kavanagh and Drennan 2006). Service delivery often involves the personal presence of provider and client; where knowledge is imparted tacitly between the professional and the client (Bryson *et al.,* 2004). As a consequence of this relationship Devine (*et al.,* (2000, 330) finds that managers within professional service industries seek 'candidates with the social skills, charisma and personality to maintain relationships with clients'. In explaining why personality is sought at the recruitment stage one PR manager in Birmingham described how this is an attribute that cannot be taught during employment;

> "[…]we can't teach them how to be a PR person [...]we expect our people to be energetic and quite dynamic and quite pioneering. And you can't teach those kind of things, you either are or, you're not" (CM Communications – M).

It is difficult to assess the comparable interest in personality as being sector-dependent without further research on skills desired by managers in other sectors.

The second most desirable quality is the candidate being able to demonstrate that he/she has a future potential in the firm, either by displaying "career aspirations" (Accurate Accounting - LM) or proving that he/she takes his/her "career seriously" (CM Communications - M). In reference to the previous section on recruitment motivations the desire for future potential can be associated with the fact that managers want someone who will succeed into a key role or senior position. As managers citing this attribute explained: it is important for graduates to

117

demonstrate that they are committed to their career within the firm before expensive investments are made in their professional development.

The third most desirable quality is Information Technology (IT);

> "I think technology is the area that we have seen the most progress. You know operating computers, word, excel, those sorts of areas, the internet has brought us a lot of change[…] ten years ago we just had one or two computers in the practice that were operated by secretarial staff, now all the surveyors have got them. That's been a huge learning curve, certainly for the senior staff" (Smart Surveying – M)

The revolutionary impact of IT on the economy (Harvey *et al.,* 1997, Indjikian and Siegel 2005) and services has been well documented (Bryson *et al.,* 2004, Morgan 2004). The importance of IT as a key skill in educational development was taken note of in the 1990s with the publication of the Dearing report (1997) which listed IT as one of the four key skills required for the 21st Century alongside; learning how to learn, numeracy and communication. Although IT skills are recognised as growing in importance for employers (Coll and Zegwaard 2006; Harvey *et al.,* 1997), SMEs are often considered more resistant to the inclusion and introduction of IT systems. Small firm managers in this study do however value IT referring to its importance in the day to day running of the business and use in communicating with clients and other service providers. Two managerial representatives admit that they are relatively slow in comparison to their new recruits when it comes to adopting and using such technology (Smart Surveying – M, British Build – M). A fact that some of the graduates also commented on: "I might be more up-to-date with certain programs than people who've been qualified for ten years might not be able to do" (Bright Build – G3).

Communication and articulation was mentioned by a quarter of managers and line managers

questioned (Table 4.2).

> "It's about interpersonal relationships and about communicating your ideas clearly, speaking to people more confidently and being able to deal with people" (CM Communications – M)

This is a common skill frequently cited on managerial wish lists (Pittaway and Thedham 2005, Stevens 2005, Guzetta and Bollens 2003) with certain employers even suggesting it is a deal breaker - a skill or quality that, if absent, would mean the individual would definitely not be employed in the organization (Martin *et al.,* 2008). It is also one of the key skills that the Dearing report (1997) recognises as a skill for the 21st century. For both small and large firms, communicating and dealing with people "confidently" (Cool Communications – M) and articulating "ideas clearly" (Everest Solicitors – M) to clients and other members of the organisation is essential. The research finds that this attribute is particularly valued amongst PR, marketing, accountancy and law case firms where "interpersonal relationships" are cited as key to service delivery (Cool Communications - M, Gargantuan Banking, Immense Communications – M). As aforementioned services frequently rely on face-to-face communication (Bryson *et al.,* 2004) and therefore the ability of graduates to articulate and communicate to clients, stakeholders and managers is crucial to this sector (Altinay *et al.,* 2008). Communication can however mean very different things to different managers (Harvey *et al.,* 1997). For example it can refer to written, oral (Harvey *et al.,* 1997) or electronic (Stevens 2005) forms of converse. It should therefore be used carefully as a generic term of reference.

The findings of this section show two particularly interesting outcomes:

1. a lack of reference by case firm representatives towards 'degree value' and,

2. the inclusion of 'geographic connection' as an attribute.

According to the Confederation of British Industry (CBI) (2009, 11), over the last fifteen years the proportion of jobs requiring a degree-level qualification has risen from 23 to over 30 per cent (CBI 2009, 11). Despite this fact relatively few managerial respondents referred to the desirability of a specific degree when recruiting (Table 4.2). As researchers have shown some employers require specific degrees as 'pre-entry qualifications' related to the 'intrinsic knowledge and competences of the job' (Pitcher and Purcell 1998, 181). A few of the managers and line managers referred to the need for a certain degree or degrees that are at least relevant to their profession for example; accountancy (Business or Accounting degree), in law (Law or History degree) and engineering design (Engineering degree). In architecture and law, where a degree has, historically, been a prerequisite (Elias and Purcell 2004) case firm managers simply assumed a degree as a given. As Pitcher and Purcell (1998, 181) describe other employers view the 'possession of a degree' as representative of 'particular levels of intelligence, transferable skills and the capacity to acquire the necessary specialist competence' and therefore a specific degree is not necessarily required. This may explain why so few managers expressed a preference for a particular degree when recruiting; they regarded the personal attributes necessary to the attainment of a degree sufficient for their purposes[5].

> "[…] in the long term for the business you want a graduate from an intelligence point of view, but that's not to do with their degree, that's to do with their intelligence which is a different matter"
> (Connection Consulting - M)

> "For me it's more a measure of their intellect as to what we can do with them moving forward" (Accurate Accounting – M)

5

  It should also be acknowledged that the open ended approach to this question (as adopted by this thesis) may have caused 'degree' to be left unmentioned, taken as a given.

The exponential rise in graduate numbers is another possible explanation for a lack of case firm interest in the type of degree. Harvey *et al.,* (1997, 66) suggests, alongside rising student numbers leaving HE, a degree now just gets graduates to 'first base'. Whilst Brown *et al.,* (2002) find that a degree is needed just to stay in the race. Tomlinson (2008, 51) even goes so far as to describe a degree's valuation devolving to a 'tick box'; an evaluation also evidenced by a number of the graduates who referred to their degree as a 'piece of paper' (British Build – G; Clear Communications – G; Smart Surveying - G) or, similarly, a 'tick box' (Better Build – G). As the FSSC (2006) report most recruiters are now more interested in *how* graduates do things rather than *what* they have studied. This would explain the relative decline towards employer interest in specific degree requirements in relation to the desirability for softer skills such as communication (Archer and Davison 2008);

> "[…] if you can't use that intellect with the soft skills and the people skills then you can be the best accountant in the world, but you're not in the clients' eyes" (Accurate Accounting – M).

As one intermediary representative stated, gaining employment is more about saying what you can do with a degree rather than just showing you have one;

> "I think it's not a case of saying, look a degree doesn't guarantee you a job. I think it's a case of turning it around. Making people aware of the fact that, there are so many people with degrees out there that it's what else you do that really makes the difference" (Graduate Gains).

It is this same requirement that is putting pressure on universities to respond to employer requests to change and incorporate employability skills that will make graduates more valuable within the workplace;

'In the wake of the rapid growth in higher education (HE) participation in the UK and the increase in global market competition experienced by many employers, UK universities came under intense pressure to equip graduates with more than just the academic skills traditionally represented by a subject discipline and a class of degree' (Mason *et al.,* 2006, 2).

Geographic connection

The second attribute, 'geographic connection', refers to the need for graduates to display some form of geographic relationship with, or association to, the area where the firm is located. Managers and line managers in North Staffordshire are more concerned with this particular attribute than Birmingham based managers. The study finds North Staffordshire firms tend to seek a graduate from the area or a recruit that has attended university in the area (Keele or North Staffordshire). If the graduate does not have this form of connection, they are at least required to prove that their reason for wanting to move to North Staffordshire is motivated by connections to the area, for example family or friends;

"[If a graduate] applied for a job that was living in Bristol and went to Lancaster University I wouldn't really progress that at all"
(Accurate Accounting – LM).

Using Hoare and Corver's (2010) study on home-university-labour-market transitions (HULT) this prejudice can be interpreted as employers seeking employees from a 'locals', 'returners' or 'stayers' pathway. Avoiding the less preferable 'outsiders' pathway where graduates are originally from elsewhere and have not studied in the region. Adapting Hoare and Corver's (2010, 479) HULT description a more localised explanation is given below where; X denotes the region in question (in this case North Staffordshire) and Y denotes regions outside of this location.

- *The Locals Pathway:* students from X also studied in X, before taking a job in X

- *The Returners Pathway:* students from X, but study in Y before returning to work in X

- *The Stayers Pathway:* students from Y, but study in X and then remain in X

- *The Outsiders Pathway:* students from X who studied in X, but then took a job in Y

While not a fixed remit for all North Staffordshire managers (Creative Consulting – M) those questioned admitted that if the choice was between two candidates of equal footing they would go for someone with connections to the area (Clear Communications – M, Shear Solicitors – M, Accurate Accounting - M). This preference supported the fact that the majority of graduates employed by firms in North Staffordshire had either come from the local area or had gone to the local university and then stayed in North Staffordshire.

> "If they don't live here and if they don't go to University here…you think; why do you want to come to Stoke?"(Accurate Accounting – LM)

The reason for desiring a geographic connection is based on a combination of factors. North Staffordshire's peripheral location in relation to the West Midlands it is perceived to be "out on a limb" (Budget Build – M) and therefore a "less desirable" location (Sum Solicitors – M) in terms of career opportunities and the range of services on offer. The area is also considered to suffer from a lack of aesthetic appeal (Sum Solicitors – M, Accurate Accounting - M); "North Staffordshire is not the most attractive place in the world to live to outsiders" (Everest Solicitors - M). Due to these reasons managers located in North Staffordshire often feel that they cannot risk taking on graduates without an association or attachment to the area. The threat arises from a concern that investments made in training and development will be lost if the individual was to become uncertain about living in the area and thus decide to leave.

> "[…]Stoke, ain't the prettiest place […] So yeah, preferably somebody
> local so they don't get a shock with Stoke and leave."
> (Sum Solicitors – M)

Both large and small firms had experienced individuals treating the firm as a "stepping stone" in their careers; moving on shortly after training had been completed. Case firm managers also seek individuals with a connection to the area as they find these graduates are more able to build relationships with local clients. As one law manager explained, without connections to the area a trainee might find it difficult to work within the local community; "[…] this area here is extraordinarily parochial and there are significant advantages to having people that understand the area" (Shear Solicitors – M). He went on to say; "to be able to do business in the potteries, you have got to understand the people within the potteries" (Shear Solicitors – M). Another solicitor in North Staffordshire tended to agree;

> "[…] it's quite cliquey […] the markets [are] just quite difficult to break
> really. I think you have to be, sort of local and committed to the area [as]
> […] everyone knows everybody it's quite difficult to infiltrate if you
> don't know anybody. Quite difficult to sort of come in from the outside"
> (Sum Solicitors - M)

The graduate working within 'Sum Solicitors' described how his local knowledge and established connections were assets when looking for recruitment in the area (Sum Solicitors – M). The owner of a local law firm did however find that recruiting a graduate with a geographical connection was less of a concern when the firm was part of a larger entity maintaining offices in "Birmingham, Manchester and Stoke" (Sum Solicitors – M). Due to its size the firm as a whole had more opportunity to attract graduates of a more varied geographical and academically situated background; "we just had our pick really", able to sell

the fact the work was "big corporate stuff", "national deals", which are "sort of sexy to sell to a trainee" (Sum Solicitors - M).

It is not only firms in North Staffordshire that show a preference to recruit locally. A careers service (CS) representative described how SMEs in the area surrounding the university (located in a peripheral region of West Midlands) are "not in a position to pay re-location costs" or "give a golden handshake". Therefore, when looking for a secure investment, they look to recruit someone who already has a life in the area: "for example a house, mortgage, family", because if "somebody comes into the area, they are more likely to possibly nip off and work somewhere else" (University5). Large firm representatives with offices in Birmingham also described how some of their regional branch offices tend to focus on recruits where the location is "either their home town or their university town" (Titanic Accounting). As the interviewee went on to explain, offices in certain locations such as Newcastle and Leeds are not "migratory roots" and therefore do not "tend to pull a large number of graduates". In comparison London based offices "will pull candidates from all over the country" (Titanic Accounting). The same issue arose for a national law firm. The company's application form included a question asking graduates about their links to the area;

> "[…] we sort of feel that if people do have a link to the area then they are
> more likely to settle in that area" (Colossal Solicitors)

A link to the area was not an exclusive requirement in this case. However displaying a connection to a given area, such as "Norwich", which again is not considered a migratory root was preferable; "It is out on the side" (Colossal Solicitors). Firm size therefore has an undetermined effect on the importance of geographic connection as an attribute.

In contrast to firms with offices located in peripheral areas Birmingham based small firms do not appear to have a similar remit on geographic connections; "we have staff from Poland, the Czech Republic, Slovakia and from Bristol, Birmingham, Lincolnshire everywhere across the country" (Bright Build - M). In Birmingham the primary concern is that the potential employees commute time is not too extensive (Immense Communications, Bright Build – LM). This issue was also mentioned by some firms in North Staffordshire; "[What] I can't have is someone that is stuck in a traffic jam in Leicester or Manchester when we actually need them here" (Big Build). Although not a remit one consultancy manager in Birmingham had observed an interesting trend relating to whether they would accept an offer of employment. It was based on where graduates came from and which university they had attended;

> "[…] our [recruitment] success rate is much higher with people from the North than with people from the South […] [for example if] they're from Derbyshire and they've been to university in the North they're a lot more likely to accept our offer than if we were to […] take somebody who was from Kent who went to went to Cambridge or something"
> (Connection Consulting - M)

These more general views, when compared to the findings from North Staffordshire potentially indicate a power-shift between employer and graduate. Where firms in a peripheral location, in this case North Staffordshire, exert control over graduate decisions, graduates, in this case from the South, appear to be more selective in who they work for. Further research would be required on the comparative decisions made between employers and graduates in alternate geographic locations before conclusions could be drawn on fragmented power dynamics between demands and supply.

In sum, the importance of 'geographic connection' as an attribute for graduate recruits deserves further research attention. To date this attribute does not appear to have been extensively discussed in either higher education or geography literature. Studies tend to focus more on retention (Devine *et al.,* 2000, Hanage *et al.,* 2004), migration (Faggian and McCann 2009), impacts of graduate influxes on urban morphology and career development in escalator regions (Conradson and Latham 2005). This outcome therefore provides a unique contribution to competency requirement literature. Further attention is also required due to the potentially detrimental impact this issue may have on regions where geographic connection forms a benchmark or deal breaker for SMEs and larger enterprises. Although viewed as a protective requirement by managers, protecting the firm from excessive personnel turnover, it may also be limiting the innovative and growth potential of the region as the pool of candidates from which the firm draws is quite small; either returners or those locally educated**.**

Competency contributions

This section moves from prospective or desired competencies to *experienced* competences. Studies that examine inherent graduate competencies tend to compare lists of what managers want in a graduate to a pre-set list of skills 'received' (McLarty 2005). This approach tells us little about how size, sector or geography manifest or influence managerial interpretations of inherent competencies. It also limits answers to pre-determined responses. Overlooking details which might otherwise allow for a more in-depth understanding of managerial perceptions of beneficial qualities graduates bring to employment. Moving away from a listed approach of experienced competencies this thesis adopts a more inductive method similar to

Harvey *et al.,* (1997). In doing so it allows respondents a voice for interpretation. Instead of asking managers to draw a comparison between what competencies they desired from graduates and what competencies they subsequently experienced, the study asked for a wider comparison. Managerial and line manager interviewees were asked to describe the ways they felt graduates benefited the firm once in employment compared to school leavers or more senior, qualified members of staff. In order to gain a comparative perspective graduates were also asked to describe the benefits they brought to the firm. Respondents' answers are illustrated in Figure 4a. Categories used in the graph are either qualities cited directly by small firm managers, line managers or graduates, or indirectly (the answer is easily categorised into specific a group). Numbers associated with categories again relate to the number of individuals who mentioned the quality, not the frequency of times mentioned, or priority given.

The following section also draws from Harvey *et al.,*'s (1997) graduate continuum to facilitate an explanation of the perceived value attached to qualities graduates bring to employment. The intention is not to contribute to the continuum itself, but, instead, to use it as a basis of understanding. The continuum is based on results drawn from a multitude of sectors and firm sizes (Harvey *et al.,* 1997), building on Harvey's previous study on *Employer Satisfaction* (Harvey with Green 1994). The continuum describes graduates operating in an adaptive, adaptable and transformative manner. At one end are attributes that add value and at the other are transformative attributes. This configuration reflects how employers want employees to adapt quickly and perform in their required role and how they want them to transform, push boundaries, take risks and inspire other team members. According to Harvey *et al.,* (1997) 'adaptive recruits' are those that take few risks, do the job competently, avoid questioning

procedures and adapt to changing circumstances (Harvey *et al.*, 1997, 23). The capacity to add value relates to the speed of learning, the ability to play a role and to adjust to the culture of the organisation; by comparison transformative agents are 'people who can take their organisation forward and who see change as an opportunity not a threat' (Harvey *et al.,* 1997, 23). These people look outside the box; they cause friction. Adding value and transforming are not necessarily different skills. It is more about how these skills are applied. Most employees are considered to be somewhere between adaptive and transformative referred to by Harvey *et al.*, (1997) as 'adaptable' - they are willing to learn and be innovative within a pre-determined framework. Harvey *et al*., (1997) suggest that the more the graduate can operate along the continuum, the greater the potential for the organisation. The following section explores whether small firm managers' appreciation of graduate skills can be seen as reflective of and operative along the continuum or whether they remain fixated on graduate skills that mean they can 'fit in' quickly, adapt and make an immediate impact.

Fresh minds and blank pages

Innovative capacity (Figure 4a) refers to the ability of graduates to bring new and "current knowledge" to the firm (Bright Build-M; Big Build-M); to incorporate "new and fresh ideas", being able to "free think" (British Build - M) whilst offering different ways of "looking at things" (British Build – G, Better Build – G, Bright Build – G1). The number of managers *experiencing* this as a quality delivered (n = 6) is equal to the number of graduates that believe it is a quality they deliver (n = 6) (Figure 4a). The repercussions of innovative capacity for the firm are multiple; managers find it keeps them on their toes ("keeps us awake") (Better Build - LM), whilst also introducing new ways of approaching tasks and clients (Smart Surveying - M). One manager even suggested that the fresh ideas brought to a

firm by a graduate's education serves as a benchmark for other members of the team;

> "I think bringing in graduates helps to bring in an exposure to fresh ideas, fresh software. We have talked about as one example. I also think, generally, it's healthy and it encourages other members of staff to raise their game and perhaps even seek better qualification"
> (British Build - M)
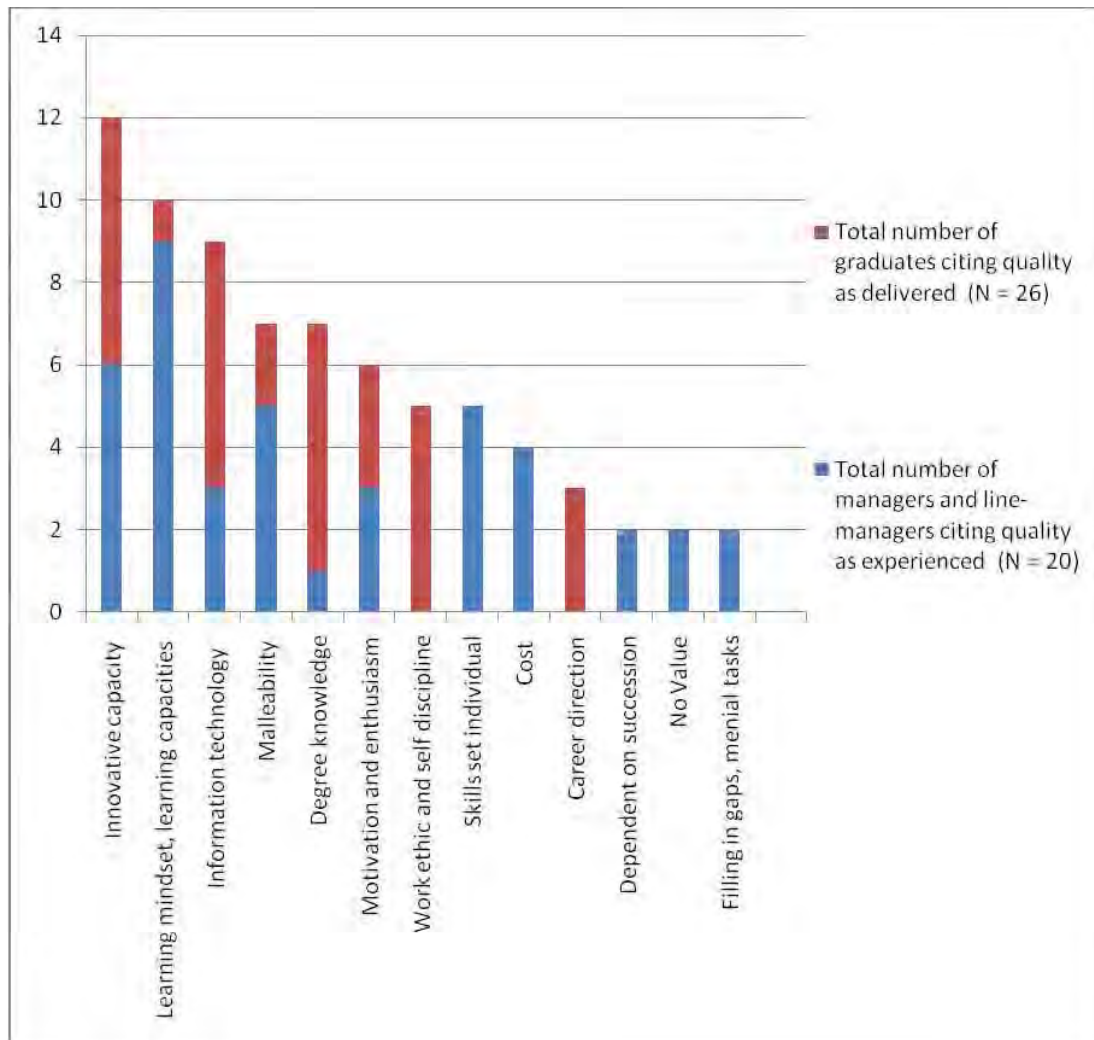
Figure 4a Manager, line manager and graduate views on the beneficial qualities of graduates

Source: Author (Field survey October 2008 – September 2009)

This highlights how a graduate's education is considered to be of both direct and indirect value to employers. Particularly when graduate recruits are outside the "norm" ('British Build' predominantly recruits technologists and not architectural graduates). Large firm representatives also value the alternative approaches graduates bring to their role and the current knowledge they introduce (Everest Solicitors - HR, Gargantuan Banking, Monumental Build, Big Build). Graduates associate their innovative capacities as encouraged by their university experiences. This was particularly the case in architecture;

> "[…] you definitely can get dulled up and dulled down in an office environment. And because your creativity is restricted, because you're working at the base level […] I certainly am, which I expect to be, but it means that you don't get to do that much creative stuff. Whereas at university that's what you're doing, you're running your own project at university albeit not a real [project]" (Bright Build – G3)

Researchers have already recognised the innovative capacities of graduates (Hesketh 2000), together with their ability to bring knowledge of new approaches to their role (Hart and Barratt 2005). These two outcomes demonstrate how case firm managers do not just demand recruits that fit in and add value quickly, they also appreciate the longer term transformative qualities, such as innovative capacity, that stimulates change and challenges the status quo.

Learning capabilities and a learning mindset is perceived to be the second most beneficial quality (Figure 4a). Appreciation of this facet is skewed towards managers (n = 9) rather than graduates (n = 1). Learning capabilities of graduates may be interpreted as a transformative quality (Harvey *et al.,* 1997). It challenges the status quo, but can also, in the context of this thesis, be used at either stage of the continuum. As Harvey *et al.,* (1997) describe, the ability to learn allows graduates to be adaptable in the face of change, an essential ability when

negotiating volatile economic conditions; "[graduates] pick up things quicker and then move quicker from that point in time going forward" (Accurate Accounting - LM). When it comes to "fitting in" and adding value the ability to learn quickly or being in the "learning mould" (Connection Consult – M) also ensures that the graduate can respond to the immediate pressures they face (Harvey *et al.,* 1997). They adapt and cope with a steep learning curve (CM Communications – M), for example when dealing with tasks they have not seen before (Accurate Accounting – M). The ability to learn is also associated with career progression. Those with a degree are referred to by some managers as more able to climb up the "career ladder" than those without a degree (Clear Communications –M). This view supports case firm motivations for recruiting graduates for key roles. The reason why fewer graduates may cite learning capacity as a quality delivered may be because it is taken as read or because graduates have learnt to 'sell' themselves on the more specific qualities they have obtained from their degree. As the research finds, graduates are more likely than managers to refer to skills developed on their degree being of direct relevance to the firm (Figure 4a**)**) (with the exception of IT skills); cited skills include "research ability" (Connection consulting – G2, Cool Communications – G, CM Communications – G), "presentation skills", "team working" abilities, communication skills, organisational ability and languages (Connection Consulting – G1, CM Communications – G, Accurate Accounting - G).

Malleability (Figure 4a) was frequently used when managers drew comparisons with more experienced, senior professionals. Graduates, when compared to experienced professionals, are viewed as being a "blank canvas" (Sharp Designs -M), open to a firm's "way of doing things" (Bright Build -M). Experienced professionals are considered to be more resistant to adapting to the firm's culture and approach to clients/products sold; "you can't teach an old

dog new tricks" (Clear Communications - M). As one line manager in Birmingham expressed;

> "We like to employ students rather than people who've qualified, gone through the mill and have become dyed in the wool, set in their ways"
> (Better Build - LM)

As Harvey *et al.,* (1997, 1) describes;

> 'In a future world of uncertainty employers do not want people who are unable to work on a range of tasks simultaneously, people who are resistant to new approaches or who are slow to respond to cues'

What is uncertain is the time frame within which a malleable graduate becomes an experienced professional resistant to change and adaptation. As employers demand fit and conformity, in order to generate an immediate contribution, do graduates also lose their malleability? As Harvey *et al.,* (1997,25) describes 'an adaptive individual who, in fitting in with the expectations of others, may lose what makes them unique'.

In addition to malleability managers admit that graduate employees, in contrast to more senior, experienced professionals, are associated with financial advantages. They are considered less costly than trained professionals; "versus someone with four years" experience, they will be cheaper to start with (Clear Communications – C and Budget Build - M). Managers also delegate unskilled tasks to graduates to allow senior professionals to concentrate on more added value, front office functions (Catalyst Communications – M; Sum Solicitors - M). This is yet another illustration of how the status of a recent graduate, at the beginning of his/her career, adds value. This feature may have been given a higher precedence if data collection had been more anonymously based.

Appreciation of information technology (IT) as a beneficial quality appears to be divided between generations. Fewer managers (n = 3) than graduates cite IT capabilities as a positive quality brought to employment (n = 6) (Figure 4a). Most managers believe that computer literacy is a skill that comes almost naturally to the younger generation of graduates; "they all take computer aided design as second nature" (British Build - M). Several improvements to firm performance are considered a direct consequence of graduate IT capabilities, such as being able to improve the quality of projects and services offered through computer aided design and a better grasp of new technologies (British Build – M & G, Catalyst Communications - M); [graduates produce] "slick graphic presentations" (British Build - M). A number of the graduates view their IT skills as more advanced than certain, more senior members of the company;

> "[…]what we're actually getting taught is constantly changing, so I might be more up-to-date with certain computer programmes and things that people who've been qualified ten years might not be able to do"
> (Bright Build – G3)

> "All three [partners] are virtually switched off to technology"
> (Budget Build – G3)

A finding also supported by one or two managers; "I'm not a Luddite, but I tend to avoid computer technology as much as possible" (Bright Build - LM). Born between 1980 and 1995, this "internet generation" (Catalyst Communications – M), or 'generation Y', has not known a world without internet or mobile phone technology' (ICAEW 2010, 4) producing a population of 'digital natives' (Dale and Pymm 2009, 84) confident and well versed in IT skills (Wilde *et al.,* 2006). The transformational qualities of this IT may, however, be subject to poor utilisation if managers in small companies are unaware of the extent to which their company could potentially profit from the use of this competency. This potential gap between managerial and graduate IT abilities could therefore be viewed as a

134

contributing factor in the underutilisation of graduates as found within previous research (Holden *et al.,* 2007).

This review of graduate contributions provides a better qualitative understanding of the qualities graduates possess. Qualities that can positively enhance small firm abilities to respond flexibly to market demands and incorporate new solutions not previously considered. These outcomes are however subjective. They would benefit from the use of pre-determined lists, ranked in accordance with skills and competencies experienced from graduates, being compared to school leavers and pre-qualified senior employees.

The competency gap

Employer concerns about the poor preparation of graduates for working life has been well documented both during and prior to the massification of higher education in the 1990s (ICAEW 2010, McLarty 2000, Pitcher and Purcell 1998). The skills gap issue has prompted a number of academic and government reviews over the years. These have attempted to identify exactly what skills graduates lack and then resolve this issue (FSSC 2006, CBI 2009). Closing the gap between employer demands and competencies supplied by education has led to a number of educational reforms both within and outside of the curriculum (Harvey *et al.,* 1997; Kavanagh and Drennan 2008). In the context of SMEs perceptions, graduate skill deficiencies has exacerbated employer resistance towards graduate employment in small firms (Holden *et al.,* 2007). Few studies have actually attempted to provide an in-depth view of small firm employer skill deficiencies, particularly in relation to a firm's sector (Pittaway and Thedham 2005). This section provides an insight into employer interpretations of skill deficiencies and

in particular looks at how those interpretations are associated with sub-sector differences.

When managers were questioned about skills found lacking in new graduate recruits, and graduates questioned over how they could have been better prepared for working life, two common issues arose;

- ⚲ Basic skills
- ⚲ Theoretical understanding versus practical application

Furthermore IT was discovered to play an interesting role as a *catalyst* to the effects and impact of skill deficiencies in small firms. The following section reviews these qualities in more detail.

Basic skills

Both graduate and managerial respondents are concerned about the poor delivery of the most basic skills required for working life;

> "I do think we have some fundamentals to get over and I don't think I am alone" (Cool Communications – M)

> "[…] it's just kind of the basic skills that we don't have. So it's almost like once you start work, you are starting all over again, the learning process in a way" (Cool Communications – G)

The interpretation of what constitutes a 'basic' or 'fundamental' skill produces different understandings between respondents in different sectors. Respondents based in the profession of law interpret basic to mean the ability to write English (Shear Solicitors – M, Sum Solicitors – M, Settle Solicitors – M); 'I think that very few people in your generation [the

interviewer's] can write English well' (Shear Solicitors - M). A concern for written English also extends to large law firm representatives; "really basic punctuation and grammatical errors that you see coming through" (Colossal Solicitors - M). The implication of not being able to write English for law firms is significant; "having a comma in the wrong place can actually change the legal meaning" (Shear Solicitors - M). The manager of 'Shear Solicitors' did not, however, hold universities responsible for the decline in graduates' ability in English. Rather they held schools accountable for the decline in properly taught grammar. As one intermediary respondent professed, English has been on a "slow burn" in schools over the last "twenty years" (Professional Mentors [a solicitor]). A law firm manager from North Staffordshire also blamed the decline of traditional subjects studied at A-Level;

> "I mean you would not expect somebody necessarily to go and read law
> at university from my generation that would have done maths, physics,
> chemistry, biology" (Shear Solicitors - M)

Concern over graduate candidates displaying a lack of aptitude in both numerical and written skills is not a new phenomenon (ICAEW 2010, Gore 2005, Wilde *et al.,* 2006) and not solely confined to the profession of law. For a quantity surveying manager in North Staffordshire, 'basic' skills constitute "construction skills" and "surveying skills" (Smart Surveying – M);

> "We have surveyors that have come in and have never seen a standard
> method of measurement, which is the bible in our professions" (Smart
> Surveying - M)

This particular manager associated the decline of basic measurement skills as the responsibility of both universities and the Royal Institution of Chartered Surveyors (RICS). He felt that both have allowed the development of these skills to be replaced by "economics

and management" courses. These are not skills required until late on in a quantity surveyor's professional career and even then they are developed from experience and are not taught. An Engineering Design manager from North Staffordshire also found the basic principles of "designing and engineering" (Sharp Designs-M) were missing in the current wave of graduates; their knowledge being based on a 'foundation of sand'. He placed the responsibility of declining standards on university course delivery and on the changing economic circumstances and training structures in firms;

> "[…] when I was younger, you would be put with a senior guy who would put you under his wing and show you how it's done. Well, most companies haven't got a senior guy. And there's a lot of older people in design who are retiring… eventually these people that are due for retirement will drop off one end and the people that are coming through won't have anyone to learn from"
> (Sharp Designs - M)

As the UK embraces knowledge based industries that focus on design rather than manufacturing the question arises as to whether there is a risk that preferred methods of training and basic skills delivery, still needed by designers, will become overlooked? In essence is theory and design becoming over prioritised on university courses at the expense of practical skills which enable graduates to *apply* their knowledge?

Theoretical understanding versus practical application

Education policy has increasingly recognised the importance of integrating practical experience into a student's tertiary education (Katajavuori *et al.,* 2006). This is delivered through either: intern ships, work experience, sandwich years or part time employment (CBI 2009). The objective being: to provide students with a better understanding of the application of theoretical knowledge within the workplace (Katajavuori *et al.,* 2006). Despite this wider

138

recognition universities are considered to be falling short of practical training provision (Harvey *et al.,* 1997, Kavanagh and Drennan 2008). The findings of this thesis support this wider concern. Around a third of graduate respondents find that whilst their university education focuses on *theory*, it declines to advance their *practical* understanding of subject application or requirements for the workplace. As one graduate expressed;

> "[…] you can have loads and loads of knowledge about what you have studied, but once you come out you don't have the practical skills in terms of dealing with people" (Cool Communications – G)

This concern over theoretical bias in degrees over practical understanding is mirrored by small firm managers;

> "[…] some of the universities tend to concentrate more on hypothetical situations rather than practical skills. This is a complaint I have made on several occasions to universities over the last 30 odd years"
> (Smart Surveying - M)

The gap between theoretical understanding and practical delivery is again interpreted differently by sub-sector. In PR, marketing, consultancy, law and accountancy a lack of practical understanding manifests itself in the inferior development of interfacing and social abilities or 'soft skills'. As Coll and Zegwaard (2006, 31) explain, soft skills affect 'how one responds and handles situations' or the individual's ability to manage 'relationships between people'. As previously established communicative abilities are desired by PR and marketing managers due to the importance of client face-to-face interaction in these professions. Managers in these sectors feel that many graduates are simply unable to express and deliver ideas clearly through effective written and oral communication; particularly in regard to communicating over the telephone (Accurate Accounting - M); "the youth have forgotten how to speak […] when they are leaving a telephone message it is stunted and awkward" (CM

139

Communications - M),

> "[…] you start a job and you say well it doesn't matter if you know most
> things about feminism because you don't know how to speak to someone
> on the phone" (Cool Communications - G)

Alternatively in architecture, quantity surveying and engineering design practical understanding relates to a lack of technical skills (Daniels and Bryson 2006) or 'hard skills' (Coll and Zegwaard 2006, 31). Architecture at university for many case firm respondents is about encouraging innovative, free and "new" thinking (British Build - G, British Build – M, Bright Build –M); "the idea of going to the school of architecture is to kind of really open your mind" (Bright Build - LM). Consequently a few respondents accept that architecture courses are not about reality, but rather theoretical appreciation and abstract concepts. Despite this acceptance the majority of respondents still express a concern over the lack of technical and practical delivery during the degree; such as how to construct ideas and produce a tangible output (Bright Build – M, Better Build – G, Bright Build – G1, G2 & G3 Budget Build – G1). Graduates are concerned that this lack of ability might lead them into a "big mess" at work (Better Build - G). While managers express anxiety over the "build-able" nature of graduate designs (Budget Build – M);

> "[…] when they come out they'll have a head full of nonsense; a head
> full of ideals and tit bits and none of its useful to anybody"
> (Better Build - LM)

Managers who had previously undertaken architecture at university tend to be more accepting of the practical limitations of graduate employees. This is in particular contrast to one manager who was not a member of the RIBA (British Build – M); "all the directors here have been through architectural schools […] you are actually pretty useless when you leave your first degree" (Big Build - M).

Practical application is already widely integrated into architectural courses via placement years. Placement years may be taken between undergraduate and master's years or masters and final accreditation. Despite this not all managers find this time or experience sufficient to gain the skills required (Better Build - M, Budget Build – G1). Several graduates have deferred returning to university or have changed to a part-time course to gain the required level of experience (Budget Build – G1, Budget Build – G3). A line manager in Birmingham blamed the RIBA for not monitoring the year out sufficiently thereby causing standards to "slip" (Better Build - LM).

The following section explores a number of solutions suggested by managers in an attempt to rectify skill deficiencies. This section examines their viability and the benefits they generate. In particular how they ensure graduates are better prepared for the workplace.

Part time and alternative routes

Undertaking a part-time or alternative route into a profession, for example becoming an architectural technologist, is perceived by several respondents as offering significant benefits; particularly in advancing a graduate's practical ability. Advantages of the part-time route, as opposed to full time study, included graduates: getting "to grips" with their training (Settle Solicitors - G) and excelling in practical skills in comparison to full time graduates (Smart Surveyors - G). A few of the managers expressed how having a foot in "both camps" (Bright Build - LM) helps students "make sense" of their course (Smart Surveying - M). It encourages graduates to take their training more seriously; "they can't afford to fail nine times out of ten" (Better Build - LM). The manager of a quantity surveying office in North Staffordshire felt

that part-time students often make "better surveyors" (Smart Surveying – M). Whilst a Birmingham based architectural line manager found they make "better students" and produce "better results" (Better Build - LM).

There are however limitations to part time and alternative routes. Firstly, the time taken to complete training is longer (British Build – P1, Better Build – M, Bright Build – G2) and students can be overstretched with heavier workloads (Bright Build – G2 & LM, Budget Build – G1). Secondly, and perhaps more pertinently, part-time and alternative routes are considered to impact on graduate 'transformative' capabilities (Harvey *et al.,* 1997) such as a student's innovative capacity (British Build – M & P1);

> "They may, of course, be criticised for not having the sort of flights of fancy that unfettered imaginations, being allowed to flourish, may possess"(Big Build)

Maintaining a foot in both camps can also exacerbate the impact of volatile market conditions on the graduate's development. As a graduate in North Staffordshire described about working life during the recession;

> **"**You feel so deflated about the work that you are doing in the office anyway, because all of a sudden it's kind of lost meaning and it's like pointless doing this, you're not going to get anything out of it and then at the end of the night you've got to start again, start university work […] I have felt a big drop since the recession" (Budget Build – G3)

An understanding of the dilemmas of part-time employment draws into sharp contrast the choices that graduates and universities face when responding to employer demands for practical skill development. As the study shows being 'work-ready' may compromise some of the key benefits of a full time education.

Work experience

Another means of preparing students for employment life, without making such a long-term commitment or structural change to career trajectories as part-time employment, is through the use of work experience or placement opportunities. These can either be undertaken by graduates: during their degree, during the summer holidays, integrated into the course design (one year placement) or undertaken soon after their degree prior to moving into a permanent position. This short period of temporary employment in a working environment has advantages for graduates, managers, large firms, small firms, universities and students. Graduates who had undertaken work experience prior to full time employment found that it had helped them to overcome skills deficiencies. It provided them with an opportunity to gain insight into the practical skills they require for employment through experiencing real life situations (Accurate Accounting – G2 and G3; Settle Solicitors – G; Clear Communications – G2; Connection Consulting – G2; Settle Solicitors – G). As one intermediary representative stated, "You can't teach reality without a context. The *only* context you can teach reality in is when you are in a workforce" (Graduate Gains). Graduates subsequently found this experience facilitated their transition into the workplace by making them aware of employer expectations. This outcome was also supported by the majority of managerial respondents;

> "[…] if they have done a twelve month placement and have gone out and worked for some grumpy old so and so in Stafford then their understanding of what the client wants would be perhaps different to what they think the client wants from their experience at university"
> (Sharp Designs – M)

In addition to the development of practical skills graduate respondents also found work experience supports the development of "transferable skills" (CM Communications - G;

Creative Consulting – G) such as: confidence (Commercial Computing – G2), being able to communicate effectively (Creative Consulting – G; Accurate Accounting – G3) and improved work ethic (CM Communications – G). Graduates also noted how their experience helped them to articulate and evidence their skills when applying for full time positions (Cool Communications – G; CM Communications - G). Graduates, small firm managers and large firm representatives also found undertaking work experience enabled graduates to test out potential careers prior to committing to a particular pathway (Accurate Accounting – G1, CM Communications – G; Grads4You; Perfect Placements; Everest Solicitors – HR; Accurate Accounting – M; Better Build - M). This also demonstrated a level of willingness and commitment held by graduates towards their career that employers value (Connection Consulting – M; CM Communications – M; Accurate Accounting – M).

Graduates that have not undertaken work experience prior to seeking recruitment are considered to be at a distinct disadvantage by case firm graduates; "a lot of my friends really struggled to find jobs where they hadn't got previous experience" (Bright Build – G1). This potentially illustrates how work experience is increasingly becoming a prerequisite for employment. An outcome which is of particular concern for those who have been unable to secure this experience;

> "[…] a friend of mine wanted a temp job or something. So I got her an interview and they just said she's completely green and she's got no idea you know. It's because she has not worked in an office environment before" (Connection Consulting – G1)

> "It's like if you're not doing work experience you're making your own life difficult. It doesn't matter what you do it in" (CM Communications – M).

> "Clear Communications – 'G1 and G2' would not have got the job without experience. As a straight graduate it's not worth anything"
> (Clear Communications – M)

Work experience also acts as a channel for recruitment. It is valued, in particular, by smaller firm managers as it means that they can assess whether the individual is right for them prior to making a more permanent commitment; "that's the premise of using placements with small companies; it is to let them just dip their toe in the water, to have a go, to see how it works" (Grads4You). It even minimises the recruitment risk for larger employers; "we recruit them two years in advance. We then pay for them to go to law school. So we need to know that they know what they are getting themselves into" (Colossal Solicitors). Harvey *et al.,* (1997, 2) suggest that if there was a 'single recommendation' to be made from their research;

> '…it would be to encourage all undergraduate programmes to offer students an option of a year-long work placement and employers to be less reluctant to provide placement opportunities'

Although this study reveals that small BPS employers and graduates working within these firms significantly benefit from work experience; caution should be exercised before recommending it as the primary way forward to remedy skill deficiencies and promote graduate contributions. As architectural managers evidence, experience in industry does not necessarily overcome practical skills limitations.

Competency catalyst

As previously discussed graduate IT skills are considered a beneficial contribution to the workplace by small BPS firm managers. However, the extent to which this competency is viewed as valuable holds limitations. Firstly, as one manager expressed, IT skills acquired at university are not always of a sufficient commercial standard for the workplace (Clear Communications – M). Secondly, IT is believed to inhibit behavioural skills, such as emotional judgements (Better Build - LM) or ability to read "body language" (Better Build

145

- G). Two managers expressed concern that IT dependency exacerbates communication deficiencies in graduates; "[you wonder] how much time do you spend talking to people or do you do it all on Facebook?" (Better Build – LM). One large law firm manager was particularly concerned at the dependence on IT based delivery in university courses and the influence it has on the development of graduate communicative abilities;

> "Law is about people, it is about listening to people, it's about interacting, it's about discovering people's needs, it's about […] listening to what people say they want. Discovering what they really want […] how the hell you can get that off the end of a ruddy computer […] how on earth somebody could seriously come in and think this was progress in producing quality graduates, I absolutely haven't got a clue." (Everest Solicitors – M)

These concerns can be interpreted as presenting parallels with academic concerns and debates surrounding the 'death of geography' (Morgan 2004, 3). The debate centres on the maintained importance of geographic space in the age of the knowledge economy which is dependent on the widespread use of Information Technologies. One of the key contentions is that whilst information diffuses rapidly, in its codified form, across organisational and territorial borders it does not necessarily mean that understanding does too (Morgan 2004);

> 'The notion that cyberspace will ever evolve into a genuine surrogate for geographic space is at best doubtful and this is fundamentally because it is difficult to imagine the rich diversity of physical proximity, where the nuances of body language and face-to-face communication convey as much as (if not more than) verbal communication, being matched by virtual proximity' (Morgan 2004, 5)

This thesis supports Morgan's (2004) proposition that geography matters in two key ways; firstly despite new forms of technology radicalising the way that business is performed, personal understanding and local, face to face delivery of knowledge, remains essential for professional services (Bryson *et al.,* 2004, Morgan 2004). Secondly, managerial concerns

about IT dependency highlight the need to remain cautious about the infiltration of technology in the "everyday". Proximity and personal relations still matter despite the internet generations space becoming increasingly virtual rather than tangible.

In addition to concerns over the inhibitive potentials of IT on graduates a few managers also found IT dependency made graduates "lazy". Trainees would rather search on the internet than make the effort to read a book (Better Build - G). In architecture IT was also believed to act as a catalyst towards the degradation of conceptual understanding. At university and in the firm "CAD" [Computer Aided Design] or "Vectorworks" had displaced, if not fully replaced, more traditional hand drawing and modelling methods (Bright Build – G2, Monumental Build, Better Build - G, Bright Build - LM). Such a displacement is thought to cause a "detachment" of understanding between the project and the designer (Better Build - LM), fuelling graduates inabilities to think "three dimensionally" or clearly (Monumental Build); consequently producing an "impractical design" (Bright Build - LM);

> "[…] when we look on our computers, it's just static, whereas when you're drawing by hand you're actually thinking about things" (Bright Build - G)

One large firm representative also questioned the dependence on the computer as a form of learning; "[being taught] to learn and think on a screen [rather than learning to draw first] [...] won't by itself make the idea better or the plan […] Just because you can whiz around like you are in a helicopter" (Monumental Build). Not all architectural managers felt the influence of IT was negative (Big Build – M); "if people can model things in 3D, you know, in front of you on a computer, then that's got to be better than doing a 2D plan"

(Bright Build - LM). The impact and influence of IT on graduate abilities requires critical consideration for Higher Education researchers; especially if it is performing the role of a catalyst, polarising graduate contributions in small firms.

Worthy of a premium

Quantification of graduate contributions remains largely anecdotal or based on the evaluation of snap-shot assessments after short periods of engagement (Holden *et al.,* 2007, 220). McLarty (2000) has attempted to move beyond anecdotal evidence. The objective being to achieve a more realistic quantification of the impact of graduate competency on firm success via an evaluation of the link between ranked competencies and firm growth, turnover, profits and years established. His conclusions however remain largely speculative. The difficulties in measuring the impact of both graduate contributions and graduate deficiencies on small firm growth and success arise not only from the ambiguity surrounding exactly what those benefits and deficiencies are (as previously discussed), they are also compounded by the fact that there remains no accepted measurement criteria for small business growth (Altinay *et al.,* 2008; Hart and Barratt 2009). While there are lists of financial measures that can be used such as sales volume, profit levels, number of employees, number of customers and increases in market share, small business owners are often unwilling to provide and share this information (Altinay *et al.,* 2008). The interviews in this study avoided invasive questions about financial measures. This was done not only to ensure the privacy of the respondents, but also because of the perceived inadequacy of the speculative answers that may have resulted from such questions. While this may mean that the study conforms to limited 'snap shot' assessment (Holden *et al.,* 2007) of graduate employment in small firms the original intention was not to

148

provide hard quantitative evidence, but, instead, to put forward, in the respondents own interpretations, exactly how they view graduate competencies, skills and attributes. The following section discusses the *implications* of skills and competency contributions and deficiencies from the perspective of managerial respondents, beginning with a view of deficiency implications.

"I haven't had a student come through who is just like – "yes I am here". You still have to spend time sitting with them and say this is how we do it and have [you] learnt this on your course, how did they teach you on your course." (Settle Solicitors - M)

Graduate skill deficiencies are considered by managers to impact detrimentally on small firms in a number of ways. The primary concern surrounds time and resource pressures, such as needing to "hand hold" (British Build – M) new graduates, or "keep a close eye on them" (Smart Surveying –M). As one manager expanded, without doing so the manager may end up "back tracking" causing a further loss of time and effort (Better Build - M). A lack of the basic skills and practical abilities is considered by the majority of managers to cause a time delay, or "lag time", between the graduate entering the business and becoming a profitable and contributory member of the team. Bringing graduates up to speed in this way is often considered an "expense" to the company (Sharp Designs -M, Budget Build - M). Managers and team members take time out of their work schedules to teach graduates what they need to know in order to bring them to an appropriate level of understanding. The time frame associated with graduates becoming productive members varies between firms; for some lag time can be months: "[it takes] three months for a graduate to start to fit in" (Sharp Designs); "[You would] never really expect anything from a trainee in the first six months" (Sum Solicitors - M); "there is always going to be like a six month window" (Commercial

Computing - M). For others lag time is "years" (Smart Surveying – M, Better Build – M). A longer time frame tends to be associated with industries seeking hard skills and practical abilities rather than softer skills: "you need two or three years after you have finished the course to pick up the practical stuff" (Better Build – M); "the first year, eighteen months, they are a burden to the practice, but it is beyond that that they become an asset" (Smart Surveying – M). Although managers appreciate that all employees take time in terms of their productivity, certain managers regard graduates to take longer than more senior employees switching between jobs; "six months for an experienced surveyor, with a graduate, I would say more like eighteen months" (Smart Surveying - M). Lag time associated with graduates becoming a contributory member of the firm led one manager to question the return on the "higher premium" he felt he was expected to pay for these new recruits (Smart Surveyors – M).

In terms of quantifying the impact of graduates on their business, managerial suggestions included a financial assessment of how the company had improved in terms of "turnover" between initial recruitment and six months after training (Sum Solicitors - M). This concept is not dissimilar to the method used by Altinay *et al.,* (2008) who compared the difference between sales at start up to the turnover at the point of interviews conducted. This approach does not however control additional factors that may have affected growth during the same period. The manager of a small PR company in Birmingham suggested an examination of the number of bonuses the graduate had been awarded since starting or client feedback on graduate effectiveness (CM Communications – M). The manager later reflected that assessments of graduate impact were ultimately a subjective evaluation;

> "I think it comes down to how it feels in here. You just know, I think as a business owner whether some things are right and whether somebody is adding value or not." (CM Communications - M).

Difficulties of graduate impact assessment are also associated with difficulties in detaching graduate contributions from other employees (Sum Solicitors – M, Creative Consulting – M) and changing benefits over time (Connection Consulting – M). The time frame taken to become a productive member of the firm is also accepted as being "individual" (Sum Solicitors - M, Bright Build – M). It is "hard to generalise" about impact (Creative consulting – M, Accurate Accounting - M); "you know who is struggling and you have got to really focus and bring them through. Start lower down with them. Hold their hand more" (Bright Build – M). The impact that a graduate has upon a firm should therefore be considered as individual and subjective.

Oven ready and self-basting

Managerial interviews revealed that while a lack of basic skills is a concern there is also a level of acceptance that graduates take time to adjust to working life. Several managerial respondents did not expect to see a return for the first few months (Sum Solicitors - M) and accepted the need to allow graduate employees time to "settle in" (Commercial Computing – M, Bright Build – M and LM, Cool Communications – M).

> "I think it would be very wrong to expect too much of anybody at 21 to be able to go into a room and network, pick up the phone with confidence and in meetings etc. to be contributing and chatting" (Accurate Accounting - M)

Graduate trainees also comment on the fact that managerial expectations are often reasonable; "they've got a good understanding that they have got graduates and that we're limited to what

151

we can do" (Commercial Computing – G1). Managers are also supportive towards development (Accurate Accounting – G1 & G3); "he's always been there to, sort of, back it up and if I've needed help he's helped out" (Cool Communications - G). As research has already shown in many respects employers do not want the 'finished article' (Martin *et al.,* 2008, Harvey *et al.,* 1997) as training is an important tool towards facilitating increased integration (Hesketh 2000) and adoption of the house style.

> "'Cool Communications – G' is going to be 'Cool Communication-ised'
> and if and when she works for anybody else, they are probably going to
> say, we don't do that, where did you learn that awful habit"
> (Cool Communications – M)

Interviews with managers also reveal individual variations towards perceived skill deficiencies. Some managers admit that their high expectations are sometimes unreasonable. Their perception is based on their own experiences, of what they had been capable of at the same point in their career (Shear Solicitors – M, Catalyst Communications – M, Bright Build - M). One manager in North Staffordshire also admitted that his expectations of trainees are possibly too high (at the time of interview) due to present economic pressures; "In the current climate where everything is dead tight you have got to make sure you try and get at least the four hundred pounds a week back very quickly" (Sharp Designs - M). Not all managers refer to economic pressures. They had either adjusted recruitment accordingly or were based in sectors left unaffected by closures. This outcome highlights the complexities surrounding assessments of skills deficiency implications in small firms.

The majority of university and intermediary respondents commented on smaller firms setting their expectations too high towards graduates at a level that may be considered "unrealistic". As one university representative described; "[SMEs] expect them [graduates] to be oven-

ready and self-basting" (University1). Several graduates also report how they felt under pressure working in a small firm. Managers expect them to "hit the ground running" (Clear Communications – G2, Cool Communications – G, Catalyst Communications – G). Graduates described their initial experiences as "intensive" (Clear Communications – G2), a "shock" (Bright Build – G3), "exhausting" (Connection Consult – G2), "a baptism of fire" (Bright Build – G2) and a "sink or swim situation". This created a sense of "high pressure" (British Build – P1), because if "if you make a mistake it's more apparent" (Cool Communications - G). Such high expectations are not necessarily viewed as a negative by graduates. Instead many feel that this pressure has helped them to "learn quickly" (Bright Build – G2), develop "quicker" (Catalyst Communications - G), learn from their mistakes (Cool Communications - G), generating wealth of "experience" (Commercial Computing – G1; British Build – P1).

Large firm representatives, as previously acknowledged, express similar reservations about skill and competency contributions by graduates. However, despite reservations, large firm representatives appear able to cope with the skills gaps displayed by graduates by comparison to smaller firms.

> "I think some of the bigger boys are probably more tolerant and more
> geared to accepting these problems than SMEs"
> (Cool Communications – M)

Coping strategies used by larger firms tend to fall into three key categories; [1] alternative roles, [2] training and [3] turnover. Firstly, due to the variety of roles available in larger firms, graduates without skills such as "communication" are possibly more easily diverted into "alternative roles" (Accurate Accounting - M, Everest Solicitors – HR) where such skills are not necessarily required;

"I think it's easier because there are more roles that you could undertake without natural people skills […] roles that are quite independent and work [is] quite isolated" (Gargantuan Banking)

Secondly, large firms have more "time" (Everest Solicitors - HR), "space" (Big Build) and "resources" (Gargantuan Banking) to help graduates develop the skills necessary for a role. During training programmes the company can correct skills found lacking in candidates (Enormous Engineers, Colossal Solicitors, Big Build, Gargantuan Accounting).

"We train them. That's very sausage factory-ish, but no, essentially it [skill deficit]   makes very little difference" (Titanic Accounting)

As one graduate development officer revealed, the standardisation of approaches to softer skills can however be difficult to control across nationwide divisions (Gargantuan Banking). The same representative went on to discuss how the company can also take more graduates than the "head count" (Gargantuan Banking). This provides the company with more time to assess which graduates have the skills necessary for the job. Those who do not come up to standard are "asked to leave" (Gargantuan Banking). As Harvey *et al.,* (1997, 2) find, the extent to which large firms are able to fall back on over-recruiting as a filter mechanism may be diminishing as a significant number of larger organisations are moving away from the 'general, leisurely, fast-track' introductory training scheme to more job-specific recruitment requiring more 'rapid effectiveness'.

There is another means by which larger firms are considered to obtain skills required - candidate selection. In addition to taking in graduates in over head count, large firms are also considered to have a more rigorous, formalised recruitment process, able to filter out the top

154

talent from an increasingly diverse pool of graduate applicants (Branine 2008).

> "[…] the recruitment of the graduates is more structured because there are more of them to choose from, it's more competitive and clearly the firm wants to get the best that it can" (Colossal Solicitors)

Small firm selection techniques, amongst this limited literature set, remain even less well understood. Methods are usually believed to be either informal or based on a standard interview (Branine 2008; Harvey *et al.,* 1997). The following section explores whether small BPS firm managers are still reliant on basic techniques of selection or whether, like larger firms, they are increasingly employing more sophisticated methods that pinpoint what they are searching for amongst a wider and more varied pool of candidates.

Sifting through

The majority of small firm managers recognise the need to use recruitment selection carefully in order to ensure that the 'right' person is found for the role. The type of selection methods used does however vary from firm to firm, from the initial stages of selection to the final hurdles of probation and initiation. The initial selection methods usually involve filtering out a short list from submitted CVs and covering letters. This enables managers and line managers a chance to test for attention to detail and genuine interest in working for the firm; for example, "letter formatting" and the use of "grammar tests" for basic language skills (Connection Consulting – G2). Application modification to appeal directly to the firm tests for specific career interest; **"**if it looks like someone is sending out, you know, their CV to one hundred companies […] we see through that and we don't proceed any further" (Connection Consulting – M). Only one manager referred to his preferred use of "application forms" over CVs as he finds that, if set up properly, they do the "selection for you" as very few candidates actually manage to use the process successfully (Shear Solicitors – M).

Three case firm managers use telephone interviews to supplement further de-selection prior to inviting candidates to the firm for an interview. The telephone interview enables managers to establish "telephone confidence" and "manner", as well as testing for "ability to talk at length" and "to the point" (CM Communications – M, Connection Consulting – G2). The added stress of "being on the telephone" also demonstrated how well the individual coped under pressure (Connection Consulting – G2). One case firm had devised a "recruitment hotline" where applicants have to email in a CV and then call the "hotline" and leave a message for a minute detailing why they want to work at the firm; "So straight away, people who have got really shocking telephone manners are identified" (CM Communications – M). The inclusion of a telephone interview would appear an essential prerequisite for small firms that desire communicative abilities in new recruits. Conversely, services that seek practical skills use alternative forms of evidence during the selection process. For example, architecture candidates are required to bring work "portfolios" to interviews. These display visually what they know, alongside their previous experience and practical abilities in design (Bright Build – LM, Budget Build - M). The manager of a quantity surveying firm in North Staffordshire asks interviewees for examples of what they have done "specifically to do with measuring", for example "recent homework" or "drawings" (Smart Surveying - M).

"I don't suppose we are looking for sort of smart answers, just someone
who can come in and have a chat with us really" (Sum Solicitors – M)

The interview itself is not always straightforward. Several case firm managers use a sophisticated system of tests. These supplement the interview processes by testing for certain competencies. Out of all case firms the most rigorous set of tests was used by 'Connection

Consulting'. At this firm the manager had designed a series of stages for potential candidates to pass through in order to filter out the right recruit for the role. The first round tests the graduate's ability to work in teams by getting potential candidates to work on a collaborative project together. This is followed by singular work where graduates are given a series of case studies to interpret, testing how well they can "think on their feet" (Connection Consulting – M). The next round is a presentation. Interviewees are given a report to interpret and then have an hour to prepare a summary which is delivered to the partners. The presentation allows partners to see how well candidates work in a commercial environment. A maths and language test is also used to establish "qualitative" and "linguistic" capabilities (Connection Consulting – LM). Other case firms use similar, although less extensive, methods. For example, a few of the case firms use tests on "attention to detail" (Clear Communications – M) and joint interviews; "it's a bit like the apprentice" (CM Communications – M). Some managers use a scoring sheet system or "scoring matrix" to aid questioning (CM Communications - M). The scoring matrix lists categories of experiences and characteristics that the firm seeks (Bright Build – M, Clear Communications – M, CM Communications – M); "character and personality, how well they'll fit, ability to apply themselves, problem solving" (Bright Build – LM). Two case firms use serial and joint interviews to gain further opinion on which candidate is right for the role (Bright Build – LM, Connection Consulting – M). Rigorous testing does not however always guarantee the right candidate is selected. An overly rigorous testing process can mean that the firm misses out on someone who could have been great for the job, but was dismissed at the "first hurdle" (Connection Consulting – M).

Conclusion

The purpose of this chapter was to investigate whether SME demand-led perceptions of graduate employment, specifically those that serve to deter employer engagement, are reflective of the actual experiences of employers who currently employ graduates. The focus was two-fold; firstly to examine recruitment reasoning and secondly to explore the contributions made by graduates to smaller firms.

This chapter reveals that case firms can be interpreted as 'occasional' recruiters with no deliberate graduate recruitment policy, but maintaining a positive view of such employees (Hart and Barratt 2009, 9). It also shows that case firm managers associate graduate recruits with longer-term objectives such as succession and the fulfilment of key roles reflective of an anticipated and sustained contribution towards the firm. The second reasoning most frequently cited by managers towards recruitment motivations was organic growth; graduates being developed and trained specifically for a role in the firm, rather than buying in a more experienced professional pre-qualified individual. This outcome highlights how small firm managers value the flexibility and malleability of new recruits; those who are not, as yet, the finished article. Only one manager (Strategic Consulting-M) was fully committed to graduate recruitment alone. The majority of case firms were either candidate-led and/or role-led, revealing how recruitment was based on a comparative consideration between graduates, school leavers and part-time students. In addition to being a comparative consideration, the research also illustrates how demand-led interest in graduate recruitment is a fluid concept; one that can be influenced positively by graduates undertaking work experience in smaller firms prior to committing to a full-time career.

This thesis' understanding of recruitment reasoning is to an extent restricted by the reflective nature of the interviews. Interpretations of recruitment are provided in hindsight, while the intensive and face-to-face basis of data collection may have led to more sensitive reasoning being avoided (such as graduates being recruited as a less expensive option). The research could have been improved by a longitudinal study; with small firm managers being interviewed on their considerations of graduate recruitment before entering into the relationship and then again six months later. The research does however demonstrate how demand-led engagement by smaller firms can be positively associated with succession, organic growth and engagement interest influenced by work experience. Two managers in particular found that they had no choice, but to recruit a graduate. Following the exponential increase in graduates, the pool from which they recruited appeared to be getting smaller. This is a concern for debates surrounding graduate underutilisation.

The study is to an extent pre-determined by a focus on competencies desired after employers have committed to recruitment. The results illustrate the subjective nature of employer decisions in smaller firms where the right fit and personality is sought. The importance of which is difficult to decipher in accordance with firm size. The value of the degree itself to case firms was inconclusive; referred to as a 'tick box' and a 'piece of paper' by certain interviewees. While others appeared to overlooked the need to mention a 'degree'; an outcome which may have been a consequence of the open-ended nature of the interviews, or the assumption that a degree was a 'given'. The findings illustrate the importance of graduates demonstrating to employers the additional skills that they have acquired during their degree, in particular, softer skills. For instance the results illustrate PR and marketing

case firms, in particular, seek communicative abilities amongst new graduate recruits. The services that they deliver are based on face-to-face interactions with other businesses.

The interpretive nature of data collection allowed managers to express concerns about their location in relation to graduate recruitment. This chapter finds that the majority of employers in North Staffordshire seek a 'geographic connection' from new graduate recruits. Managerial interviewees based in North Staffordshire discussed how they avoided graduates who had taken an 'outsiders' pathway (Hoare and Corver 2010) – graduates who are not from the region, who do not have a family connection to the region, or had not been educated at university in that region. The concern being that graduates who do not have a connection with or reason to be in North Staffordshire will not have sufficient motivation for staying in that area. Consequently the employer risks not being able to recoup the investment in that graduate's employment. North Staffordshire is not considered by managers to have the aesthetic appeal or sufficient regionally-based opportunities for an 'outside' graduate to commit long term. In addition, managers felt that services were better received by local businesses if delivered by graduates who understand and appreciate the local geography and culture. A few of the large firm respondents with offices based in locations deemed to be on non-migratory graduate routes for example 'Norwich', also cited the need to recruit graduates with a geographic connection. This outcome demonstrates how demand-led interest is influenced by geographical location. This finding deserves further research attention as it exposes an underlying geographical fragmentation in small firm graduate employment engagement. It may also mean that the pool of graduates from which employers recruit in such peripheral locations is limited; restricting employer access to a wider pool of graduates leaving university – will this lead to a polarisation of higher level skill utilisation across the

UK?

The focus of this chapter on the actual experiences of small firm managers in relation to graduate contributions and skill deficiencies reveals a dichotomy between transformative/adaptable qualities and fixed skill sets facilitating the application of knowledge through practical abilities and basic skills.   By using Harvey *et al.,*'s (1997) graduate continuum, the research shows how managers value the transformative (challenging the status quo) and adaptable qualities (willing to learn and be innovative) of graduates; their ability to bring 'new ideas' and a 'learning mindset' to the firm. In support of managerial recruitment motivations towards organic growth, the study also finds how managers value graduate malleability – their openness to change, to be adaptable, particularly when compared to more experienced employees. In contrast the majority of case firm managers find that graduates lack certain basic, fundamental skills; practical skills required to apply knowledge and produce a service or tangible output. These skill deficiencies negatively impact on the firm causing a lag time between the graduate being recruited and subsequently becoming a productive member of the workforce. This dichotomy of contributions is further accentuated by;

- ⚔ Graduate comparisons with part-time students and non-graduate track employees
- ⚔ Sub-sector differences
- ⚔ Information Technology

The study shows how those taken on by the case firms from a non-graduate track route (for example the AAT route for accountancy, or technologist route in architecture) may be better

practically prepared to satisfy the skills and requirements of the firm. The intention of the thesis was not to explore the comparative abilities of graduates with non-graduates. Accordingly only limited conclusions may be drawn. Comparative interpretations by employers did however illustrate how individuals undertaking such alternative routes were able to make a more immediate contribution to the firm, but, unlike graduates, they were not as adaptable or as transformative. This outcome deserves further research attention. It illustrates how, by rectifying the skill deficiencies that seemingly deter smaller firm demand for graduates, the adaptable and transformative contributions that smaller firms value may be compromised. The research also finds that skill deficiencies have alternate terminological meanings for different sub-sectors, for example in PR and marketing "practical" means the application of soft skills whereas in architecture and quantity surveying it relates to the delivery of a tangible outcome. Furthermore the findings show how for the latter group the lag time is longer; consequently graduates reportedly take longer to contribute to these firms. This outcome deserves further research attention; it could underpin a polarisation of skill deficiency implications between sub-sectors. This chapter also finds that Information Technology appears to have a polarising effect between practical and theoretical knowledge. Although managers value the new knowledge brought to a firm by a graduate's advanced IT abilities a question mark hangs over graduate dependence on that ability. Several managers expressed concern towards graduate reliance on IT as a tool for work and the implications it has for softer skill development.

The research also demonstrates that there are a number of factors that employers can use to minimise the implications of skill deficiencies amongst graduates;

- ⚔ Work experience

162

⋏ Sophisticated recruitment techniques

The results found how graduate recruiters use work experience as a mechanism to better prepare graduates for work; developing their practical skills and facilitating a smoother transition into the workplace. While smaller recruiters, generally, do not maintain sophisticated recruitment techniques, they do use alternative recruitment techniques to filter out the skills sets that they require; using telephone interviews to test for communicative ability and portfolio demonstration to illustrate practical understanding. The use of sophisticated recruitment techniques is not however uniform across all case firms. Further research is required in order to appreciate small firm use of appropriate techniques in targeting skills desired.

CHAPTER 5

DESIRABLE EMPLOYERS? TRAINING AND DEVELOPMENT PRACTICES IN SMALL BUSINESS AND PROFESSIONAL SERVICE FIRMS

Introduction

> 'Thirty years ago, when higher education recruited between 5 to 10% of school leavers, a graduate's route into employment was clear. Most left university and obtained a `graduate job' provided by a large private or public sector organization.' (Westhead *et al.,* 2001)

A graduate's route into employment has become increasingly complex over the past few decades. Numbers leaving higher education continue to rise exacerbating subsequent competition for traditional 'graduate jobs' (Connor and Shaw 2008; Elias and Purcell 2004; Holden *et al.,* 2007). Following the so called 'massification' of higher education (Boden and Nedeva 2010, 37) academics and policy makers have found that graduate supply has simply not been met by a proportionate increase in demand by traditional graduate employers (Holden *et al.,* 2007; Westhead *et al.,* 2001). Consequently SMEs are increasingly considered as an alternate source of graduate recruitment (Hart and Barrett 2009; Holden *et al.,* 2002, 2007). Despite growing attention towards these 'non traditional' graduate recruiters (Holden *et al.,* 2007, 225) there remains a paucity of literature examining the utilisation of graduates in smaller firms and how the relationships involved work (Holden *et al.,* 2002, 2007). Furthermore, research examining supply-led interest exposes graduate resistance and reluctance towards SME employment (Bowen *et al.,* 2004; Westhead and Matlay 2006), as graduates perceive more traditional employment in larger enterprises as comparatively more attractive (Connor and Shaw 2009; Jameson and Holden 2002; Pittaway and Thedham 2005;

Westhead *et al.,* 2001; Westhead and Matlay 2006).   Perceptions of SME employment include;

- ⚐ a lack of formalised development

- ⚐ a lack of training opportunities

- ⚐ restricted long-term career opportunities

- ⚐ role ambiguity

- ⚐ a stressful work environment due to work and role overload

- ⚐ an isolated work environment

- ⚐ a more unstable work environment

Public policy has attempted to address these concerns through schemes such as the Shell Technology Enterprise Programme (STEP) and Knowledge Transfer Partnership (KTP) (Hawkins and Winter 1996; Westhead and Matlay 2006). These initiatives have been designed to encourage graduates to consider smaller firms as an attractive career option, and bridge the gap between expectations and opportunities (Hart and Barratt 2009; Holden *et al.,* 2002, 2007). Despite these initiatives there are continued concerns that graduate awareness of SME opportunities fail to be sufficiently promoted against the relative rewards of large firm employment;

> '...new graduates have no visible models of success by gaining jobs in
> SMEs and may, therefore, exhibit an "ignorance gap" in relation to
> personal development in smaller firms.'
> (Westhead and Matlay 2006, 354)

Graduate misconceptions about SME employment are considered distorted by both ignorance and market failures (Westhead and Matlay 2005; Westhead *et al.*, 2001). Factors considered to contribute to graduate ignorance include; being unwilling and/or not previously considering

165

SMEs as an alternative to larger, more prestigious, enterprises (Makter *et al.,* 1999; Westhead *et al.*, 2001). Factors considered to contribute to market failure include; SMEs lacking the resources to have a visible presence at university recruitment fairs (Holden *et al.,* 2002), and the propensity of smaller firms to be family run, thus causing difficulties for outsiders to both enter or obtain promotions within such firms (Westhead *et al*., 2001). Furthermore, research that has attempted to contribute to a better understanding of graduate employment experiences tends to reaffirm that formalised training and development opportunities are limited for graduates in SMEs (Arnold *et al.,* 2002; Holden *et al*., 2007). SME dependence on 'ad hoc' and 'informal' approaches (Mayson and Barrett 2006, 449) are associated with their restrictive Human Resource Management (HRM) capacities as compared to larger enterprises (Cardon and Stevens 2004; Holden *et al.,* 2002, 2007). Despite formalised training deficiencies researchers have found that graduates to be satisfied with their situation; reporting high levels of autonomy and responsibility, the freedom to do things their way, and the ability to develop a range of skills in SMEs (Arnold *et al.,* 2002; Holmes 2001). This research is however often limited by snap shot and anecdotal evidence (Holden *et al.,* 2007). Differences between firm sizes, growth orientation, sector and culture are also considered to contribute to alternate graduate experiences. Therefore academics have recommended that research develops a deeper understanding of such dimensions and their impact upon graduate utilisation within SMEs (Pittaway and Thedham 2005; DfEE 1998).

This chapter examines the experiences of graduates employed by small BPS firms and their interpretations of training and development delivery. In doing so this chapter challenges whether graduate apprehensions and perceptions towards limited development practices and informal training in smaller firms is justifiable. It also examines managerial reasoning behind

the adoption of particular HRM practices in order to facilitate a more interpretive account of factors that shape and inform graduate training and development in small firms. This will add to our understanding of the factors that impede and/or enhance graduate utilisation within SMEs.

The first section examines training provision in case firms. First, formalised training provision in small firms is explored with particular reference to professional accreditation. Second, current interpretations and terminology used in relation to small firm internal and external training are highlighted; an alternative 'tailored' approach to the depiction of such practices is suggested. Third, informal training delivery is considered. Particular attention is given to the apprentice-like structure of delivery, the varied experiences of graduates, responsibility provision and client-facing opportunities. Fourth, the cost implications of employer training investments are considered. Particular comparisons are drawn against the new psychological contract.

The second section examines graduate development in case firms. Firstly, it explores the role of mentors and the external relationship constellations of graduates. Secondly, it examines the relationship between graduates and managers in more detail, including; feedback delivery (on task performance and role performance), the use of formalised appraisals, the implications of relational proximity, and supplementary graduate self-evaluations on personal performance.

Training investments

> 'Graduates in SMEs are getting less training, have lower expectations for training and feel that their firm is less likely to encourage extra qualifications' (Belfield 1998, 255)

Formal training is considered less likely to occur in smaller firms (Mayson and Barrett 2006; Storey 2004). This is a potentially disappointing prospect for graduates expecting an immediate return on their costly university education (Belfield 1998; Conner and Shaw 2008). Storey and Westhead (1997) suggest that there are two possible explanations for this: firstly training is less likely due to 'ignorance' over the potential benefit that it can bring (Storey 2004, 112). Secondly, a small firm manager faces 'higher costs of training provision and lower benefits than the large firm manager' (market explanation) (Storey 2004, 113). Furthermore training provision in smaller firms is considered lacking in strategic intent, delivered on an 'ad hoc' basis (Mayson and Barrett 2006). While training may be considered to be predominantly informal and ad hoc, few studies have actually explored small firm training decisions made towards graduates by owner/managers, alongside graduate receipt of delivery (Holden *et al.*, 2002, 2007). In addition there is limited evidence of how training orientations of small firms are informed by sub-sector differences (Pittaway and Thedham 2005).

Professional accreditation

Business and Professional Services (BPS) provide an interesting context for the study of small firm training practices. Several BPS professions require individuals to have a further formal professional qualification, in addition to a degree, to enable the individual to enter into professional practice. There are also services in this sector where further accreditation, as delivered by the relevant professional body, is not an essential requirement for professional

practice. The following section compares professional training provision between services that require accreditation and those that do not. It also examines managerial motivations for supporting graduates in the attainment of professional qualifications alongside factors that inhibit training investments.

Architects, Accountants, Surveyors and Solicitors: The majority of graduate interviewees seeking to become a chartered architect, chartered accountant, solicitor or chartered surveyor, are currently undertaking professional training. Only one graduate, 'Settle Solicitors - G', is awaiting her professional training. Support for her training has been promised by 'Settle Solicitors – M' and will start in the next year. Alternative qualifications are available to those seeking entrance into the professions of architecture, accountancy and law. For example trainees in architecture can become a 'technologist' (British Build – P1 & P2) as opposed to an architect. These alternatives are often considered less desirable compared qualifications linked to the main professional body. Alternative routes take longer to complete (Chapter 4), and are not considered to hold the same prestige as the more direct route.

> "[…] somebody who is RIBA [Royal Institute of British Architects] will
> have the door opened to them much more readily than somebody who is
> CIAT [Chartered Institute of Architectural Technologists]"
> (British Build - M)

Managers describe how the government (British Build – M) and clients (Bright Build – M, Better Build – M, Settle Solicitors – M) prefer BPS professionals to maintain higher levels of qualification to perpetuate the status and hierarchical position of the more mainstream "chartered" qualifications. This expectation made one manager feel pressurised to bring up

169

the level of qualifications and the number qualified in his workforce (British Build – M). In this case most managers and trainees were predominantly technologists and not graduates. Alongside status and recognition, professional qualifications are considered by both managers and graduates to give those accredited a level of confidence and professional respect;

> "[…] a chartered surveyor has a special ring to it. If you are doing legal disputes and you are in front of a judge, then your sort of experience, your letters after your name tend to carry further than your experience."
> (Smart Surveying - M)

In this study solicitors are the most expressive towards barriers inhibiting SME provision of professional qualifications. Graduates undertaking their Legal Practice Course (LPC) are required to do a minimum of three "seats" (study under three different law specialism's) in order to qualify as a solicitor (Shear Solicitors - M). Both small and large firm representatives feel that this requirement restricts smaller firms from offering professional training. SMEs often do not have the internal capacity to provide training in three different disciplines (Shear Solicitors – M, Everest Solicitors - M). One solution between large and small firms to overcome this restriction was to enter into a "swap scheme" (Everest Solicitors – M, Colossal Solicitors). This involves a graduate employed by a smaller enterprise moving temporarily to a larger local firm to gain the experience required;

> "I do get requests from some small high street firms who maybe only do litigation, to take one of their trainees for a four month period to give them some non litigation training."
> (Colossal Solicitors)

As the respondent of a large firm detailed, this can involve a lot of administrative hassle,

which acts as a "deterrent" for both parties (Everest Solicitors – HR). This restriction, imposed by the Law Society over minimum seats, seemed ironic to managers, especially since training contracts are currently rare within the profession (Settle Solicitors – M, Shear Solicitors – M).

PR and Marketing: The attainment of professional accreditation is not a requirement for professional practice in PR or marketing. Nevertheless, all case firm managerial representatives in these sectors were keen to offer support to graduate employees to join their respective professional association. Graduate were urged to join either the Chartered Institute of Personal Relations (CIPR) or the Chartered Institute of Marketing (CIM) to gain access to professional qualifications accredited by these institutes (Clear Communications – M, CM Communications – M, Catalyst Communications – M). If graduates have not already joined these institutes, they have at least been informed by their managers that they will be supported to do so. Accreditations awarded by both the CIPR and CIM were found to confer similar advantages as those in accountancy, law and architecture. The professional qualifications provide graduates with continual professional advancement and status which appeals to clients. Despite a willingness to encourage graduates to join either the CIPR or CIM, course access is difficult for case firms;

> "[...] we get invited to a lot of training sessions [by the CIPR], which tend to be down in London and there is a significant cost to those because it's not just the cost of the training course, it's the fact that it's a whole day out of the office for that person"
> (CM – Communications - M)

> "I look at the things that CIPR put out, a lot of it's based in London, and you are talking probably £180 to £200 for a day's training" (Catalyst Communications -M)

Despite these barriers, the majority of managers find the benefits of graduates attending courses are worth the cost and time incurred. Particularly if the wider workforce can learn from graduate attendance through the dissemination of knowledge learnt;

> "[CM Communications - G will say] '"well actually I've just been doing something on this in my course and these are my notes from it". And we can see on a day to day basis how the two fit together and will benefit." (CM Communications - M)

This section shows how case firms engage supportively in formal professional accreditation. Both in sectors commonly associated with formalised professional qualifications and those not. This evidence is not only positive for graduates, it also contradicts findings that formal training in smaller firms is limited (Arnold *et al.,* 2002). These findings potentially illustrate a wider shift in the value of professional qualifications, as sectors, not commonly linked to further professional accreditation, are responding to client demands for such training in order to remain competitive. Further research is however required on the extent to which SMEs are supported in the provision of professional training by their respective associations. The findings suggest that professional institutions are currently inhibiting the potential for smaller firms to deliver accreditation.

Self-taught: Consultancy represents a diverse range of businesses with a wide range of consultancy types. Accordingly there is no universal professional institute associated with consultancy. There is therefore no set professional qualification for graduates entering this profession (Grugulis 2007). However, this does not mean that expert development within consultancy is devoid of any form of externally accredited qualification. For example, one North Staffordshire graduate employed at a training consultancy 'Creative Consulting' is

currently undertaking her "Prince 2[6]" at foundation level. After this she hopes to advance to the Prince 2 "practitioner level" (Creative Consulting – G). Two Birmingham based consultancies compensate for a lack of specific institutionally recognised qualification by running their own highly structured internal training courses (Commercial Computing and Connection Consulting). Only at 'Connection Consulting' are graduates currently undertaking their respective training programme. The other firm, 'Commercial Computing', had only just employed graduates in the new marketing division of the firm and not in the IT department (for which the programme had been devised). All new graduates employed by 'Connection Consulting' undergo a set structured training programme to become an "Associate" at the firm.

> "[…] ours is a very profitable business and, therefore, for us. We must make sure we've trained the people. If we don't then we know they can't do the job and therefore we won't make the money" (Connection Consulting - M)

Every member of staff has a training programme aligned to their competencies to monitor training undertaken and progress made. Training is delivered both by members of the firm and via visiting external practitioners. External practitioners include lecturers from universities in the West Midlands who provide training on business and finance principles for a few hours every other week or as day sessions once or twice a year. As the manager of 'Connection Consulting' described, buying in external trainers ensures that graduates have access to the "best and most current expertise available". It also frees up managerial time to concentrate on client work and revenue production. Care is taken to ensure that all training is related back to the firm's requirements, and the graduate's role;

6

See: www.prince2training.co.uk for further details

"[…] we wanted to sort of embed the training, the knowledge, and we wanted to do it in a way where it's continuous, so that it gives people the opportunity, you know, to ask the person who is training them questions which are related to particular projects that they are doing at the time" (Connection Consulting – M)

The manager of 'Connection Consulting' finds the main obstacle to buying in professional trainers is finding someone with a good reputation, happy to work early, and odd, hours. Graduates at the firm are very positive about the level of formal training they receive. They feel that training provided by 'Connection Consulting' is more than they could expect at a "larger consultancy" (Connection Consulting – G1 & 2). The investment made in new graduates does however have one primary drawback. Larger London based firms frequently, and successfully, poach 'Connection Consulting' Associates.

Tailor made

'Small businesses will generally only buy bite-sized chunks of learning which is flexibly delivered to suit their needs as they cannot afford to release staff for long periods' (CIHE 2007,2)

The Council for Industry and Higher Education (CIHE[7]) (2007, 2) describe formalised training in small firms as being delivered in 'bite-sized' chunks. Small firm HRM researchers describe formal training in SMEs to be delivered on an 'ad hoc' basis (Mayson and Barrett 2006). To date, few researchers have attempted to move beyond ad hoc training descriptions to provide a more in-depth appreciation of formal training responses of small firms; especially in relation to new graduate recruits. This section provides an alternative perspective on small firm approaches to internal and external formalised training by

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7

Council for Industry and Higher Education (CIHE) *Workforce development: how much engagement do employers have with higher education? A review of the evidence on employer demand,* London: The Council for Industry and Higher Education

examining managerial reasoning behind practices adopted and graduate interpretations of receipt.

The majority of case firm respondents tend to describe formalised training as "tailored" to individual employee and role requirements, rather than as ad hoc. Managerial reasoning behind this approach is primarily associated with time and resource restrictions. These considerations limit delivery of formal training (outside of professional accreditation) to a more "as and when" needs basis; "If I didn't think I would make money out of it I wouldn't send them on it" (Clear Communications – M); "it's fairly loose because it's a small business" (Better Build - M). This seemingly restricted approach tends to conform to the view that formalised training in SMEs is ad hoc. The extent to which small firm delivery is however non-strategic is possibly questionable. Most managers view their tailored stance to be pragmatic and sensibly directed;

> "[…] rather than having a set training programme in place for every graduate that comes to us, it will be a tailored one that helps them improve on their weak areas rather than just reinforcing what their strengths already are, which would be a bit of a waste of time and money" (CM Communications - M)

As the manager of a Birmingham PR business described, there is a need to remain adaptable and flexible in the approach to training. Being "rigid and restrictive" could lead to the failure of the business if it is unable to change or reverse decisions in response to "marketplace demands" (CM Communications – M). An intermediary in Birmingham supported this approach. They described how the tailored practices of smaller companies enables them to make more efficient use of resources rather than adopting a "sheep dip" format - where training is the same for all graduates (Grads4You). This concept was also supported by a large firm representative from Birmingham. They acknowledged that larger

175

firms were comparatively more repetitive, using a fixed format towards graduate training, similar to a "sausage-factory" (Titanic Accounting). He did however suggest that the economic crisis had forced some larger firms to become more prudent in their "broad brush" approach; subsequently adopting a more "conservative" training programme.

Graduate interpretations of a tailored approach to training were positively associated with providing a sense of control or empowerment over personal development. As Grugulis (2007) describes, empowerment provides employees with a sense of discretion over the decisions they make in the workplace which can result in the individual having an increased sense of freedom and autonomy. In the absence of a set training format graduates find they are often encouraged to suggest training they feel is required to enhance personal performance; "I think if we wanted it, we can have it. We just have to let them know and then they'll put us on the courses" (Commercial Computing – G1). Logically, suggestions need to be "within reason" (CM Communications – G). The majority of small firm managers believe graduates are not provided with this same level of autonomy and freedom in larger firms. One large firm respondent was quick to dispute this claim; "if it's the right sort of course for that particular graduate then we don't mind if we have to make an investment and pay for it" (Big Build).

Two case firms use appraisals to assess and monitor training requirements (Bright Build - M, Clear Communications – M). Whilst a North Staffordshire accountancy firm uses client recovery rates and growth targets to monitor whether employees have sufficient training (Accurate Accounting - M). Training in SMEs is not considered to be linked to HRM practices such as 'performance appraisals' by HRM researchers (Mayson and Barrett 2006, 449-450). These findings question whether current assumptions are fair and if smaller firms

are actually more strategic in their training approaches.

External and internal formalised training

External training provision delivered by case firm managers to graduates includes:

- construction courses,

- client training,

- Computer Aided Design (CAD) training and,

- litigation training.

Attendance on external courses is considered to be beneficial for a graduate's training. It is most likely delivered by an individual who does not work closely with candidate on a daily basis; therefore maintaining a more objective view of their abilities and skill deficiencies. It also provides graduate trainees with an opportunity to mix with other individuals in their peer group outside the firm environment. This is especially valued by graduates who are the only employee in their age bracket within the firm (Cool Communications – G).

> "[…] I can show 'Catalyst Communications – G' how to write a press release, but I think he would still benefit from going along on [attending] a course […] [where] there are peers and other people in the group" (Catalyst Communications – M)

Several case firm managers find that this form of training has indirect benefits for the firm. For example, it can act as a channel for the introduction of "new knowledge" and ideas into the firm (CM Communications – M; British Build - M).

> "[…] they're interacting with other graduates and returning with some good ideas. So, talking to such and such a firm as to how they go about things can be very beneficial" (Accurate Accounting - M)

Cost and time spent away from productive work inhibits external training provision by case firms. This finding supports previous research on formalised training practices in SMEs (Banks *et al.,* 1987, Storey 2004, Daniels and Bryson 2006). Few case firm managers find they can spare the time to release graduates during office hours. Accordingly, courses have to be attended outside office hours or, if during work hours, graduates have to make up the time later; 'I can't afford to keep sending the lads on training courses all the time because obviously I'm losing production in the office' (British Build - M). External course delivery in-house is not necessarily a viable alternative either. As one line manager explained, internalising external training only makes sense once the firm has grown in size to embrace the "economies of scale" (Accurate Accounting - LM).

Training delivered in-house by other case firm employees, in the majority of cases, is limited to "health and safety" training; "[Health and Safety training] allows me to visit a building site, on my own, and have a little badge that says that I won't jump under a cement mixer" (Bright Build – G2). Some case firms had however developed a range of internal courses drawing on the expertise and experiences of others within the firm. For example two case firms encourage weekly presentations of current projects between members of the firm (Creative Consulting – M; Bright Build - LM). Unfortunately both firms find time restrictions and employee availability can hamper delivery. An accountancy practice in North Staffordshire has developed a programme for new trainees called 'lunch and learn'. This entails graduate trainees giving up their lunch hour to learn about a new topic from one of the other departments or team members (Accurate Accounting – M). The lunch and learn means that the business can make the most of the expertise and knowledge within the firm, without having to ask employees to work overtime. This particular firm has two sites, and was one of

178

the larger case firms. As Atkinson and Meager (1994) explain, micro firms (less than ten employees) may find difficulty with internal training delivery as they are limited by their internal labour market.

Certain case firms, with more restricted internal labour markets, have ways of overcoming this limitation. For example, in one case firm, 'Commercial Computing', graduates use online forums to discuss training issues with peers and more senior professionals in the same sector. In 'CM Communication', graduates are encouraged to call other professionals in the firm's wider freelance network - these professionals work under the firm's brand and values even though they do not maintain a constant physical presence in the office. One case firm, 'Cool Communications', looking to employ a new team member, recognised the fresh expertise this individual would bring to the firm - the impetus for employment expansion was growth not training led. Certain case firms also encourage graduates to develop external contacts through networking opportunities. Networks enable trainees to swap ideas with peers (returned to later).

In relation to the aforementioned 'lunch and learn' sessions at 'Accurate Accounting', the manager in question felt this form of in-house training was essential for client care and company value dissemination (Accurate Accounting – M & LM).

> 'What you need to be doing is learning from the other people within the company particularly about client care and what our company performance standards are and how can we look at improving and all things like that' (Accurate Accounting - M)

As a consequence of this skills training the three graduates employed at 'Accurate Accounting' felt that they were better able to deliver a high quality service in line with the company's

culture and brand (Accurate Accounting – G1, G2 and G3). As detailed in Chapter 4, the client-focused, labour-intensive characteristics of service industries render 'people-orientated' competencies or 'soft skills' even more important (Altinay *et al.,* 2008). However, apart from 'Accurate Accounting' and 'Creative Consulting' no other case firm referred to the provision of in-house softer skills training. Large firm representatives, in contrast, often referred to this form of training as essential to a young professional's development. This view could be due to case firm reliance on informal, on-the-job, training to develop softer skills.

Quantity surveying and architectural managers do not appear to invest in softer skills training. Instead they provide in-house Continuous Professional Development (CPD) courses for new graduate trainees and more experienced team members. To an extent CPD training is dictated by membership of the Royal Institute of Chartered Surveyors (RICS) and the Royal Institute of British Architects (RIBA). Despite this fixed requirement CPD still appears valuable to managers;

> "[…] you may have RICS, with the letters after your name, but the training continues, we send people on courses, on training days and it's developing those skills" (Smart Surveyors – M)

CPD courses are managed externally, but tend to be delivered mainly in-house once a month or fortnightly by either a member of the firm or an external professional. Not all managers are as committed to CPD delivery. One case firm manager left the responsibility for organisation and attendance on courses to graduate trainees (Budget Build). Unfortunately graduates attending these courses also find CPD seminars run by external professions tend to devolve into a 'sales pitch' rather than a useful training opportunity.

In to the deep end

As case firm respondents describe, working life in small firms involves constant exposure to a variety of challenges and a multitude of experiences "each and every day" (Accurate Accounting - M, Creative Consulting - M, Smart Surveyors - M, CM Communications - M, Cool Communications - M). As Morris and Empson (1998) describe, on-the-job training in smaller firms is primarily guided by managers, resembling a more apprentice-like structure towards informal training. This thesis finds case firm managers are keen to pass on their knowledge in this apprentice-like format. Managers encourage trainees to experience, through close observation of managers, and other team members, all areas of the business, and all phases of service production; "I see a broad range from the start of the project to completion" (Budget Build – G2); "[...]because you are working closely with everyone in the practice you kind of see what everyone's doing" (Budget Built – G1); "I feel like I learn more from seeing a job right from the start to the finish" (Accurate Accounting – G1).

The research finds that case firm size means that most managers do not rely on graduates undertaking multiple rotations between different departments. Instead, experiences of different areas can be gained within "hours of each other" (Clear Communications – M). Accordingly several case firm managers felt they could deliver an all-round experience to trainee graduates better than a larger firm (Accurate Accounting – M & LM; Bright Build – LM; Cool Communications – M). They predict that larger firms will expect graduates to choose a specialist route early in their career; subsequently narrowing their development to a more distinctive pathway. These managers consider this channelling of experience to be potentially detrimental to a trainee's development. They feel it restricts and "pigeon-holes" the

graduate to the extent that they will be unable to change course if they so desire; "with a larger company you're somebody sitting in a place and you can't really, you know, communicate with people" (Better Build – G). The majority of graduates interpret the exposure that they receive in case firms to be beneficial, facilitating a sense of visibility and value;

> "[…] you can sort of see the effect that you're having […] you feel sort of […] part of the company because you are involved in the whole process" (Connection consulting - G2)

A view that is shared by most case firm managers too;

> "[…] you are one cog in the machine, if that cog doesn't work then the whole machine blocks up" (Commercial Computing – M)

Three case firm managers strongly believe that the same level of visibility does not exist in larger enterprises (Shear Solicitors – M, Better Build – M); "[in a large firm you could] go away into a corner and people wouldn't know you were there" (Bright Build – P2).

In addition to visibility a number of case firm graduates perceive that they would not be afforded the same level of responsibility in a larger firm (Clear Communications – G1 and G2, Accurate Accounting – G2, Smart Surveying – G, Budget Build – G3). This perception is also found among several case firm managers (Better Build – M, CM Communications – M, Smart Surveying – M, Shear Solicitors – M);

> "[Larger firms] would very carefully ring fence what graduates are allowed to do without actually having the nerve to pitch them right into a full blown situation" (Catalyst Communications – M)

One of the key benefits associated with high levels of responsibility given to graduates in

small firms is that it stretches the trainee beyond their comfort zone; inducing a faster learning curve and subsequent progression in their role. The research finds that responsibility can be interpreted in different ways. For example, it can refer to the individual's perception that they are being granted opportunities usually left to more senior employees (Budget Build – G1, Bright Build – G2, Settle Solicitors – G) or being provided with ownership over tasks without heavy supervision (Connection Consulting – G1). For one graduate a high level of responsibility is a daunting prospect (Commercial Computing – G1). The majority find the pressure enjoyable as they believe it allows them time to learn from their mistakes and thus improve more rapidly;

> "[…] you kind of just blend in a big corporation and you don't really learn from your mistakes in that sense, because people end up picking up after you and you don't realise"
> (Cool Communications – G)

Several case firm respondents also believe that responsibility for client contact is more readily granted to graduates in small firms than in larger enterprises (Budget Build – M, Clear Communications – G2, Accurate Accounting – G2, Bright Build – G1, Sum Solicitors – G, Catalyst Communications - M). Graduates in particular perceive that client-facing roles would be kept for account directors and managers rather than the trainee. While client exposure is considered to be more readily bestowed on graduates in smaller firms, the introduction of this form of responsibility is still considered to be a gradual process (Accurate Accounting – M, CM Communications – M, Sum Solicitors – M). For example, graduate trainees are often required to shadow meetings in order to gain sufficient observed experience before they can contribute to client discussions (Connection Consulting – G2, Clear Communications – G2); "[there is] no way they can let me go and tell clients the wrong things" (Accurate Accounting - G1). As one manager described, "at the first few meetings graduate trainees are expected to

183

behave like Victorian children - sit there and not say anything" (Clear Communications – M). Client contact is not however uniform across all case firms. In one firm trainees felt client-facing responsibilities were restricted by managers (Budget Build – G1, G2 and G3). It is also difficult to appreciate whether the level of responsibility given to graduates across case firms is planned or reactive. This is especially the case for some graduates who find their involvement in tasks can sometimes be the result of overstretched management; "[when the manager is busy] we were sort of left to our own devises and I gained masses of experience in that period" (British Build –G).

Although large firms may be perceived as restrictive in terms of responsibility granted, large firm respondents felt that they were able to compensate new trainees by offering a more prestigious list of brand name clients, with which trainees can engage (Budget Build – G3, Gargantuan banking, Immense Communications - G). Several case firm managers agreed that they were unable to compete at this level, particularly against larger firms located in commercial centres, such as "Manchester, Liverpool, Birmingham or London" (Shear Solicitors – M). However, as Bryson and Taylor (2006) evidence, a firm's size does not necessarily dictate its market orientation. Smaller companies can have national and international client focuses and do not necessarily depend on local SMEs as clients. This is as evidenced by two particular case firms who actively pursue larger clients with a more international market strategy (Creative Consulting - M); "our ideal world is one where we are working for a handful of big companies on fairly, you know, large projects" (Connection Consulting - M).

This section shows that case firm delivery of internal and external formalised training, outside

of professional qualifications, is limited by cost, time and restrictive internal marketplaces. Few case firms appear to be strategic in their approach to formalised training, with only two firms, 'Connection Consulting' and 'Accurate Accounting' specifically targeting skill deficiencies of new graduate recruits. Managers instead refer to their approach towards formal training as 'tailored'; enabling a more pragmatic approach to delivery. The structure of informal training in case firms appears to be based on an apprentice-like format; where graduates closely observe others within the workplace. Case firm respondents view informal training delivery in smaller enterprises to offer variety, higher levels of responsibility, and client exposure when compared to larger firm employment. Graduates interpret these experiences as empowering and rewarding, providing a sense of value and visibility. Comparisons drawn against larger firms are however speculative and require further investigation into the actual experiences of informal training in these companies.

Psychological contracts

Training investments are an expensive outlay for employers in terms of direct and indirect costs (Daniels and Bryson 2006; Storey 2004). As the previous section has shown, external courses involve time out of work and financial expense (particularly for professional qualifications). Whereas internal courses and on-the-job training involve managers and other team members taking time out when they could be adding value to their own role;

> "[…] if someone's having to show me how to do something, they are having to pay me and they are having to pay the person's salary who is doing the teaching" (Smart Surveying - G)

"[...] it cost £12,000 in tuition alone to get the ACA [Associate Chartered Accountant] qualification. That's nothing to do with the wages, the travelling, the time out of work and all that"
(Accurate Accounting - M)

This thesis finds that several managers are concerned about the costs of training not being recouped by the business; especially if the graduate trainee does not remain with the firm for a sufficient length of time to justify that investment (financial and non-financial);

"[…] you could spend a lot of time training them and they could decide that they're going to go and do something else, because this isn't what they wanted it to be" (Accurate Accounting - LM)

"[A trainee could say] "thank you I've got this qualification which means I'm able to go get another job and possibly a pay rise or whatever" and we're left here holding this baby of an invoice for training and we have naff all to show for it"(CM Communications - M)

A cautious attitude is not however held by all case firm managers as some accept it is a necessary risk;

"[If training] turns them into a better business person, what's there to lose for us; it's almost a no brainer" (CM Communications - M)

"As far as I am concerned you wouldn't send a soldier out to war, give him a rifle and not give him the bullets in case he shoots himself. You give him the tools to do the job, you give him the training to use those tools effectively" (Commercial Computing – M)

In some cases it is a calculated risk. One where training costs have been taken into consideration in the trainee's salary, or by recruiting graduates with a 'geographic connection' to reduce the risk of turnover (Chapter 4). An architectural line manager in Birmingham pointed out that the rewards (flexibility, malleability, skill, knowledge and lower cost) for the

firm generated by recruiting a graduate are worth the risk when compared to recruiting a more senior and qualified professional;

> "Economically, to pay for their training and pay for their lower salary is actually economically better for us, I'm certain, than it is to pay somebody £40 to £50 thousand a year as a qualified technician, who ain't going to do what I want" (Better Build – LM)

Lower salaries for graduates may have been a more widespread interest than reported by managerial interviews. A less direct and intensive method of data collection, such as a survey, may have led to managers being less sensitive about discussing financial gains.

Training investment is not only associated with retention, it is also associated with employee attraction. Failing to offer an attractive training package is considered, by both large and small firm employers, to jeopardise attracting the graduate 'talent' desired;

> "When we interview graduates one of the first things that they want to know is, you know, would you fund this, what sort of training would I get, what are my prospects and what are you going to do to develop me?" (Enormous Engineers)

> "[…] the best way to keep those people is by building them up and showing that you are prepared to make an investment in them. And if that means sending them on training courses, then that's what we're going to do." (CM Communications - M)

The importance of offering training to attract graduate talent may be interpreted as resembling the changing nature of the psychological contract in the workplace. The psychological contract refers to 'the expectations that employees have about the role that they play and to what the employer is prepared to give them in return' (Torrington *et al.,* 2005, 18). It is not a

187

written document, but instead exists as an intangible understanding; it is a 'set of unwritten reciprocal expectations between an individual employee and the organisation' (Schein 1978, 48 *in* Boxall and Purcell 2003, 151). This psychological contract is considered essential to the understanding of changing employee-employer relations (Roberts 2001). It has received increasing attention in recent years as the nature of the agreement is considered to be shifting from an 'old' to a 'new' style following the pressures of globalisation and deregulation (Boxall and Purcell 2003; Nadin and Cassell 2007; Roberts 2001). The old style contract was based on an 'entitlement' culture (Roberts 2001, 546); one where employees act with loyalty towards their employer. In return the employer rewards those employees with a stable career, opportunities for development and promotion, alongside steady and predictable rewards (Roberts 2001; Torrington *et al.,* 2005). Under the new contract employees expect a salary appropriate to their 'contribution and market worth' (Torrington *et al.,* 2005, 18). Promotional opportunities are replaced by expectations of employability, training, pay for performance and human capital investment (De Vis and Buyens 2001). Employees remain with their employers for as long as opportunities to build their career exist (Torrington *et al.,* 2005). Violation of the contract may lead to employees leaving (Boxall and Purcell 2003). As one intermediary representative summarised; investment drives loyalty, rather than loyalty driving investment (Graduate Gains). Whilst there is uncertainty over the extent to which this contract has changed, there are general agreements over the replacement of the old style with the new (De Vos and Buyens 2001). To date the majority of research interest is focused on large firms. Small firms are overlooked. The assumption being that size will have little impact on the process, content and dynamics in these smaller firms (Nadin and Cassell 2007). This thesis illustrates that some small firm managers *do* find employability investments necessary to attract the best talent to the firm - reflective of the new style of contract. The research

therefore shows how academics may need to re-address this oversight. Particularly as small firms, included in this study, offer formal, professional accreditation support.

The following section returns to the issue of recouped costs in order to understand whether case firm investment, in graduate employability through training, does induce loyalty. It also questions career longevity in smaller firms and thus the extent to which case firms can expect to retain graduates and recoup investments. By examining graduate interpretations of career longevity in case firms, the following section also addresses graduate perceptions of limited career progression in smaller firms (Holden *et al.,* 2007).

Golden handcuffs

Five of the graduate respondents commented on how training investment induce a sense of loyalty to their employers;

> "[…] the fact that they've supported me so much. It obviously shows that they value you if they're willing to put money into your career progression, your education" (British Build – P2)

One graduate actually made a concerted effort to avoid a sense of loyalty and ownership by paying for his own tuition fees;

> **"**I don't owe the company or anything like that. So it gives me that bit of leverage I suppose doesn't it" (British Build - G)

Training investment alone is not a guarantee of graduate trainee commitment and loyalty in case firms. In reference to the continuation of their careers, the majority of graduate respondents did not pinpoint their motivation to stay as dependent on training investment. As

189

Torrington *et al.,* (2005, 176) explain, training can actually have the opposite effect to encouraging loyalty. It can make people more employable and therefore 'more likely to leave in order to develop their careers elsewhere'. In professional services this risk is potentially exacerbated by low capital barriers to entry. As Bryson *et al.,* (2004, 85) describe, once trainees have acquired knowledge and a reputation among clients 'there is nothing to prevent the young professional from leaving the firm, taking some clients with him/her and establishing their own practice'. This mobility of professional employees in BPS has led to the development of 'professional handcuffs'. These can include employment contracts, which prevent an employee working for a rival firm for a set period of time (Bryson *et al.,* 2004). A number of the small firm managers have devised a similar form of contract in order to minimise mobility and ensure training costs are recouped before graduates move on. The contract primarily involves the trainee having to pay back training expenses if they leave before the costs of their training have been repaid in productivity and profitability (Clear Communications – M, Accurate Accounting – LM, CM Communications – M). The reparations are found to work on a sliding scale, for example, if graduates leave after a year they have to pay back 100% of their training costs, then 50% the next year, and then 25% the year after (Clear Communications - M). The golden handcuffs mean that professional qualification investment becomes less of a "financial risk" (Accurate Accounting – LM). These financial reparations could be interpreted as resembling enforced or 'hard' incentives. Not all managers believe in the use or effectiveness of golden handcuffs; "I think in reality you would be hard pushed to get the money back" (Colossal Solicitors); "What is the point of committing yourself only to be slapped with a law suit" (Settle Solicitors – M). A few of the managers simply accept the loss of a graduate before training costs are recouped as simply being beyond their control (Sum Solicitors – M); "I was trained early not to worry about

problems you can't control […] you can hope to enlist a little loyalty I suppose" (Catalyst Communications – M).

The research finds that case firm managers use other forms of non-financial rewards to induce a sense of loyalty and commitment among new graduate trainees. In some case firms alternative incentives are used in addition to financial handcuffs. In other firms, they are used instead of. Methods include; the development of a more sophisticated selection process to ensure that the right individual has been recruited in the first place (Bright Build – M, Settle Solicitors), and the stimulation of a busy workplace to ensure that employees are "busy" and not tempted to look "elsewhere" (Connection Consulting - M). These incentives may be viewed as 'soft' compared to the harder financial reparations enforced by certain case firms. Another essential tool for generating employee motivation and commitment is the promotion of prospective career opportunities (Torrington *et al.,* 2005). Small firms are however considered to have shallow career trajectories and fewer opportunities for pay rises and promotion (Belfield 1999, Moy and Lee 2002). Thus limiting the extent to which career advancement is associated with reward in SMEs (Cardon and Stevens 2004). Case firm interviews sought to establish what career development opportunities are available to graduates in case firms and whether graduates were responsive to them.

Career longevity

When asked about career progression opportunities the majority of graduate respondents demonstrated a commitment to their current employer, at least for the immediate future (Accurate Accounting – G2, Clear Communications – G1 &2, Settle Solicitors – G, Catalyst Communications – G). While some have no intention of leaving (British Build – P2, Settle

191

Solicitors – G, Sum Solicitors – G);

> "[…] it was what I said to her [manager]. I didn't want somewhere where I was just going to do my training, I wanted somewhere where I could build a career up and I still strongly believe that"
> (Accurate Accounting – G1)

Other graduates responded to the idea of staying on following the discovery of a "pleasant working environment" (Shear Solicitors – G); one that they felt happy and satisfied with. A few acknowledge that they may eventually have to leave so that they can pursue "different challenges" (Cool Communications – G) or find a job more in line with their professional aspirations (Commercial Computing – G1). One graduate felt she would be forced to leave following the attainment of her professional qualification because the firm had recruited too many trainees at a similar level, causing intense competition for professional places (Bright Build – G3). Moving on for many is not a current consideration as they simply feel lucky to have a job (Bright Build – G1, Budget Build – G3, Shear Solicitors – M, British Build – G). This fact was also acknowledged by a large firm representative who had noticed that not so many people in his industry were "job hopping'" as "there aren't jobs to hop to" (Enormous Engineers). As two law firm managers described, scarce training opportunities in law currently makes it difficult for graduates to move on (Settle Solicitors – M); "people are so glad to get a training contact they ain't going on. It's actually very difficult to move on" (Shear Solicitors - M).

Despite academic reference to shallow managerial hierarchies limiting employee progression (Mayson and Barrett 2006), it did not appear to deter graduate interviewees from viewing their role within the firm as progressive. The majority of graduates focused more on growing their "role" or on opportunities to "grow with the firm" (Creative Consulting – G, Catalyst

Communications – G, Settle Solicitors - G);

> "[…] things are changing at the moment. We are getting more people in, we are expanding, recruiting, so yes there is somewhere else I can go because we're getting people in below, which means I can move up" (CM Communications – G)

> "As my role developed, as my responsibilities grew, I kind of grew with the company really [...] I am proud of what we do and I am really proud that I am a part of it really" (Cool Communications – G)

A shallow hierarchy for one graduate meant that she now faces an opportunity for a fast-track promotion and career advancement; more than she may have anticipated or could have hoped for in a larger practice. In this instance one of the managers was leaving, creating a managerial void in the firm that the graduate was now expected to fill (CM Communications - M).

A desire to leave the firm appeared to be influenced by case firm location and opportunities outside the firm. A number of the North Staffordshire based graduates remarked on how they wished to leave the area at some point in the future as opportunities in the surrounding region were considered limited, especially for BPS professionals (Budget Build – G3, Accurate Accounting – G2, British Build – P2);

> "[…] there aren't many architectural practices around here, really, so there isn't much opportunity to move anywhere else" (Budget Build – G2)

Career commitment was an issue experienced by two Birmingham based managers who cited the prospects that exist in London (Better Build – LM); "we're not going to be able to offer

them the kind of excitement they'll get in London or Europe or wherever […] I'm not going to hold them back" (Connection Consulting – M). As the consultancy manager for 'Connection Consulting' revealed, his biggest issue was that graduate trainees leave for London only after a few years of employment. They are either poached by other firms or leave to be closer to family and friends (Connection Consulting – M). These issues were also experienced by larger firms based in Birmingham (Colossal Solicitors, Immense Communications). To an extent this finding contradicts Daniels and Bryson's (2006) suggestion that it is primarily larger firms and not smaller enterprises that suffer from retention issues in relation to London. In order to quantify the extent to which Birmingham based SMEs suffer from this loss further research would be required using a larger sample.

While it appears that there are more opportunities than perhaps first thought for graduates to progress in small firms, this thesis also finds a level of acceptance among case firm managers towards graduate turnover. Some managers were found to be quite philosophical about graduates moving on;

> "[…] it's difficult to move on in a small business unless that's what you want to do […] you accept it, if that's what you are going to do, that's what is going to happen" (Better Build – M)

> "I think you have to accept that that person wants to move on to further their career and use that experience. I think you have to be man enough to accept that" (Cool Communications – M)

Some managers actually encourage graduates to pursue a portfolio career as they believe this sort of attitude helps them develop professionally (Shear Solicitors – M, Cool

Communications). Turnover can also be a practical solution to "filtering out" unsuitable candidates (Graduate Gains), facilitating a more continuous "inflow" of new expertise and input (Accurate Accounting - M). Therefore it appears that, while managers may desire graduates to stay on and develop into more senior roles within the firm (Chapter 4), there is also a level of acceptance among managers that due to their size and structure this may not always be achievable.

This section shows how the approach of case firms to training is informed by considerations of risk and uncertainty, and how graduate expectations are potentially influencing small firm decisions to offer training. While this outcome can potentially be seen as positive for graduates seeking formal training support from SMEs, it also appears to compound risk and uncertainty for investing case firms. The risk of recouping training costs can, to an extent, be mitigated by the enforcement of 'golden handcuffs' (i.e. training contracts) alongside the use of 'softer' initiatives (i.e. promotion). The use of these initiatives is not however a guarantee that the graduate will remain with the firm. Further research is required on the impact of graduate turnover and the implications of lost investments. Particularly if managers find the price (both financial and non-financial) is too high, thus deterring them from re-recruiting a graduate trainee again.

This section also shows that while case firms may be hierarchically limited and therefore unable to offer graduates promotions over several tiers, graduates do not necessarily interpret their careers as restricted within case firms. Graduates positively report that they are able to grow with the firm, and/or grow their role and in one case even fast-track their career (CM Communications – G). Further longitudinal research is required on this finding. A snap shot

assessment does not necessarily demonstrate how long graduates can continue to grow their role before they find there is a need to move on.

The following section returns to an assessment of the apprentice-like structure of graduate-manager relations in case firms, and how graduates interpret performance and progress made in their current role.

Performance management

Performance management refers to appraisal systems, performance evaluation practices, reward, compensation and disciplinary procedures (Boxall and Purcell 2003; Cardon and Stevens 2004). At present there is a paucity of HRM literature concerning performance management in small firms (Cardon and Stevens 2004). This research deficit is often attributed to the considered rarity of formalised HR procedures within such firms (Ram *et al.,* 2001). Researchers find informal, continuous appraisals and feedback are used instead in small firms for monitoring and control (Gilbert and Jones 200; Mayson and Barrett 2006). As Cardon and Stevens (2004, 312) describe, the informal approach adopted by small firms towards performance management could be a philosophical issue, 'where managers of young or small firms prefer informal on going communication and feedback to highly formalised performance appraisal procedures'. Whether formal or informal, it is important to understand the structure of performance management assessments in small firms. Performance management is essential to ensuring that employees are working the right way, moving in the desired direction, and fulfilling the firm's strategic objectives (Cardon and Stevens 2004). As Boxall and Purcell (2003, 20) describe, people perform well when 'they are able to do so',

'they have the motivation to do so' and 'their work environment provides the necessary support and avenues for expression'.

This section examines case firm approaches to both informal and formal performance management practices, exploring graduate experiences and interpretations of approaches taken. It also explores the factors that shape and inform managerial motivations towards practices adopted and builds a more in-depth appreciation of graduate-manager relationships. The first part examines the basis of developmental relationships in case firms and their impact upon graduate development, while the second part explores internal performance evaluation techniques.

Developmental relationships

A mentoring relationship is an individually-tailored relationship usually held between a less experienced (protégé) and a more experienced person (mentor) (Arnold and Johnson 1997; Blickle *et al.,* 2009). The mentoring relationship is considered to have career-related benefits. Mentors prepare protégé's for their careers and provide psycho-social benefits, which enhance the protégé's 'sense of competence, identity and work-role effectiveness' (Arnold and Johnson 1997, 61). Case firm interviews sought to establish the role of mentors and the support that they provide to graduates in their early career development.

This thesis finds that the majority of graduates primarily have mentors for the first few months of their job. Mentors have two key benefits for graduate trainees; firstly, they aid initial orientation, ensuring that new recruits become accustomed to the culture of the firm.

Secondly they provide support by helping to resolve issues and problems encountered. All graduates find mentors a vital source of advice, especially as responsibility and client-facing activities are an immediate pressure faced in smaller firms. Mentors are not always assigned. Some evolve into the role without formal designation (Accurate Accounting – G1 and 2, Smart Surveyors – G). The findings reveal that mentors are usually an individual who has not been at the firm much longer than the graduate (Connection Consulting – G1 and 2, Better Build – G, Budget Build – G2, British Build – P1). This finding conforms to the basic notion of a mentor-protégé relationship where a higher-ranking individual within the organisation performs the role of mentor, as the protégé can look up to them for inspiration and advice (Whiting and de Janasz 2004).

> "[…] your best taught by the people who are two or three years ahead of you and, you know, who really understand how to do it and are being promoted as a result of being very good at it"
> (Connection Consulting – M)

A peer rather than a manager is considered by most case firm graduates to be a more appropriate mentor. Disturbing busy managers with simple queries can be "intimidating" (Connection Consulting – M, Catalyst Communications – M). One placement-focused intermediary in the West Midlands (Grads4You), realising that graduates in smaller firms can be intimidated at the prospect of discussing minor concerns with managers, developed an external mentoring service for graduates placed via their scheme. The external mentor (a team member of Grads4You) provided an "impartial point of reference" for the graduate. Similar to the support an internal peer provides. One of the graduate respondents who had received support from 'Grads4You' greatly valued this point of contact;

> "[…] sometimes there are certain issues where you can't talk to the

people in the office, because one way or the other you don't want to talk about it" (Cool Communications - G).

While most case firms only tend to designate mentors for the first few months of a trainee's contract, two of the case firms encourage mentoring relationships to extend to more senior levels within the firm (Connection Consulting – M, Bright Build – M). In these instances both managers believed it was important to maintain a peer connection at all levels so that employees could continually learn from colleagues who are a "stage ahead" in their professional development. The value of having such a mentoring structure is also recognised by one of the professional networking groups – 'Professional Mentors'. This group helps facilitate mentoring relationships between young and experienced professionals in the professional services. The initiative helps young graduate professionals to discuss career planning issues and long-term expectations with a more senior professional. This facilitates a more impartial discussion and honest dialogue regarding career aspirations. Mentors and protégés are not always in the same industry. Again, this facilitates a more detached and impartial viewpoint; "that's a real benefit for both mentees and mentors that you are just outside of your comfort zone" (Professional Mentors). Unfortunately, as 'Professional Mentors' report, the scheme is sometimes misinterpreted, as mentees occasionally look to senior mentors to help them find "another job".

This external mentoring relationship that 'Professional Mentors' provide presents an interesting consideration for graduate career development in professional services. While internal-mentoring relationships are shown to aid initial employee orientation and development, external-mentoring relationships offer graduates a detached viewpoint devoid of judgement concerns. As Whiting and de Janasz (2004) suggest, changes in the workplace are

causing a shift in thinking towards mentoring. Where mentoring reliance moves from one individual to a multiple, protégés receive better support from different perspectives;

> 'Whereas traditional mentor-protégé relationships tended to be of the stable, long-term master-apprentice variety, the changing nature of technology, organisational structures, and marketplace dynamics has transformed mentoring into a process that extends beyond a single individual who represents a single function, organisation, or country' (Whiting and de Janasz 2004,276)

The extent to which graduates in case firms are actively engaging in multiple-mentoring relationships is uncertain, as only two graduates specifically discussed the presence of mentors outside of their organisation (CM Communications – G, Cool Communications – G).

In addition to mentoring, graduates were also questioned about their engagement in another form of developmental relationship - networking (Forret and Dougherty 2004). Networking relationships are considered less intense and personal than mentoring relationships. They are found to be a key means by which individuals can develop multiple relationships or, as de Janasz and Forret (2008, 630) describe, a 'relationship constellation'. The relationship constellation is a concept formed by Kram (1985) which 'proposes that career and psychosocial support can come from a multitude of people both inside and outside one's organisation' (de Janasz and Forret 2008, 630). The advancement of an individual's relationship, both internal and external to an organisation, is also considered to increase that individual's social capital (de Janasz and Forret 2008). Social capital is a popular term in sociological theory, but its meaning and definition is disputed. Using Bourdieu's (1985, 248 *cited in* Portes 1998, 3) definition, it can be explained as 'the aggregate of the actual or potential resources which are linked to possession of a durable

network of more or less institutionalised relationships of mutual acquaintance or recognition'. Network relationships thus enable employees to access resources and knowledge that may not be readily available to them within the firm. Networking is therefore considered a key career management strategy. It enables individuals to develop contacts, establish career opportunities, cultivate mentors and maintain relationships with others who 'have the potential to assist them in their work or career' (Forret and Dougherty 2004, 420). While networking may present opportunities and benefits for individuals, the extent of engagement in such activities and subsequent interpretations of benefits accrued vary among case firm respondents.

Relationship constellations

As case firm interviews reveal, a number of graduates are encouraged to attend events in the West Midlands in order to network. These events include; professional shows (British Build – G), events run by the firm (CM Communications – G) and events run by the Chamber of Commerce (Clear Communications – G1 and 2). Seven of the graduates attended events run by the BPS networks Birmingham Future and Future Fin*est*, specifically targeting young professionals in their respective sub-regions. Graduate and managerial interviewees cite a number of advantages associated with network attendance. These include; providing opportunities to build relationships and gain new clients (Clear Communications – G1, Budget Build – G3) and developing contacts with whom work may be outsourced or advice gained (British Build – M, Accurate Accounting – G3). They are also a vital means by which the business can keep up to date with changes in the marketplace;

"PR as a whole does need to do networking because it's a people profession; you buy the chemistry with a consultancy or with a consultant" (CM Communications - M)

"[It is about] keeping your ear to the ground really and having an understanding of what's going on out there"
(Creative Consulting – M)

While there are obvious benefits associated with networking, not all graduates view it as an activity that they should be involved in. Two graduates in particular perceive the advantages of networking, at this stage in their career, to be limited (Better Build - G); "I'm sure it would benefit me socially" (Connection Consulting – G2). Some managers also view networking as an activity more relevant to the role of senior firm associates and directors. Limiting networking engagement to more senior levels of management appears to overlook the longer-term potentials and subtle benefits of this activity. For example, members of young professional networks may be trainees at present, but they have the potential to be "a client", or a vital source of "professional advice", in the future (CM Communications – G, Sum Solicitors – G, Clear Communications – M, Accurate Accounting – M, Professional Mentors). By starting these connections early on it allows the relationship to build and grow as individuals become more established in their respective professions. Young professional networks also give graduates the opportunity to talk to others the same age, experiencing the same types of issues at their developmental stage. As two graduates, working in micro firms (less than 10 employees) found; the social support addresses their sense of isolation and "loneliness" (Cool Communications – G, Catalyst Communications – G). This finding was also supported by a large firm representative involved in the Future Fin*est* network;

"[Networking for graduates in SMEs is essential because] they have not got that ability to compare notes, to look at each other and see what's working, what isn't, and how different styles from organisations comes through, because they have only got themselves or maybe one other to try and speak with and learn from" (Gargantuan Banking)

Unfortunately, as two Birmingham based graduates discuss, the majority of trainees attending young professional networking events in Birmingham are predominantly from "bigger corporate organisations" (CM Communications – G, Cool Communications – G). This can cause them to feel slightly like an outsider among other trainees who come together as a group from a large firm;

"[It feels like] a playground situation [...]. You have groups of people and you then you go in on your own, and you're like Billy no mates basically" (Cool Communications - G)

Both graduates found that this was only a preliminary setback until friendships are established. Through being placed into such a social situation their "confidence" and "assertiveness" had also improved (Cool Communications – G, CM Communications – G). The social benefits of networking also appear to be advantageous for the development of a geographic connection, as trainee graduates develop a wider friendship group within the locality (Cool Communications – G; CM Communications – G). One firm that did not encourage trainee networking outside the firm might have benefited from this potential;

"[…] they [new trainees] come to Birmingham, they don't know Birmingham at all, they rent a one bedroom apartment, and you know six months later they come into your office crying because you know they've got no friends" (Connection Consulting – M)

This particular manager had not considered networking events such as those held by Birmingham Future necessary as he was more concerned about developing client-relationships and business in London, the South East and abroad (Connection Consulting – M). The potential of networking in facilitating the retention of regional graduate talent through the development of friendships and a sense of geographic connection deserves further research attention. This importance of understanding this network-based benefit would appear especially beneficial for smaller firms like Connection Consulting, currently unaware of the longer-term, and more locally-based, advantages it may hold.

The following section returns to an examination of internal developmental practices and in-house relationships.

The all-seeing eye

Feedback given to graduates by managers or line managers in small firms during their employment is found primarily to fall within one of two categories;

- Feedback on task performance
- Feedback on role performance

Task performance feedback in this thesis refers to feedback and assessments given frequently, concerning daily activities such as service provision, product development and delivery, and task/project fulfilment. It is primarily found to be delivered informally within case firms or as one graduate expressed - "on the hoof" (Better Build – G).

Role performance feedback in this thesis refers to feedback and assessments given infrequently and on a more formalised basis. It is delivered primarily via monthly, quarterly or annual assessments or appraisals. Role feedback focuses on how well the individual is performing within the organisation as a whole and how improvements could be made to the conduct of that role.

This thesis did not find any clear cut distinction between these forms of feedback. Both types can, to a certain extent, be interpreted as mutually reinforcing. For example, a positive performance on a task can signify that the employee is doing well overall in their role. The following section explores task performance, before considering the delivery of role performance.

The findings show that task performance can be monitored relatively easily by managers in small firms, as numbers are small and offices (particularly as observed in architectural firms) are often open plan. As Gilbert and Jones (2000) describe, owner managers in small firms are often in a unique position to provide continuous performance appraisal in real time. Physical visibility and proximity within these offices is found to facilitate the surveillance of graduates; "on a day to day basis we can assess whether that person is coming along at the speed that we would want them to" (CM Communications - M). This type of surveillance is interpreted by several managers as enabling them to maintain a level of control through the continuous assessment of graduates without having to "breath down their neck" (Shear Solicitors – M, Bright Build – LM);

"[…] we have got an open plan office. I have got eight people in my team. I am sitting in the middle of them. I am asking them constantly what's going on […] have you done this, have you done that" (Bright Build - M)

As one manager described, despite physical proximity it is still important for small firm managers to keep their distance in order to allow graduates the "space to grow" (Creative Consulting – M). The closeness gained by these working conditions and a shallow hierarchical structure between employer and employee is found to facilitate a more informal atmosphere for many of the graduates (although not all) (Sum Solicitors – G, Connection Consulting – G1, CM Communications – G2); "We're a small enough organisation that you can go straight to the director" (Accurate Accounting – G1). This close working relationship presents two primary benefits for graduates; a sense of value and visibility. Those who enjoy close contact often find managers are open, patient, and willing to teach. As one manager described, despite a close working relationship, it is still essential to maintain a distinction between "boss" and "employee" (Commercial Computing – M). As Ram *et al.*, (2001, 846) point out; informality in small firms cannot 'smooth away the power relations that shape the management process'.

The extent to which the relationship between managers and graduates is considered open exposes certain differences of opinion between graduates and managers. One North Staffordshire based manager described how openness facilitated the "cross pollination" of ideas; where more senior members of the firm can share experiences with trainees and in return graduates share "new knowledge and skills" (Smart Surveyors – M). In contrast some graduates hold a more conservative, and even cynical, view of knowledge sharing practices and the cross pollination of ideas. Certain graduates describe how they find managers

206

unwilling to listen to "new ideas" (Budget Build – G2) or dismissive of "new concepts" (Clear Communications – G2). Others feel knowledge sharing is limited to simply assisting managers with new technology and/or internet functions, for example, "Facebook" and "Twitter" (Budget Build – G3, Clear Communications – G1).

Despite various interpretations of the extent of open communication in case firms, the majority of graduates and managers perceive that the structure of larger firms (in terms of both office and management) not to be conducive to graduate visibility or the development of a close personal working relationship. Case firm respondents speculate that managers and directors of larger companies are too busy with general management and drumming up work to concentrate on trainee engagement;

> "I imagine in a large firm if you have got anything more than three or four graduates on your books, it's bloody hard to be able to give them the individual time and attention that they need to be able to excel and develop" (CM Communications - M)

Large firm respondents are however dismissive of their size being an issue. Large firm respondents reported on the importance of an "open door policy" where new trainees are encouraged to maintain an open dialogue with more senior members and directors (Immense Communications, Colossal Solicitors, Enormous Engineers, Big Build). This ethos is also present in the largest case firm, 'Bright Build', which has between 50 and 60 employees. Despite having a large trainee workforce, this firm still manages to generate a sense of engagement and "openness" between trainees and management (Bright Build – M, LM, G1 and G2). This is achieved through the delegation of task performance feedback from directors to team associates, where each associate is responsible for a smaller division of employees, ensuring that the workforce becomes a more manageable size. This delegation of tasks was

found to alleviate pressure on directors so that they could concentrate on general management and client relationships, while ensuring that graduates still have a senior employee to refer to for advice and support.

Workforce size and the ability to delegate task performance feedback appears to hold implications for close personal working relationships in case firms and to an extent may even undermine small firm claims of communicative ease;

> "I'm whizzing round all over the place, sometimes the lads see me come
> in the office, see me go out, and we have no communication [...] I am
> mindful that I don't like that to go on for too long" (British Build – M)

Two architectural managers admit that they find it a struggle to juggle their own client work with their managerial responsibilities towards graduates and other employees (British Build – M; Budget Build – M). This issue was also picked up by their trainees; "even though he's like four foot away from where I sit, he's not an easy person to get in touch with" (British Build – P1). As Cardon and Stevens (2004) observe, HR tasks towards employees in small firms can end up interfering with managerial responsibilities related to revenue production. A few managers recognise they may have to consider introducing a middle management tier in order to delegate some of their duties (Bright Build – LM, Budget Build – M, Sum Solicitors – M). As Mayson and Barrett (2006) describe, small firms face the formalisation of HRM practices as the business grows. However, for this to occur owner-managers must first recognise the need for delegation and then must decide how this is best achieved. As one manager elaborated; accepting the need to change and delegate managerial tasks is not an easy concept for owner-managers. As the founders of the firm relinquishing control can be an emotional process;

208

"A SP [Sole Proprietor] would live, eat, breathe their organisation [...]. It's part of them. Whereas when you get to a point when you are employing people and you are building a structure [...] you are really trying to take the emotion out of it, but still leave the passion there. Some firms do it very well. By doing that other firms lose part of what actually makes them great" (Commercial Computing – M)

In order to overcome the strains of split responsibilities and the need for continual task performance feedback some case firms have devised systems where graduates become more involved in their own self-evaluation. This usually involves the graduate undertaking some form of post-project evaluation, either with or without the aid of a supervisor. At 'Connection Consulting' in Birmingham, trainees are required to undertake a post-project evaluation following the completion of each project. The graduates assess themselves on ten set criteria covering topics such as "new skills learned" and improvements needed for future projects (Connection Consulting – G2); "it's like doing a school report on yourself saying what you've learnt and what you think your issues are to work on" (Connection Consulting – G1). The "self" report allows managers to monitor and assess the overall development of trainees more closely, providing a paper trail of their progress (Connection Consulting – M). Graduates at 'Connection Consulting' find that this self-assessment provides them with a more constructive, tangible basis from which they can learn from their mistakes and therefore make improvements to their approach. In North Staffordshire trainees at 'British Build' had developed their own task sheet to record performance progress. This task sheet included activities such as; time taken to complete jobs, money earned and new clients gained. This record enables the trainees to communicate more effectively with their busy manager (often pushed for time) about performance and personal progress. These examples illustrate how self-reports can be an effective aid to task performance feedback, facilitating trainee

benchmarking and managerial assessments of performance.

Appraisals

Small firms are not considered to operate formal performance appraisal procedures for goal setting and career planning (Gilbert and Jones 2000). This thesis presents a mixed outcome. Around half of case firms use some form of formalised feedback on role performance. The other half are more ad hoc and informal in their delivery. A lack of formalisation does not however appear to be detrimental to a graduate's sense of progression The use of formalised approaches are also not necessarily found to guarantee a graduate's understanding of their career trajectory or purpose within the firm. The following section explores role performance feedback, including appraisal use, in further detail.

In firms where role performance and career progression feedback is delivered in a formal appraisal, discussions are usually held one-to-one at structured intervals, such as every three (Clear Communications – M) or six months (CM Communications – M, Settle Solicitors – M). Appraisals are usually more frequent when a graduate first joins the business to aid initial orientation and guide expectations. They gradually become less frequent after a year or two of employment. The benefits of formal reviews include; allowing graduates opportunity to discuss the "bigger picture" and the "longer term" (Accurate Accounting-M); enabling managers to set "role objectives" so that 'misunderstandings over progression and expectations are prevented (Connection Consulting – M, Accurate Accounting – G1) and clarifying individual targets for the "forthcoming months or years" (CM Communications – M). Formalised reviews are found to follow a set format so individuals can more easily "benchmark progress" made since previous reviews (Clear Communications – M);

"You have opportunity as well to talk to your manager and give feedback on how you think you're being managed, what you're working on, areas where you're having difficulty, things you enjoy, how you want to develop, your training plan and everything." (Creative Consulting - G)

As one intermediary representative discussed, without setting goals, visions and values through appraisals firms may "risk graduates feeling lost and disillusioned". As a consequence "performance may dip" (Graduate Gains). Appraisals also have a more serious purpose in that they provide a "paper trail if an employee requires reprimanding" (CM Communications – M).

In regard to case firms using more informal and ad hoc approach, managers differed in their reasoning for not having a formal appraisal system in place. For example in 'Commercial Computing' managers did not have the time to implement such a system (Commercial computing - M) and in 'Budget Build' managers could not agree over appraisal content. The majority of those using more informal methods simply considered formalisation unnecessary due to company size (Smart Surveying – M, Cool Communications – M, Shear Solicitors – M, Better Build -M). As one graduate in a firm of three detailed; the communication between herself and the manager is so regular appraisals are unnecessary, especially as they sit "across the desk" from one another (Cool Communications – G). Another manager also commented on how performance appraisals can happen spontaneously in smaller offices. Therefore they unavoidably remain unrecorded (Clear Communications - M). Not all graduates without a formal appraisal understand a lack of formalisation. In one architectural case firm trainees felt confused over progression as they had no benchmark or formal document to refer to; "there is no way of telling if I have got better or anything like that" (Budget Build – G1). For graduates that do actually receive a formalised appraisal, the system does not necessarily guarantee

effective role performance feedback. As one trainee remarked; "Once it's done [appraisal] it sort of gets chucked into a file and gathers dust" (British Build – P2). This section illustrates how it is not just the act of conducting an appraisal that matters, but rather that it is conducted, and then applied that is important.

Constructive criticism

The effectiveness of feedback is not only related to the frequency of delivery, source and ease of communication, but also to what is said. As a study by Kluger and DeNisi (1996) on performance feedback finds, repeated negative feedback, nor extensive praise aid employee development. It tends to shift the trainees' focus on themselves rather than the learning task at hand and their behaviour in relation to that task. Kluger and DeNisi (1996) recommend that feedback should instead be objective, providing a good balance of both positive praise and constructive criticism. This thesis finds that the majority of graduates report a good balance of both praise and criticism from managers and line managers. This enables them to learn from what they do well, to understand what they need to improve on, and what not to do again next time. The majority of graduates are rewarded for positive performances through recognition, praise, bonuses and increased levels of responsibility. These rewards reinforce perceptions of value and importance; "you get the sort of congratulations and it's like you're helping the morale of the team" (Creative consulting – G). Not all managers are however so forthcoming;

> "[…] you get other low days where you're just ridiculed for nothing at all. And you just think, right I'm off, […] I think there's quite an ageist thing here as well […] you get more respect the older you are, it's obvious" (Budget Build – G3)

The graduates interviewed in 'Budget Build' in particular felt demoralised by a lack of

positive input. One trainee described how they had actually become "numb to criticism" as it was given so frequently; "when you are just receiving negative input, the negative becomes sort of filtered out in some ways, because you're always getting it" (Budget Build – G3). The interviewee went on to say that she had become so cautious about asking for advice, due to the general tone of feedback, she now tends to guess at problems, causing future problems. In another architectural practice in North Staffordshire, graduates find that their overstretched manager can be so busy and distracted with clients that feedback and evaluations can become very one-sided; "just picking our faults and so forth" (British Build – P2).

License to manage

> '…how can the owner evaluate their workforce and provide feedback effectively if s/he has limited experience and knowledge about these areas?' (Lorenzet *et al.,* 2006, 570)

Lorenzet *et al.,*'s (2006) question is mirrored by the perspectives of several graduate respondents; "They weren't trained up as managers with that sort of background and they don't have the people skills" (Budget Build – G3). As one Birmingham based manager pointed out, owners of small firms are good at what they do. They have successfully created the business. However, when it comes to growing that business, it requires a whole set of other skills;

> "[…] what you have got is somebody who is very good at what they do, who has gone into business and now is trying to run a company […] I think a lot of small businesses are still in that sort of transition phase" (Commercial Computing - M)

Research has shown that a shortage of management competence can inhibit small business growth (Pere-Verge and Hanage 1993) and, thereby, graduate development (Andrews and

213

Welbourne 2000). Surprisingly, this study only found one manager willing to set aside time and resources specifically for leadership and management training; "it's very important that people invest in developing themselves as managers and I spend a lot of time and money [on that]" (Accurate Accounting - M). Other managers either feel they do not have the time to attend such courses or that such training is simply unnecessary;

> "We don't go and learn about human resources, we don't go and learn about management, we don't learn about any of that because we just do it" (Better Build - LM)

This finding highlights how some small firm managers may take performance management for granted. This is a concern when, as this chapter has shown, performance management is a complex process impacting on trainee development and perceptions of performance. Management and leadership training initiatives are thought to be a solution to managerial incompetence (Andrews and Welbourne 2000; Fuller-Love 2006). The resistance, as evidenced by case firms, tends to undermine the practicality of such an approach. Researchers are increasingly looking to the development of graduate self-reliance skills as an alternative approach to improving personal performance management in smaller firms (Hawkins and Winter 1996). Growing academic interest in the development of self-reliance skills has largely been a response to large firms downsizing, delayering and outsourcing. This, in turn, has created greater competition for jobs and uncertainty about what individuals can expect from their careers (Harvey *et al.,* 1997; Hawkins and Winter 1996). Self-reliance largely involves individuals becoming more adept at negotiating new workforce relations and conditions. It requires skills such as negotiating, action planning, networking, self-awareness and confidence (Hawkins and Winter 1996, 5). Self-reliance is also associated with 'self-efficacy'; a concept first introduced by Bandura (1986). According to Bandura (1986) success

in the workplace requires more than cognitive or behavioural skills. It also includes 'the influence of an individual's self-efficacy, an individual's perception of their ability to achieve a specific task or tasks' (*cited in* Coll and Zegwaard 2006, 32) and the individual's ability to match 'their own competencies with the right environment' (Coll and Zegwaard 2006, 54).

Large firm respondents appear to be more aware than case firms of the need to develop these types of self-management skills; "to come out as being a top leader of an organisation it is about you, it's about self-drive" (Gargantuan Banking). In North Staffordshire this type of training is currently being offered to graduates in small firms. It is delivered via an initiative run externally by a London-based consultancy company 'Graduate Gains'. The company's ethos is based on the idea that career management advice is not delivered early enough or effectively in a professional's career. The scheme is based on a series of training workshops and one-to-one interviews that help graduates to refine their career objectives. A number of graduates interviewed in North Staffordshire had already attended the programme. When reflecting on their experience several felt that it had benefited their career objectives by sharpening their focus on what they wanted from their career (British Build – P1, Creative Consulting – G, Accurate Accounting – G1);

> "[…] you hit the point, I think, where you're working somewhere, where you think, right I'm working here, so I've got to want to get to this point because this is where the business wants to get to. To actually have that opportunity to take a step back and think no, hold on a minute, that's not where I want to get to. I want to get to here, ok, what do I need to do that's going to get me there...? It is not a way I'd ever looked at stuff before so it really challenged the way that I'd perceived things"(Creative Consulting – G)

Those who had attended the 'Graduate Gains' scheme felt that it had made their work more enjoyable. It had refined their career goals and in doing so had enabled them to understand

how their current role fits into their personal career trajectory (Creative Consulting – G, Accurate Accounting – G1). One manager involved in the scheme had witnessed an increase in the confidence levels of her graduates (Accurate Accounting - M). However, as she pointed out, the type of training and advice given by 'Graduate Gains' could also potentially have a negative impact on participating firms that are more "traditional and more set in their ways". As she explained, the training would "ignite" the trainee only for managers, who did not appreciate the concept of the scheme, to pour "water on it all the time". The value of graduates developing self-reliance and self-efficacy deserves further research attention. It appears that this form of training could potentially enhance the graduate's experience and also overcome certain performance management deficiencies in smaller firms, which may be contributing to concerns of underutilisation.

Conclusion

The purpose of this chapter was to challenge graduate apprehensions and perceptions towards limited development practices and informal training in SMEs, by exploring the experiences of graduates currently employed in small BPS firms. The focus was therefore to examine the *structure* of training and development in case firms and the subsequent interpretation, by graduates, of the *delivery*. Small firm HRM literature was used as a guide for the investigation of graduate utilisation in order to assess whether case firms conformed to informal and ad hoc approaches considered to deter graduates from SME employment (Holden *et al.,* 2002, 2007). The chapter also assessed managerial reasoning behind the adoption of particular HRM practices in order to facilitate a more interpretive account of factors that shape and inform graduate training and development in small firms. The following section summarises five key

areas of this chapter;

- Recouped training costs,

- Professional accreditation,

- Tailored practices and relational proximity,

- Internal HR limitations,

- External HR support.

Recouped training costs: Formalised training in SMEs is considered to be limited due to cost and time restrictions (Daniels and Bryson 2002). To an extent case firms agree with this observation. Formalised training that is provided is seemingly limited to health and safety, or CPD courses required by specific professions (architecture). There are few exceptions (Connection Consulting – M, Accurate Accounting – M). In addition to the immediate cost of training, managers also express concern about the longer-term implications of training investments and recouped costs. Time spent training graduates both on-the-job and formally, together with the expenditure on professional accreditation, is at risk of being unredeemed. Case firm managers reveal concerns towards graduate retention, and their ability to recoup investments through the graduates' contribution (in terms of productivity and profitability) prior to their exit. It is also recognised, by certain case firms, that to attract the best graduate talent they are required to provide formalised training. Graduates increasingly expect this form of investment. This finding supports the concept of the new psychological contract - promotional opportunities are replaced with expectations of employability, training, performance related pay and human capital investment (De Vis and Buyens 2001). The employee remains with the employer for as long as opportunities exist to build on their career (Torrington *et al.,* 2005). Although this outcome is potentially positive for graduates expecting

formalised training (as smaller firms feel increasingly pressurised to offer it), the findings also illustrate how case firm training investment risks are compounded by both retention *and* attraction considerations.

The study finds that case firms do however have a number of measures to minimise the risk of investment losses. Financial reparations, similar to the idea of 'golden handcuffs' (Bryson *et al.,* 2004), require graduates to pay back some of their training costs if they leave soon after the completion of their professional qualifications. Softer approaches used in addition to, or instead of, harder financial incentives, include keeping graduates busy and distracted and structured recruitment process. The extent to which these factors induce loyalty and commitment is, however, unclear and requires further longitudinal investigation. Further research is also required on managerial concerns about immediate and longer-term cost considerations and the implications these hold for both future graduate employment by smaller firms and future investments in graduate training. For instance if SME owner/managers feel increasingly pressurised by graduate expectations to invest in training, but do not find that this investment is recouped through profitability and growth, what impact will this have for SME graduate employment? Will it exacerbate the division of mutual unattractiveness?

Professional accreditation: Case firms are found to offer graduates professional accreditation. To a certain extent case firm's support of professional qualifications was pre-determined by the sample of case firms used[8]. The findings show that for case firms where professional qualifications are necessary for professional practice (accountancy, architecture, quantity surveying and law) all graduates were either undertaking this qualification or were due to do so in the next year (Shear Solicitors – G). Despite alternate qualifications being available, such as the Chartered Institute of Architectural Technologists (CIAT), traditional professional qualifications which require graduate-track employees are considered more prestigious, with a greater sense of value attached by clients. The findings also show how the majority of case firm sub-sectors, not traditionally associated with chartered or institutionally recognised qualifications (i.e. PR and marketing) are nevertheless keen to support graduates becoming members of their associated professional institutes. Managerial motivation for professional accreditation is associated with the value attached by case firm clients. This finding is potentially attractive for graduates seeking further personal investment following degree completion.

Although smaller firms appear to be willing to undergo investment in professional accreditation the primary barrier, associated with continued engagement, is the inaccessibility of institutionally-led courses, both in terms of distance and finance. Further research is required into the relationship between SMEs and their professional bodies to establish the role

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8

      The parameters of case firms included the specification that graduates must be either undertaking a professional qualification (such as chartered qualifications in accountancy and architecture, or a training contract for law). If professional qualifications were not needed for professional practice (PR, marketing or consultancy) the graduate was required to have been employed for a similar length of time that it would take a graduate to achieve such a formalised qualification (three to four years).

that these institutions play in encouraging training in small firms and the subsequent stimulation of supply-led graduate attraction.

Tailored practices and relational proximity: Graduates are considered to be deterred from SME employment because of SME's dependence on informal training practices and unstructured approaches to development (Cardon and Stevens 2004; Holden *et al.,* 2007; Westhead and Matlay 2009). Due to the nature of the research it is difficult to establish the extent of case firm dependence on ad hoc and informal approaches compared to more strategic and formalised training methods. The findings do however illustrate managerial reasoning towards their use and the dependence on these methods. In relation to ad hoc delivery case firms associate this approach as being 'tailored'; enabling them to be more pragmatic and responsive to external pressures in their marketplace. These approaches are also considered 'tailored' by graduates who are often invited to suggest additional training courses they would like to attend, providing a sense of control and empowerment.

This study also finds that informal training delivery is intensive and based on a more one-to-one relationship between graduates and their managers. For graduates this form of delivery is considered to generate a sense of exposure, value and visibility; contributing to a more varied learning process and a greater sense of responsibility. Both managers and graduates believe that graduates, trained in smaller as opposed to larger firms, have comparatively more responsibility and more opportunity for client-facing activities. This view is based on relational proximity in case firms and immediate need to contribute to firm productivity. The relational proximity experienced by graduates in case firms is drawn from a shallow hierarchical structure and a smaller internal marketplace (comparative to a larger firm). This

closeness is considered to encourage a more continuous and open dialogue between manager and employee, facilitating managerial control over development and task performance feedback. The majority of graduates interpret this relational proximity as generating visibility, alongside a sense of self-worth and value. These findings demonstrate that case firms may not deliver the structured and formalised approaches that graduates expect (Holden *et al.,* 2002, 2007), but they do deliver a tailored approach, facilitated by relational proximity, which is received positively by graduate interviewees.

Internal HR limitations: Although graduate experiences are predominantly positive towards case firm approaches to training and development delivery, there are certain factors that appear to detract, including; overstretched managers and limited internal marketplaces. The findings show that relational proximity can be put under strain as small firm managers become increasingly overstretched between managerial support and revenue production (Mayson and Barrett 2006). Due to limited internal marketplaces case firm managers are less able to delegate management performance practices such as task performance feedback. Consequently feedback can become rushed (British Build) and in certain cases can impede the type of feedback provided; focusing on criticism rather than a balanced view of performance (Budget Build). As Mayson and Barrett (2006) describe, small firms face the formalisation of HRM practices as the business grows. However for this to occur, owner-managers must first recognise the need for delegation and then decide how this is best achieved. Limited internal marketplaces also appear to restrict the type of in-house training that graduates receive in case firms. Only three case firms discussed their investment in the provision of strategically designed internal training to facilitate graduate development by harnessing the firm's knowledge (Accurate Accounting, Connection Consulting and Bright Build). The constraints

of a limited internal marketplace and the pressures of revenue production which detract from trainee development deserve further research, especially if it contributes to a better understanding of graduate underutilisation in SMEs. These factors also raise questions about the support and training managers receive on 'management and leadership' (Pere-Verge and Hanage 1993). Only one case firm manager felt it important to receive this form of personal training (Accurate Accounting – M). In relation to self-efficacy, the research finds that there are certain tools that graduates can use to facilitate evaluations of personal progress and development. The use of self-evaluative tools does however appear to be limited. Only graduates in two firms cited their application (British Build, Connection Consulting).

External HR support: This thesis finds that there are two key mechanisms which address the limitations of internal marketplaces and pressures of revenue production. These include;

- ⚲ External mentors
- ⚲ Network relations

The study cites the use of 'Graduate Gains' - an intermediary working with graduates in North Staffordshire helping them to refine career goals and expectations towards personal progress. Although this thesis does not provide an evaluation of 'Graduate Gains', it finds that graduates attending this course value the confidence and direction that it provides. However, as one manager pointed out, the courses may potentially have a negative impact on participating firms; those more 'traditional and more set in their ways'. The training may 'ignite' the trainee, only for managers to then pour 'water on it all the time'.

In addition to the extensive support that internal mentors provide to graduate trainees

(facilitating initial orientation, providing advice and guidance), this thesis finds that the relationships that graduates maintain with peers and professionals outside the firm also facilitates development. In particular, one initiative run by 'Professional Mentors' demonstrates how their involvement in trainee development facilitates a more impartial and detached discussion, an honest dialogue, devoid of judgement concerns, regarding career aspirations. The value of external relationships is also evidenced by graduate network engagement. Graduate attendance at Future Fin*est* and Birmingham Future events facilitate a graduate's development by establishing relationships with other young professionals in the area. These contacts may eventually become a client or a source of external advice. Networking also generates social benefits for small firm graduates, addressing issues of loneliness and regional attachment. The role of external HR support, such as that provided by networks and mentoring initiatives, in SME graduate development deserves further research. Particularly, as networking attendance was considered, by several case firm respondents, to be the responsibility of more senior professionals alone.

CHAPTER 6

MEDIATING THE MARKETPLACE: RECRUITMENT

RELATIONSHIPS AND EMPLOYER ENGAGEMENT

OPPORTUNITIES

Introduction

> 'In preparing graduates for the world of work it would seem that there is
> a need for HE [Higher Education] to encourage students to consider the
> full range of employment opportunities, which extends beyond large
> organisations to include medium and small companies'
> (Stewart and Knowles 2000b, 76)

Following the expansion of Higher Education (HE) in recent decades the role and

responsibility of universities to prepare graduates for the world of work has received

increasing academic attention (Branine 2008; Gleeson and Keep 2004; Stewart and

Knowles 2000b; Sutherland 2008). At the forefront of this debate is the need for

universities to foster partnerships with employers (Brindley and Ritchie 2000; Cranmer

2006; Stewart and Knowles 2000b) and to equip graduates with the knowledge and skills

required for successful employment (Atkins 1999; Mason *et al.,* 2006; Moreau and

Leathwood 2006; Yorke 2001). The pressure for universities to strengthen relations with

graduate employers and enhance 'employability skills[9]' follows increasing recognition of

the mismatch between supply and demand, the rising costs of HE attendance, increasing

international competition and continuing economic uncertainty (Cranmer 2006; Gleeson

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9

    Employability can be defined as the 'possession of the skills, knowledge, attitudes and
commercial understanding that will enable new graduates to make productive contributions to
organisational objectives soon after commencing employment' (Mason *et al.,* 2006)

and Keep 2004; Purcell *et al.,* 2004). Recruiter focus at universities has previously been skewed towards the rigorous promotion of large firm and public sector employment (AGR 1995; Holden *et al.,* 2007; Stewart and Knowles 2000b). Higher Education Institutions (HEIs) are however now being encouraged by public policy to build relations with employers of all sizes, so that graduates can consider the 'full range of employment opportunities' beyond these traditional recruiters (Stewart and Knowles 2000b). The establishment of HEI links with non-traditional graduate recruiters, such as Small and Medium Sized Enterprises (SMEs), also follows wider recognition that large firm graduate recruitment schemes are unable to absorb rising graduate numbers, and that the SME job market is no longer the sole preserve of non-graduates and school leavers (Connor and Shaw 2008; Holden and Jameson 2002; Purcell *et al.,* 2004).

In addition to facilitating SME participation in graduate recruitment, HEI links with SMEs are considered to play a large role in addressing the perceptual barriers that exist between SMEs and graduates (Holden *et al.,* 2002, 2007). As Stewart and Knowles (2000b, 74) elaborate, partnerships between SMEs and HEIs address awareness issues on the part of SMEs by helping them to understand the benefits graduates can offer their organisations, and on the part of graduates by helping them to realise 'the potential employment opportunities that exist within this sector'. Despite HEI efforts to engage with SMEs and the promotion of initiatives aimed to facilitate SME participation (Hegarty and Johnson 2004), smaller firms continue to maintain an uneven position in the graduate marketplace compared to their larger counterparts (Hart and Barratt 2009; Holden *et al.,* 2007; Moy and Lee 2002). Factors considered to contribute to this uneven situation include (Hesketh 2000; Hart and Barratt 2009; Westhead and Matlay 2002);

- owner/manager inexperience of working relationships with HEIs,

- SMEs being less likely to have graduates among their employees,

- limited opportunities for small businesses to interact with HEIs and/or,

- limited SME time and resources to build mutually beneficial links.

Relations are also compounded by the stratified responses of universities (Holden and Jameson 2002; Johnson and Tilley 1999; Sutherland 2008) and the increasingly diverse pool of graduates now attending HE (Purcell *et al.,* 2002). In addition to the role of HEIs, there is also increasing recognition of the role intermediaries play in facilitating links between HEIs and graduates (Holden *et al.,* 2007; Johnson and Tilley 1999). The function of these intermediaries as recruitment mediators, together with their position in the graduate marketplace, comparative to universities, is however largely under explored (Holden *et al.,* 2007). Further research is required on both the 'stratified responses' of SMEs and HEIs alongside the 'role of intermediaries' (Johnson and Tilley 1999, 77) as SMEs remain the 'second choice' for graduates (Moy and Lee 2002, 339).

In order to understand the factors that undermine the presence of smaller recruiters as graduate employers, this chapter examines the relationship between West Midlands' university Careers Services (CS) and local SMEs. The following sections explore the formation and maintenance of these relationships and their ability to address issues of SME graduate recruitment participation. Careers Service interpretations are supplemented by the inclusion of case firm perspectives on university engagement and access. The views of three West Midlands based intermediaries are also examined in order to appreciate their role in the mediation of SME graduate employment.

This chapter is essentially divided into three key areas. The first explores university recruitment engagement, focusing on graduate perspectives of employer profiles and HEI-SME relations. Interpretations of HEI-SME engagement reveal concerns about the haphazard and uncoordinated efforts of smaller enterprises, and the fragmented approaches of university-led recruitment. An example of a successful partnership between a Business Network and a West Midlands' university is provided as a case of best practice in facilitating local links between HEIs and employers.

The second explores the role of Work Experience (WE) and placements in the facilitation of recruitment opportunities within SMEs. The ease of WE delivery by universities is then questioned; examining the impact and implications of differential departmental approaches, university history and funding support.

The third explores the formation of relationships between intermediaries and SMEs. The section reveals how intermediaries, acting as a coordinated body for graduate recruitment, challenge graduate-SME 'concept blindness' and facilitate SME employment access. Their role is however brought into question through 'pseudo' and 'Birmingham centric' delivery, and the allocation of regional funds to such organisations instead of HEIs.

Employer profiles

Large firms maintain their profile and presence as traditional graduate recruiters through their visibility at recruitment fairs, use of glossy magazines, and internet advertising (Branine 2008; Holden *et al.,* 2007). They also offer attractive employment packages with higher salaries, further training and opportunities for promotion (Stewart and Knowles 2000b). Although larger recruiters, seemingly, remain a more viable and alluring option for recent graduates (Hart and Barrett 2009; Holden *et al.,* 2007), there is increasing evidence that SMEs can also offer graduates an attractive and rewarding employment experience (Arnold *et al.,* 2002; Pollard *et al.,* 2004). This thesis does not provide an investigation into undergraduate perceptions and interest in employment by firm size. It does however provide a reflective insight into graduate experiences of employer exposure and motivations towards small firm employment.

When graduates were questioned about their experiences of recruiter engagement at university, the majority of graduate interviewees cited how larger firms had a more prominent presence as employers. In contrast, few graduates felt they had witnessed any tangible presence of smaller firms at all;

> "I never knew anything about small businesses when I was in university […] most of the advertising that is done on graduate recruitment is the big companies" (Cool Communications – G)

228

The main form of exposure to SME employment that graduates cited came from intermediary involvement in on-campus events and recruitment fairs. As one graduate discussed, a lack of exposure to larger firms has potentially negative repercussions on expectations;

> "I thought you go to university, you get on a graduate scheme. It's easy.
> So many people that I know came out of there and didn't have jobs"
> (Catalyst Communications - G)

Due to a lack of information about SME employment, several graduate interviewees highlighted how, during their time at university, they had been left "confused" about recruitment opportunities in smaller firms; "You don't know where to go, where to start. Do you go to newspapers; do you look on the internet?" (Cool Communications – G).

A number of the graduates, when discussing their own and their peer group's perceptions, agreed that larger firms offered a very attractive and alluring employment opportunity;

> "[A large firm] looks brilliant on your CV and also career progression.
> They've probably got various divisions. Normal graduate roles take from
> two to three years. So you're kind of in an employment for two to three
> years, learning different skills from various different departments" (Clear
> Communications – G1)

The primary advantages graduates associated with working in a large national or internationally-orientated firm included; the association of working with a "brand name" (Better Build – G), better career prospects, higher salaries, better training and the opportunity to work in a variety of departments. For these very reasons certain CS interviewees felt it was difficult to draw graduate attention away from larger firms; to recognise, instead, the rewards that small firm employment can offer;

> "[…] a lot of people say I have never heard of them – so what! It's kind of getting over that. What is important? Is it a job you are going to enjoy? Is it a job that will enable you to develop in the future? It doesn't matter that you have never heard of the company" (University7)

In recognising the value that graduates attach to larger firm employment, respondents were asked their reasons for specifically choosing to work in a smaller enterprise; the findings demonstrate a variety of motivations. One graduate had chosen to work in a small firm *specifically* as an alternative to working in a larger firm, believing that his chances for employment in a smaller business would be better in a "competitive market" (Clear Communications – G). Three graduates cited how they felt a small firm environment suited them better; a perception that was either based on previous experiences of working in a large firm environment (CM Communications – G, Cool Communications – G) or a preconceived idea about larger firm employment; "I think I would have been a bit overwhelmed with a larger practice" (Budget Build – G1). One graduate based her choice on the recommendations of friends and family members who had previously worked for larger firms;

> "My cousins and sisters who have, like, worked for bigger firms were just like a cog and once your training contract finished that was it […] So I thought I will go for a smaller firm, because hopefully I will get better training" (Accurate Accounting – G3)

A marketing graduate in Birmingham described how he had little choice over whether to work for a large firm or not. Companies in his chosen industry have a greater propensity to be small; "design studios are fairly small companies" (Commercial Computing – G1). Other graduates had unexpectedly found employment in small firms (Connection Consulting – G2, Smart Surveying – G, Sum Solicitors – G); "It's like when you're buying a house or something, it just felt right" (Creative Consulting – G). One graduate in North Staffordshire

was not guided by employer size. Instead he chose his employer because of its client base which provided security in a volatile marketplace; "[they have] a good firm client base and a large amount of […] core, bread and butter work, like schools and churches that require constant work" (British Build – G). A graduate from Birmingham, drawn to working in a smaller firm due to the challenge and variety it provided admitted that there was a limit to how small he would go; "[I wouldn't want to work for] a one man band. It would be awkward if you didn't get on [...] and potentially quite dull" (Bright Build – G3). Graduate reasoning towards recruitment motivations in this study is distorted by hindsight. This limitation could potentially have been countered by interviewing graduates prior to, and post, recruitment. Despite retrospective answers, the findings do show how several case firm graduates, based on their own experience or the recommendations of others, were attracted to small firm employment. Graduate reasoning also illustrates how, as with managerial motivations towards the recruitment of graduates (Chapter 4), graduate attraction towards small firm employment can potentially be interpreted as 'occasional' (Hart and Barrett 2009, 9). Exhibiting no deliberate SME employment policy, but maintaining a positive view of smaller firms. Although this sample of graduates is limited, it does potentially show how graduates can be open-minded towards SME employment – a positive outcome for HEIs attempting to encourage graduates to consider this form of employment.

Access channels

Large firms and public sector organisations have traditionally publicised their recruitment opportunities through recruitment fairs and 'milk-rounds' (Branine 2008; Holden *et al.,* 2002; Stewart and Knowles 2000a). The term 'milk-round' refers to the traditional, annual

recruitment programme where firms visit universities and colleges to give presentations and meet final year students (Branine 2008). Although the milk-round has increasingly been replaced by employment fairs and internet marketing (Branine 2008), the techniques used by larger businesses, to recruit vast numbers of graduates on an annual basis, are not considered to be of significance to SMEs who recruit less frequently (Daniels and Bryson 2002; Holden and Jameson). In addition to infrequent recruitment, few SMEs are considered to have the time or financial resources to enable them to 'build mutually beneficial links with HEIs' and therefore are considered to miss out on vacation placements and 'milk round type recruitment drives' (Westhead and Matlay 2006, 355). The following section explores CS representative experiences of SME recruitment engagement compared to larger enterprises. It generates an in-depth understanding of the factors that contribute to the uneven position of SMEs as graduate recruiters.

Herding goldfish

This thesis finds that West Midlands' universities are building their collaborative potential with employers through a variety of channels, such as business evolution and employer engagement teams. These teams are designed to fulfil a number of objectives including; listening to employer skill requirements, generating opportunities to work in collaboration with employers, and business networks, on work related learning (WRL) and work based learning (WBL) initiatives. The teams, alongside CS, are also designed to generate recruitment opportunities and facilitate employer access to university employment services. These services include; recruitment events, employer interview practice, job shops (internal recruitment agencies), recruitment websites, employer networking events, employer presentations and interview workshops/CV assistance. The same recruitment services are

offered to SMEs as to their larger counterparts. In many cases CS work hard to ensure that SMEs are especially aware of available opportunities and who to contact at the university (University 2 & 7).

All CS representatives interviewed acknowledge the importance of interacting and engaging with smaller firms in terms of; raising awareness, encouraging recruitment, and managing graduates expectations.

> "[...] we decided that the majority of our students, along with the public sector are going to work in SME's. We could not afford to ignore them any more" (University1)

Although SME graduate recruitment has now come to form a large part of the recruitment agenda for certain universities, as 'University1' reveals, this has not always been the case. The representative admitted that in the past the university had perhaps "rested on its laurels", waiting for larger recruiters to come to them, rather than pro-actively seeking to develop links with SMEs;

> **"**I inherited a careers service which had its primary focus on graduate recruiters, who are very easy to deal with, in a sense, because they come to us" (University1)

The prior, and in certain cases, ongoing dependence on larger recruiters is attributed to such firms being easier to engage with and therefore; "[it] just makes sense to have larger recruiters on campus for the sake of attendance" (University7 –R1). The same "milk-round" of recruiters is found to approach the universities each year alleviating the need to seek out employer involvement (University1 & 6); by comparison the majority of universities find engaging with SMEs not to be as straightforward;

> "Hunt the SME, is like hunt the needle in the haystack – where do you start. There's hundreds of thousands of them out there, most of them micro." (University1)

This thesis finds that the relationship between SMEs and West Midlands' universities to be haphazard and uncoordinated, limited by the resources available to both HEIs and SMEs. From the perspective of CS interviewees, establishing a consistent and coordinated working relationship with SMEs was often likened to "herding goldfish" (University1), and equated to "driving everywhere in first gear - you don't go very far very quickly" (University6). A lack of coordination and organisation was attributed to under-representation and infrequent SME recruitment. The range and variety of SME firm sizes and sectors, spanning from two hundred and fifty employees to a sole proprietor, causes difficulties for universities when addressing SME expectations. Especially as there is a lack of consensus over what constitutes a "desirable" graduate (University1). The majority of CS interviewees discuss how SMEs recruit infrequently and, if and when they do, they tend to only take "one or two on at a time" (University7 – R1). This outcome was supported by case firm interviews; the maximum number of graduates that a case firm was looking to recruit (at the time of interview) was four graduates for that year (Accurate Accounting). The majority of case firms discussed recruiting one or two graduates a year and this was not necessarily on a full-time basis. Certain employers only reflected on recruiting graduates for work experience[10].

As a consequence of fewer recruitment opportunities and difficulties associated with SME

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[10] A comprehensive evaluation of case firm recruitment is however constrained by sample size and managerial assumptions. Therefore this evidence cannot be used as a precise reflection of recruitment, especially as certain case firms had been postponed for that year.

diversity, CS representatives find the establishment of links with SMEs and the generation of

employment opportunities to be time consuming compared to larger enterprises;

> "[For an SME] you have to have a relationship with that company. They've got to know who you are; you have to do a lot of the ground work and then the actual remuneration for that of one graduate every three or four years is quite minimal" (University5)

> "Goldman Sacks "Hops Round", you know, [they take] twenty to twenty five graduates [per year]" (University1)

The need for CS to do "a lot of the ground work" when establishing an employment

opportunity at a smaller firm is found to put a strain on departmental resources;

> **"**I don't have employer liaison officers I can dedicate to SME work. And even if I did I would need twenty of them. So, it is a bit of a struggle" (University7 – R1)

Accordingly the availability of resources tends to dictate the scope of a university's

employment strategy with SMEs;

> "From our point of view, if we have the resources to engage with a certain number of employers, then it is natural that we will use those resources to engage with employers where there are multiple opportunities. Because we are then giving more opportunities to our students to consider" (University6)

> "It is not surprising that universities get criticised because we only work with the 'Big Guns' the public sector, the big charities, it's because they are organised. It is possible to work with them with a limited resource. There are just so many SME's. I wish there was an easier answer. Maybe it will become more sophisticated" (University1)

In addition to the constraint on the number of graduates that SMEs take on, there are also

concerns about managerial inexperience when recruiting a graduate. As one representative

discussed, SMEs' participation is compounded by owner-managers who have not recruited

235

previously. They are uncertain about "how to advertise for positions" or "how to recruit for vacancies" (University7 – R1). A fact that was also acknowledged by an intermediary representative;

> "SMEs can be a little bit reluctant to either give the time investment or to come on to campus as it isn't [necessarily] something they have ever done before" (Grads4You).

Owner/manager inexperience of interacting with HEIs can be compounded by the negative perceptions that SMEs hold towards the time and effort that it takes to engage (Westhead and Matlay 2005). As one case firm manager discussed, this can deter many SMEs from taking that first step towards graduate recruitment;

> "[…] most SME's haven't the inclination, haven't the knowledge, believe they do not have the time or the want to navigate through the process of finding graduates in local universities, interviewing them, where are they, are they going to be the right ones out of all of that" (Cool Communications – M)

The key factor found to exacerbate case firm owner/manager frustrations towards university contact was the limited HR capacity of the firm. Engagement and recruitment navigation was often left to an already overstretched manager;

> "I think as a small company you just have not got time. Whereas if you were dealing with a Boots or a Sainsbury's or something that's got a graduate scheme, they will have someone that administers that within the company whose sole aim is to just speak to the universities and to find the right graduate and then it probably works brilliantly then. But if you're a little 'tuppenny ha'penny' company down the road, and you think, well I don't even know who to phone at the university. I will phone the receptionist and then you get pushed around and eventually maybe someone will come and speak to you, but the moment may have passed by the time that happens" (Sharp Designs – M)

This finding supports current research that suggests that the Human Resource (HR)

limitations of smaller firms that lack a separate HR manager, or a dedicated university liaison officer, struggle to make connections with HEIs (Hart and Barratt 2009; Klass *et al.,* 2005). The limitations of not having a dedicated HR officer or previous experience of recruiting is also frustrated by the multiple channels that smaller firms face when attempting to engage with universities. As one intermediary discussed;

> "[When looking for a media student] Now they could get put through to the careers services, they could get through to the media department and, depending on where they're put through to by the switch board would really depend on what service they got" (Right Recruits)

These findings show that HEI-SME relations display similarities to those between graduates and SMEs; where both ignorance and market forces underlie negative perceptions towards engagement (Hart and Barratt 2009; Holden *et al.,* 2007). Although this is not a holistic appreciation of the engagement channels between SMEs and HEIs it provides an insight into the resource issues and constraints that face both SMEs and universities in the West Midlands.

Strengthening relations

Careers Services are attempting to overcome the challenges of working with SMEs via the adoption of alternative approaches. The methods used by West Midlands' CS are primarily based on the exploitation of existing relationships, including; repeat business, business networks (i.e. the Chambers of Commerce), relations established through "research contacts", "academics" (University6) and alumni links;

> "[SMEs come] into the campus for all sorts of things, perhaps because alumni work within them, possibly because there is some other event on, we will always try and ensure that the possibilities that careers offers can be fostered and developed there" (University6)

There are three key advantages CS associate with alumni connections:

1. They specifically target SME owner-manager relationships, especially if the founder is the alumni.

2. They help to address graduate perceptions of SME careers; alumni, invited to campus to disseminate their experiences of small firm life address the negative perceptions that graduates may have towards SME employment.

3. Engaging with alumni networks also act as a key means by which CS can gain more information about the SME employment experiences of graduates;

As Purcell *et al.,* (2002, 25) discuss, alumni act as useful intermediaries, 'casual conductors in the recruitment effort', benefiting both organisations and HEIs.

Professional networks

In addition to alumni networks, business networks also provide a useful means by which universities can engage with local organisations. The research finds that three West Midlands' universities work in direct partnership with Business and Professional Services (BPS) groups located in their regions. Two universities have training days where professionals from the area come onto campus to speak to students about careers in the professional services. During these training days employers run mock interviews, answer queries and give employment advice to students (University3 – R1, University4). CS representatives find that this form of engagement is very popular among students and consequently were looking to make these events a regular feature in their employability program. A number of the graduate interviewees, when reflecting on their university experience, also endorsed employer engagement in employability skills delivery. They cited the "realism" that it brought to the

development of workplace skills (Shear Solicitors – G, Better Build – G, Smart Surveying – G).

Another university, located in close proximity to Birmingham, runs a mentoring scheme which involves young professionals from a local BPS network participating in the mentoring of third year university students. A representative from the university involved in the mentoring initiative described how the scheme not only helps students' "career aspirations" but also their "networking skills" (University2 – R1); "if you speak to the right person on the right night, then who knows where it might lead" (University2 – R1). The mentoring scheme is also beneficial for the young professional involved as it gives them an opportunity to test the water with "management type goals" (ProfessionalMentors); an outcome supported by one of the graduate interviewees currently involved with the scheme as a mentor (CM Communications – G). The young professional mentors also support students by reading through CVs, offering advice on amendments and recommending careers, such as "where to go for opportunities and how to approach X, Y and Z" (ProfessionalMentors). The benefit of using professionals early in their careers is that they are able to offer current and relevant advice having only recently undertaken the transition from university to employment themselves (ProfessionalMentors). The scheme is also found to be a key tool by which students can be encouraged to remain in the region "rather than disappearing off to London or Manchester or wherever they're from" (ProfessionalMentors). There are however pitfalls to the scheme, primarily associated with the difficulties of convincing young professionals to give up a small amount of their time; "an hour a month, or two hours a month, it's a cup of coffee or lunch or breakfast" (ProfessionalMentors). Some students also misinterpret the point of the initiative and think the mentor is a route to getting them a job. The intention of

this thesis is not to provide an evaluation of the 'ProfessionalMentors' scheme. However, by providing an insight into its function the research is able to illustrate the positive potential that professional networks have as a representative body in providing unified support for graduate employment preparation.

Demographic and geographic determinism

Rising HE attendance since the early 1990s has led to an increasingly diverse pool of graduates now leaving university (Branine 2008; Stewart and Knowles 2000a; Sutherland 2008). Consequently researchers have attempted to identify the varying implications that gender, ethnicity and class have on university attendance, access and employability outcomes (Purcell *et al.,* 2002). This thesis finds that the demographic selection of different universities in the West Midlands influences CS views of SME-university engagement, particularly between post- and pre- 1992 universities. Most of the post 1992 or 'new' universities were formerly polytechnics that were granted degree awarding powers by The Higher and Further Education Act in 1992[11]. Polytechnics were established following the UK's drive for human capital investment. They differed from universities in the types of courses that they provided for students, focusing on more vocationally orientated 'sandwich' degrees. The demographic intake of these universities also differed:

> '[…] the average entry grades were lower, their average age was higher, female students were more prominent, as were students studying on a part-time basis. Proportionately more came from family backgrounds which could be described as unskilled/semi-skilled/skilled manual' (Sutherland 2008, 48)

11

     This legislation also ended the funding distinction between polytechnics and universities, such that all funding is now allocated via the Higher Education Funding Councils (Sutherland 2008).

Although the binary divide between pre- and post-1992 universities has 'disappeared' (Sutherland 2008, 48) the distinctions between demographic intake between these universities is still noted by CS interviewees;

> "[…] obviously a lot of our students want to stay local, if they are mature students or part-time students they may already have family here and aren't looking to move" (University2 [Post-1992 university])

Post-1992 university CS representatives find that their demographic intake of mature students, students with families and those settled in the area attending part-time, maintain commitments such as a mortgage which keeps them local following the completion of their degree (University 2, 3 & 4). One post-1992 university representative also detailed how the large ethnic minority intake at the university also influences graduate retention rates; he described how ethnic minority groups can be more reluctant to ask for help (such as recruitment assistance) or travel elsewhere on completion of their degree. Consequently, part of the respondent's job as a CS manager was to raise aspirations and encourage these students, along with the mature and part time students, to look elsewhere, beyond the locality, for jobs; "[...] really I can't crow bar them out" (University5). While the propensity to stay in the locality does not automatically equate to smaller firm employment, the findings reveal how post-1992 universities, in more peripheral locations in the West Midlands, found that opportunities in the immediate marketplace tend to be with smaller firms; "locally big companies [are] not so abundant anyway" (University3 – R1). Therefore, if the student does decide to stay in the region following their degree the choices are limited to "SMEs, SMEs, or SMEs […] so a lot of our work is with SME's" (University5). Graduates finding work in an SME, in these peripheral locations, is not an issue for CS. However, students finding work in a "graduate level job" within the SME is an issue; "the peripheral, Black Country, Staffordshire, down to Herefordshire, Worcester. There isn't the graduate level job"

(University5).

This thesis finds that universities maintaining a more international cohort of students also influence graduate employment. As two pre-1992 university CS representatives detail, both the institution and the student can find themselves under pressure to find more prestigious jobs with well recognised "brand name" employers (University1) in areas like "London" (University 6).

> "They [international students] want to be able to write home and say I have secured a job with Jaguar Land Rover and the people back at home to say wow… without a name that they can recognise what is the point in them going overseas?" (University7)

Consequently, as one CS representative described, careers services only "promote local opportunities […] to the extent that graduates want to remain in the local region" (University6). One manager questioned whether this issue was really led by the student or the university. He suspected that more vocationally based universities have a "less pompous view" towards SME engagement;

> "[Universities] want to be seen to be actually having their students going to big prestigious businesses' rather than a small company no-one has ever heard of as it may reflect badly on them as stakeholders may question, 'are your students not up to working for the big boys?" (Cool Communications - M)

To an extent, the CS representative from 'University6' confirmed the manager's suspicions; revealing that because one of the university's aims was to become a "top 50 world university" by 2050. Therefore their remit for engaging with local business, local employers was "a very small part" of the universities overall employer engagement strategy.

The following section explores the use of work experience by both pre- and post-1992 universities as a mechanism for SME engagement.

Encouraging participation

Over the last decade work experience (WE) has increasingly been heralded as one of the key means of assisting graduates to: improve their understanding of academic and workplace connections (Hanage *et al.,* 2004, Brown *et al.,* 2004, Harvey and contributors 2003), bridge skills gaps (Harvey *et al.,* 1997), develop practical abilities (Hart and Barratt 2009), and gain a taste of future careers (Harvey *et al.,* 1997, Manpower 2005). Essentially WE provides graduates with a broader range of attributes prior to graduation that enables them to 'do the job' when finally reaching employment (Harvey *et al.,* 1997, Davies 2000). Although employability initiatives, delivered via the modification of course structures, are considered to facilitate graduate recruitment, WE is often considered to have a more significant impact on graduate employment success (Mason et *al.,* 2003; Cranmer 2006). In February 2000, the Secretary of State for Education and Employment called for *all* HE students to have a minimum period of work experience (Little and contributors 2004). More recently, there has been a rising level of government attention paid to the WBL agenda as WE, placements and intern-ships are considered by Business Federations (FSB 2009) and government as one of the key means through which graduates can gain employment during unstable economic times. WE is also considered to be a key means by which graduates can be prepared for SME employment (Hart and Barratt 2009). As well as acting as a tool for increased participation (Harvey *et al.,* 1997), it is found to address negative perceptions that graduates hold towards SMEs and SMEs towards graduates (Holden *et al.,* 2007).

243

The findings of thesis support the value of WE in smaller firms. Case firm owner/managers and graduates reveal that it is a primary means by which practical skills can be improved (Chapter 4), as well as a key means of recruitment. When discussing methods for recruitment, most case firms cited that their favoured channel being "work experience". The research also finds that several of the graduate respondents gained their current position following WE; "because I'd done the work experience in January I went straight into a job with them" (CM Communications - G). As one manager described, having a graduate on WE before offering full-time employment means that SME owner-managers do not feel as though they are taking such "a big step" (Commercial Computing – M). This finding was also supported by the views of two intermediary representatives;

> "[Placement scheme] it does work as, like a two year job interview almost, because they are based predominately at the company" (Prize Placements)

> "[…] past experience has shown us that if companies are exposed to the experience of a student or a graduate it has, it can have, an attitudinal affect on them in a very positive way, because they can see an impact, an actual experience that adds value" (Grads4You)

The majority of managers strongly recommended WE as an activity all graduates should consider undertaking before leaving university; "whether it's, you know, bloody paper filing or whatever, do something, get yourself in the door" (Sum Solicitors – M). While the virtues of WE, as a channel for recruitment and a device for preparing graduates for the workplace, have long been recognised, this research finds that the delivery of WE to smaller firms is problematic. Delivery of WE to SMEs and graduates is not only compounded by wider access issues (discussed previously), it is also restricted by additional factors which limit access and

engagement. The following section explores these factors in further detail.

A costly business

One of the key issues of delivering WE to SMEs, as highlighted by CS representatives, is the tendency for SMEs to offer unpaid work experience. This issue was not however the same for all universities. While one university did not advertise unpaid placements due to a **"**very strong ethical policy" (University1), others had no issue with unpaid vacancies providing the "time frame" (i.e. 6 to 12 weeks) was acceptable (University3). For one CS respondent, the issue of offering unpaid WE was more acceptable at present due to wider economic pressures causing the number of "unpaid vacancies" to rise (University2 – R1). Surprisingly only one CS interviewee mentioned a separate bursary available for students wanting to undertake unpaid WE (University6). Contention over unpaid work experience is further conflated by sub-sector differences. For example, in sectors such as "PR and marketing" it is almost impossible to get paid WE, therefore rules around finding students paid vacancies are relaxed for these types of firm (University1 and 2). Intermediary representatives also find occasional difficulty when trying to encourage small firms to make the financial investment in a WE candidate. As one representative described;

> "[...]two thousand pounds sounds a lot to an SME, however after having
> experienced a placement student a lot of managers come back and claim
> they would have paid double" (Perfect Placements).

The majority of case firms did discuss paying their WE students (each architectural case firm, Creative Consulting, Accurate Accounting, Commercial Computing). There were however two case firm managers that offered unpaid WE and only covered graduate expenses (Sharp Designs – M, Sum Solicitors – M). This arrangement is felt to be fair as it helps the firm to

gain "exposure" and "extra help" and the graduate benefits from having the experience of working for the firm (Sum Solicitors – M). There are however potentially wider repercussions of this arrangement. As one architectural manager in Birmingham discussed, he had known graduates to "claim unemployment benefits off the state" while working for nothing; "I don't know the rights and wrongs, I'm not going to get into that" (Better Build – M). Unpaid delivery also raises concerns over the effectiveness of student engagement in the WE process as unstructured and ad hoc delivery may not receive the same level of support as more formalised forms of delivery (Harvey *et al.,* 1997). In addition to costs, case firm managers raised concerns about WE delivery, such as; confidentiality (Sum Solicitors), time and resource demands of new graduates (Sharp Designs – M, Accurate Accounting – LM), turnover impact (Bright Build - M), and the effort it takes as a sole to take someone on (Catalyst Communication - M). The cost of work experience, both financial and non-financial requires further investigation; especially in terms of the implications it holds for fragmented university delivery.

Knowledge Transfer Partnership

There are initiatives available to SMEs, run in conjunction with West Midland universities that offer access incentives for participating firms, such as the Knowledge Transfer Partnership (KTP) scheme. One small firm manager had a vast experience of attempting to engage with this scheme (Sharp Designs – M); unfortunately he found his efforts had not been a resounding success. This particular manager felt that although the funding was there, it was difficult to access, particularly for firms with fewer than ten employees. The interviewee reported how events run to promote the scheme suffered from poor event management. For example, on one occasion he went to an event where there were six university representatives,

but only two companies present. The high commercial costs of the scheme also deterred participation; "the charge rates are unfeasible for us" (Sharp Designs – M). The cost made little sense to the manager when he had so many graduates already asking for placement years; "I bet I could employ some of them for ten thousand [a year] or less" (the scheme charged £20, 000) (Sharp Designs – M). The intention of this thesis is not to provide an evaluation of the KTP scheme however the experience related by 'Sharp Designs' is of concern; particularly if limited university resources are not being used effectively to promote SME access and engagement.

Fragmented delivery:

> "[Work experience] is the single most important contributory factor to the employability of the student by the time they finish" (University7)

> "Ideally nobody should leave university without having worked at least one summer in a structured period of work assignment" (University6)

Despite WE delivery being high on the agenda of universities (Mason *et al.,* 2006), the majority of graduate interviewees found insufficient or inadequate encouragement from their universities towards undertaking sandwich years, WE or placements during their degree. One graduate from Oxford university discussed how she had even felt deterred by her lecturers; "It was a bit like, "oh, if you do it, you do it""[12] (Commercial Computing - G). Those who had undertaken placements during their course (mainly architects) referred to their disappointment with learning outcomes achieved (British Build – G, Bright Build – G1 & G3). The research only found one non-architectural graduate who had been encouraged as part of her course to

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12

    The graduates interviewed were not all West Midland universities so this cannot be considered a matched sample outcome

undertake a placement year (Accurate Accounting – G3). Other graduates had established

work experience externally under their own initiative through channels such as "STEP"

(Connection Consulting – G1), Regional Development Agency (RDA) placement initiatives

(Commercial Computing – G1 & G2, Catalyst Communications – G) or via canvassing efforts

(CM Communications – G, Clear Communications – G2).

Interviews with CS representatives reveal why student experiences of WE and placement

opportunities are viewed as fragmented. One of the key reasons given by CS representatives

concerned departmental inconsistencies. Some university departments had a long history of

delivering structured access to WE or separate offices set aside for organising WE, while

others did not;

> "[The business department] has a huge placement office with a
> placement manager, placement assistants to deal with all their students'
> placements" (University2)

Departments running separate WE opportunities include; nursing, social studies, health,

business, engineering, physiotherapy and medicine (University2, University3 – R1,

University7). One representative stated, "there isn't a great deal of work experience

placements on offer' even where the related industries demand WE as a necessity"

(University6). Certain universities are attempting to look to the more established departments

for advice on best practice so that WE provision may be encouraged across the university.

However, as one CS representative detailed, these benchmark departments are often unwilling

to share their contacts as they are concerned someone might "ruin their relationship with that

industry" (University2). Even if best practice was shared, another CS representative detailed

how, outside the more vocational courses, other departments "struggle to fit [WE] in, to find

the motivation, to see why you would want to do that" (University3 – R2).

In addition to academic and departmental resistance CS described how not all students were so keen to spend their time in WE or placements. They were either: concerned with being "out of sync" with their peer group (University6), or were eager to finish their degree to "get on with earning and paying off debts" (University7), or held the misconception that they would have to "pay extra" for placement years (University6). The frustration experienced by CS was likened to "pushing on a piece of string – it is just bending rather than anything happening at the other end" (University6).

This thesis finds that there are also perceived differences in the provision of WE between universities. As two intermediary representatives described, some universities have always been aware of the benefits of WE, maintaining "a history of industrial and sandwich placements" (Perfect Placements); while other universities are just waking up to the fact that "encouraging and supporting actively and pro-actively" students undertaking WE is a "great way of dealing with workplace preparation"', rising expectations, and an increasing "student demographic" (Grads4You). The point made by both 'Grads4You' and 'Perfect Placements' was made as a generic reference to their working relationship with pre- and post-1992 universities; where post-1992 universities maintain a vocational focus, pre-1992 universities focus on research and theoretical learning (Sutherland 2008). A few CS interviewees supported this dynamic; post-1992 university representatives described an "emphasis on practical skills and work-based learning" (University5), while pre-1992 universities depict their response as "slower", beginning from a starting point "set further back" (University1). As one pre-1992 University CS representative confessed, his university was possibly less

engaged with the development of practical training and more concerned with its global position. As a result, practical learning featured less on the university's radar (University6);

> "It's about the extent to which the institution is academically focused, versus practically focused, and there are different Universities that have different agendas as far as that's concerned" (University6)

Funding access: Funding access and support given to HEIs is also considered to cause disparities in WE and placement provision. One CS representative described how 'University 6' had recently applied to the Economic Challenge Investment Fund (ECIF) to "support local employers and local students", but had been unsuccessful. When reviewing the list of HEIs that *had* been successful the representative found that "it was mainly the post-1992 universities that had received funding"; or at least there was a "stronger representation of those, than perhaps [the] Russell group" (University6). The contentious issue of funding was also alluded to by one intermediary representative involved in a placement scheme closely associated with university WBL opportunities (Prize Placements). He described how the disparities between HEIs that received funding and those that didn't often came down to the requirement for "full economic costing" and expenditure as demanded by the funding donor. While pre-1992 universities could provide evidence of salaried research and non-research activities, it was more difficult to provide accounts "when you are talking about overhead costs" (Prize Placements). In contrast post-1992s were more able to "pull out some of these direct costs". Consequently, pre-1992 universities often avoid signing up to the funding, just in case someone comes back "in five years' time saying, can we have our money back please" (Prize Placements). The representative speculated that old universities already had "quite a lot of research income" so there is no point in taking such a chance unless "it was going to be worth a big payoff"

(Prize Placements). Participation was also a matter of motivating "academics to do it": persuading them with "research outputs, paper publications or the financial rewards" (Prize Placements).

Bringing in the middle man

> 'The implications of labour and production flexibility for society, as a whole, to challenge fundamental institutional and individual relationships' (Purcell and Cam 2002, 5)

Organisational outsourcing of HR activities traditionally performed in-house is considered to be a rising phenomenon (Cooke *et al.,* 2005; Ordanini and Silvestri 2008). Increased interest in the externalisation of practices, such as training and selection, are associated with wider labour market and workforce changes. Outsourcing is considered to enable firms to become more flexible and responsive following downsizing and structural changes towards just-in-time and lean production, while also facilitating employee demand for contractual, temporary and part-time work (Purcell and Cam 2002). In a response to these changes researchers are attempting to appreciate the role of intermediaries mediating and regulating these outsourced practices (Cooke *et al.,* 2005; Ordanini and Silvestri 2008; Purcell and Cam 2002). Intermediaries act as third-party recruitment brokers, providing services, 'for the purpose of finding workers employment or for supplying employers with workers' (Conduct of Employment Agencies and Employment Business Regulations 1976, *cited in* Purcell and Cam 2002, 5). The use of intermediaries or 'Professional Employer Organisations' by SMEs is also receiving increased attention by researchers, following the recognition that SME's ability to maintain HR staff, internal HR programs and services is limited by their 'economies of scale' (Klass 2003, 43). Despite the increased attention from research, focused on understanding the role of intermediaries in the mediation of graduate recruitment, relationships between HEIs

and SMEs is limited (Holden *et al.,* 2007; Johnson and Tilley 1999). This section therefore aims to supplement literature on the role of intermediaries in graduate recruitment by examining the assistance West Midlands' intermediaries provide. The investigation primarily focuses on three intermediaries in the West Midlands involved in graduate employment: 'Perfect Placements' provides placements nationally to firms of all sizes and works extensively with firms in the West Midlands; 'Grads4You' exclusively works alongside SMEs' graduate recruitment services offering: work experience (4 to 12 weeks), placement opportunities (up to a year) and summer work; 'Right Recruits' facilitates recruitment in small firms regionally, although they do not act exclusively in this sector.

Concept blindness

This thesis finds that the role of intermediary organisations in graduate employment is multi-faceted; they aim to educate, change attitudes, inform and raise awareness of graduate employment in small firms.

> "[…] we are working with the companies, trying to get them to be open minded and consider graduates and undergraduates and vice versa working with graduates and undergraduates to consider the smaller companies" (Grads4You)

As one representative discussed, their role as an intermediary is not just about removing prejudice of SMEs towards graduate recruits and vice versa, it is also about overcoming "concept blindness". Concept blindness for 'Perfect Placements' refers to SMEs and graduates being uninformed about the existence of actual opportunities and the potential reward SME graduate employment has for both employer and graduate (Perfect Placements). The way in which intermediary organisations attempt to remove this concept blindness include a variety of actions; running campaigns, producing literature and case

252

studies and reinforcing employment positives through channels such as Business Link, the Chamber of Commerce and Business Advisers. They also attend university recruitment fairs and national recruitment exhibitions, marketing opportunities in local newspapers on behalf of smaller firms to promote the benefits and rewards associated with small firm recruitment (Grads4You, Perfect Placements). By collectively providing a singular, organised point of contact at recruitment fairs, intermediaries feel that they are helping small firms to become a more visible face of recruitment; providing targeted advice for students and graduates and raising awareness of appropriate recruitment channels (Grads4You, Perfect Placements). One case firm graduate had actually used a list provided by 'Grads4You' detailing local SMEs looking for students for her own recruitment applications; from this she had established her current employment (CM Communications – G). The representational importance of intermediaries as a recruitment broker is also considered to ease managerial frustrations towards the process of recruitment. By acting as a visible, direct point of contact intermediaries alleviate the pressure of knowing "who to talk to" and "how to call them up" (Perfect Placements). A number of case firm managers had experience of using intermediaries to assist with full-time recruitment. They had found that intermediaries removed, or at least minimised, some of the difficulties of recruitment; primarily in relation to access and the centrality of information and advice about recruiting graduates (Catalyst Communications, Commercial Computing, Cool Communications, Clear Communications).

> "[…] we canvas for jobs, we get jobs in, we advertise them, we short list candidates, we interview and compare the candidates for interview, and then they get sent through and then we do graduate offers"
> (Right Recruits)

Intermediaries discuss with companies what type of candidate they seek (Right Recruits) and/or visit companies to get a feel for what they are looking for (Grads4You); helping managers to communicate and refine their requirements;

> "The first part of vetting anyone is how you market yourselves, because you would want to market in a certain way to attract the right sort of people" (Grads4You)

One intermediary also discussed how, in certain cases, they work with companies to grow roles into more appropriate graduate-level positions;

> "[…] there are a number of things that we will do with that company to encourage them to add other facets to that role, to get more from the graduate when they are in post" (Grads4You)

The ability of intermediaries to develop previously non-graduate level positions into graduate-level roles deserves further research attention, particularly following recent academic concern about the fulfilment and underutilisation of graduates in jobs that do not require their higher level skills (Holden *et al.,* 2007). In recognition of the fact that certain firms will have recruited before, one intermediary discussed the importance of adjusting the level of support given to managers according to the level of assistance required (Grads4You). For example, first time graduate recruiters, cautious about undertaking the first step, are found to require more advice on "how to find graduates, access them, bring them in and then get the most out of them" (Grads4You).

Getting a foot in the door: As interviews with intermediary representatives reveal, their agenda for SME graduate recruitment, when compared to that of universities, is more focused

254

and all-encompassing. However, intermediaries acknowledge that working with SMEs can be a very "time intensive process" (Right Recruits); requiring the relationship with owner-managers to develop over a "very long lead time"; involving the company to "contemplate their engagement" prior to committing (Grads4You). The approach to accessing SMEs was likened to a "drip, drip" effect, particularly when "the door is already slightly ajar" and the owner has "one foot in and one foot out" toying with the idea of taking on a graduate (Grads4You). In such circumstances, the firm may often require a little "extra push" through advice and guidance in order to take the next step.

While intermediaries and universities experience the same frustrations, intermediaries use a number of methods to overcome those obstacles. As 'Grads4You' discuss, they attend business events where companies meet to gain extra business, inviting firms, who have already experienced the scheme, to provide presentations, case studies, PR and testimonials to other potential employers. This intermediary also finds that employers are more likely to listen to other employers regarding benefits; "if another company has tried it, which a number of them have, that's what can make the difference" (Grads4You). Businesses also promote their schemes informally by word-of-mouth, facilitating promotion without prompting; "[if] you have got a success story then they, kind of, do a lot of the work for us really and do referrals" (Grads4You). Other access methods include using "private sector networks" such as accountants or bank managers to spread the word about graduate employment positives (Perfect Placements). At the time of interview intermediaries were finding an easing of engagement criteria in the initiatives they use (Prize Placements) or an injection of funding by supporting agencies (Grads4You). The objective of this loosening in the criteria was to restart the regional economy in the wake of the economic crisis. The additional support had been

255

received well by SMEs; "we've never been so busy at this time of year before; even in more buoyant times" (Grads4You). Illustrating how; "if the supports out there for them, then there is still a massive need and requirement, demand lead, from companies, for good staff, good people" (Grads4You). Funding support was primarily directed towards WE engagement, something that two CS representatives in particular had concerns with. They felt the reaction to such investment during the recession was overly "knee-jerky" questioning the sustainability and legalities (in relation to Job Seekers Allowance) of such support (University1 & 7).

Intermediary representatives admit that there are certain employer cohorts that they are unable to convince in regard to participation. This issue has been made worse for one intermediary by the recommendations of academic David Storey, who suggested that placement initiatives should target firms that "don't knowingly employ graduates" (Perfect Placements). The idea was that; "[If there is] limited public money, from a policy point of view, you could influence more at that level than the high growth" (Perfect Placements). Unfortunately this advice has "skewed" results and made the intermediate's role more difficult (Perfect Placements). This intermediary also experienced additional geographical engagement resistance. As a nationally orientated programme the representative found that 'Perfect Placements' suffered from attitudes of "parochialism" or "not invented here syndrome" where the Regional Development Agency (RDA) or firms within the region (not just the West Midlands) were cautious of using the scheme. He found that local agencies and firms were suspicious of the scheme as it did not represent a "regional brand" due to its delivery at a "pseudo level". Despite the initiative receiving wider national acclaim RDA reportedly wanted something from scratch instead – "that's just the way public funding works" (Perfect Placements).

A united front

Intermediaries often work in conjunction with HEIs, assisting in training, WE delivery and recruitment access to create more opportunities for graduates. Intermediary organisations work with universities through a variety of means; some have advisers that work in consultancy with CS (Perfect Placements), while others have a representative who works with CS on site on a part-time basis (Grads4You). These links mean intermediaries are more able to get a feel for what the university needs and how they can get more involved. It also enables intermediates to supplement the services of smaller CS teams who have fewer resources available to them. Intermediaries also provide advice on "how to talk to a small business" or how "to set up a placement program" (Perfect Placements); tailoring training delivery in accordance with university "needs and requirements" (Grads4You). As one CS stated;

> 'I don't think you can talk to [X & Y pre-1992 universities]] in the same way as you can [X & Y post-1992 universities] and expect the same outcome. The students are different, they are drawn from different constituencies, the courses are quite different and therefore the whole nature of the experience and the type of people you get there are quite different. You know, if you try and adopt a one size fits all, then it may not fit anybody or it may fit a few people really well and others just think it's too small or too big or the arms are too long' (University6)

There are however tensions underlying this intermediary-HEI relationship. Some CSs are cautious about the extent of university dependence on, and geographical biases in, intermediary-led recruitment and WE delivery. One CS representative in particular felt that the regional programme of intermediary delivery was too "Birmingham centric"; detracting from recruitment opportunities in outlying or "peripheral" areas of the West Midlands: "Because of the urban density [in Birmingham] it's easier; you can place those students all

day long" (University5). He felt that sub-regional graduate recruitment agendas should be left to the universities in those locations, rather than to designated intermediaries; "[...] let us meet their targets, because we can do it in our areas. Leave the ['X region'] to us, because we can sort that" rather than delivering at a more "pseudo level" (University5). Regionally-led government encouragement towards university partnerships with intermediaries also led to certain CSs being cautious about over-dependence on intermediary support, particularly if funding for these organisations was potentially to be removed in the near future.

In contrast to the views of these CS representatives, intermediary organisations believe funding is best delivered in "one pot or two pots" as it sends out a "more unified message across the whole of the region" (Grads4You). They felt that dividing money between all the region's universities would "dilute the recruitment directive" further (Right Recruits). Some CS representatives tended to agree with this view. They supported the idea of centralised regional delivery as it alleviates some of the financial pressure on HE institutions; especially those with fewer resources at their disposal (University 3 and 4). By concentrating funding in one pot, intermediary representatives also felt they were better equipped to advance SME recruitment in the region by acting as a centralised, organised, and visible forms of delivery;

> "[…] with the best will in the world, you could have one person from one university networking morning noon and night and not doing anything else. You have twelve people doing that, you just get a lot more coverage" (Right Recruits)

As some intermediaries admit, as funding decreases, in many cases they have "to do more with less and increase volumes" (Perfect Placements). Some face closure following government cuts, risking their reputation and success (built up over several years) being lost with their termination (Grads4You). There is however hope that universities may be able to

continue the intermediaries' work by the integration of initiatives and frameworks;

> "I think that you could have said a few years ago that we were the voice of the SME's but, um, I think universities are. I think they are making moves towards it. I think it is an area that they need to be aware of" (Grads4You)

Conclusion

The purpose of this chapter was to examine the relationships of West Midland universities and intermediaries with SMEs to generate a better understanding of the factors that perpetuate their uneven position, relative to larger enterprises, in the graduate marketplace (Holden *et al.,* 2007). The focus was to explore university, intermediary and case firm interpretations of the formation and maintenance of recruitment relationships. In doing so the objective was to gain a more in-depth understanding of factors that both facilitate and constrain SME engagement with, and access to, graduates. The results show how the relationships between universities can be viewed as haphazard and uncoordinated, frustrated by limited resources, fragmented by SME diversity and differential university responses. A focus on work experience (WE) as a facilitator for SME engagement reveals additional concerns with limited access and the inconsistencies of university-led delivery. By examining the coordinated and organised response of intermediaries, the chapter does however illustrate how recruitment/WE mediators can alleviate certain issues that serve to deter and frustrate graduate employment in SMEs.

Haphazard and uncoordinated: This chapter has shown that the relationship between universities and smaller firms can be seen as haphazard and uncoordinated, frustrated and compounded by issues of; SME representation, HR capacities of smaller firms, infrequent SME recruitment opportunities, HEI demographic intake and location, limited resource capacities of careers services and multiple engagement routes. These factors can be interpreted as compounding the potential of smaller employers as graduate employers, revealing a sense of 'mutual unattractiveness' between HEIs and SMEs. The dominant position of larger firms compared to smaller enterprises is seemingly supported by a more straightforward and rewarding working relationship. There are a number of factors that facilitate the HEI-large firm working relationship, including;

- recruiting more graduates on an annual basis,

- approaching universities for graduates,

- a dedicated HR personnel who work with universities on a regular basis and,

- graduates attraction to the rewards and benefits of employment in these firms.

In comparison, HEI-SME engagement is interpreted as time consuming and resource intensive; SMEs recruit less often and do not have dedicated HR personnel to interact with universities, therefore requiring HEIs to work harder to contact SMEs, for potentially less reward (fewer vacancies for graduates).

There are, however, 'glimmers of hope' (Holden *et al.,* 2007) as representational networks offer a channel through which employer relations may be built and strengthened. The example of 'ProfessionalMentors'-'University2',where undergraduates are mentored by early career stage professionals, illustrates how an organised network representing the views of multiple businesses can assist HEIs in preparing graduates for working life. Young professionals in this

particular network provide undergraduates with advice and guidance on careers within BPS. The outcome is found to be mutually reinforcing as the young professionals are able to gain managerial experience while graduates develop and refine career goals. Although 'ProfessionalMentors' do not exclusively represent SMEs, the network does exemplify how, by working together, businesses can strengthen their relationship with HEIs by acting as a singular and organised voice.

Work experience – facilitating access and engagement? This chapter examined the specific delivery of WE as a facilitative tool for SME recruitment engagement. WE is found to address graduate skill deficiencies, promote awareness of the mutual benefits of engagement among graduates and SMEs, and encourage SME recruitment participation through its non-committal approach (Harvey *et al.,* 1997). The research finds that while WE may facilitate access to SMEs, its delivery and range, as a mechanism of engagement, are hindered by wider SME-HEI issues and additional considerations. These additional factors include; differential access to funding, departmental fragmentation, graduate resistance, unpaid SME WE delivery and variable university histories in delivering vocational learning agendas. Although this thesis is limited by the inclusion of interviews with only CS representatives, and not the wider range of university engagement teams, it does illustrate that SME recruitment participation and WE delivery are compounded by fragmented university responses, variable opportunities for graduates to engage, and negative perceptions towards engagement based on access inexperience.

Mediating the marketplace: The findings show that intermediary-led relationships may be better placed to engage with SMEs than HEIs. Their dedicated objective means that

intermediaries can focus resources and agendas on exploring and generating opportunities for small firm graduate employment. This thesis finds that intermediary organisations effectively act as recruitment brokers for small firm employment. They facilitate supply by providing a centralised point of contact for employees and encourage demand by representing SMEs as employers. Intermediaries also challenge perceptions of 'mutual (un)attractiveness' through the management of "concept blindness". They do this by distributing information to graduates at recruitment fairs about the benefits and rewards of SMEs, by attending business networks, and encouraging other SMEs, who have recruited graduates previously, to talk about their experiences. Intermediaries are not without limitations. As 'Perfect Placements' discussed, regional dissemination of projects can suffer from "parochialism" and the "not invented here" syndrome. Universities are also cautious about over-dependence on intermediary initiatives, and some CS representatives feel that funding should be allocated to universities who can act locally.

Although this research is limited by a focus on only three intermediaries, it does provide an insight into the relationships between intermediaries, HEIs and SMEs. This thesis has highlighted how intermediaries effectively overcome both SME HR restrictions and university resource limitations by acting as mediator; unifying and representing the interests of both parties. Despite fluctuations in SME demand through infrequent recruitment, variable responses by university departments and pre- and post- 1992 HEI agendas, intermediaries act as a detached constant within the marketplace, focusing on a singular objective – recruitment facilitation. The sustainability of relations, particularly those held between intermediaries-HEIs, deserves further research attention, especially as government funding for public policy led initiatives faces withdrawal.

CHAPTER 7

GRADUATE EMPLOYMENT PROSPECTS IN SMALL BUSINESS AND PROFESSIONAL SERVICE FIRMS

> 'Traditional graduate jobs will not absorb the growing numbers of graduates. The greatest potential is likely to be in smaller businesses, which have not tended to recruit graduates in the past. But to make this work, small businesses will need to understand the benefits graduates bring. Graduates will also need to understand the labour market'
> (AGR 1995, 5)

This thesis addresses the rising interest in Small and Medium sized Enterprises (SMEs) as alternative graduate employers (Hart and Barratt 2009; Holden *et al.,* 2002, 2007; Pittaway and Thedham 2005; Westhead and Matlay 2002). The rising role of these 'non-traditional' graduate recruiters is associated with both demand and supply led considerations. From an SME employer, or demand-led perspective, graduates are considered to fulfil a rising demand for higher level skills, and address skills gaps evidenced in smaller firms (Daniels and Bryson 2006; Belfield 1998). From a graduate, or supply-led perspective, SMEs provide alternative career prospects as competition for traditional graduate employment in large and public sector organisations becomes ever fiercer (Connor and Shaw 2008; Branine 2008). The viability of harnessing the 'potential' (AGR 1995) of smaller businesses as graduate employers is, however, seemingly undermined by mutual apprehension, surmised by Holden *et al.,* (2007, 219) as 'mutual unattractiveness'. Imperfect and distorted understanding of mutual benefits, attributed to both ignorance and market failures, appear to exacerbate mutual misconceptions and continued uncertainty (Hart and Barrett 2009; Holden *et al.,* 2007). Academics and policy makers have urged researchers to appreciate the 'real experiences of graduates and their managers in relation to employment in SMEs' (Holden and Jameson 2002, 271) to

address mutual apprehensions, promote the viability of SME recruitment, and ensure public policy avoids 'running blind' (Holden *et al.,* 2007). The aim of the thesis was therefore to; 'Examine whether the case for mutual unattractiveness is supported by graduate and employer experiences in small BPS firms'.

A model in miniature?

The evidence presented by this thesis suggests that the relationship between smaller enterprises and graduates is more accurately presented as one founded on 'concept blindness' rather than 'mutual unattractiveness'. To an extent there is a connection between reported negative perceptions and actual experiences of graduates and small firm managers. For example, graduates do present skill deficiencies which impact on their productivity as employees. Managers of small firms, on the other hand, are found to rely on informal training and development. While these negative perceptions may be affirmed, this does not necessarily or automatically equate to experiences being negative. Therefore the question arises; why is the prospect of employment mutually unattractive when employment experiences are, as the finding of this thesis would suggest, mutually beneficial?

This thesis suggests that the disparity is a consequence of mismatched expectations rather than SMEs falling short as employers and graduates disappointing as employees. Academics have already stated that SMEs are not 'a model in miniature' of larger enterprises (Holden *et al.,* 2007, 218) and that graduates are not necessarily the 'finished article' before entering employment (Martin *et al.,* 2008). So why are perceptions, seemingly, based on larger firms and experienced professionals? If graduate expectations are based on a large firm blueprint -

formalised training and development - and if small firm expectations are based on an experienced employee mould – immediate contributions and practical experience - then undoubtedly mutual unattractiveness will persist.

As Human Resource Management (HRM) literatures on small firms have come to recognise; the application of existing HRM models to small firms is not meaningful, just as applying small firm HR practices to large firms does not work (Cardon and Stevens 2004; Heneman and Tansky 2002). This same concept appears apt for SME graduate employment. SMEs need to understand the concept of a graduate, what they can offer, and graduates need to understand the concept of SME recruitment; it may not be the same, but that does not mean that it cannot be just as attractive or as rewarding as a form of employment. This apparent concept blindness needs to be addressed. The research finds that there is however scope to manage expectations; case firms are open to the idea of graduates, just as graduates as open to the opportunities in SMEs. What is evident is that both parties require more information.

Multiple recruitment and employment choices exist and comparisons will be made between alternate options. As the pool of graduates grows, and employer options vary, the choices will become ever more complex. Employees and employers need to be able to make informed decisions. By looking beyond larger firms and by appreciating smaller firms in their own right researchers can begin to understand where to direct support, how graduate transitions into SMEs can be improved, and what expectations require reconciliation. Furthermore, by examining wider regional recruitment relations, this thesis highlights how the effective distribution and delivery of information is just as vital as understanding small firm recruitment in its own right. Quite simply, there is no point in talking if no one can hear you,

and if no one is listening. The following chapter explores the thesis' findings in further detail.

Attractive employees

To date, limited academic evidence exists on graduate skills and competencies desired by SMEs, and the impact and implications of skills and competencies brought to employment via their recruitment (Holden *et al.,* 2007; Harvey *et al.,* 1997; McLarty 2000, 2005). Consequently there is a deficiency of understanding of SME recruitment motivations, and graduate contributions to smaller enterprises. Evidence has remained ambiguous, with inconsistent evidence of the value of higher level skills to SME employers (Hart and Barratt 2009; McLarty 2000). Researchers have therefore recognised the need for further research so that the negative perceptions of SMEs towards graduate employees can be addressed, and public policy initiatives, targeting underutilisation and the mismatching of skills, can be better informed (Hanage *et al.,* 1994; Martin and Chapman 2006). In questioning small firm manager experiences, and motivations towards graduate recruitment engagement, this thesis was guided by two primary objectives;

1. To explore why small BPS firms recruit graduates
1. To examine the contributions that graduates make to small BPS firms and how that contribution is interpreted.

These research objectives were primarily addressed in Chapter four, which examined case firm motivations behind initial recruitment decisions and questioned the reasons for managerial engagement in graduate recruitment. From a demand-led perspective it also examined managerial interpretations of graduate contributions and skill deficiencies; an

examination that was supplemented by the inclusion of the skills and attributes that graduates perceive they brought to their employment. In relation to case firm employment motivations, Chapter four finds that recruitment can be interpreted as occasional and based on comparative choices. Motivations are also influenced by work experience delivery illustrating how recruitment considerations can be shaped by the method of selection. In regard to skill contributions, graduates are valued for their transformational and adaptive qualities in case firms. Chapter four finds that basic and practical skills are lacking in graduates, however, interpretations of skill deficiency implications are subjective and influenced by the BPS sub-sector. The following sections examine these findings in detail.

Occasional recruiters

The results show that case firms can be interpreted as 'occasional' recruiters using Hart and Barratt's (2009, 9) recruiter typology, since the majority of case firms do not hold a specific 'commitment to recruiting graduates'. Out of seventeen case firms, only two managers felt that they had little choice but to recruit graduates – 'Creative Consulting' and 'Sharp Designs'. Graduate recruitment in these firms was more reflective of an 'accidental' typology – demonstrating a lack of requirement or no specific desire to recruit graduates directly from university (Hart and Barratt 2009). Due to the restrictive sample size it is difficult for this thesis to discern the primary cause of this ambivalence. It was found that the primary reasons for graduate employment amongst occasional case firm recruiters were succession and organic growth. Succession relates to the recruitment of graduates for the purpose of key or senior role fulfilment. Organic growth relates to graduates being developed and trained for a role in the firm instead of buying in a trained professional. These motivations can potentially be interpreted as positive for graduates as it illustrates employer interest in a graduate's

longer-term career prospects.

Chapter four finds that only one case firm manager adopted a strategic graduate recruitment policy – 'Connection Consulting'. Strategic recruitment refers to recruitment being driven by 'company strategy and skill requirements' (Hart and Barratt 2009, 9). The study finds that decisions made by occasional case firms are primarily candidate-led or role-led and based on comparative choice. Case firms look at taking on school-leavers and, sponsoring them to attend university part-time. Some case firms also support non-graduate track employees; for example those undertaking the Association of Accounting Technicians (AAT) route into Accountancy (Accurate Accounting – LM). The motivation for taking on part-time and non-graduate track employees, rather than graduates, appears to relate to the advanced practical skills they offer and their ability to contribute immediately to the firm's productivity. In addition to comparative choice, recruitment motivations are also found to be transient. Work experience is found to not only help graduates to develop practical skills, as required by case firm managers; it also facilitated the extension of positions in certain case firms from non-graduate level to graduate-level. The evolution of roles within SMEs deserves further research attention. Particularly as occupations, previously considered not to require graduate skills, increasingly participate in graduate recruitment (Purcell *et al.*, 2004).

Graduate contributions

By questioning managerial interpretations of graduate contributions this thesis is able to illustrate the attractive qualities valued by case firm employers. Case firms are found to appreciate the innovative capacities and new knowledge that graduates bring to firms. They also value graduates being in a learning mindset, able to challenge the status quo, and adapt to

the pressures and demands of small firm employment. Drawing on Harvey *et al.,*'s (1997) graduate continuum, the qualities brought by graduates to small firm employment can be considered to be both transformative and adaptable. Transformative agents are people who embrace change and challenge an organisation's way of doing things (Harvey *et al.,* 1997). Adaptable agents are people who are willing to learn and innovate within a pre-determined framework (Harvey *et al.,* 1997). In drawing comparisons between graduates and school leavers or non-graduate track employees managers appear to find the latter to be more 'adaptive'. They take fewer risks, do the job competently and avoid questioning procedures (Harvey *et al.*, 1997, 23). In this case, they present practical skills and an ability to complete tasks competently, but possibly do not present the same transformative and innovative qualities as graduates. In drawing comparisons with the recruitment of more experienced professionals case firm managers find graduates to be more malleable and adaptable; valuing the "fresh minds" or "blank pages" that graduates represent, enabling managers to mould the individual into their "way of doing things". Equally, in contrast to experienced professionals, graduates present a less expensive option to whom managers can delegate back office tasks. In preparing graduates for SME employment these findings indicate the need for a cautious approach. Further research is required on the enforcement of practical learning and the compromising implications on adaptable and transformative graduate qualities.

Skill deficiencies

Through its examination of SME experiences this thesis can move beyond 'perceptions' to a more detailed appreciation of skill deficiencies that may deter SMEs from recruiting and investing in graduates. There are a number of factors that influence skill deficiency interpretations;

- Basic deficiencies by BPS sub-sector

- Practical deficiencies by BPS sub-sector

- Catalysing effects of Information Technology

- Geographic connection in peripheral locations

It is widely understood that graduates lack the basic and practical skills that employers require (WMRO 2008a; CBI 2009a). This thesis complements previous research assessments of skill deficiencies by providing a more in-depth, terminological appreciation of basic and practical requirements. For example, a basic competency for law firm managers is English language; in quantity surveying it is 'measuring skills'; in PR and marketing managers refer to 'softer skills' such as communication, whilst in architecture they refer to technical ability and the ability to produce a tangible output. This terminological insight not only reveals sub-sector variations, it also serves as an evaluative tool of the implications of skills deficiencies in small firms. Managerial interviewees reveal how there is a time delay, or lag time, between graduate trainees' first entrance into the firm and them becoming a productive employee. Lag time is a frustration for managers. A new trainee's ineffectiveness is costly in terms of the training required to fill skill gaps and the effort required to bring them up to speed. The length of lag time is to an extent divided between soft- and hard-skill focuses. Hard-skill focused sector managers find that they have greater difficulty with graduates who lack such skills; taking longer to contribute than managers requiring softer skills. This outcome deserves further research as it may identify a polarisation of graduate recruitment engagement between 'softer skill' focused SME employers and their 'harder skill' counterparts.

Graduates represent a primary channel for the introduction of new technology, especially into SMEs. Whilst IT skills are regarded as beneficial, managers are also cautious of generational dependency on IT and the consequential impact it has on other skills. Managers believe that IT undermines softer skill development, limits emotional engagement, causes laziness and lacks thoughtful insight. Graduate dependence on information technology as a learning tool requires further research attention as it appears to undermine practical abilities, but facilitate innovative capacities of graduates. As the use of information technology within both universities and the workplace becomes more prolific, will it catalyse practical skill deficiencies polarising employer engagement, or will it serve as an attractive and valued graduate quality?

Geographic location was not previously considered to impact on smaller firms due to their infrequent recruitment (Daniels and Bryson 2006). However, North Staffordshire case firms are found to seek graduates with an association, an attachment to the area; for example the potential recruit must either be from the area or have studied in North Staffordshire. A family, friend or educational connection is considered by managers to give graduates more reason to be there and thus more reason to stay. Without an attachment the limited aesthetic appeal, insufficient professional career opportunities and local client requirements are considered to put individuals at a disadvantage making trainee retention more difficult. A 'geographic connection' is thought to enhance contributions and ensure the sustainability of professional careers, therefore minimising employer retention risks following costly trainee investments. Large firms with offices in North Staffordshire and similar peripheral regional locations (outside of graduate migratory routes) are also found to seek trainees with a geographic connection. This finding has significant implications for regional retention agendas and

deserves further research attention. Whilst a geographic connection may be considered by North Staffordshire case firms to limit employment risks, it may also be limiting the pool of graduate talent available to these firms.

Attractive employers

There remains a paucity of literature examining the utilisation of graduates in SMEs (Holden *et al.,* 2002, 2007). Consequently, there is a deficiency of understanding of the relationships between managers and graduates in SMEs, together with a lack of appreciation concerning the rewards graduates receive from pursuing a career in these enterprises (Holden *et al.,* 2007; Pittaway and Thedham 2005). Evidence of recruitment experiences has been dominated by; surveys rather than qualitative insight (Johnson 2003), speculative perceptions rather than experience, and 'snap shot' evidence (Holden *et al.,* 2007). Researchers have therefore recognised the need for further research, so that the negative perceptions of graduates towards SME careers can be addressed, and smaller firms promoted as a viable alternative to large firm employment (Westhead and Matlay 2005; Westhead *et al.,* 2001). In questioning graduate experiences, this thesis was guided by the following objective;

> To examine small BPS firm approaches to graduate training and development; and how these approaches are interpreted by graduate employees.

This research objective was primarily addressed in Chapter five. It specifically focused on two key HR practices considered to deter graduates from SME employment – a lack of formalised training and a lack of development (Arnold *et al.,* 2002; Holden *et al.,* 2007).

SMEs compared to larger enterprises are considered to depend on 'ad hoc' and 'informal' approaches due to restrictive HRM capacities (Mayson and Barrett 2006, 449). In relation to formalised delivery, chapter five finds that BPS case firms offer formal training in professional accreditation. Although there is a dependency on informal practices outside professional accreditation, graduates interpret these practices as rewarding, empowering, and providing a sense of visibility and value. Limited internal marketplaces and a lack of formal HRM practices also facilitate relational proximity and an apprentice-like relationship between graduate and manager. Through the adoption of an open and interpretive approach to case firm HRM Chapter five also illustrates how a lack of structure can impinge upon a graduate's experience, especially as case firms grow. The following section examines these factors in further detail.

Formalised training

Educated employees are considered to be a vital, if not a primary asset of professional service firms (Bryson *et al.,* 2004; Greenwood *et al.,* 2005). A highly educated workforce is required to deliver the knowledge and expertise that BPS clients demand (Bryson and Daniels 2008; Daniels and Bryson 2006). Most qualifications in the professional services industry follow a clearly defined path to accreditation, where formal rules are strictly adhered to by the governing bodies. Formalised professional qualifications tangibly demonstrate and articulate to BPS clients the education of their service provider. In this respect graduates, following their extensive investment in higher education, will appeal to BPS firms; in turn BPS will appeal to graduates who wish to conclude their studies with a more marketable qualification. The BPS sector is however growing. It now encapsulates both traditional and new graduate occupations (Mason 2002; Purcell *et al.,* 2004). As the sector proliferates, the question follows, will both

traditional and non-traditional (or new graduate occupations) within the BPS sector regard the provision of professional qualifications in the same light? This thesis finds that case firm managers look favourably on the delivery of professional accreditation to graduates, whether chartered qualifications are traditionally (architecture and accountancy) or non-traditionally (PR and marketing) associated with professional practice. Case firms find that professional accreditation lends a certain client appeal and professional recognition that adds value to the firm as a whole. This finding is potentially encouraging for new graduates seeking further qualifications. However, the wide-spread engagement of smaller firms in such formalised delivery may not be that extensive. Case firm managers report difficulties in accessing training and bearing the ensuing costs required by the associated professional bodies. Further research is required in support of small firm delivery of professional qualifications and the implications for higher level skill and educational investment practices in BPS SMEs (Bryson *et al.,* 2004; Daniels and Bryson 2006; Sparrow 2001).

Associated opportunities

This thesis illustrates how graduates find there are a number of rewards associated with training and development practices in smaller firms. These include;

- Tailored training

- Relational proximity and apprentice-like/mentoring training

- Responsibility and client exposure

- Fast-track careers/growing with the role and/or firm

Formal training, outside professional accreditation, is interpreted by managers as tailored. A

tailored, rather than ad hoc approach is considered more reflective of the pragmatic and flexible practices adopted. For case firm managers, this approach enables them to respond to external pressures, and use limited internal resources more effectively. Graduates are invited to comment on the type of training (within reason) that they would like to receive. They find that this provides a sense of empowerment and control over personal development. Physical proximity, facilitated by a smaller internal marketplace, contributes to relational proximity between graduates and managers in smaller firms. For example, managers quite often sit across the desk from their trainee. This relational proximity creates an apprentice-like/mentoring relationship. Certain respondents propose that this type of relationship enables a more fluid dialogue between trainer and trainee. It is also considered to facilitate a wider exposure to tasks and fast-track responsibilities. For example, client-facing opportunities are considered granted more readily to small firm graduate trainees than those in larger firms. This form of exposure is found to provide graduates with a sense of empowerment and value. Relational proximity also enables managers to monitor and control progress and task performance on a more 'as-and-when' needs basis.

Because of the longitudinal limitations of this study, it is difficult to assess the implications of the longer term career plans of graduates or the impact and influence of small firm training on their development and careers. Despite these limitations, the research offers a unique snap-shot into the current considerations surrounding small firm graduate career development. Although a few case firm graduates speculate that they will move on from their respective case firm, the majority of graduates spoke positively about their career prospects. Graduates detailed their ability to grow their role, or even grow with the firm, and in certain cases, fast-track development to managerial-level positions (CM Communications –G). Whilst this is

potentially a positive outcome for graduate careers within smaller enterprises, without further study it is difficult to evaluate the impact of such career options on SME graduate retention.

Variations in training provision

By providing an in-depth perspective into managerial reasoning towards training and development this thesis has discovered certain factors that may detract from the graduate experiences in small firms:

- ⚞ Time, cost and psychological contracts
- ⚞ Restrictive internal marketplaces and HR capacities

Formalised training provision in case firms conforms to conventional thinking, in that its provision is limited by both time and cost (Daniels and Bryson 2006; Westhead and Matlay 2006; Connor and Shaw 2008). One of the most interesting outcomes is the relational insight into the impact of new psychological contracts towards case firm training provision. A number of case firm managers perceive that training is a requirement for attracting and retaining graduate talent. Under the new contract the employee seeks career development, remaining with the employer for as long as opportunities such as training and pay for performance exist (De Vis and Buyens 2001; Torrington *et al.,* 2005). Whilst this may be the perception of employers, graduates reveal that there is no guarantee that they will stay with the firm, even if training is provided. Managers attempt to counteract this through the use of financial reparations, hard (professional handcuffs), and soft approaches (fast-track careers, sophisticated recruitment techniques). Although this may induce loyalty and commitment, without a longitudinal perspective on the impact of these approaches, it is difficult to assess their effectiveness.

Formalised internal practices, both in terms of training and development, are limited by internal marketplaces. This thesis found few exceptions; one firm of accountants (Accurate Accounting) overcame skill deficiencies by providing supplementary 'lunch and learns'. Another (Connection Consulting) invested heavily in both external consultants and internal expertise training delivery. This particular firm based its marketplace outside the West Midlands. Although the thesis finds that case firms can use their size to facilitate relational proximity, physical proximity is not found to guarantee managerial approachability or communicative ease. Relational proximity can undermine graduate experiences as overstretched managers, caught between management and revenue production, are faced with the formalisation of tasks. Time constraints cause inconsistencies in feedback provision, ineffective appraisals, dialogue content, and stretch the employer-employee relationship. Managers fully occupied by their own clients find difficulty coping with their responsibilities towards graduate training and development. As HR tasks begin to interfere, managers are faced with delegation (Cardon and Stevens 2004; Mayson and Barratt 2006). Relinquishing control is a difficult prospect for managers who maintain a close attachment to the firm. This snap shot evidence is not able to fully evaluate these pressures. The potential implications of growth pressures on graduate despondency and disconnection would benefit from further research.

Facilitating utilisation

This intensive study shows factors which may constrain training and development. It also provides an insight into factors that may facilitate utilisation. Without in-depth studies or a collective voice to represent the concerns of SMEs it is difficult to really appreciate the

factors that may improve experiences and help SMEs to make the most of higher level skills. Facilitative mechanisms found include;

- ⚒ Self-efficacy
- ⚒ External mentors
- ⚒ Networks

This thesis does not provide a full evaluation of self-efficacy. It does however show that by facilitating graduates to take control of their personal development, certain HR deficiencies within case firms may be addressed, although not overcome. Through the use of external training, such as that provided by 'Graduate Gains', which helps graduates to refine their career objectives, graduate ownership of their development can be encouraged. Consequently graduates can return to smaller firms with a renewed appreciation of their role and why they are there. Graduates using tools such as personal project appraisals to evaluate individual performance also means that time spent with managers can be spent more effectively. However, if neither of these approaches are capitalised on by managers, their value is limited.

External mentoring relationships are found to help graduates refine career directions. They offer an impartial and objective means of support, enabling trainees to voice concerns that may otherwise lead to disillusionment and poor productivity. The value of external relationships is also illustrated by the use of external networks. Graduates attending networks value the connections made with other peers, especially if isolated within their own firm, and the potential to generate relations with other future business leaders. Both forms of external relations seemingly overcome internal HR deficiencies. They facilitate access to expertise that

278

may otherwise be lacking, provide performance management support that may be deficient, and peer connections that may be potentially missing. Further research on these 'relationship constellations' could prove beneficial to the relationship of SMEs and their trainees.

SME gatekeepers

Imperfections in information flows are found to contribute to the uneven profile and role of smaller firm graduate recruiters compared to their larger counterparts (Hart and Barratt 2009; Holden *et al.,* 2002, 2007). Despite growing interest in the relationship between Higher Education Institutions (HEIs) and businesses, the role that HEIs play in relation to the promotion of SMEs is relatively under-explored (Gordon and Jack 2010). It is essential to understand this relationship if unevenness is going to be targeted (Holden *et al.,* 2007). In addition, there is a need to appreciate the growing role of intermediaries as 'gatekeepers' within the wider graduate labour market (Holden *et al.,* 2007, 214). These intermediaries are considered to play an increasingly important and significant role in recruitment relations of both large and small enterprises following changing employment structures and organisational HR outsourcing (Cooke *et al.,* 2005; Ordanini and Silvestri 2008; Purcell and Cam 2002). As an external HR provider, these organisations would appear particularly significant for SMEs whose interaction with HEIs is considered frustrated by HR limitations (Hart and Barratt 2009). In questioning the mediation of SME participation and engagement in graduate recruitment, this thesis was guided by the following objective:

> To examine how graduate employment is mediated within the West
>
> Midlands, with particular reference to Higher Education and

intermediaries and how this informs an understanding of small firm

engagement in graduate employment.

Chapter six primarily addressed this issue. It examined the relationship between West Midland university careers services and local SMEs. Specifically it explored the formation and maintenance of these relationships and their ability to address issues of SME graduate recruitment participation. Case firm interviews supplemented the careers service perspectives of engagement and access. The views of three West Midland based intermediaries were also examined to appreciate the role that these organisations have in the mediation of SME graduate employment. In relation to HEI-SME relationships, the findings show that relations are haphazard and uncoordinated, frustrated by limited resources, differential SME requirements and fragmented responses by universities. Work experience, a facilitator of SME participation, is also considered constrained by HEI-SME relations, alongside further issues of unpaid delivery, departmental fragmentation, and HEI funding access. In exploring intermediary-SME relationships this thesis does however illustrate how, through the provision of coordinated, targeted responses, these organisations are able to disseminate, inform, and build channels of participation. Their working relationship with HEIs and sustainability is however questionable. The following sections explore this dynamic in further detail.

Haphazard and uncoordinated

The findings show that CS representatives are keen to engage smaller firms as graduate recruiters. Despite their interest, larger firms still appear to dominate by maintaining their presence on-campus through recruitment events and employer engagement initiatives. The uneven position of smaller firms as recruiters, despite access interest, was the result of a

number of relational factors found to impede university-SME access. Consequently the engagement pattern between these two parties was seemingly uncoordinated and haphazard. The relational factors were primarily a consequence of representational and HR limitations. From a CS perspective SMEs, as a group of employers, have varied needs and requirements. SMEs are found to recruit less frequently, and when they do, they are not always aware of how to engage as it may be their first attempt to take on a graduate. From a case firm manager perspective, SME engagement is often left to an already overstretched and time-restricted manager. Case firms agree with the views of CS – that they recruit less. They are also confused when required to engage with universities over whom to contact first – the department, careers services, or employer engagement teams. As one manager experienced, HEI initiatives are not always open to smaller firms; restricting the access of employers with fewer than ten employees (Sharp Designs). These factors, in addition to the limited resources of CS, culminate in universities finding large firm engagement comparatively easier. Larger enterprises recruit more frequently and when they do recruit, CS do not necessarily need to use their departmental resources. Larger recruiters often come to them.

Work experience

> 'Exposure to employers through recruitment and selection processes is argued to be one part of a series of social episodes, which influence the development of appropriate expectations and inform the early development of individuals' psychological contract with the organisation' (Heaton *et al.,* 2008, 279)

Work experience throughout this thesis is found to be advantageous to SME graduate employment; facilitating the development of practical skills, enabling graduates to refine career options, and essentially facilitating expectation on both sides. In addition to being limited by the general issues of SME-HEI engagement, WE delivery is also frustrated by

other factors, restricting its applicability, participation and engagement by SMEs. The primary limitations include:

- University funding: post-1992 universities are considered to have better access to funding support for work experience (Prize Placements),

- Inter-departmental fragmentation: certain departments have a longer history of delivering work experience (for example architecture and business studies), whilst other departments (primarily those less vocationally-led) do not,

- University history: post-1992 universities have a longer and more established history of WE delivery,

- Unpaid delivery: tensions over unpaid work experience in smaller firms and the ethical implications this holds for HEI delivery,

- Graduate resistance: caution amongst graduates towards undertaking work experience and how it detracts from studies and graduating with their peer group.

This is not to say that this thesis rejects the concept of work experience as a means of encouraging SME graduate employment engagement. It does however suggest that as a mechanism for increasing SME participation, work experience delivery needs to be considered critically; not all graduates, SMEs and HEIs will have equal access to the opportunities it provides.

Intermediaries, unlike universities, maintain a singular focus on recruitment mediation. Intermediaries included in this study were found to act as a 'recruitment broker' facilitating access to, and engagement with, smaller enterprises. From a demand-led perspective, they act as a single point of access and advice; from a supply-led perspective, they perform the role of

a representative body, raising the profile of small firm opportunities. Intermediaries challenge the notion of concept blindness and the lack of awareness amongst smaller enterprises towards the potential of graduate recruitment and vice versa. They achieve this through the use of targeted directives and funding. Intermediaries also address issues of representation by providing signposting and encouraging managers to present to other SMEs on their positive experiences of graduate employment. These organisations also have a facilitative role in that they offer support to managers by helping them to develop roles into graduate level positions. This capacity deserves further research attention, particularly if it facilitates the effective utilisation of higher level skills within regional marketplaces. The sustainability of intermediaries is, however, uncertain as government funding is withdrawn and universities exercise caution towards over-dependence on intermediary support. Intermediaries are also hindered by parochialism within the West Midlands region and the 'pseudo' impression they present. This study presents one of few texts exploring the importance of intermediaries in the graduate marketplace (Holden *et al.,* 2007). Further research is required on the significant potential of intermediaries and their capacity to encourage small firm investment in, and utilisation of, graduate talent.

Regional response

By examining multiple-relations the thesis was able to appreciate the factors that contribute to fragmented access and engagement within the West Midlands. This approach also facilitated an understanding of how collective regional efforts may facilitate HEI-employer engagement. In relation to these factors, the following section explores;

- Peripheries and demographic intake
- Business networks

In addition to the aforementioned relational barriers, HEI-SME employer engagement is also seemingly shaped by demographic intake and HEI location. Part-time, mature students, students with families, and students from certain ethnic minority groups are found to remain in the locality on the completion of their degree. For universities in more peripheral locations of the West Midlands, this means that these graduate cohorts are more likely to find recruitment in an SME. Such firms are considered to represent a larger proportion of employment in these locations when compared to larger cities such as Birmingham, where opportunities with larger, multinational companies are considered more abundant (Daniels and Bryson 2006). Conversely, for one particular university (University6), with an international cohort of students, there was a requirement to find those graduates recruitment in prestigious, larger firms to justifying their investment in an international education. The dynamic between university location and the seemingly fragmented opportunities in SMEs according to demographic intake deserves further research attention, especially as it highlights an underlying patchwork of regional SME engagement opportunities.

Chapter 6 presents a case example of 'ProfessionalMentors'; a regionally based mentoring scheme between young professionals and third year university students. The intention of the scheme was not only to facilitate the development of certain skills, such as networking ability, but also to develop student career aspirations and the ability to navigate the recruitment marketplace. The network did however have concerns with graduates misinterpreting the point of the scheme, as a route to getting them a job. The coordinated efforts of these employers does however illustrate how, through the provision of a centralised and unified employer voice, businesses may be able to work more effectively with HEI institutions. In

doing so, companies can raise the profile of existent opportunities, in this case within BPS firms, and demonstrate to graduates their potential to obtain a rewarding and fulfilling career within the region, in this case the West Midlands.

Exercising choice

> 'Graduate recruitment has become one of the tough challenges for an increasing number of employers who have realised that the future of their organisations depends on the recruitment and selection of the best among an increasing number of graduates in different disciplines from a wider range of higher education institutions' (Branine 2008, 497)

Graduate recruitment is becoming increasingly complex (Purcell and Pam 2002; Branine 2008). Rising HE attendance and increasing student diversity has led to recruitment and selection methods becoming more sophisticated so that employers can select the best amongst a wider choice of graduates (Branine 2008). The internationalisation of the labour market, organisational restructuring and downsizing, changing occupational structures and a rising diversity of graduate recruiters, has also led to a labyrinth of employment and career choices for graduates;

> 'In the new world of work, careers are very different. Gone is the job for life with its planned career structure and company training scheme. Gone is the clear functional identity and the progressive rise in income and security. Instead there is a world of customers and clients, adding value, lifelong learning, portfolio careers, self-development and an overwhelming need to stay employable' (AGR 1995, 4)

From a supply-led perspective this thesis is not about promoting SMEs over and above large firms as graduate recruiters; nor does it attempt to alleviate the image of SMEs as the 'second choice' among graduates (Moy and Lee 2002). From a demand-led perspective this thesis does

not attempt to suggest that graduates will address higher level skill deficiencies in SMEs; nor does it promote the value of graduates over and above qualified professionals. This thesis is about recognising the complexities SMEs face as employers and graduates face as employees. It is about addressing expectations surrounding recruitment choices, and understanding how recruitment information is delivered and disseminated so that choices made are well informed. In addressing SME graduate recruitment choices, this thesis suggests that there are five key areas that need to be considered in further research to help academics generate a better understanding of SME graduate employment, and to ensure that public policy avoids 'running blind' (Holden *et al.,* 2007).

- ⚼ *Understanding:* this thesis has shown that SMEs, graduates and HEIs cannot be treated as a homogenous group. Their differences require further understanding to facilitate support and to appreciate alternate opportunities. For example, the research has highlighted a need to appreciate variations between sub-sectors, and firm growth strategies and their impact and implications on graduate training and development. It has also illustrated the variable responses to HEI-SME relations in accordance with university histories and locations (core/periphery).

- ⚼ *Education:* this thesis has illustrated how misconceptions and a lack of information about SME graduate employment requires further investigation. It has shown that if research and public policy is to address uncertainties and caution underlying SME employment, it is not just about the generation of more information, it is also about disseminating that information.

- ⚼ *Access opportunities:* this thesis has shown that there is a continued need for academics and public policy to appreciate fragmented access opportunities and their

impact and implications on SME graduate employment. It has also demonstrated a need to understand the collective representation that networks, intermediaries and external HR support provide. This is particularly evident by the fact that SME HR capacities appear limited, detracting from certain training and development opportunities. As RDA closures threaten the funding that public sector organisations receive, current access strategies, particularly the place and role of intermediaries, requires further investigation.

- ⚲ ***Targeted SME recruitment support:*** this thesis has shown that there are variations in the support and assistance that SMEs require. For example, some SMEs have no experience of recruiting graduates and therefore may require assistance navigating graduate employment for the first time. It has also highlighted how growing firms may require assistance in the formalisation of HR practices, whether through managerial training, or external HR support networks. A 'one size fits all' approach will not necessarily address these variations, and therefore public policy needs to consider the adaptability of approaches and how they may be tailored to this requirement.

- ⚲ ***Unified and collective representation:*** SMEs are unique and diverse. They present a multitude of opportunities, which makes them an exciting sector for graduate employment opportunities. Their variable engagement and differences of opinion of graduate preparation and education does however appear to frustrate and compound their collective representation. This thesis has illustrated how unified business networks such as 'Professional Mentors', and the coordinated efforts of intermediaries such as 'Grads4You' help to consolidate the collective voice of businesses. This is not to suggest that all businesses within a collective agree about the 'perfect graduate'. Collectives do however seemingly provide a visible contact point for graduates, and a

channel of consolidated engagement for businesses. Further research is required on the facilitative implications of amalgamated employer representation, particularly for SME employment.

Research limitations

This thesis is informed by a purely qualitative approach. Interviews form the primary source of data collection. This form of research has facilitated a depth of understanding and level of interpretation often overlooked by more quantitatively focused approaches (Holden and Johnson 2002). A multi-actor approach (large firms, CS representatives and intermediaries) also enables the thesis to move beyond the bounds of case firms to provide a wider insight into the external relations that influence SME graduate recruitment. Although this thesis offers a comprehensive insight into graduate-manager and regional recruitment relations, the data collected does present limitations. These include;

- BPS specificity,

- a focus on smaller firms currently employing graduates,

- a snap shot assessment of relations,

- dependence on previous academic insight into mutual unattractiveness.

The thesis was focused on case firms purely within the BPS sector. Without drawing comparisons with small firms outside of this sector (i.e. manufacturing) it is difficult to evaluate comparative demand for higher level skills. The research was also based on smaller firms currently employing graduates in their workforce. Again, a comparative study examining graduate attractiveness between graduate and non-graduate recruiters may have illustrated why graduates are more attractive to certain SMEs than others. Data collection is

also time specific. A longitudinal research design may have been able to overcome speculative assumptions towards issues such as graduate career longevity, and whether case firms reinvest in graduates despite concerns towards time and cost. Without undertaking a separate survey on actual SME employer and graduate perceptions, this study is also reliant on previous academic insight into claims of mutual unattractiveness.

Despite these research limitations, the thesis has been able to offer a research window into actual graduate-employer experiences in small BPS case firms. It recognises the significant, but underutilised potential of SMEs to provide graduates with a rewarding start to their careers, and acknowledges the ability of graduates to provide SMEs with the skills and knowledge to enhance, sustain, and support their businesses. In doing so, this thesis recognises the profound gap that currently exists between SMEs as recruiters and graduates as employees. By drawing attention to that gap this thesis offers a small but significant contribution to current SME graduate employment research, hopefully stimulating innovative thinking towards how current concept blindness may be overcome.

APPENDICES

APPENDIX A

'Graduates'

Young, talented and ambitious ~ *the future of your business?*

Firms in the West Midlands are encouraged to employ graduates primarily on the basis that they might enhance firm success through the fresh ideas and perspectives that they can bring to a business.

However,

Negative experiences and preconceptions of graduate recruitment have put many businesses off, particularly when it comes to issues such as graduate softer skills and salary demands.

Therefore,

More research needs to be undertaken on the **realistic** impact of graduates in businesses within the West Midlands, *if*

(a) More businesses are to contemplate employing graduates
(b) Current employers of graduates are to maximise graduate potential

This research aims to not only contribute to academic understanding and regional development initiatives but to also produce work with a ***tangible benefit*** for firms situated within the region.

Research components and objectives

The research is based on *small* (50 employees or less) Business and Professional Service (BPS) firms

Objectives of the research

- Examine formal and informal training and development techniques employed by small BPS firms to develop graduate recruits
- Examine the integration of graduate knowledge within the business
- Explore systems of feedback and channels of communication that guide and direct knowledge integration
- Understand how the transition between university and employment impacts upon a graduate's ability to perform within the business
- Gain a wider appreciation of whether, and how, graduates can enhance business performance

Benefits of taking part

1. Executive summary

All firms that take part in the research project will be provided with an executive summary on submission of the thesis in 2010. The summaries will provide details on:
  (a) The academic context of the research
  (b) Key findings from the thesis
  (c) Details of how to make the most of a new graduate
  (d) Primary findings from your firm as contrast to overall findings
  (e) Suggestions about how your firm might improve graduate training and development in order to enhance firm potential

2. Providing a voice for your firm:

  (a) This research is not based on statistics. It is based on the 'voice' and opinions of businesses from the region. Therefore, the outcome will be a report detailing what businesses *genuinely* require from graduates
  (b) The research is also part funded by Advantage West Midlands (AWM). Therefore, it is an opportunity to make suggestions to our Regional Development Agency about what businesses realistically require from the region's graduates

3. Contribution to an original piece of academic research

4. Contribution to the region's competitive advantage

If your firm agrees to participate, then it will be contributing to the region, not just the research, by facilitating:
  - An understanding of how the region's universities could be doing more to enhance graduate employment in small BPS firms
  - An understanding of how AWM might improve support to small BPS firms who invest in graduate recruits

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Requirement from participating firms

  (1) Interview with a managerial representative
  (2) Interview/s with line-manager/s (those in charge of graduate development within the firm)
  (3) Interview/s with graduate/s
Graduate characteristics:
  (a) Currently undertaking a professional qualification/professional training
  (b) Recently completed professional qualification/professional training (past 2 years or less)
  (c) Graduate working for the firm (past 4 years or less) *but* not receiving any particular professional training/working towards a professional qualification
[Preferably this would be the graduate's first full-time job since graduating]

Do not hesitate to contact me, Georgina Henricksen, for further details
Address: University of Birmingham, School of Geography, Earth and Environmental Science, Edgbaston, Birmingham, B15 2TT
Mobile: 07840 380 490
Email: gxh314@bham.ac.uk

Statement of informed consent

Storage and use of interviews

This research project seeks to understand the dynamics of graduate training and development in small Business and Professional Services (BPS) firms in the West Midlands region. The research will:

- Examine formal and informal training and development techniques employed by small BPS firms to develop graduate recruits

- Examine the integration of graduate knowledge within small BPS firms

- Explore systems of feedback and channels of communication that guide and direct knowledge integration

- Examine how the transition between University and employment impacts upon a graduate's ability to perform within small BPS firms

- Develop an understanding of whether, and how, graduates can enhance small BPS firm performance

The research is based on two types of interview; telephone and face-to-face. Face-to-face interviews will be conducted either at the respondent's workplace/office or on neutral territory. Home visits are not an option. Respondents involved in telephone interviews will either be contacted at home or work, whichever is most appropriate. Each interview will take no more than 30 minutes. Interviews will be tailored to whatever time respondents have available.

The researcher will record both telephone and face-to-face interviews following the consent of the interviewee. The researcher will also take additional notes throughout the duration of the interview. The face-to-face interviews will take place during the day, pending on the availability of the interviewee (before, after or during work). There is no risk factor involved in the interview process. The project leader, Georgina Henricksen, will conduct interviews. A member of staff from Birmingham University will always be informed when the researcher is out on location.

The data will be collected, stored and managed in line with the Data Protection Act (1998) and Economic and Social Research Council (ESRC) guidelines and at no point will personal information about respondents be divulged to any third party. All interviews are confidential (unless otherwise requested by the interviewee). All the interview material will be made publicly accessible through the Economic and Social Data Service (ESDS) archive. Names of interviewees, firms and organisations participating in the research will not be revealed at any point in the thesis, the projects own data archive or any subsequent publications, unless otherwise requested. Raw data will be stored on a password protected file, only accessible by the researcher.

Participation is entirely voluntary. Participants can ask for the recordings and transcripts of their interviews to be excluded from the project up until 30th April 2010. Following such a request the data will be destroyed. If you have any questions about how the research is being conducted, please get in touch with the project leader (details attached).

Participant confirmation

I agree that:

- I HAVE READ/HAVE NOT READ* the above and CONSENT/DO NOT CONSENT* to take part in the research project described
- The organisation MAY/MAY NOT* be named in association with the interview material stored in the project data archive, the ESDS and/or referred to in publications
- I WISH/DO NOT WISH to have my own name associated with interview material stored in the project data archive, the ESDS and/or referred to in publications
- I/WE* EXPECT/DO NOT EXPECT* to receive a copy of the research findings or publications
- I EXPECT/DO NOT EXPECT* to receive a copy of the transcribed interview

Name (Print)   _____

Signature   _____

Date   _____

Contact details

Georgina Henricksen
School of Geography, Earth & Environmental Sciences
University of Birmingham
B15 2TT

T: 07840 380 490
E: gxh314@bham.ac.uk

APPENDIX B

Table B1 Birmingham case firm respondents

FIRM	BPS sector	Interviewee	Role	Interview date	Access method
Better Build	Architects	Better Build – M	Manager (owner)	20.5.09	Cold calling
		Better Build – LM	Line Manager	20.5.09	
		Better Build - G	Architecture trainee, part 2 part time	20.5.09	
Bright Build	Architects	Bright Build – M	Manager	26.6.09	Cold calling and follow up access
		Bright Build – LM	Line Manager	11.6.09	
		Bright Build – G1	Architecture trainee, on placement years following part 1	11.6.09	
		Bright Build – G2	Architecture trainee, on placement awaiting part 3 start	11.6.09	
		Bright Build – G3	Architecture trainee, currently undertaking part 3	11.6.09	
Commercial Computing	Training and IT Consultants	Commercial Computing – M	Manager (owner)	20.3.09	Cold calling and follow up access
		Commercial Computing – G1	Marketing trainee	17.8.09	
		Commercial Computing – G2	Marketing trainee	17.8.09	
Connection Consulting	Strategic Consultants	Connection Consulting – M	Manager (owner)	10.8.09	Cold calling and follow up access
		Connection Consulting – LM	Associate and line manager	10.3.09	
		Connection Consulting – G1	Trainee consultant	10.3.09	
CM Communications	Personal Relations	CM Communications – M	Manager (owner)	15.5.09	Birmingham forward email list
		CM Communications – G	Trainee PR personnel	15.5.09	
Cool Communications	Personal Relations	Cool Communications – M	Manager (owner)	16.12.08	Event
		Cool Communications – G	Trainee PR personnel	16.12.08	
Settle Solicitors	Solicitors	Settle Solicitors – M	Manager (owner)	22.8.09	Cold calling
		Settle Solicitors - G	Trainee solicitor awaiting contract	22.8.09	

Source: Author's own fieldwork

Table B2 North Staffordshire case firm respondents

FIRM	BPS sector	Interviewee	Role	Interview date	Access method
Budget Build	Architects	Budget Build – M	Manager	12.8.09	Cold calling
		Budget Build – G1	Architecture trainee	12.8.09	
		Budget Build – G2	Architecture trainee	12.8.09	
		Budget Build – G3	Architecture trainee	12.8.09	
British Build	Architects	British Build – M	Manager	1.5.09	Gatekeeper and event
		British Build – G	Line Manager	1.5.09	
		British Build – T1	Architecture trainee	1.5.09	
		British Build – T2	Architecture trainee	1.5.09	
Shear Solicitors	Solicitors	Shear Solicitors – M	Manager	5.10.09	Cold calling
		Shear Solicitors - G	Trainee solicitor	5.10.09	
Sum Solicitors	Solicitors	Sum Solicitors – M	Manager	21.9.09	Gatekeeper and cold calling
		Sum Solicitors G	Trainee Solicitor	21.9.09	
Accurate Accounting	Accountants	Accurate Accounting – M	Manager (owner)	12.6.09	Gatekeeper
		Accurate Accounting – LM	Line manager	12.6.09	
		Accurate Accounting – G1	Trainee accountant	12.6.09	
		Accurate Accounting – G2	Trainee accountant	12.6.09	
		Accurate Accounting – G3	Recently qualified accountant	12.6.09	
Smart Surveying	Quantity Surveyors	Smart Surveying – M	Manager	15.5.09	Cold calling
		Smart Surveying – G	Trainee quantity surveyor	15.5.09	
Creative Consulting	Training consultants	Creative Consulting – M	Manager	19.8.09	Cold calling and event
		Creative Consulting - G	Trainee consultant	19.8.09	
Catalyst Communications	Personal Relations	Catalyst Communicatins -M	Manager (owner)	14.5.09	Cold calling
		Catalyst Communications - G	Trainee PR personnel	14.5.09	
Clear Communications	Marketing and editorial	Clear Communications – M	Manager (owner)	30.7.09	Cold calling
		Clear Communications – G1	Trainee marketing consultant	30.7.09	
		Clear Communications – G2	Trainee marketing consultant	30.7.09	
Sharp Designs	Engineering Design	Sharp Designs – M	Manager (owner)	8.4.09	Cold calling

Source: Author's own fieldwork

Table B3 Case firm employee numbers and year established

Firm	Year established	Employee numbers
Better Build	50-55 years	0 – 9
Bright Build	40-45 years	50 – 60
Commercial Computing	0-5 years	10 – 49
Connection Consulting	15-20 years	10 – 49
CM Communications	0-5 years	0 – 9
Cool Communications	5-10 years	0 – 9
Settle Solicitors	0-5 years	0 – 9
Budget Build	20-25 years	10 – 49
British Build	Over 100 years	10 – 49
Shear Solicitors	30-35 years	10 – 49
Sum Solicitors	0-5 years	10 – 49
Accurate Accounting	10-15 years	10 – 49
Smart Surveying	60-65 years	10 – 49
Creative Consulting	10-15 years	0 – 9
Catalyst Communications	5-10 years	0 – 9
Clear Communications	5-10 years	0 – 9
Sharp Designs	5-10 years	0 - 9

Source: Author's fieldwork

APPENDIX C

Table C1 Graduate respondent characteristics from Birmingham

Firm	University	Course, attendance and year of graduation	Time at the firm	Previous experience
Better Build – G	Birmingham City (Part 1 & 2)	Architecture, Part 1; Full time (2003) Part 2; Part time (n/a)	6 years	Worked at another firm in Birmingham
Bright Build – G1	Brighton (Part 1)	Architecture, Part 1; Full time (2007)	Around 2 years	N/a
Bright Build – G2	Manchester (Part 1 & 2)	Architecture, Part 1; Full time (2005) Part 2; Full time (2008)	Less than a year	Placement year at a firm in Manchester
Bright Build – G3	Nottingham (Part 1, 2 & 3)	Architecture, Part 1; Full time (2005) Part 2; Full time (2008)	Less than a year	Placement year at a firm in Shrewsbury
Commercial Computing – G1	Worcester	Art and Design, Full time (2008)	Around 2 months	First full time professional position
Commercial Computing – G2	Wolverhampton	Journalism and Editorial Design Full time (2009)	First day	First full time professional position
Connection Consulting – G2	Oxford	Modern Languages, Full time (2008)	Less than 2 weeks	First full time professional position
CM Communications - G	Birmingham	English, Full time (2007)	Around 2 years	First full time professional position
Cool Communications - G	Cardiff	Journalism, Full time (2006)	Less than 2 years	Worked in Hong Kong for a year (not professionally)
Settle Solicitors - G	Birmingham City	Law, Full time (2003) LPC, Part time (2005)	Less than 6 months	Worked at another Birmingham solicitors

Source: Author's fieldwork

Table C2 Graduate respondent characteristics from North Staffordshire

Firm	University	Course, attendance and year of graduation	Time at the firm	Previous experience
Budget Build – G1	West of England , (Part 1)	Part 1, full time (2007)	2 years	N/a
Budget Build – G2	Edinburgh (Part 1), De Montfort (Part 2 & 3)	Part 1, full time (2005) Part 2, part time (2008)	4 years	Placement year at another Staffordshire firm
Budget Build – G3	Leeds Metropolitan (Part 1 & 2)	Part 1, full time (2004) Part 2, full time (2007)	2 years	N/a
British Build - G	Cardiff (Part 1 & 2)	Part 1, full time (2005) Part 2, full time (2008)	1 year	Placement year at a firm in Cardiff
British Build – T1	Oxford Brooks	1 year of part 1 (currently ceased)	7 years	Worked with British Build in previous practice prior to merger
British Build – T2	Oxford Brooks	Architectural Technologist	5 years	Mature student
Shear Solicitors - G	Staffordshire University (LPC)	Full time (2008)	0 - 1 year	No prior full time professional position
Sum Solicitors - G	Leeds (first degree and LPC)	History, Full time (2005) LPC, Full time (2007)	2 years	No prior full time professional position
Accurate Accounting – G1	Sheffield	Business Studies, Full time (2005)	4 - 5 years	Placement year at another Staffordshire firm
Accurate Accounting – G2	Staffordshire	Accounting, Full time (2008)	0 – 1 year	Placement year at another Staffordshire firm
Accurate Accounting – G3	Staffordshire	Accounting, Full time (2009)	Less than 1 month	First full time professional position
Smart Surveying - G	Nottingham Trent	Quantity Surveying, Part time	2 years	Worked for Wolverhampton Council
Creative Consulting - G	Wolverhampton	Law , Full time (2005)	2 years	Placement year in Kent during degree
Catalyst Communications - G	Staffordshire	Business Management Full time (2008)	Less than 6 months	Worked in another marketing company in managerial role (made redundant)
Clear Communications – G1	Keele	Business Administration, marketing and finance, Full time (2006)	Less than 2 months	First professional role since graduating
Clear Communications – G2	Manchester Metropolitan	Business Management Full time (2008)	Less than 4 months	

Source: Author's fieldwork

Table C3 Qualifications in BPS and respondents undertaking them

Professional Institute	Typical route to qualification	Graduate respondents
Architecture Royal Institute of British Architects (RIBA)	As specified on RIBA website[1] **RIBA Part 1:** University undergraduate degree (BA or BSc) 3 years full-time, followed by **stage 1 Professional experience:** Typically 1 year paid professional experience in an architects' office. Then, **RIBA Part 2:** Varies from school to school for example it can be a BArch, Diploma or MArch (etc). **Stage 2 Professional experience:** Minimum 1 year paid professional experience in an architects' office. Then, **RIBA Part 3:** Candidates choose to study with a valid course provider, and then do; 24 months of logged professional experience, professional C.V. and career evaluation, written and oral examination. After gaining parts 1, 2 and 3 individuals can then register with the Architects Registration Board (ARB) and can then apply to become a Chartered Member of the RIBA	As described in table **3.5 and 3.6** the graduates are at various stages in their architectural qualifications and/or placement years
Law (Solicitors) The Law Society	As specified by the Junior Lawyers division of the Law Society (PDF document)[2]. If the individual *is* a law graduate: **Degree in Law:** three years full-time, followed by the **Legal Practice Course (LPC)** (one year full-time) The candidate then enters into employment to complete the training, signing up to a **training contract (Practice-based training).** This incorporates the Professional Skills Course, undertaken either in a private practice, or in local or central government, commerce and industry and other approved organisations (2 years full-time). Then the individual can then apply to the **roll of solicitors:** entitling the individual to practice as a solicitor If the individual *is not* a law graduate: **Degree in any subject:** three years full-time, followed by the **Common Professional Examination/Graduate Diploma in Law** (one year full time) covering basic subjects for non-law graduates. Then the Legal Practice Course (one year full-time), followed by the **training contract** (as above) two years full-time and admission to the **roll of solicitors**	Settle Solicitors – G: Will undertake a training contract with 'Settle Solicitors' in the near future Shear Solicitors – G: Started training contract in March 2009 Sum Solicitors – G: Currently on training contract

[1] See, RIBA: http://www.architecture.com/EducationAndCareers/BecomingAnArchitect/Becominganarchitect.aspx (Accessed 2.02.11)
[2] See Law Society: http://juniorlawyers.lawsociety.org.uk/files/becoming%20a%20solicitor.pdf (Accessed 7.02.11)

APPENDIX D

INTERVIEW STRUCTURES

Managerial interview structure

- When did you start employing graduates
- Why do you employ graduates
- What is the recruitment process like in this firm
- Can you talk me through the key methods that you have in place for developing graduates
- What formal training do you offer graduates
- What is the importance of training
- What concerns do you have surrounding training provision
- What is the structure of informal training
- How do you monitor graduate development
- What benefit do you receive from employing graduates
- Do you encourage the graduates to network with other professionals
- Do you feel that graduates have any specific skill deficiencies
- Are you concerned about graduate employee turnover
- How do you feed back to graduates about their development
- Do you personally receive management training
- Do you work with any universities in particular
- Do you experience any difficulty in recruiting graduates
- What additional forms of training do you provide for the graduate internally and externally?

Graduate interview structure

- How did you find your transition from university to employment
- Why did you chose to work in North Staffordshire/Birmingham
- Can you talk me through the formal qualifications that you are currently undertaking at the moment
- Why did you decide to work in a small firm
- Were you aware of small firm employment during university

- What are the benefits of working for a smaller firm

- What do you feel you brought to your employment

- Did you feel prepared for working in a commercial environment

- In addition to the professional training that you receive, what other forms of training do you receive

- What benefits do you receive from training provided

- Are you involved in a network outside of the firm, (If so) What benefits does this provide

- Who is primarily in charge of your development within this firm

- Do you have team meetings

- Where do you see your career going within this firm

Large firm interview structure

- How long have you been recruiting graduates for

- Why do you employ graduates

- What skills do you look for in new graduate recruits

- In addition to the formal training you provide, what other training do you offer graduates

- What is the structure of your recruitment process

- What is your recruitment process

- Do you feel that graduates are prepared for employment in a commercial environment

- What skills are graduates lacking

- What training does this firm offer graduates

- Do you encourage graduates to network

- Is graduate turnover an issue for you

- How do you assess graduate development

- What benefits do graduates bring to employment

- Do you work with any particular universities

Careers service interview structure

- What opportunities are open to employers to work with the university regarding graduate employment
- Talk me through the services that you offer graduates
- How is work experience delivered at the university
- What services are offered to employers, and are the same services offered to all employers
- What do you feel small firms can offer graduates in terms of employment
- What do you feel graduates can offer small firms
- Do you work with any intermediaries, (if so) who, and what services are delivered
- Do you feel that universities across the region address graduate employment uniformly
- What issues, if any do you find working with smaller firms
- Is small firm employment on the university's agenda

Intermediary interview structure

- Please can you talk me through the services that you offer
- What role do you perform in assisting graduates into small firm employment
- What services do you offer to small firms
- Who do you offer these services to (regionally/nationally)
- What relationship do you have with universities within this region
- What are the benefits of work experience and placements
- Who are you funded by
- Do you find it difficult working with smaller firms
- What do you feel a small firm can offer a graduate in terms of employment
- What do you feel a graduate can offer a small firm

Accurate Accounting – Manager Interview Transcription

Intv: Just to start with, if you could detail to me, how long have you been recruiting graduates for, and what are the reasons for you recruiting graduates as a company?

AAM: We tend to be more candidate led to be honest with you. When we are looking at recruitment, we generally go out to agencies. That's the industry norm, rather than advertising professional positions. So very often I'll either have the CV that comes through which could be, someone who has done A-levels, then the AAT route and then goes into professional qualifications. Or it's somebody who has got a degree, then goes into the professional qualifications. So we do take both. But over the last couple of years, we've tended to sort of try and take somebody from Staff's [Staffordshire] University on a placement, to try them out, and that's worked out well. If there's a need for a placement at a firm, and we have 12 months with that individual, we can, with [AA – G2] for example. We can then see how they fit in, and whether they've got an aptitude for it. So that's worked well.

Intv: So the idea of taking on a placement is with the hope, the aim that they eventually [AAM interjection…]

AAM: Try each other out really. But, certainly in the last couple of years, with the professional qualifications the ones who have had better success rates are the ones who've got the degree. So, the way I'm thinking moving forward now there would have to be a very strong reason for me to put somebody on professional qualifications unless they've got a 2:1. Because experience tells me that anything below that, you do find that they struggle with the professional exams [**Intv:** 'Oh right, ok']. But that said, there are some people who just simply choose not to go to University, or they don't have the means to go, family circumstances and such that they can't go. So, if I've got somebody that had got *very* good A-levels and got a *very* good pass at the AAT, I would go down that route as well.

Intv: So you are saying that you also choose a specific type of degree then? Is there a particular degree that you value over others?

AAM: If I'm honest. If I've got 3 or 4 candidates and one's got, um, Dentistry, ones got Geology, I've got 2 with Business or Accounting related, I will favour the 2 with the Business and Accounting.

Intv: And, how long have you been recruiting graduates as a company?

AAM: I'd would say gosh [pause] about 6 years because we've only been in business about 12 ourselves.

Intv: What was the motivation behind the decision to start taking on graduates?

AAM: It wasn't anything conscious if I'm honest. It was a matter of, when we have the vacancy, see who comes forward. So it's always been a mix, but we've sort of had quite a small team, up to that point in time. So it's only the last 6 years that we've really ramped up the recruitment. So it's more been business growth lead rather than a conscious change to go from recruiting a certain person for years and then we're looking for somebody different, it's just that we've evolved and we've grown. And I would say six years ago we got to the stage where we had to recruit one or two people a year.

Intv: So is it more the motivations of the firm in terms of growth or is it also to do with the critical size, the critical mass, so that you are more able to take onboard a graduate and offer the types of [**AAM:** 'Yeah, 'Yeah'] Or a combination of both?

AAM: I think it is more now that the size of the firm is such, that our recruitment needs are 2 to 3 people a year, coming in. And, we need, people to go onto the professional qualifications.

But likewise we need people who are not interested in that, and they want to do something very different. So it's getting, as I say it's just the size that we're are at now and the growth.

Intv: So is it the case that you recruit for the continuation of the firm, for succession?

AAM: I think that we've, we're are quite a young company, we don't have any succession issues for the next ten years, but what we do have is expansion and therefore we will need more people round the board room table. So I'm looking at all people within the company at the moment and [pause] I'm not saying that I would only consider a graduate.

Intv: So if you were looking to expand, you would not necessarily look for an individual trained within the company, you would look outside [**AAM**: 'No we do both'], ok.

AAM: No we do both, I mean, I've got four vacancies at the moment and I've circulated it to everybody, to [pause] explain that those are there and if they want to be considered. So it's both really.

Intv: The graduates that are coming out of University, do you find any limitations in terms of the skills that they bring to the firm initially?

AAM: Yes [Pause] [**Intv**: In what ways?] I think it's more down to the, down to the Universities and *how* they teach the students. It's obviously an academic environment and an academic qualification, but I think when you are looking at Business and Finance there should be a lot more interaction with business. So um, the graduate to me, [pause] is purely a demonstration of intellect. They're no better or worse when they come in, then somebody who has done an AAT, in terms of their business acumen and everything else, it's more. For me it's a measure of their intellect as to what we can do with them moving forward

Intv: Are there any particular skills that they are lacking that you would expect from them in order to perform well in the role?

AAM: I think that anybody at 21 is going to be lacking soft skills to a degree, because, the, the interaction and confidence with the clients and the talking to business clients on the phone, and all things like that, that comes with time doesn't it really. I don't think, I think it would be very wrong to expect too much of anybody at 21 to be able to, to go into a room and network, and pick up the phone with confidence. And in meetings e.t.c. to be contributing and chatting, but. I think that comes down more to personality type than whether it's a graduate or non-graduate.

Intv: Do you think that the responsibility is being placed on employers to provide graduates with a particular set of skills, more commercial skills?

AAM: Yeah. I think that's coming back to the syllabus of the degree, yes. I think that's why probably the four year degree course is good because they have the year out. [Intv: Would you prefer graduates to have undertaken the 4 year route rather than 3 years full time]. Yes. Well, they, [pause] they at least have experienced 12 months of doing the actual work. And so, I suppose I'd, I would be more comfortable because I'm not taking so much of a risk because it cost £12,000 in tuition alone to get the ACA qualification. That's nothing to do with the wages, the travelling, the time out of work and all that sort of, that's purely exam fees. So it's a big commitment for us to be taking students on.

Intv: So with a graduate that has taken on that placement year, how does that influence their performance?

AAM: It's just the fact that you haven't got to start from scratch explaining how the firm works. And I think that 12 months, just to have an appreciation of how an office, general office functions and how the files are structured and all things like that. It just, you just hit the ground running rather than starting from scratch.

Intv: So with students without particular experience, is there a timeframe within which it takes them time to settle in, or is that the case with all employees?

AAM: Yes, all employees, there's the lag. There's [pause] there's the lag in terms of their productivity and there's also a lag in terms of, allocating people to mentor and train them, in the firm. That just goes with the territory of recruiting doesn't it.

Intv: Do you look for graduates from particular Universities? The way that courses are delivered, do you have a University preference?

AAM: If I had a graduate who had been to Oxford or Cambridge and I had a graduate who'd been to Keele, I would be a lot more impressed with the Oxford or Cambridge graduate. Because they've got into there, and obviously that's, that goes without saying. But against that as well I think that one thing that I'm more interested in really is making sure that we retain good graduates in the area. So my ideal would be, [pause] the Oxford graduate who wants to return to Stoke-on-Trent and work for a leading firm of Accountants [laughter]. That really would tick a lot of boxes. But that said, I, I have recruited and I know some extremely intelligent people who are absolutely useless face-to-face with the clients. So, yes you have to be impressed by the quality of the University that they have been to. And the quality of the degree that they have achieved. But if you can't then, use that intellect, with the soft skills and the people skills, then you can be the best accountant in the world but you're not in the client's eyes.

Intv: Is that something that you get out of them in the recruitment process? Would you look at the University or at their ability to interact face-to-face?

AAM: It would depend entirely on the vacancy. Because within our firm you need front facing people with good interpersonal skills. And, you also need very technical people that do the very technical specialist side of work. So for example tax; an outgoing personable tax specialist is a very, very, very, rare individual. They tend to be very academic. They like to do the research on the tax, they like to do. It's very detailed technical work. So if I had a vacancy for, a tax trainee, I would go for that Oxford graduate, because that technical expertise is what is needed for that role. If I had a vacancy for a trainee accountant to work with the business services team, looking after smallish clients, I would go with the very personable, chatty, friendly graduate from North Staffs [North Staffordshire University] [**Intv**: 'So it depends on the client base then?']. It depends on the role within the firm. Your smaller clients *need* a relationship. They need their hand holding. The *larger* clients need technical support, they don't want to be your best friend, they don't want to pick up the phone and talk about their problems, they want to know if they can do x,y,z. Or they are buying a business or selling a business and they need technical support on that.

Intv: With the graduates, do they have sufficient client interfacing skills? Or is that something that you would not necessarily expect from a graduate?

AAM: I think, I think they do present themselves well at interview on the whole. I think its down to the individuals; you've met 3 very different characters this morning [referring to the earlier graduate interviews]. They're all graduates, but 3 very different people and very different strengths. One who has excellent interpersonal skills [pause] ['AA – G1']. ['AA – G2'] who is much quieter. But her work ethic is absolutely brilliant, she's very thorough, she is very methodical, and she's great. So I don't think I can generalise really but you know.

Intv: I understand that you provide a lot of training for graduates at this company. When was the decision made to put on such extensive internal training?

AAM: I think that, [pause] if firms aren't careful they spend all their time and money, delivering, sort of, sorry, progressing people with their technical qualifications. What you need to be doing is learning from the other people within the company. And, you also need to be learning about client care and what our company performance standards are, and how can we look at improving and all things like that. So, it's a given really that if you want, in a

professional services firm, you are only as good as the team that you've got around you. They are the product. Sounds a bit harsh, but we sell ourselves, we don't sell mugs and cups, or cars or anything, we sell ourselves. So if we are not investing in the training of those individuals, we're not going to be getting where we want to be, so.

Intv: What about smaller companies who say "we don't have the time or money" for internal training. Is it a case that you prioritise training, what is it that allows you, as a company, to provide internal training?

AAM: Those small companies, we were small, we started of with two. Two people. We were a business start up 12 years ago, and the *fact that* they haven't made time for training to developing their people is why they are still small. If you don't make time for the people, you've got your clients and you've got your team. If you don make time to train and develop your team, how on earth are you going to develop as a firm. It's ridiculous that people don't make time for training.

Intv: Is it possible to quantify the impact of the training on productivity?

AAM: Yeah, we each year we have our targets and goals. And one of the measures for us, is, first of all, our recovery which is; if we have a client that comes through the door and we say "we will do that job for you for £2000". Everybody has a charge-out rate, and it works through and everybody keeps record of their time. So if it's come out that, we've done it, we said we would do it for £2,000 and, when we look at it it's actually cost £2,500. That means either, we, the client hasn't presented everything in the way that they should have done. Or, we've had the wrong people on the job, and we haven't given them enough training. So our overall recovery rate as a firm monitors the effectiveness of having the right people on the job and giving them the right training. The other thing is that, in a firm, a professional services firm you will have people starting on maybe twenty odd pound an hour charge-out rate to a client up to a couple of £100 an hour. And every year we set ourselves a target to increase that average charge out rate within the firm, so that we are doing less low value work, and more higher value technical work. Because what we don't want to do is just have hundred people doing work at £30 an hour. I'd rather have thirty people doing work at £100 an hour. That's where we want to be, for our own particular business model. So, to be able to, on average each year, increase our chargeable time, sorry, charge-out rate average, tells us that we are doing higher value work. Not more lower value work. And that goes up by £2 or £3 per hour per year as a target, so we have crept up significantly over the last three or four years on that. So, those are the two measures that we use to see if we've got the right skill sets with training people up properly.

Intv: Do you get feedback from the graduates once they have attended these training courses?

AAM: With the graduates we have a six month progress meeting. Where we are looking at what they have achieved, and we look at, the, what are the development steps for the next six months. On each *job* their line-manager reviews their work and they go through everything with them on a job by job basis as well. And on the internal, so in terms of the internal training, a lot of it is one-to-one mentoring. And then what we do on the internal stuff is that each month I do a team update and I ask for contributions to that, and feedback on different things.

Intv: How does the team up date help?

AAM: I think it just, I think the biggest thing that *any* company, no matter what company you are, is communication. No matter how hard you try with communication, there are times when you think "that wasn't communicated very well". So over, you can't *over* communicate in my view. You should say what you're going to say, say it and then say that you have said it.

Rather than, you know. So with the team update, and feedback, I'm sort of just keeping everybody informed, so they know, so they know where the firm's going. They know when we're recruiting, they know when we have picked up a new client, they know when we have lost a client, they know when we are going to put something new in place and every year we shut the office early and we have the whole company to review performance of last year and also to set the scene for next year and ask for feedback.

Intv: Do you feel that those reviews are frequent enough? You say that you have the reviews every six months, but would graduates benefit from further formal one-to-one sessions?

AAM: I think it would be difficult to resource it. Particularly with, with the graduates working on client work, bearing in mind, *every* piece of work they do is reviewed on that piece of work. So if a job came in, they'll, the job came in, clients records came in to have a set of accounts done. The student would be allocated that client to do the work. The line-manager then reviews that work, does a proper review of everything, and then sits down with the graduate and says "you've done this section really well but *this* you've missed and *that* you've missed and you need to look at *this* and you need to look at *that*" [**Intv:** Did you say that was for every job?]. Every job, every job has a review.

Intv: Is that costly in terms of time?

AAM: No, because, we can't let a job go out without it being checked and being correct so that's all part and parcel. A graduate will get it to a certain stage and then pass it to their line-manager, the line-manager will then go through the job and say; "ok well that section is fine, this needs doing, you haven't thought about that or you've got in a muddle on this section here, can you do this, that and the other". So the six monthly reviews are the bigger picture, longer term to say ok, in the next six months I want you to be doing some cash flow forecasting. I want you to look at getting some invoicing done for the client. I want you to be sitting in on some client meetings over the next six months. Whereas their technical, their learning is very much on a one-to-one basis all the time.

Intv: In addition to an internal mentor, do you feel that the graduate would also benefit from an external mentor? [**AAM:** 'From what angle?'] In terms of professional development, an external professional's feedback on career development and realising personal potential.

AAM: I think that sort of, certainly when the graduates are going through their training program, they have that to a degree with the training company, the training provider. They go to Manchester or Birmingham, Caplain, and they have that training organisation and that is quite a good vehicle for them to, '*a*' they're interacting with other graduates. Coming back with some ideas so, talking to such and such firm they do this and this that way, and that, that way, and what have you. So they do have that external interaction with other graduates from other firms and obviously their tutors. They are assigned a tutor and they have meetings with them. One thing that I have introduced which, is new, a new offering, that I have taken advantage of is something called 'Graduate Gains'. The rules for eligibility there are that you know, qualified within three years. And that's quite good where I have taken one or two graduates who have gone on to do the professional qualifications, and have come out the other end and I've put them on that because that's all about, thinking about their real potential, sort of having thinking about where do they want to go and what do they want and how they can achieve it.

Intv: How has that benefited you as a company, the fact that they have gone on the 'Graduate Gains' scheme?

AAM: Its early days, but I would say yes. It makes me smile because I can see that what they [pause] it's 'AAG1' and [another employee] that have been on it. And they are a lot more

confident about asking, you know [pause]. And a lot more confident about making it very clear about what they are looking for. Because they have sorted it out in their own minds through this 'Graduate Gains' process.

Intv: Do you think as a manager your own approach to graduates impacts on the value of the scheme to the company?

AAM: Very much so. Obviously 'AAG1' and [another employee] have been on the program and I know of other professionals that have been put on the program. And, I feel sorry for some of them because they are in companies where no matter how, there's no point investing in making people really look at themselves and think about where do they want to go, and everything else, *if* you are not going to apply it in the organisation. I had a meeting with [another employee] yesterday, who you've not met. And I had to smile to myself because six months ago you would never had the confidence to sit opposite me in a meeting and to be saying the things that you are saying. And it was brilliant. It is brilliant.

Intv: How important is graduate confidence?

AAM: Confidence is a big thing because if you don't have, you know, I always say "whatever you say, say it with confidence". Even if it's, "I don't know" [laughter]. It's the one thing I say; "do you really think that I have got all the answers, no, no". But I'm long enough in the tooth to not go red and start flustering when I don't know the answer. I am just happy to say; "you know, I haven't got a clue. Let me come back to you". So no, confidence is important and that 'Graduate Gains' program I've definitely seen an increase in confidence level. But I do think that it could cause a problem with some other firms that are more traditional and more set in their ways, because what you've done is you've *ignited* somebody and all you're doing is pouring water on it all the time.

Intv: You mentioned Caplain, and the fact that it's quite a good opportunity for the graduates themselves to go and network with other young professionals. As a company, how important is it for your graduates to associate with other young professionals outside of this company, how does it benefit you? I realise there is Future Fine*st* as well.

AAM: It's not so much Caplan, Caplan doesn't really benefit us. I think it's good for the students to be able to discuss their role and position with fellow trainees. So there isn't really any benefit for us from that point of view. Future Fine*st*, the benefit for us is that, all too often professional firms let one or two people out. And they become the face of the firm, and, it's only when those senior partners disappear that the next levels start to emerge. To me, Future Finest is very important because when I, oh gosh, when was in my mid-twenties I was in the Junior Chamber of Commerce and to this day now, I still refer work to two or three of those people and likewise they refer back to me. When it comes to professional networking and professional organisations, people refer people who they like. You're not going to refer somebody that you don't actually like. However much you say that you would, you don't. Because it's a given that you can do the job because you've got your professional qualification. So I think that Future Fine*st* for me is, the likes of 'AAG1', for example, starting to make some friends with Lawyers, and Bankers, IFA's and Architects e.t.c., so that, as they progress, she's already got her network of professionals so that when she needs to refer something out, she can refer out. When somebody needs to refer an Accountant they will refer 'AAG1'. So it's future business growth. And it's important that they've got those skills

Intv: Moving on to a different matter, and something that we previously touched on; does it matter where students are from when they come to look for employment here?

AAM: I think it's important that they have attachments to this region [**Intv**: 'Is it a risk if they don't?']. It is a big risk. You find [pause]. North Staffordshire, Stoke-on-Trent has a bad press. The area has a bad press. And it's far less risky for me to recruit somebody who grew up in

this area and knows it. Whether they have gone off to Sheffield or Bristol or wherever and done their degree, the fact that they want to come back, because it's a huge investment in time and money to take that graduate through the professional qualification, and, [pause] it's better to know that someone is happy to settle, here. So either, they have been to University in the area, and, they have made some good friends, they like the area and want to stay. Or, they've grown up in the area, they've gone away to University and they've come back. But somebody who randomly, maybe through the website, sort of, applied for a job that was living in Bristol and went to Lancaster University, I wouldn't really progress that at all.

Intv: Do you think there would be the same risk for a firm of the same size in Birmingham? That they would have the same types of consideration?

AAM: I think Birmingham has more of a pull for the graduates, so I think it's less risky because its city life isn't it. But I think it would still be a risk, yeah.

Intv: As a manager do you think that it is important to attend managerial training courses targeting leadership and management of employees? Specifically towards graduate trainees?

AAM: I think that it is important that you have, you go on structured training for leadership and management. I don't feel that I need anything specifically for a graduates, I think as a Mum as long as I can quote the latest band, I seem to be doing alright. But no, I think it's very important that people invest in developing themselves as managers and I spend a lot of time and money, [pause] within the firm going on courses, leadership, managing, coaching, mentoring, things like that. But I don't think I need anything specific for a graduate.

Intv: Do you feel that your personal experience in employment has influenced your approach to graduates?

AAM: No. Previously I don't think the firms I was with before, because I was in industry for quite a few years before, and, they tended not to, well we had two or three graduates in the firm [pause].

Intv: How do you feel your company compares to firms that are both larger, and smaller in size, in terms of what you can offer a graduate?

AAM:

Well a company that's smaller. The benefits that we offer, and the package that we offer, so the financial and the benefits in kind. We offer, the same as the top twenty firms. So, certainly the financial reward and the more structured training. From the smaller firms, a lot more on training and, [pause] variety of clients. A small firm will tend to have a portfolio that's of small clients. And they won't necessarily have departments or they won't have the Departments that we have, so they wont have a Wealth Management section, they won't have a Corporate Finance Department. So, breadth of experience, [pause] and the working environment, the package is very comparable with the top twenty firms. If I compare myself to a top four or top twenty firm, then, [pause] what you get with a top, no national firm is the opportunity to move around geographically which of course, is not an option here, unless you count our other office in ['town'] which is 12 miles away. Which isn't really what we are talking about. So in terms of, sort of, being able to progress within the company and move around geographically is not an option. My fellow business partner, he was with KPMG and he transferred to Australia for 3 years. Which was a great opportunity for him and so that is certainly something certainly the top firms have a pull. Obviously city life you can transfer into Birmingham, you can transfer to Manchester, you can go down to London e.t.c or you can go abroad. They have much larger departments, and you become very streamlined. So if you go into a top 4 accountancy firm you will go into a department, and so what you will do is you will have very, very niche technical experience. Which we have no need for. We don't need somebody who is an expert on one aspect of tax. But the depth of knowledge that they

would have be far outweigh anything that I know. [**Intv**: 'But that's not necessarily required?']. But that's not required. The advantage of going to a leading independent firm is that you have a good cross-section of experience. You will expected to learn and know auditing accounts, personal tax, and corporation tax, the accounting software. So, you have a *broader* experience of *general* accountancy. As opposed to a more specialised experience of one type of, sort of, one aspect of the job.

Intv: I understand that you have an Investor in People award. Is that a USP [Unique Selling Point] for this company?

AAM: Not really, not really. I mean all good firms should have it really. It's shocking if they don't. So it's not really. It's good to demonstrate when I'm interviewing because obviously we have got Investors in People and you don't get that by not investing in people, so it is good that that comes across with our advertisements when we are recruiting, and when we are interviewing I can demonstrate our commitment to training. But it's not really a USP, because other good firms have it as well.

Intv: I realise that we have covered a lot of the key areas with regard to training and development, but reflecting on the actual graduate themselves, what are the key benefits that graduates can bring to the company as opposed to those who have not attended University?

AAM: It's less risky taking somebody on who is a graduate with a decent degree. In terms of the commitment to the firm to take them on to the professional level. It's a big expense, big commitments and the success record is higher with graduates. So from that point of view. I also think that sort of, they've got, on the whole, a positive can do attitude. They're either quietly confident like 'AAG2', or openly confident like 'AAG1'. But there is a confidence in their own ability, I don't think that, I've had any graduates here that have felt that they can't do something.

Intv: Is that due to the recruitment process?

AAM: I might be able to whittle out the ones who are not very confident. But, on the whole if I have a look around and if I had a project, I would probably choose one of the graduates to do it. They seem to approach something that they don't know with the view to "I don't know how   to   do   it   yet,   but   I'm   willing   to   learn".

Accurate Accounting – Graduate Interview Transcription

Intv: Could we just start with a bit of a background about yourself? How far along are you in your qualifications, and which University did you attend?

AAG1: I went to Sheffield, and studied for a degree in Business. And very early on, at university, it became apparent that accountancy is what I could pass. That's awful. But I just kept, [...]. So I qualified in 2005, and got my degree, and I also won an award for accountancy. [**Intv**: 'Wow'] Yeah. No not really, not really at all. [**Intv**: 'So was that within the degree programme?] No, Grant Thornton sponsored the university of Sheffield for some of their courses, it was all to do with business finance. I did both those courses and did the top marks. It's the only reason I got a 2.1! If it weren't for that I would have been failing.

That kind of like forced me into this career really, because I enjoyed studying it. I'd done business studies throughout school and I had really enjoyed that, but it's quite vague isn't it, you can do a lot of Business studies. So when I was at university and I enjoyed accountancy, I thought, well I will try and get into that. Um, [pause] Qual [...] Yeah 2005, I finished university. I had applied to quite a few big firms. And then I kind of like did a U-turn and decided I don't want to work for a big firm, because, um, I had cousins and my sisters who have like worked for bigger firms, and they were just like a cog, and once your training contract finished, that was it. End of it. So I thought I will go for a smaller firm, because hopefully I will get better training. And [...][**Intv** interjection…]

Intv: So you were saying that when they finished their training it was the end of it? Did they leave the firm?

AAG1: Yeah, they left the firm, it was very much like, people had worked for PWC [Price Waterhouse Coopers] and you know the big companies, once you finish your training contract you're then, a few people get to keep their jobs, but most of them have to go, and get made redundant.

Intv: So high turnover then? [AAG1: 'Yeah'] So is it the case then that you were looking for employment, you were looking for a career future as well?

AAG1: Very much so. From the moment I had my first interview with 'Accurate Accounting – M', it was what I said to her. I didn't want somewhere where I was just going to do my training. I wanted somewhere where I could build a career up, and I still strongly believe that. So, I had an interview with 'Accurate Accounting – M' in February time, 2005, and she was really good. I was like, at this interview I wrote loads of wrong things on my CV, like, [pause] I just didn't understand accountancy at all really. She was just like, I tell you what, why don't you have two weeks work experience. And then you can decide if you do want a career in accountancy and we can see what you're like. So I had my two weeks, really enjoyed it. Had loads of fun. And, then, started here in the September, and in the January 2006, I started the ACA [Chartered Accountancy Qualification]. And I finished that, last August. So that's really my background.

Intv: Saying that you wanted to find a firm where you could see a career, do you think that's quite unusual?

AAG1: Definitely, I don't know why, a lot of like [pause] My father is big career, he's in to, he keeps saying to me I should be moving round. And, but I don't want to, I see, I really strongly believe in 'Accurate Accounting', and I know you might think I'm just saying that [Laughter]. My boyfriend works in accountants, and I've got friends who work for accountants, and we really are so much different, we offer more of a wider service. And I think if I was in another accountancy practice I would get quite bored. So. Yeah. And I think there's nothing wrong with building your career in the first company that you go to.

Definitely.

Intv: You said that when you first finished University you wanted to go and work in a big firm. Where were those big firms based?

AAG1: In Manchester. Yeah, and I actually applied to 'Accurate Accounting' just by coincidence. My parents moved to Congleton, where I was at university, which was very convenient. Trying to lose me! [Laughter] Well, I just had not heard anything back, and I saw 'Accurate Accounting' in front of me, and I just thought "I'll just nip in and see if they've got any jobs". Went in, and spoke to the receptionist, and asked "Have you got any jobs" [Laughter] She phoned through to 'Accurate Accounting – M', and 'Accurate Accounting-M' said hand your CV in, and well, that's really how it came about. Complete coincidence. As soon as I went in and had the interview, I knew that that was the firm for me.

Intv: Why Manchester?

AAG1: I am from Mansfield, which isn't very far from Manchester, and, I used to go out in Manchester loads. And that's where the big firms are based in Manchester really. So, that's why I was looking there.

Intv: How do you feel about your transition to Stoke?

AAG1: I don't really know Stoke at all, I mean I work here, and I work at the ['x'] office. So I work between the offices, and I know how to get here. I know how to get to the Pottery centre for shopping. And that's about it [Laughs]. I like the fact that I don't work where I live, because I had to move back to Macclesfield, and it's nice to have that break.

Intv: You say that MC offers wider services than other accountancy practises. Why is that?

AAG1: I think it's because of 'Accurate Accounting – M''s and probably ['Accurate Accounting – M2''s] background. They both worked for accountants, but have both been into industry as well. So they know what companies need, what information that companies want. Because it's all very well us preparing a set of accounts, but, the set of accounts is probably 8 months out of date. Means nothing, apart from, to the companies, you know, they have to do that to comply with companies act. Whereas what we do is look at the company, look to see how we can be improving the business, you know, key performance indicators, business planning. Looking to expand it. Seeing what the directors, share holders want from their company. Whereas a lot of the other accountancy firms will just do the set of accounts. Speak to the client for a year. We do tax planning, we do all these extras. I think that's what makes us different. I think that's how we're able to grow in the recession when so many other accountancy firms are letting people go. I mean Baker Tilley, they have let go a few layers of management haven't they. Um, KPMG. All the big firms aren't coping with it. [**Intv**: 'Whilst you are growing!'] I know, it's amazing isn't it. So I just believe in what 'Accurate Accounting' do, I strongly do.

Intv: Why do you believe strongly in that? Is it because the company goals and objectives are clear?

AAG1: We have training sessions quite regularly. They are continuously trying to improve us [Laughs]. I don't know what that says about us, but. I think this is a company that, believes in, if they train us, they'll get the best out of us, which helps me, no end, because it's something that I, I know it sounds sad, but, I actually do a job where I really enjoy it. [**Intv**: 'No that does not sound sad']So yeah, if I have a training need, I know that I would go to, and have done on many occasions, go to 'Accurate Accounting – M', 'Accurate Accounting – M2', 'Accurate Accounting – M3', 'Accurate Accounting – M4', and asked them, and I know that it will be arranged. All throughout my training contract, I've had 6 monthly reviews with 'Accurate Accounting – M', and known exactly what she's wanted me to achieve. And I've been able to feed back to her what I have achieved, and you know areas where I see I need to

improve on, and it's straight away been addressed. When you're training you can't ask for more than that, and I think if I worked for a big firm, I wouldn't have got that at all.

Intv: So you feel that the feedback that you receive is good at 'Accurate Accounting'?

AAG1: When I went to 'Graduate Gains' I found that a lot of people, people didn't seem to be able to go up to their managers and ask them where they saw themselves going. Um, whereas I know that if I needed to find out where I was going, then I can go to 'Accurate Accounting – M' and ask her.

Intv: Is it the case that you always go to 'Accurate Accounting – M', or do you also go to line managers?

AAG1: How it works at the moment is I'm, because I'm qualified I'm looking after someone's portfolio whilst they are on Maternity leave. So I have to look after this portfolio, to which I have a manager assigned, and it just happens that both the clients I have got 'Accurate Accounting-M' is the director assigned to it. Also, because I have been doing the ACA and she was responsible for my training, [pause] I've always gone to her really. Others would go to their managers – yeah, I think I would go to 'Accurate Accounting-M', just have a whinge at her [laughs].

Intv: When you have these appraisal meetings, are there set topics that you go through with her, or is it more of just a general chat?

AAG1: It depends what it is. When I was doing the training for the ACA we had to go through set agendas for it. And you had to do it at 6 monthly intervals. What will happen is, when you come up to your 6 months, you'll have key topics that you've got to discuss; say what you're are doing and that. 'Accurate Accounting-M' will say what she wants you to do, and built into that you will discuss other things, are you happy, what do you want to achieve type thing, what she wants me to do. If she's happy with me, type thing.

Intv: Is it the case that when you sit in such a meeting it's quite open?

AAG1: Um, to be honest with you I'm one of these people who is quite open anyway. If I've got a problem I would say it. I don't know if that is a bad thing or a good thing. I think it can be both really. But, if there was something that was really on my mind, I would say it. I would probably think about how I was going to say it. Yeah, no, I think 'Accurate Accounting-M' is approachable, she's got her expectations and so if you don't deliver, you'd know about it. But, no.

Intv: Do you think that's a good thing that as a manager she is that clear?

AAG1: Definitely. Definitely, because if I mess up, it plays on me. I don't know, people respond differently to different things isn't it. And um, I think, rather than praise I respond better to criticism, because I can do something with that. [**Intv**: 'Constructive criticism?'] Yeah.

Intv: You said that they are always quite keen to train you [**AAG**: 'Yeah']. Who descides on the training you receive? The managers? Or is it you?

AAG1: Both really. We have internal training and we also attend courses. Smart courses. That's when we're trying to build up on our knowledge. Accounts, tax, the budget updates, um, internal training, at the moment, the directors have decided that we need more training on what we call "towards and awesome service" [laughs]. Basically just making, giving clients the best service, and the directors just tell us how they want to do it. It's just a big open session. And we all have a discussion and there'll be agendas. We also had audit training yesterday, 'Accurate Accounting –M2' wanted us, things that he wants in the files that perhaps we're not doing, or need to address. And we've got, I think we've got 4 sessions on that over the next couple of months. We also do "lunch and learn" [laughs]. We do loads of training. Where we give up our lunch, and we learn a topic. Because there's quite a few different areas

to 'Accurate Accounting', we've got the financial services, we've got the tax department, so, when a new hot topic comes up, somebody from those departments will present it to us the accountants and we can go out and reiterate it to our clients or maybe set up meetings. Um, and, we get a lunch for giving up our lunch for it. It's a really good idea. It works really well, and pretty much everyone attends. You don't have to attend, but it's worthwhile to. At the same time, like I said, if I've got a training need, like, I had one, last year with 'Accurate Accounting-M', I wasn't happy that I was up to date with Tax, because since I'd studied it, a lot had changed. So we had this thing called taxability check list, and we go through with clients. And 'Accurate Accounting-M' spent about 2 hours going through that with me and another girl, so that we could then go out to clients and do them, which is fantastic. [**Intv**: 'So 'Accurate Accounting-M' really devotes the time?'] She really does. I mean we have got a new trainee in Stoke, and we are training her at the moment. Obviously we have targets to meet, the amount of chargeable time we do. My chargeable time might be a bit lower because I'm training this girl, and 'Accurate Accounting –M' just turned round and said, that's absolutely fine, I know that we've got to invest the time. Because like me investing the time in you, to help you improve. She understands.

Intv: It sounds like they provide a lot of training. Why do you think that is?

AAG1: I think they're focused on building a bigger business, and if they train us to do it, they can expand. So I don't think it's that they feel they have to, I think it's just part of their strategy. And I think it works well. I know a lot of companies, I'm thinking in particular of my boyfriend, where my boyfriend works, the managers there don't do any tax planning with clients, don't actually go out and see clients, with sets of accounts, it's all done by the directors. That wouldn't happen here. We go out and see our clients; we build up the relationships with them. The directors go out and see the clients, but we do as well.

Intv: So a high level of responsibility?

AAG1: To a degree yes, but like, you've got to, if you think about it, when I was training, there was no way they can let me go out and, tell clients the wrong things. It's like, within reason, definitely within reason. Just because you've had the training it wouldn't mean you necessarily get to go out to the clients. Um, but [pause] it's all about proving yourself I think.

Intv: So the internal training that you have touched upon, can you tell me more about that?

AAG1: Yeah, definitely. I suppose that's towards our sort of service. It's developing you and you're personality. I think everyone who is employed here; you wouldn't be employed if you didn't have a personality where you could get on with people. And I think they try to enhance that definitely.

Intv: Going back you your time at university. When you were on your course did they help you prepare for employment?

AAG1: No, but, to be honest with you, I would not be the best person to ask. I did not enjoy university at all. I am probably one of the very few. I think I was a very young 18 year old. I wasn't ready for University, and I didn't get involved like I should have done. Um, I was also in a relationship at the time that perhaps shouldn't have been in. And I think it held me back. I didn't have any confidence, I was very shy, I wouldn't have been able to talk to you in this situation when I was at university. When I went to college, when I started at 'Accurate Accounting', it was completely different, I loved every minute of it. I had my university life there. But with regards to the courses that I did. They didn't prepare you, well, I suppose in the fact that you had to do presentations and work in groups, and things like that, perhaps in situations where you wouldn't normally work, it adapts you that way, but there was no kind of, "you need to be thinking about your career". They did offer careers services, but it was it.

Intv: Did you ever use careers services?

AAG: I wouldn't have known where they were [laughs]. But no, I didn't use them. I wasn't even sure how I got into accountancy. I think that's one thing that university could improve on, well, university of Sheffield anyway, um, I don't know what it was like when you were at uni.

Intv: Can I ask what your motivation was for going to University if you felt that you weren't necessarily ready?

AAG1: I went to university for the simple reason, um, my mum had like made me promise that I would get a good career. [Discusses personal issue] She has always been like, don't make the same mistakes that I've made, make sure you get a career, and that's the only reason why I went, and I remember being in halls of residence that first week. [Discusses halls of residence].

Intv: So what did you expect when you left university?

AAG1: I thought that you go to university, and that's it, everybody wanted to employ you. But it just doesn't work like that. I remember being on my course on the first day and seeing 420 odd people in this hall. In this church, where we had our lectures, and thinking, "oh my god" are there actually that many companies out there that are going to employ us all. I thought you go to university, you get on a graduate scheme. It's easy. So many people that I know came out of there and didn't have jobs. And a lot of people I know haven't been able to get on graduate schemes or anything like that. It just doesn't work like that.

Intv: So you do not feel university was beneficial for you?

AAG1: Well no, because if you had done the AAT, you wouldn't have got as far on as you can potentially, can do if you go to university. And it was then that it made me realise. And now, I think if I go back, I'd go to university, but I would go to Manchester, because I love Manchester.

Intv: So what types of skills do you think that university benefited you with that [**AAG1** interjects …]

AAG1: I think life skills, I don't think it was particularly I learnt how to give presentations or anything like that, I think I just grew up. Um, I think I got my confidence. I learnt how to talk to people and how to act around people. How to communicate really. And I think they're the skills, that if I'd done AAT I wouldn't have. And also I push for everything now, I have targets that I want to achieve, and I push for them. So… [**Intv** interjects...]

Intv: So what skills, if any, did you feel you might have been lacking when you first started work?

AAG1: Accountancy, accountancy skills [laughs][**Intv**: 'So more technical skills?']. Yes. No, I think that's something that I wasn't prepared for, the amount of work that you put into accountancy, I remember training and getting so stressed because I couldn't do things and actually wanting to take work home with me. Almost panicking about it. Um, but [pause] yeah, the technical skills. I think 'Accurate Accounting – M' has put me on the course like 'Graduate Gains', she has brought myself, you know increased my confidence, given me clear direction, every [pause] also being able to push for training and get it. I just think. I honestly would say if someone wants to go into accountancy, this is the firm that you should work for. 'Accurate Accounting – G4' who works here, she was working for another firm of accountants, and I actually knew her outside of work. And she wasn't happy, and I recommended her for the job here.

Intv: Why wasn't she happy?

AAG1: The firm that she was working for, the directors apparently weren't very nice, and they were just basically striping the money out of the company. Weren't caring about their employees or the clients. And I think she just lost, there was low moral there. But, she loves it

here. She'll tell you that herself. You know there is very good training, which is why I recommended her to come here because if you want, if you don't just want to be an accountant and you want to be something better [pause] Like 'Accurate Accounting – M' says, everyone here can put a set of accounts together, it's how you sell them to a client, and how you offer better services and find out what the client wants. [**Intv**: 'A bit extra?']. Yes, it is going that extra mile. And I think that's what this place does.

Intv: Do you think that university should have provided you for more employability skills?

AAG1: Definitely [pause] What university doesn't prepare you for is filling out application forms, preparing your CV, interviews [pause] Or maybe it does, I didn't go to career services, so maybe I can't say that. When you do interviews, not for this firm, but for bigger firms you have like, you have to do technical things don't you, and I don't know what they call them, but you have to go and prove yourself. That you can work in teams. University doesn't prepare you for any of that. And it doesn't prepare you for proper work situations. I mean you are given deadlines and are told to work in a group, that's about as far as it goes, I don't know if they could go further. Everyone should attend 'Graduate Gains' at university. [**Intv**: 'Really?'] Yeah, what 'Graduate Gains' did for me, was make me, I had got career plans, but it made me think about them and how I was going to achieve them. And I think if people have that at university, it would be a lot better. Because you are a lot younger then aren't you.

Intv: So what was good about the 'Graduate Gains' programme?

AAG1: I would say for me that was the biggest thing. I know part of it was to go there and network. Which is something that I really need to improve on. But, for me, at that time, I was just finishing the ACA, and I really needed to just firm up the direction that I was going in. And I think that provided it. And, 'Graduate Gains – director', he was fantastic. I'd probably tell him things that I couldn't tell 'Accurate Accounting – M'. And, he would help me think of ways to tell her, or, how to improve myself, and like, I came up with silly things that I want to do with my life, and he was like, you know when you need somebody to just encourage you to get on and do it. He was the one that did it. And some of the things that I've done and some of the things that I have yet to do, but I think everybody needs somebody like that.

Intv: It sounds like he is a mentor

AAG1: That's how I saw him really.

Intv: So do you think it's important for young professionals to have a mentor outside the organisation then?

AAG1: Yeah, I would say so, and I think you do have mentors with people like you know, and people that you see in TV. Like my dad is really into his career, perhaps too pushy for me, but he is a mentor. But, yeah, 'Graduate Gains – director' was somebody who was completely separate, didn't know me, or my life at all, but was able to just question, why aren't you doing that, if you want to do it, why don't you do it. And I think [pause] I think people do need mentors, especially when you come out of university. Because you go to university and it is a laugh isn't it. You do a bit of work, but most people don't do any work, and still manage to do really well. But there's a big transition between university and working isn't there.

Intv: Do you think 'Accurate Accounting' benefitted from you attending 'Graduate Gains'?

AAG1: 'Accurate Accounting – M' went to a meeting whilst we were doing the 'Graduate Gains' and she said that she sat there, round the table, and, all these employers were saying, what are they getting out of it. And she said that she was the only one who knew what she got out of it. Because what I see the 'Graduate Gains' going it doesn't benefit my organisation as a whole, it makes me as a person question what I am doing, question where I want to go. So that's how the organisation can benefit. However, I can see it being quite detrimental to some organisations. So I can see why people said that. But it made me realise that, what I had said

to 'Accurate Accounting-M' at my very first interview about wanting a career at 'Accurate Accounting' is true. And going to 'Graduate Gains' gave me that little bit of confidence.

Intv: How do you feel about the other types of training you have undertaken in the firm (Internal and external)?

AAG1: The internal training that we have, you know, helps us improve our work, helps us go out to clients and do things that bit better. The lunch and learn helps us, my knowledge personally, and helps 'Accurate Accounting'. I wrote an email to 'Accurate Accounting-M' the other day telling her what I thought about the training. [**Intv**: 'Why was that?']. The way I see it, if I was giving training, how would I know I am giving them what they need without somebody telling me?

Intv: What motivated you to do that?

AAG1: I think if they've got the time to invest in us, I should at the very least thank them, and I think they would appreciate it really. Maybe I'm just interfering with them all.

Intv: So, you said that 'Accurate Accounting – M' is primarily in charge – are there other managers that are involved in training?

AAG1: We're a small enough organisation that you can go straight to the director. If there was training needs she would then put me in touch with, which manager I needed to talk to about that. If you've got an issue, or you've got a need, you may as well go straight to the director. Because you can explain to them. But I think in other organisations if you went to the director and said look, I need training and this. They would be like, why are you telling me? So, I think in this organisation it does work. Saying that if you're not studying the ACA, or the ACCA, you wouldn't go to 'Accurate Accounting –M', because you wouldn't have that much contact with her. You would go to your manager.

Intv: Do you think the managers have different approaches?

AAG1: Yeah. They're different personalities isn't it? It think you'd get it everywhere, not necessarily different approaches to the directors, I think they check things through with the directors first.

Intv: Is it beneficial that they have different approaches?

AAG1: Um, yeah I suppose it does really. I think, you can learn one thing from somebody, and then you can learn how to do it a bit better from somebody else I think. Yeah, different approaches do benefit. It helps with your understanding people really. As well as what you are trying to learn.

Intv: I think we have gone through a lot of the questions. Networking, you are part of Future Fin*est*. How do you think that networking helps you as a young professional?

AAG1: To be honest with you, I haven't done that much networking, I have probably been to about 3 events. I don't think I'm particularly good at it. I think. I am quite a confident person. I can talk to pretty much anybody, but when there are big groups of people, I find it quite difficult and when there's people with big personalities, which I think there are I think it is definitely something that I need to work on. And there's a networking even next week, how to network! In this industry it's essential, you need to be able to network. If I'm going to offer 'Accurate Accounting' something more, I need to be bringing fees in, and the only way to do that is via networking. So it is something that I've got to do.

Intv: Do you think an organisation such as Future Finest is beneficial to you?

AAG1: Yeah, I think it is. I think Future Finest could be one of the [pause] you know how we were saying have a mentor. I think how they should be set up as, I think they have got a board of people haven't they, and I think each one of those should be a mentor to 2 or 3 people. Not necessarily a mentor but, just introduce people, let them come round with you, see how you're talking, I think that would be a really good idea.

Intv: Do you have mentors within this organisation?

AAG1: More general, it's very much an organisation if you need to talk to somebody about something, you can do. Um, I suppose actually when I was training there was someone responsible for training me. Like in the early days like how to do and set up accounts, and I suppose I do that to 'new trainee'. I would like to think if she had problems she could talk to me about it if she didn't feel she could talk to anybody else about it. So, suppose in that kind of sense, but it is nothing formal.

Intv: Do you have weekly meetings as a company

AAG1: No, but to be honest with you, you don't really need that in our organisation. They have client relationship meetings, the managers do. Because we have so much training, we don't actually, we kind of know what we need to know, what we are not told we don't need to know really.

Intv: What do you think as a graduate you can bring to this company?

AAG1: Wow. What a question. A question I don't know really how to answer, I think I've got a wide range of knowledge, because I have studied Business studies I know a bit more than just accountancy. I think a non graduate would come in still very young. I think I'd grown up by the time I'd got here. I think I'd built up the key skills like communication, which I don't think necessarily, not been to university, confidence, things like that, you wouldn't necessarily have, because you wouldn't come straight out of high school. How young are you then, really. Yeah just wider knowledge and expertise I would say in a wider area. I hope. I'd be doing something wrong if I didn't.

Budget Build – Manager interview transcription

Intv: I realise that you have been established for about 20 years now, but when did you first decide to take on graduates?

BBM: Well within, I have been involved for ten years in the practise and we basically were doing it then. Now whether [the founder of the practice] [pause] I think he took on students prior to that perhaps one or two, you will have to ask him. He's probably, [BBM speaks directly to the interviewer; 'you can get that information if it is critical'], but for at least the last ten years. And we have always had a rule of trying to have one year out student a year.

Intv: Have you seen the quality of those graduates change over the years?

BBM: Yes. [**Intv**: reiterates confidentiality] This is awful to say but I think they are getting lazier.

Intv: Interesting, is that the type of University that they come from?

BBM: Not necessarily because we are getting students from traditional Universities as opposed to Polytechnics which is what myself and my partners went through. '[The founder]' didn't, he went through University, I went through ['named'] Polytechnic, which is, and one of my partners went through ['named University'] so that was a Poly [Polytechnic] at the time, School of Architecture [talks briefly about another Polytechnic]. All it is, is that there is basically more of a nine to five culture I think, developing in the students, because when we were students and earlier in the ten years, you would have, people would be committed to a project and they would, you know, would work 'til the thing's done, they wouldn't just down tools at half past five or six o'clock. Now that's, and that's a cultural thing I think to do with perhaps their age group, rather than the fact they're students. Because my wife has lots of students working with her and she expresses the same frustrations that just are not as committed as well all used to be. But you know things change so. But that is a generalisation, occasionally you do get one or two that really do put the extra hours in. But it's just, you know, when we were their age, if you like their experience, we seemed to perhaps put more, two hundred per cent in.

Intv: Do you think the location of the practice influences the type of students you attract? Say, as opposed to being in a large city?

BBM: Possibly yes, because then you could make it more sociable where you perhaps then go out for a drink at nine o'clock or something, rather than yes you are right that is a good observation. [**Intv**: 'Do you…'] But we have got some nice bars in town and we are always saying, we used to go more regularly but recently we haven't, but we always used to go on Friday night straight after work for beers and stuff. But it sort of tells on people, other commitments and stuff.

Intv: So do you feel the changes in the social side of work over the past 10 years may have therefore had an impact on the graduates?

BBM: Over the last couple of years it's become less sociable yes, which we are conscious of and we have been trying to organise more events. But, it *is* important.

Intv: Do you feel the type of work that the graduates are producing has changed?

BBM: Yes. I am not saying it's got any worse. It's not as technically competent as it used to be. [**Intv**: 'Right, could you elaborate?'] Basically we get some really nice wacky design schemes and things, but they are not build-able, they don't seem to understand basic construction and I have seen, you can talk to my other partners, where you'll see that we have got the same view, that we've seen it getting, you know, they are less useful to a business when they come out of college, at whatever stage, then perhaps they used to be.

Intv: So the more practically-led delivery on courses is perhaps missing?

BBM: I think so, yeah.

Intv: And why do you feel that Universities are more focused then on design than technicality?

BBM: Because, I think it's all to do with funding, I think they have reduced lecturer's times, lecturer's contracts, the numbers of lecturers at universities and they're contracts. And I think they are also trying to make it a little bit more attractive to get more students in, so they make it a bit more designery and arty, in terms of Architecture. Whereas it still is, a mix of Art and Sciences, you know, you need the technical, it's all well drawing pretty drawings but you have still got to deliver a building, that's build-able, so, I think that it is perhaps to do with the way that, since Universities are funded differently now, I think there has been a change from when we went through it. Obviously that's a general observation.

Intv: And how do you feel those changes impact upon the practice?

BBM: It means that we have got to work harder. [**Intv**: 'In terms of hand holding?'] You have got to do more hand, which is a shame because it's nice to do, not leave them on their own, but we all learnt, again, it comes back to personal experience, *we* learnt by being dropped in the deep end and asking questions. Whereas now you have to sort of hand hold them all the way through, I think [**Intv**: 'Really?'] I think so. And when you *do* delegate, you then find that obviously you have got to keep a close eye, because obviously you are basically then back tracking and doing, well you have got hoards of work you have to re-do. You have got to be careful. You'll have to do some of that as part of the learning process. But you have got to be careful commercially still because, you know, fees are very tight these days, so, you have not got much bunce (like buncin' burner) in there [**Intv**: 'You are putting your reputation on the line]. And, clients, rightly so, clients are the most pickiest people out. Because often a set of drawings or a presentation will be beyond them. They will go for the simple things like; 'you have spelt the name wrong', or 'you've got that, that's the wrong spelling for this', or 'why does that say that there when I told you to change it?' It's a bit embarrassing. To be fair they are paying the money and they want a professional service and that's, but they kind of home in on the tiny petty stuff rather than seeing the bigger picture, because the bigger picture in a way is that they don't understand. And I just think that is the nature of the beast but we are aware of that obviously, that's why we are quite, so we have to do a lot, a lot of checking, but that's again, a senior Architect or a Directors role to make sure that everything leaves the office is of a similar standard.

Intv: I appreciate the nature of an Architects course, and that students are expected to take a year out. Does that not assist them in developing that practical ability?

BBM: Yes it does. And it's down to what projects we give them exposure to obviously. And in a smaller practise like ours there is obviously more opportunity, even though the approach might not be as exciting you are getting a deeper, a deeper understanding I think. And a bit more of a breadth of the whole process. Whereas obviously if you go to a larger practise, not that I have had any direct experience, I have never worked in a large practise, but from my, talking to my colleges and stuff, you perhaps can end up being pigeon holed into the typical, stereotypical, certain types of detail, perhaps door scheduling and all the sort of boring stuff, but obviously buzzing from being part of that team because it's a bigger, more exciting team, but perhaps your own personal skills aren't developing as much. So in a way I think it is probably better for students to have at least their first year out in a slightly smaller practise.

Intv: Do you recruit both Architecture graduates and technologists?

BBM: Yes [**Intv**: Do you have a particular preference for either route?] Personally I prefer more Architectural students, because going back to one of your other points, where we are *yes* it is quite difficult to attract because we are not in a University town, Stoke-on-Trent is a

University city in theory, but we are not placed in the city and they don't do Architecture or anything. Whereas I have got friends that run practises in Nottingham and they basically are inundated with high quality students, who really want to come and work with them, because it is part of that cultural thing. So we are a little bit out on a limb, so therefore perhaps we don't get the calibre of students we don't attract the calibre of students that we would want to.

Intv: In terms of learning about Architectural technicalities, would you prefer students to have more experience in the workplace during their degree, for example undertaking a part-time route?

BBM: Not for the first stage obviously. I think a straight degree in Architecture is a good basis for most, for life anyway, let alone in Architecture. Then I think they should do at least a year out. In practise, there is nothing wrong with that. In fact a first year out student is probably more use to us than a second year out student. Because our expectations are different, because you are moving on a bit, and they are older, in theory they have got more experience because they have done another couple of years. What we have tended to do, I think you will find from two of the students that you will speak to today, we've actually, they've come to us, either at the end of their year out, or as a year out student, then negotiated with us to basically, well one of them came to us as a year out and then basically negotiated with us to then go back a year later to do his postgraduate course on a part-time basis, and we sponsor. So [Budget Build – G1] is in the middle of that. We've got, and similarly we have done that with quite a few students over the years. Similarly [Budget Build – G3] who's a part 3 at the moment, she came to us after doing a year out in another practise, came to us to basically change jobs, but to also to see if we would then sponsor her to do her course part-time, which we did do, and she then did very well academically on that course and she's now decided to move straight on and do her part 3 with us. Whether she is ready for that or not I don't know yet but we'll see [**Intv**: 'So 'Budget Build-G3 worked at another practice']. She worked at another practise in Stoke-on-Trent, ['practice name'] and did a year out there and then applied to us out of the blue. And we basically took her on.

Intv: How was her transition from that firm to this?

BBM: Not too bad, no it was ok. We run a different computer system and so that's always a problem. Most students, unlike us, are pretty confident at the drawing packages, they pick up whatever package it is really, principles are the same. I don't think she had as much involvement as, well she definitely didn't have as detailed, as comprehensive an involvement in projects that we've been able to give her, but that's part of moving on obviously. No, I don't think whatever she learnt at ['practice name'] hindered her at all.

Intv: How do you approach recruiting students?

BBM: One student, who is doing a second degree now in Architectural Technology, basically did a degree in Architecture in ['named University']. We used to go to the shows regularly, basically wrote his name down, wrote a few names down and we contacted them, so did it that way. Basically he came and worked for us, for, as a year out and basically went back to college, but then, for various reasons had two false starts on his second degree and then basically realised he wasn't up to it, so he switched, so we supported him. And he's got other skills, and he has now switched to doing a degree at ['named University'] which we now sponsor. But you are not interviewing him today, but he is at ['named University'] doing a Technologists course. Which is far more suited to what perhaps his, I don't think he had the academic skills to take in, [pause], which is fine because he's really useful and he has been with us, four, five years now, which is probably. So it's quite good. So we go to shows and then also what we have done, obviously we get inundated with, although interesting this year even though there is supposed to be no work, I have less applications from students than any

year ever, which is bonkers. Because I thought I would be inundated. In fact I was worried because we were going to replace [Budget Build - G2] who was a year out, who you are going to speak to later, he came on a year out with us, then basically negotiated with us to continue that year, for a second year, and he's now, we are finally kicking him out next week actually [laughs]. And he's going back to University for his part 2. But we weren't going to replace him as part of our way of just controlling cash flow and everything with uncertain times. But in the end we've decided we're going to miss the skills he can give as an assistant to one of my other partners. So we had about six or seven applications, just random applications, generic things. There was three that stood out, and then we interviewed two. And there is a girl we have offered a job to who is going to come in, she's starting next Monday, in fact this Monday she has started so there is some overlap, because [Budget Build – G2] is still here for two more weeks. [**Intv**: 'It is interesting that you should say that'] It's difficult to say because I mean we have only had a few, but obviously from those, normally a few hit you in the face as good. Similarly with this but we only, we've had less of a field, less of a bag to look at. But we always, we do initial short listing just through looking at what they sent through, but we'll always invite someone in for a formal interview anyway, and get them to bring a portfolio, because you can never really tell from a CV.

Intv: So what is the interview process like?

BBM: It's pretty relaxed, it's usually me and one other. Pretty casual to be honest. We always show them round the office and all this sort of stuff, and ask them what they want to get out and stuff. And yeah. It's not just their skills, it's obviously their personality and everything as well. A few years ago we were positively trying to readdress the balance of male and female, and we actually had six women working in the office, and then we have slowly lost them as they have left or gone onto college, or whatever. But you really struggle, so in a way we've got ['named employee'] starting, it was irrelevant, but we are really lucky, but also we have decided to take on another Architect that we trained. ['Named employee'], we trained her, she did her Part II with us, which we sponsored, no we didn't sponsor, but what we did do, she basically did it on a part-time basis but we, she had a job here. She got a distinction in ['named University']. Then for various personal reasons, she was going to carry on working with us and going to do her part III, then she phoned me, really embarrassingly, one weekend and said; 'I'm ring to let you know I'm going to let you down, I am going to hand my notice in, I am going to move to ['named city'] with my boyfriend' and all this sort of stuff. Anyway, and we've kept in touch, because she is from ['location of firm'] *really* talented person, excellent, got a distinction in her Part III as well. But, and because we have kept in contact, her circumstances have changed, we've been evaluating the way our practise structure works and we are missing that intermediate level. There is quite a gap between the students, the Technologists and the Architects, and Management. We've got two Associates, but they are technical based, we need another Architect. So we have offered her a job, and there was a bit of a risk in the climate, we've decided it's important to invest in the company, so she starts on the 7th of September. Which is great actually because she is really good. And one of our partners never knew her, never met her, and just met her one evening and had a bit of a chat and was really, you know with the work she is doing is fantastic, will be a great asset to us actually. [**Intv**: 'And…'] So again, what I am getting at, we're readdressing the balance of the fifty-fifty again. Because it is difficult the way that the industry is structured. But also to be fair, the women that you do get through to qualification are really good, because it's such a bloody hard course, they're really good because they have got the tenacity to stick it out. And it's good, so at the end of the day, in theory, they are better than us lot.

Intv: What is the primary reason for recruiting graduates? Are they linked to long-term

objectives?

BBM: Yes, but we've yet to see that, because usually it is part of a stepping stone, but with ['named employee'] it's interesting because she has been to ['named city'] working for a completely different type of practise that was quite a lot bigger than us, and is now reduced down in size and stuff. She's not been made redundant but she has decided to change for personal reasons and various other things. And [pause] what was the question again? [**Intv**: primary reason for recruiting graduates]. And so, we are now looking at her succession, that's part of the plan. But ideal yeah, most students will come and do their Part III, and then that will still be part of the stepping stone. But what's happened, she has used us as a stepping stone, but now she is coming back so that's quite good. But *that* obviously doesn't always happen, but often you know you will get this, we don't very often advertise for staff, because you don't tend to, you can't recruit them like that. Occasionally you do, and the ones we've ever had through advertising, ok, our fault for making the final selection, but they turned out to be duffers. Mostly Technologists, but it is difficult to tell until you really, and obviously we do a three month trial period kind of thing, but it still doesn't always, everything doesn't always come out in the wash until later on. [**Intv:** 'So it is better to have worked with them']. In a way you have worked with them, built up that relationship, and you know, the best thing to know is everybody's weaknesses rather than, you know, really that's what we are try and do. But the other thing is obviously, we've got, the majority of the people in the practice aren't Architects they are Technologists. The balance of things, we still feel that we have got a duty I suppose to work with our, develop the students, and basically help them bring them on like we did, it's part of the system. And also, they are very useful pairs of hands; they are relatively cheap in the bigger scale of things. You have got to be honest about it, you need a nice balance throughout the practise. We might mitigate two and a half students for every Architect, or whatever. But again they have got limited use, so there you go, so it all works itself out. But some are really useful, really cost effective, because they are great, you know, but then obviously we would reward that later on in the year.

Intv: So it is worth the risk employing graduates, even though they may eventually leave?

BBM: Yes. We have more of an issue with work experience from secondary schools than. I mean we like to do that but it's just hard work. They just [pause]. It is almost like, when we interview them all beforehand it's almost like something they have to do, they are obliged to do their work experience, and they fancied a bit of Architecture, they don't really know, I suppose they are a little bit immature, don't really know where they want to go yet, maybe an Architectural practise isn't really the right place for them. Having said that ['named individual'] from ['named school'] she was ace, she was really good, and actually then came back and worked for the summer for us. Bit of pocket money and stuff. And that was a couple of years ago. So again, everybody's, lots of generalisations, but don't we always everybody's, take everyone on face value and at the end of the day you often get some real gems. But more often than not we sigh when they phone up from school and say. We'll always give them an opportunity, but invariably it is more work for us. But equally you know, have got to try and provide opportunity otherwise people are not going to take an interest in it are they.

Intv: In terms of Architectural practices is there a divide at all between the role that Architects perform and the role that Technologists perform?

BBM: There is but I don't think it's that pronounced and to be honest I've got some really good Technologists that I use just like Architects and they can run projects and everything, and I value them just as much as I would. And in a way, perhaps it's a bit silly, but in a way the Technologists are perhaps a bit more useful because they can, they have got technical ability over and above the Architect that's still developing that technical ability. [**Intv**: 'Do

you…'] But there is more of them than us anyway, so in a way there is a monopoly going on, there is a slight thing, but this is a small enough practise [inaudible]. We have all worked together for quite a while now, I mean it is only the students that come and go.

Intv: Do you look for graduates from a particular type of University?

BBM: No. Other than geographically we tend to obviously, we [pause]. For years where we are here, in Stoke-on-Trent has always struggled with its allegiance whether it is the West Midlands or the North West. The RIBA [Royal Institute of British Architects] always used to be structured that way, we always used to be related to the North West. Government reorganisation 'click' redefined things, the RIBA redefined things, in spite, sort of, quite a lot of shouting from various people within the Architectural profession. We rightly went into West Midlands but we are allowed to still do our CPD [Continual Professional Development] in the North West because it is easier to get to. Going to Birmingham is a nightmare, but going to Nutsford is really easy. *But*, yeah, and also interestingly our allegiance is mainly towards Birmingham, Leister, Sheffield and Nottingham. So it *is* the Midlands really, I think. But having said that, Manchester, we've got students that have been to Manchester. So it's just geographical.

Intv: Are those Manchester students from this area?

BMM: We've had in the past, yeah actually I think out of the three that I know that have been to Manchester in the 10 years I have been here they have all come from this sort of area, Cheshire or North Staffordshire yes [**Intv**: Can I ask why that is?]. See ['employee name'] is at Leeds but he comes from Crew. ['Employee name'], that I have mentioned is at Darby, he comes from Essex, and he went to Birmingham and we discovered him through Birmingham. But then it's, so he's committed, he has bought himself a house and lives up here and everything now. Whereas the others, often, perhaps go back, I didn't do it either I went to Manchester from Bristol. I found myself at college in Plymouth but lived in Bristol. But I think it is financial, they go back to where their roots are, because living accommodation, the cost of living is quite a factor. I know with [Budget Build - G2] he comes from Stoke, and so does [Budget Build- G3]. I mean those are two students at the moment and they have obviously come back to do…they were at Bristol and Edinburgh, so that's quite a way away, from Stoke. But have come back to Stoke for their year out. And then [Budget Build- G3] because she did her Part III, she applied to various courses but the most convenient one to do part-time was going to be Leister, so she went to Leister. [**Intv**: 'Another question, graduates…'] And we go to Leister to look at their stuff as well. So all their idea shows, all that sort of, so we do go visiting, and Sheffield we have been to in the past. This year, we only went to, I went to, where did I go this year, I went to Nottingham, to Nottingham Trent which have started a new Architecture course which had it's first degree show this year. Because it was the first three years. Quite a small course at the moment. I know some of the Architects that teach on it part-time as well, and it's interesting, we have got a quite good, so we are close with them.

Intv: Graduates are occasionally deterred from working in smaller firms as they feel that they would not gain the same opportunities as they would in larger firms. What do you think about that?

BBM: I have mentioned that I think there is more depth. Whether there's the variety…there's the opportunity, because in our practise there's three key strands to what we do. One of them was headed up by one of our Directors who is not an Architect, he is a Technician, but really you know, but basically he is one of the three of us that basically run the practice now. They do [inaudible] units principally, and health care type work in a consortium. Those are jobs all over the country, so that's completely different. And at the moment, it's probably given us just

over fifty per cent of our fee income at the moment which is good. And consequently most of the Technicians are working on that at the moment, because it is very technical rather than design orientated. The other third, one of the other thirds is my sector which is conservation, and regeneration and community architecture, that kind of stuff. But I still go and look at nice big country houses and people's houses and things. But we tend not to do too small a domestic job. At the moment we are not turning stuff away, but often we go look at them and they are not really, they don't really, our fee is disproportionate to the what the budget they have got e.t.c. So my sector is a little bit focused on conservation, regeneration, so if the student gets stuck with me then yeah we tend, there's a little bit of working for other people, but as a rule you tend to work with a team. So there is three teams, the other team ['named Partner'] heads up and that's basically, some regeneration work, some, quite a lot of urban design, kind of stuff [Shows interviewer poster behind on the wall] Again students have done these graphics, really good graphics, and have contributed to the design process and stuff, and also they get good exposure to actually clients, doing public consultations and stuff, which I think is also another really good skill, which you wouldn't necessarily get in sometimes in other places. And ['named Partner'] also does lots of development, working with housing developers, but obviously that is the area that's dried up at the moment. And he's done, does a few private bits and pieces, or private people's houses, and stuff but larger things. But we don't do any commercial work in the office, we've done like one factory in about the last five years. The healthcare work we do, we did a few quite a lot of design work, then only actually built one or two specialist housing projects. [BBM briefly describes projects]. It's mainly traditional Architectural work, working with existing buildings, new private houses, that kind of stuff. A bit of agriculture work because of where we are. A lot of work in the Peak District. So there is a variety but there is not perhaps as wide a variety as some of the larger practises. Having said that, there are practises that are a similar size to us that just specialise *in* industrial stuff. We have I think as a rule we do, I think we have enough variety I think for me to feel that they are not stuck necessarily but it obviously depends what team they are working in. Because again, you have to run it as a business, so if somebody is keen to back a particular project they are not going to just say, oh by the way you are just going to jump ship and do something different for the rest of the term or whatever.

Intv: Is there a set development programme for graduates that work here?

BBM: No. We have got nothing written down. That's where we are terrible [laughter]. We haven't even got directors agreements between us, we are a nightmare. We trust each other.

Intv: So when a graduate comes to work for you, how do you decide which Partner they will work with?

BBM: We discuss with them and we look at what their skills are, we see that they. Like the skills ['named employee'] is coming in, ok, she has replaced someone who has worked directly with ['named partner'], but equally looking at what she was doing fits in, bang, quite well. So, but whereas with ['named employee2'] it's a different level, obviously she is going to be mucking in on everything. Other than perhaps the ['specialist area'] stuff, because that's so specialist there's, you know, there's the technologists and ['named partner' – martin], know that inside out so that's pointless trying to go through, and that will probably dry up in two years' time you know, because you know it's kind of.

Intv: So who mentors the graduates?

BBM: I tend to do all the mentoring. And obviously [**Intv**: 'For all the graduates?'] Yes. No, no that's not true, because technically ['named employee'], ['named associate'] has filled in his forms. And he has done it for [Budget Build – G2] this year as well. But it depends, it's whoever they are working for. But as a rule I have tended to recruit them and then obviously,

um. We don't always get all the stuff that we should do from either the college, we usually get no feedback, we get no feedback and no correspondence really from the college whatsoever. I had a letter last year to do with [Budget Build – G3] mentoring her for her part 3, and that's probably the only thing that I have ever had from a college, it's really poor. If you ask the students they will eventually give you some sort of hand book.

Intv: So they are supposed to be sent with a handbook which they go through with you?

BBM: That's the sort of thing. And the RIBA ['Royal Institute of British Architects'] also online have got this thing called the PEDRAI think it is. We are supposed to, we sign those basically, but you have to in a way, again maybe it's the calibre of students that we have got but I have always struggled with, you have always got to ask them and say you know; 'I need to sign this thing with your course don't I?'. They don't seem to keep all that sort of stuff. [Quietly] *I suppose down to individuals.* But that sets the structure, so obviously you can see from that what areas of additional expertise or experience sorry, we would like. We are supposed to give them. But obviously you can only do so much. You know, you are not going to tick all the boxes.

Intv: How do you keep on top of all the graduates then, do you have set meetings?

BBM: No

Intv: So if there are no set meetings, how do you provide feedback?

BBM: It's usually us saying right, we need to look at your PEDRA, use that as the tool to see where they are going. We have talked about, and we have drafted all the forms about doing stuff, proper stuff, appraisals and stuff and then for various reasons we shelved it a year ago. We've, we had a staff meeting the other week and we've given and taken that all staff, before Christmas will have had an appraisal.

Intv: I see

BBM: The thing is with a small practise it's, unless you do them regularly, they are meaningless in a way. I mean my wife works in a funded, public – private sector funded organisation that employs 60 people, and they are supposed to do it, and I know that in the 20 years that she has worked there, she has probably had 3 you know. So what's the value in that really? So it's all very well say having these systems, but there it is no good having a system unless you use it. So we shied away from it last time because we set it all up, we spent hours of management time discussing what we were going to do. Shared it with the associates. Set out sort of basic things, and then basically got busy again, I suppose, and then you take your eye off the ball and we just never acted on it. But I think we have got a duty to do that really to staff. But in a way, again, it is a small practise, you have one to one chats with people, you know what the vibe is, you know what [**Intv**: 'So it's a relatively open office?'] Yeah, I think so.

Intv: So time is the reason why you have not run these meetings?

BBM: Yes, absolutely. Time that's all it is. We are rubbish at managing time. Because you can't legislate, because you know, you sit, I sit there to do a task each day, the phone rings, from a client, clients are very demanding. And the client-Architect relationship is such that you, they expect you to do stuff within quite a short period of time. And sometimes stuff is easy to answer a question for them, but again, it's eating into your day, it is eating into your management. We very rarely say we are not obtainable. If we are in the office we don't, unless there is a real set piece of something we have to crack. And one thing leads to another, when you have got jobs on site you can't legislate for the problems that are going to happen there. So, it just eats into that management time, and we ought to give more dedicated management time yeah.

Intv: How do the students give you feedback on the projects that they are working on?

BBM: One-to-ones. You'll be talking round the desk, or drawing board, just working with them. And we'll view stuff, obviously nothing leaves the office without us. Each stage is signed off by a Director or somebody. So, even if you haven't looked at it during the process which, doesn't very often happen.

Intv: So how do you evaluate graduate progress if feedback is informal?

BBM: You think, bloody hell why haven't you learnt from the last mistake.

Intv: Do you think it would be easier for them to learn from their previous mistakes if they had formal meetings?

BBM: I think, a bit old fashioned I suppose, but I think the best way to learn is from your mistakes. But then you should learn, and I am finding that, or we are finding that people don't listen, they make the same mistakes all the time. But perhaps if we had a structured place that identified those areas then they would perhaps be easier to control. Throw back at them maybe, I don't know.

Intv: Do you encourage them to reflect on what they have learnt?

BBM: They are encouraged, but not by us but by through colleges. But I think like, well I did an MA a few years ago and I, it. [Directly to the interviewer: 'Well you are in a different culture aren't you'] But different people have different views on it.

Intv: So you were saying before about wanting to have more contact with the colleges?

BBM: Yes, definitely.

Intv: And do you think the route to that is via the student?

BBM: No I think the college should have a direct link with us, right. Because at the moment stuff is happening, like I went on holiday and I asked one of my, [Budget Build – G3], she had an assignment to hand in. I looked through the draft with her, gave her some comments, I said that it was quite, [pause] it needed somebody else just to look through it with her before she finally sent it, because it was saying things about the practise and all that sort of stuff as well. And I asked her to. I went on holiday. I asked her to make sure one of my other partners looked at it. He was off yesterday, I've seen him this morning and he said no, nothing was run past me. So that has gone back to college without any more feedback. And I know that she has got some problems at the moment, but only *I* know because I sent an email to the college about 3 or 4 weeks ago saying; in your documentation it says you'll going to be visiting and we've had no contact, when's this happening, sort of thing because she's going to be doing her part 3 in October, whatever. They emailed back and said; 'oh, [Budget Build-G3] has got problems, and all this sort of stuff. I found out that she had got problems, then I was able to sit down with her the following day, we've got through some of them now and hopefully we have resolved them.

Intv: So it is quite easy for the graduates to come and talk to you?

BBM: 'We have 3 open plan offices. You can have a look at afterwards if you want. In fact maybe sometimes we are too open, maybe they hear stuff they shouldn't overhear. But what can you do other than closet yourself in a little office. We have Directors meetings down here out the way obviously, but, you can't do that every time you quickly want to say something or [pause]

Intv: Are the students ever included in group meetings?

BBM: We don't, we only have, we have staff meetings, so everybody is involved in that.

Intv: When are they?

BBM: Infrequently

Intv: So not set?

BBM: No. We used to and then it just became [mimicking the meeting] 'ok what are we talking about today then?' No, we tend to call them as and when, there's usually 4 or 5 maybe

a year or so. But it's usually, we had one the other day just to tell everybody that we are investing in the company, bit of a risk, but we have decided to recruit some new staff and everything. And as a result what we are going to do is restructure the office again, and we are going to basically move everybody around and open up the top floor a bit more and make that more open plan. Move one of the teams up there, because this room was, ['named associate'] his ['specific team'] are a bit scattered, proven quite, because you do need to work in the teams really when you are working on similar types of work. Whether they are the same project or not doesn't matter but similar types of work, because you can share knowledge from overhearing stuff.

Intv: You said that you were quite hands on with students even though you throw them into the deep end. How frequently are you providing that one-to-one mentoring?

BBM: Everyday

Intv: Everyday?

BBM: Sometimes. We don't get anything we want to do done. That's the other thing, and obviously, that's why hopefully with ['named employee' kate] that will hopefully relieve a little bit of some of the management of staff, because she can come in and start to manage some of these other, some of the students, and bring them up a bit, as well. Because that will help *us* too, it will help us then to be able to spend a little bit more time perhaps on marketing and management. Because that is something that we don't do particularly well. Having said that we've run quite a good business and nobody has left us in a strop yet. And we haven't been sued yet [laughter]. So we must be doing something right but by far we are not perfect at all, we have got a lot of things to do.

Intv: Do the clients feedback about the graduates?

BBM: Yes, and it's good, positive usually yes.

Intv: How is that feedback received? Informally?

BBM: Yes. Most relationships with clients are like that. In fact I am finding now a lot of the private clients you never get anything in writing, you get the odd email from clients, but you never get anything in writing. They sign an initial appointment thing and usually that is all you get. And the onus is on you to make sure you record all the instructions and all the decisions usually. I have had the odd letter having said that, within the last 3 years, I have had the odd letter which actually commented, mentioned certain students, how they thought they were really positive and everything and all that. And I do expose students *to* clients, and I will leave them to it as well, let them run their own meetings once we've, they have got to know everybody.

Intv: When students come with a new idea do you often take those ideas on?

BBM: Yes. We let them, they asked if we would pay for them to enter a competition at ['named competition'] last year. They didn't win. But three of them got together and did that. It's a bit wacky.

Intv: Do you encourage the graduates to network with other young professionals in the area?

BBM: We let them go on CPD sessions and stuff. It's up to them then to talk to other people. In a way they ought to be doing that, we don't encourage I suppose, well in a way we do encourage it because we say, look there is this talk on at the University tonight, why aren't you going? That's why I am saying they are lazy, they can't be bothered, they are not interested, they are not committed like we were. I'm embarrassed now because I can't go to these things, I have got a family now and other commitments you know. Demanding teenager daughters [laughter]. So I can't do it as much. Once they have moved away or whatever I will be able to have more time again. But, whereas we used to do it. There doesn't seem to be that [pause]

Intv: Where are these CPD sessions?

BBM: Nuttsford are the RIBA [Royal Institute of British Architects] ones. They run through the north west branch, but they do it through a venue in Nuttsford, which is really convenient for us as it is only about three quarters of an hour away. And Stoke and Keele University, Staffordshire University, and we have got an architecture centre in Stoke-on-Trent called Urban Vision and we are quite actively involved in that. Having said that, [Budget Build-G3] one of the students there has been, has volunteered, done some work with them to help with pocket consultation, on project a couple of years, no last year, two years. So they are doing a bit but it is perhaps not as much as we would want them to do.

Intv: So with the courses that they go on, how are they of benefit to you?

BBM: Again, you often have to interrogate people, let's have a copy of the papers you had, what happened and all this. But yes you do. And the other thing, just as an aside, but doing a part 3 at the college they are taught stuff in college which I think is probably, is wrong because I think some of the stuff they are taught about practise law and stuff, isn't how the practise, you know contract law, is different how we actually administer it and we are doing it right, because we are running them and we've, [pause]. So there is almost like there is a little bit of gap between the acad-, depends who's delivering the lecture I suppose whether they've actually still work in practise or not. But sometimes it is a bit more theoretical than it is realistic. But I know it's a means to an end but [pause]. But better communication with the colleges basically would be good. Because then there's a proper three-way link, rather than if you still keep doing it through the student you are going to get it all filtered aren't you, you are only going to get from them what they want to tell you, and you are perhaps want to hear the nitty gritty because unless I'd sent this random email to this guy, having a bit of a dig you know, are you coming to see us, and from that I discovered there's lots of issues which we are helping resolve now. But otherwise I don't think I would have known and I would have just suddenly realised she'd failed and sort of, what happened there you know. Again that's down to individuals I mean you'll hear from all them. They'll probably be just as critical of us as we are of them.

APPENDIX E

Table E1 Characteristics of large firm representatives

Firm	Sector	Employee number at site	Position of firm	Location	Interviewee role	Interviewee name	Date of interview
Gargantuan Banking	Banking	>250	Branch office	North Staffordshire	Graduate trainer	Gargantuan Banking	17.4.09
Big Build	Architecture	< 250	Head office	North Staffordshire	Manager	Big Build	19.8.09
Enormous Engineers	Engineering	< 250	Branch office	North Staffordshire	Manager	Enormous Engineers	27.509
Everest Solicitors	Solicitors	< 250	Head office	North Staffordshire	Partner	Everest Solicitors - M	9.6.09
					HR manager	Everest Solicitors - HR	9.6.09
Monumental Build	Architects	< 250	Branch office	Birmingham	Partner	Monumental Build	1.6.09
Titanic Accounting	Accountants	>250	Branch office	Birmingham	Graduate recruitment	Titanic Accounting	31.8.09
Colossal Solicitors	Solicitors	>250	Head office	Birmingham	Graduate recruitment	Colossal Solicitors	14.7.09
Immense Communications	PR	<250	Branch office	Birmingham	Graduate recruitment	Immense Communications - M	9.7.09
					Graduate employee	Immense Communications - G	9.7.09

Source: Author's fieldwork

APPENDIX F

Table F1 University respondent characteristics

University	Respondent name	Interview date	Pre or post 1992
University 1	University1	20.5.09	Pre
University 2	University – R1	4.6.09	Post
	University – R2	4.6.09	
University3	University3 – R1	30.7.09	Pre
	University3 – R2	30.7.09	
University4	University4	9.6.09	Post
University5	University5	1.7.09	Post
University6	University6	24.6.09	Pre
University 7	University – R1	8.6.09	Post
	University - R2	8.6.09	
	University – R3	8.6.09	

Source: Author's fieldwork

APPENDIX G

Table G1 Intermediary organisation representative characteristics

Organisation	Organisations role within the West Midlands	Interview date
Intorg1	A West Midlands based placement provider assisting students also with full-time and part-time positions. Appropriate training facilitating graduate recruitment and performance is also available to individuals.	10.2.09
Intorg2	An external training provider offering externally run young professional training workshops and one to one advice concerning career trajectories and performance improvement (nationally run scheme)	31.10.08
Intorg3	A mentoring scheme; run between young professionals and senior professionals, and young professionals and university students run by a professional network in the West Midlands	12.11.08
Intorg4	A West Midlands based graduate recruitment service	1.7.09
Intorg5	A university based placement provider (nationally run scheme)	15.7.09
Intorg6	A national work experience and placement provider (nationally run scheme)	10.7.09

Source: Author's fieldwork

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357

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