



College of  
**Business +  
Economics**

## **Investigating the correlation between employable undergraduate job applicants and their respective expectations of employers**

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## **Abstract**

*The purpose of this study is to assess the influence of varying degrees of new graduate employability on respective career expectations. In particular, this investigation seeks to determine whether employer expectations from highly employable student candidates vary significantly from their less employable peers. This study is exploratory in nature and specifically searches for a correlation between employable undergraduate job applicants and their respective expectations from their future employer, including: starting salary, relevance of position to academic studies, duration of time prior to first promotion, and starting role level. This study identifies characteristics which classify undergraduate job applicants as more employable versus less employable through means of a self-assessment employability scale. Past investigations have not studied the expectations of less employable job applicants in comparison to highly employable job applicants. Understanding this variance in undergraduate student expectations will provide employers the relevant knowledge to recruit, develop and retain top talent. Participants in the study are undergraduate Commerce students at the University of Guelph, who voluntarily chose to complete an online survey. A total of 138 students participated with a male to female ratio of 58 to 80, respectively. Findings suggest an evident influence of gender in shaping employer expectations, as both males and females who ranked 4 on the employability scale reflected a higher salary expectation, with males significantly higher than females. In addition, other correlations demonstrated a shorter time to promotion and a position which is directly related to studies from those who recorded higher employability scores. Overall, this research offers future investigators an opportunity to examine what constitutes fair compensation and rewarding job offerings for newly graduated Generation Y employees.*

## **Introduction**

With the new age ‘employer-employee’ relationship under construction as we shift into the workplace of tomorrow, both employer and applicant expectations are significantly shifting (Ehrlich, 1994). Organizations are continuously seeking to improve their overall effectiveness through the proactive attraction of talent (Crant, 2000), yet research suggests that employers in general are only “moderately satisfied” with their employees (Hesketh, 1996). On the other hand, a review of popular literature suggests that Millennials “want it all” and “want it now,” in terms of good pay and benefits, rapid advancement, work/life balance, interesting and challenging work, and making a contribution to society (Lyons, Ng, & Schweitzer, 2010). Hence, it’s clear to see that talent management is in need of reshaping to acclimate to the 21<sup>st</sup> century worker.

If all employees decided to leave a given organization, which one or two would be most pursued to remain? Evidence suggests that high potential and consequently high performing employees produce immediate results time after time. They give the company an immediate return on investment and can be counted on to exceed performance expectations on a consistent basis (Schumacher, 2009). Hence, these high potential candidates are also the most sought after in today’s competitive job market.

Conversely, individuals with high employability are likely to believe that they can identify a wider array of career alternatives and opportunities and realize those they pursue (Ashforth, Fugate & Kinicki, 2004). Hence, to more effectively recruit and attract top talent, it is imperative to understand what employable young recruits expect from their employers, and accordingly

tailor job offerings so as to position them as a compelling person-organization fit (Saks & Ashforth, 1997). To holistically understand this variance between highly employable Millennials and their less employable counterparts, organizations must acknowledge that an individual's employability subsumes a host of person-centered constructs that are necessary to adapt appropriately to the work-related changes occurring in today's economy (Ashforth, Fugate & Kinicki, 2004).

Nearly all current day organizations design and implement a form of top talent retention through programs which are designed to nurture its rising stars. This is with notable reason, as these high-achieving individuals can have an enormous impact on business results. However, despite the prevalence of these programs, most haven't delivered much in the way of results (Martin & Schmidt, 2010).

This research attempts to bridge this gap by serving as an exploratory study to examine the relationship between applicant employability and expectation. Key contributions of this study include firstly documenting the expectations and priorities of employable business undergraduate students, secondly, examining variations between highly employable and 'average' job applicants, and thirdly, providing employers with knowledge and guidance on how to customize and cater job offerings or new graduate programs for high-achieving Millennials.

## **Literature Review**

### ***Employers' Expectations***

#### *Employability*

An individual is employable to the extent that he or she can exemplify person factors effectively to negotiate environmental demands (Chan & Chew, 2008). In classified terms, employability represents a form of work-specific proactive adaptability that consists of three dimensions – career identity, personal adaptability, and social and human capital (Ashforth, Fugate & Kinicki, 2004). Employable people consider and pursue alternatives consistent with their salient career identities and are predisposed to personal change and personal adaptability (Ashforth & Fugate, 2006). Dispositionally, individuals with high employability are likely to believe that they can identify a wider array of career alternatives and opportunities and realize those they pursue (Ashforth, Fugate & Kinicki, 2004). Therefore, an increase in employability should correlate with an increase in talent. Determining employability aids in distinguishing what the desires are of ideal, highly employable candidates, rather than of all individuals combined. Employability can be determined utilizing a self-assessment that measures four components (university, self-belief, state of the external labour market and field of study) (Rothwell, Herbert & Rothwell, 2008). This scale assigns a score from 1-5 according to increasing level of employability, with 1 as the lowest score and 5 as the highest.

### ***Undergraduate Business Students' Expectations***

#### *Starting Salary*

Full-time students overestimate their starting salary between 10-20% (Jerrim, 2011). Generation Y men place greater importance on starting salary than woman. Female students plan to earn 5% less than male students (Terjesen, Vinnicombe & Freeman, 2007).

### *Relevance of Studies to Job Field*

Students attend colleges and select degree fields in the hope of succeeding in the labor market. One aspect of labor market success is the ability to utilize the investment in schooling in future employment (Robst & Cusson-Graham, 1999).

### *Time Prior to First Promotion*

Millennials also appear to have high expectations when it comes to promotions and pay raises. They have been reported to wonder why they were not getting pay raises and promotions after six months on the job (Westerman et al., 2012).

### *Starting Level/Position*

It has been suggested that many of the career goals and expectations among Millennials are “supersized,” unrealistic, and disconnected between reward and performance (Lyons, Ng, & Schweitzer, 2010). By further understanding the expectations held by new graduates from their future employers, organizations seeking top talent will be able to more effectively tailor their job offerings to fit what desirable potential employees are looking for. This will help to create a better working relationship for both parties.

Overall, literature suggests that Millennials have high expectations, with employable or high-achieving Millennials expecting even more. “Students with high abilities (GPA) also reported similar preferences to those of coop students. They similarly expressed greater confidence in their job search, and indicated knowledge of the industry and careers they were interested in, than those with lower grades, suggesting a high degree of self-insight.” (Burke, Ng, 2006).

Research conducted in this area has not explored the merging of both high employability and

employer expectations in depth. The purpose of this study does so by proposing a central theme which determines what employable undergraduate students are expecting from their future employers.

## **Hypotheses**

***H1:** Employability will be positively correlated with salary expectations*

Although the relationship is not statistically significant due to the relatively small sample size, employability was positively correlated with salary expectations. As students scored higher on the employability scale they expected a higher starting salary. Interestingly, those who score the highest on the scale, a 5, expect a lower starting salary than those who scored a 3 or a 4. This may suggest that as individuals consider themselves more employable, their confidence in earning a higher starting salary increases. However, when one reaches a 5 on the scale, they may be most realistic about what they will earn and their expectation goes down to a more reasonable number. Realistically, only 2.9% of respondents scored a 5, therefore it is very possible that the information collected from these responses is merely an anomaly; however, alternatively, these individuals could in fact be more knowledgeable about what a reasonable starting salary would be for a recent graduate. This concept requires future research to fully understand the relationship.

***H2:** Employability will be positively correlated to time until first promotion*

Research demonstrated that increased employability would decrease time to first promotion. This rejects the hypothesis because as participants ranked higher on the employability scale, they

expected a shorter time in months prior to receiving a promotion. However, logically, this supports the idea that increased levels of employability increase the expectations of applicants. Those who ranked 3 for employability expect a promotion later than those who ranked 4 or 5. This indicates that students who are considered more employable may be more ambitious to progress in their future careers. The highest ranked students all believe they will have a job associated to their field of study therefore may also have established goals they wish to accomplish in a specific time frame. This concept requires future research to completely understand the relationship.

***H3: Employability will be positively correlated to higher expectations regarding initial job level***

Research proved employability and starting entry position have a positive, but very weak correlation, significant at the 0.05 level. Of the students that ranked 3 on the employability scale, 75% are expecting an entry-level position, but as employability increases to rank 4, only 66% are expecting entry-level, resulting in a 9% decrease. More intermediate positions are apparent in rank 4 than 3. Of the minimal respondents classified in rank 5, it is interesting to note that 50% are expecting a management starting position; two levels above the entry position. This information is not statistically significant due to the 2.9% (4 respondents) classified as 5 on the employability scale. More research should be done to increase significance of research and determine if the level 5 category will result in higher expectations than 3 or 4.



## **Methodology**

### *Participants*

The sampling frame consisted of Generation Y students, enrolled in an undergraduate Commerce degree program at the University of Guelph. Given the samples of interest, controlled variables included the participant's year of study and location of study. Participants who were not currently enrolled in a commerce degree program at the University of Guelph were automatically removed from completing the survey and their results were not included in the data set.

### *Analytic Procedure*

Recruitment of participants was fully conducted through an online process, over a 15 day time period via Qualtrics. The survey consisted of 7 questions; the last questions included a 16 item scale measuring employability. Overall, respondents were recruited through scripted e-mails, social media platforms and peer groups.

### *Respondents*

The survey resulted in a total of 147 survey respondents with a 9% dropout rate. Of the respondents, 58 were males and 80 were female. These respondents varied from 51 first years, 23 second years, 10 third years, 41 fourth years and 14 fifth years or higher.

### *Measures*

The independent variable examined was the top skills desired by employers. This related to three specific aspects of business specific issues which included hard business related knowledge and skills in addition to having a business degree. The second aspect was

employability which consisted of a self-assessment analyzing university, self-belief, state of the external labour market and field of study.

The dependent variable examined career expectations of undergraduate students. This variable specifically looked at the measures regarding aspirations for an ideal occupation. This encompassed five aspects of starting salary, time prior to first promotion, starting level/position, and relevance of academic studies to job field.

## **Results/Discussion**

Overall, due to the 2.9% of individuals that fall under an employability rank of 5, and the 1.45% of individuals that fall under an employability rank of 2, the data collected from these individuals is not statistically significant and much more data can be taken from the 95.65% of individuals that scored either a 3 or 4 (anywhere from 2.6-4.4 prior to rounding). In some cases, an acknowledgement of the two outlier ranges has been acknowledged, but overall this data is not sufficient for analysis.

### *Employability*

To determine where respondents fall on the employability scale they answered a series of 16 questions that assigned a rank of 1-5 based on agreeability. The averages of the scores were taken to average to one final rank, which was then rounded to the nearest whole number.

67% of first and second year students scored a 4 on the employability scale as opposed to 37% of third year and above students. 30% of first and second years and 57% of third years and above scored a 4.

On average the employability score is decreasing as year of study increases. 3.65 was the average employability rating for those in first year, 3.67 was the average for second year, 3.56 for third year, 3.38 for fourth year and 3.30 for fifth year and higher. Therefore year of study is negatively correlated with employability  $r=-0.297$ .

The majority of males and females scored a 3 or a 4 on the employability scale. 51% of males and 53% of females scored a 4 and 43% of males and 42% of females scored a 3.

Overall, average employability between males of 3.50 and females of 3.55 is 3.53. These numbers imply statistically insignificant variations between genders and therefore allow for the analysis solely for demographic purposes. The only difference in responses that displayed any statistical significance was one question regarding whether the individual values academic work as a top priority. Females responded with a significantly higher value, stating that this was a high priority. Due to the smaller sample size, it is hard to make any conclusions from this variation, but it is interesting to note.

### Starting Salary

Figure 1: Salary Expectations by Gender

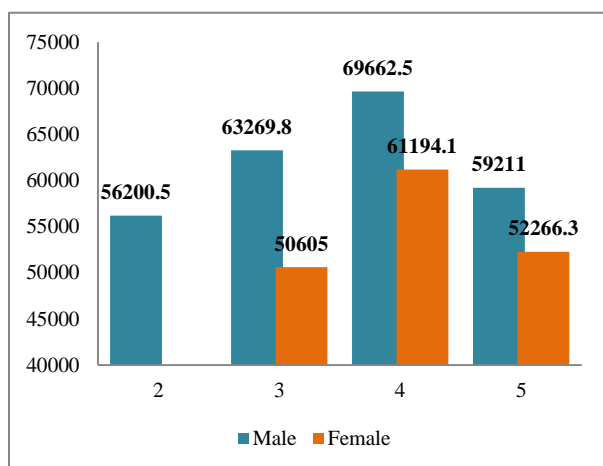
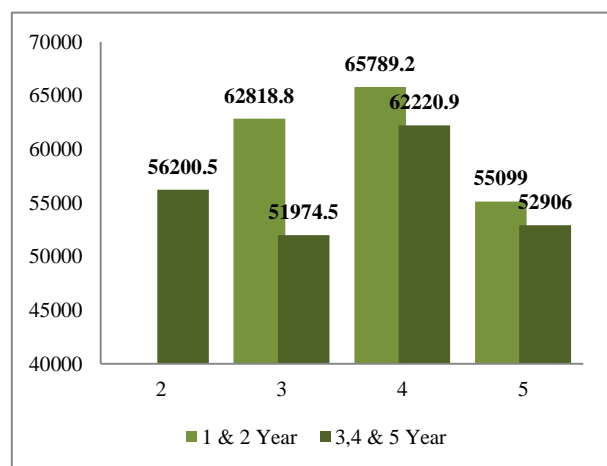


Figure 2: Salary Expectations by Year of Study



With employability on the x-axis and expected salary in Canadian dollars on the y-axis, Figure 1 and Figure 2 display the average responses regarding initial salary expectations for each level of employability.

The average starting salary for males was \$66,172 and \$56,330.49 for females. Both males and females who ranked 4 on the employability scale predicted the highest starting salary, however males still predicted a higher number. Those individuals who ranked 3 on the employability scale expected on average \$55,862.09. Those who ranked 4 on the scale expected an average of \$64,581.48 and those who ranked 5 expected \$54,002.50.

First and second years predicted a starting salary of \$64,573.30 and third year and above students predicted \$55,903.45. Those who ranked a 4 on the employability scale predicted the highest starting salary.

Starting salary is positively correlated with employability  $r=0.144$  although the relationship is not statistically significant. This implies that increasing levels of employability correlate with increasing levels of expectations.

### *Time Prior to First Promotion*

Figure 3: Promotion Expectations by Gender

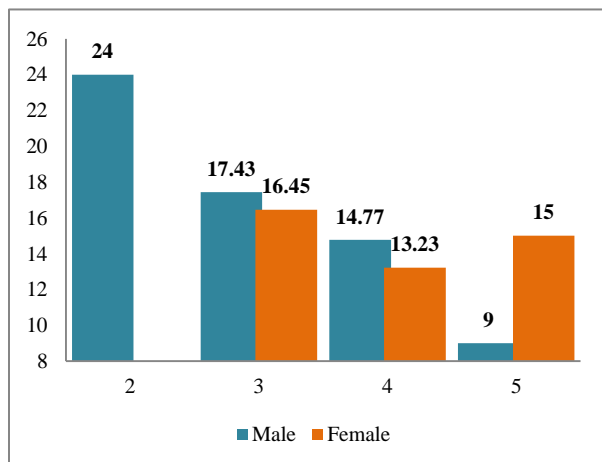
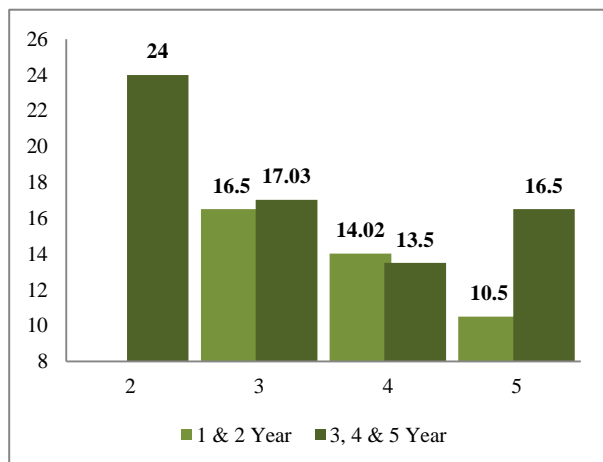


Figure 4: Promotion Expectations by Year of Study



With employability on the x-axis and expected salary in Canadian dollars on the y-axis, Figure 3 and Figure 4 display the average responses regarding months prior to promotion for each level of employability.

People who scored a 3 on the employability scale expected their first promotion in an average of 16.85 months. Those who scored a 4 expected their first promotion in 13.85 months and 13.5 months was the average expectation for those who scored a 5 on the scale.

On average, males expect their first promotion in 16.14 months while females in 14.67 months. First and second years expect a first promotion in 14.62 months and third year and above students expect it in 15.9 months.

Months to first promotion and employability are negatively correlated  $r=-0.220$ . As people considered themselves more employable they expect their first promotion sooner. Despite the seemingly negative correlation, this further supports the idea that increased levels of employability corresponds with increased levels of expectations, as individuals expect to receive a promotion sooner.

### *Starting Level/Position*

Figure 5: Position Expectations by Gender - Male

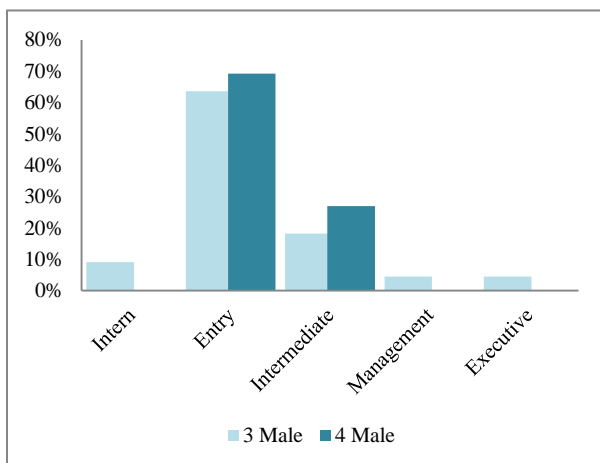


Figure 6: Position Expectations by Gender - Female

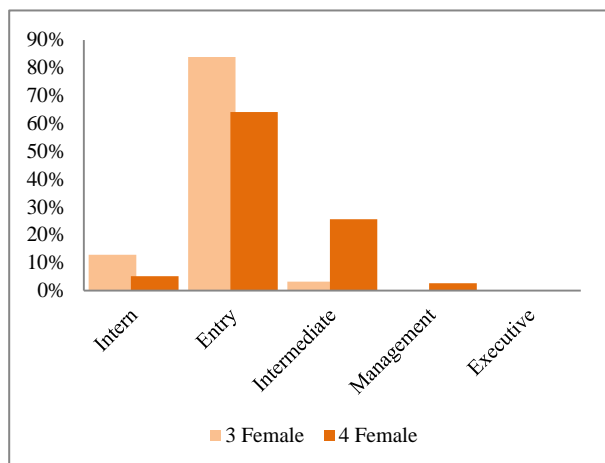


Figure 7: Position Expectations by Year of Study

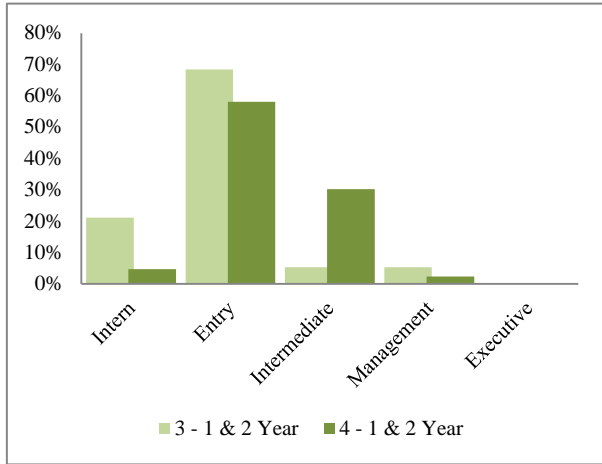
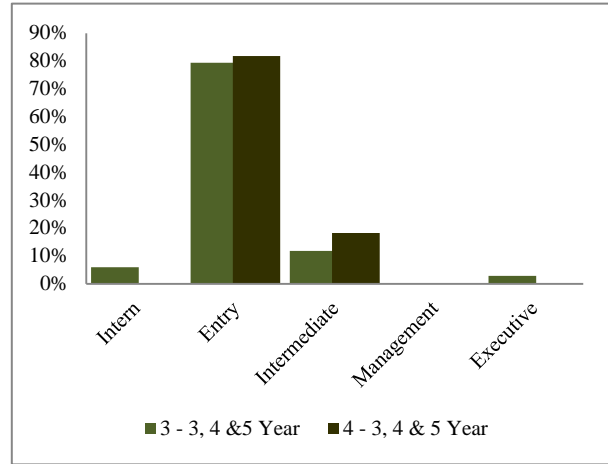


Figure 8: Position Expectations by Year of Study



With employability on the x-axis and expected salary in Canadian dollars on the y-axis, Figure 5 and Figure 6 display the average responses regarding months prior to promotion when comparing levels of employability according to gender. At this stage, employability levels of 2 and 5 were removed due to their statistical insignificance. These graphs compare the development of expectations from level 3 to level 4 (employability ranges from 2.6-4.4). Figure 7 and Figure 8 display the average responses regarding months prior to promotion when comparing levels of employability according to year of study.

Of the students who ranked 3 on the employability scale, 75% are expecting an entry-level starting position. Meanwhile, those who were classified as 4, only 66% expected entry-level positions and 26% are forecasting intermediate positions. Lastly, the highest employability score of 5, 50% of respondents are assuming a management position in their starting career.

Lower year students who ranked a 4 on scale, 58% predicted they would have an entry-level position and 30% intermediate level. Upper year students who also ranked 4 on the employability scale had increased participants assuming an entry-level position at 81%, and only 18% predicting intermediate-level entry.

69% of respondents answered they will commence their first career in an entry-level position with an average starting salary of \$58,165.13 annual Canadian dollars. 17.7% of participants predicted they would start at the intermediate level with a starting salary of \$70,530.04 in Canadian dollars.

Initial starting level position is positively correlated with employability  $r=0.188$ . The correlation is not strong but it is stating as participants view themselves more employable, the higher starting position they believe to obtain.

*Relevance of Studies to Job Field*

Figure 9: Relevance Expectations by Gender - Male

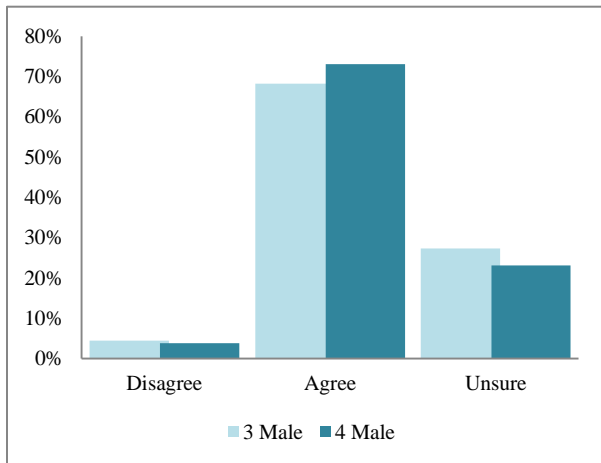


Figure 10: Relevance Expectations by Gender – Female

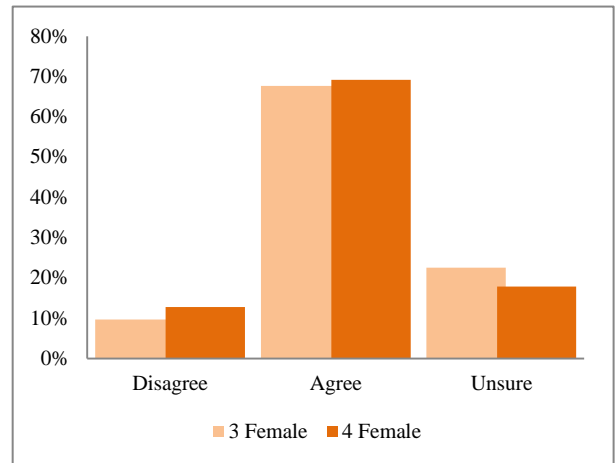


Figure 11: Relevance Expectations by Year of Study

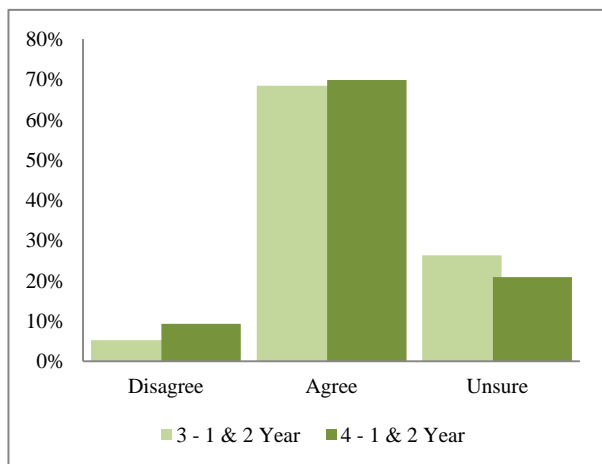
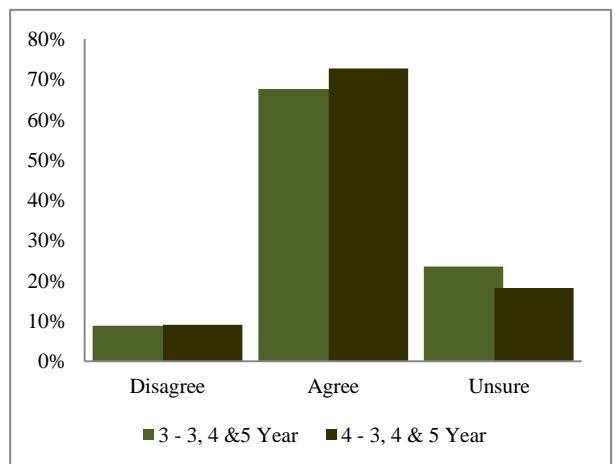


Figure 12: Relevance Expectations by Year of Study



With employability on the x-axis and expected salary in Canadian dollars on the y-axis, Figure 9 and Figure 10 display the average responses regarding relevance between academic studies and job when comparing levels of employability according to gender. At this stage, employability levels of 2 and 5 were removed due to their statistical insignificance. These graphs compare the development of expectations from level 3 to level 4 (employability ranges from 2.6-4.4). Figure 11 and Figure 12 display the average responses regarding relevance between academic studies and job when comparing levels of employability according to year of study.

Males and females responded with high percentages of 70.8% and 69.9%, that they expect their first job to be relevant to their field of study.

Of the participants who classified as 3 on the employability scale, 67.9% agreed that they would find a job in field of study, 24% were unsure. Respondents who ranked a 4 on the scale had increased results of 70.8% believe their initial job will be related to field of study, and decreased unsure responses to 20%. This further supports that higher levels of employability correspond with higher expectations from employers.

### **Limitations/Directions for Future Research**

There were several limitations to the study that may have impacted or influenced the interpretation of the results. Firstly, since surveys were only conducted among undergraduate Commerce students from the University of Guelph, the sample size was relatively small and did not contain an equal ratio of males to females. The over-representation of women along with the



small sample size may have skewed the results. Recruitment methods of scripted e-mails, social media platforms, and peer groups may also be considered a limitation. This will have limited the potential participants to only those who have access to the technology necessary, those who are on social media, and those who were a member of a networking group with one of the researchers. Lastly, because the study was conducted online we are unable to be sure that the participants were answering truthfully and with thorough thought to the best of their abilities.

This study could be further supported merely by increased volume of participants. Further research conducted utilizing a significantly larger sample size could result in more solidified responses and more accurate averages. Similarly, by expanding research to various Commerce programs at different universities, various subsections such as gender, year of study, and employability levels would be better represented.

## **Conclusions**

Overall, each dependent variable regarding increasing expectations displays a positive association with increasing employability. It could be largely beneficial for employers to note that attracting higher levels of talent will require meeting higher expectations. Of the four examined expectations, it is interesting to note that the averages indicated by those that scored highest on the employability scale.

The average salary by those with a high level of employability is \$64,581.50, which does not necessarily indicate that employers should be expected to compensate this monetary value; however, an awareness that this is what undergraduate Commerce students are seeking following

graduation of the degree program could be beneficial when shaping recruitment and compensation methods.

The average promotion time in months expected by those with a high level of employability is 13.85 months. This can be compared with the average expectation for starting position, which is merely an entry level position. Those that graduate with an undergraduate Commerce degree expect to be able to enter a position without requiring an unpaid internship; however, they are content with the idea of an entry level position assuming there is room for a promotion shortly after a year of being hired. It is important for employers to acknowledge that these employable students are looking for opportunities to develop in their career.

Finally, it is interesting to note that the significant majority of those with a higher level of employability are expecting a job within their field of academic study. This information can be useful both for academic use when developing programs within a university context, as well as for employers who are looking to attract talent. This indicates that successful talent recruitment will likely correspond with targeting the right audience – one that is within the field of the position that is being hired for.

Ultimately, the data discovered through this study can be useful to raise questions regarding the relationship between increased employability and increased expectations. Further study could indicate more concrete results and provide more solidified evidence that could direct decisions made by all parties – the universities, university students, as well as future employers.

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